

Four Design ApS

Lucernemarken 17, 5260 Odense S

CVR no. 63 57 84 28

**Annual report for the period
1 July 2021 to 30 June 2022**

Adopted at the annual general meeting on 24
November 2022

Alistair Storrar Gough
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Four Design ApS for the financial year 1 July 2021 - 30 June 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2022 and of the results of the company's operations for the financial year 1 July 2021 - 30 June 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 23 November 2022

Executive board

Alistair Storrar Gough

Michael Nissen

Christoffer Back

Independent auditor's report

To the shareholder of Four Design ApS

Opinion

We have audited the financial statements of Four Design ApS for the financial year 1 July 2021 - 30 June 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2022 and of the results of the company's operations for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Odense, 23 November 2022

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Christoffer Pedersen
statsautoriseret revisor
MNE no. mne36180

Company details

Four Design ApS
Lucernemarken 17
5260 Odense S

CVR-no. 63 57 84 28

Financial year: 1 July 2021 - 30 June 2022

Domicile: Odense

Executive Board
Alistair Storrar Gough
Michael Nissen
Christoffer Back

Auditors
Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Hjallesevej 126
5230 Odense M

Financial highlights

	2021/22	2020/21	2019/20	2018/19	2017/18
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Gross profit/loss	27,319	25,120	44,740	57,417	54,109
Profit/loss before amortisation/depreciation and impairment losses	835	-6,563	9,434	20,759	17,491
Profit/loss before net financials	-1,618	-11,397	6,891	18,586	15,666
Net financials	-811	-15	-2,448	296	423
Profit/loss for the year	-2,251	-9,174	3,466	14,725	12,539
Balance sheet					
Balance sheet total	48,414	49,332	62,525	76,036	67,448
Investment in property, plant and equipment	-1,148	-1,598	-6,157	-3,095	-1,232
Equity	13,324	15,575	25,528	49,662	41,742
Return on equity	-16%	-45%	9%	32%	60%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

Management's review

Business review

The company's purpose is to conduct business with the production, sale and service of furniture as well as related activities.

Financial review

The company's income statement for the year ended 30 June 2022 shows a loss of DKK 2,250,561, and the balance sheet at 30 June 2022 shows equity of DKK 13,324,376.

We are seeing a slower recovery than expected from the impact of the Covid-19 pandemic. Despite the challenging market conditions we have continued to significantly invest in our strategic priorities by enhancing our marketing impact, developing the new ERP system, driving strategic operational efficiency opportunities and strengthening key positions within the team. These investments will ensure that we are in a strong position to emerge from the impact of Covid-19 and continue the growth we enjoyed in the years prior to the pandemic. The company shareholders and management recognise the impact market conditions and our investment programme has had on this year's financial performance. They are positive that there remains significant market opportunities and the company is in a very strong position to continue its ambitious growth plans.

The earnings expectations for the financial year 01.07.21 - 30.06.22 were a net profit on pre-pandemic level. The objective was not met primarily due to the challenging market conditions and investments.

Outlook

With the continued market recovery from the impact of Covid-19, improving global supply chain issues and the opportunity the company's investment programme provides, we remain confident that the company will return to pre-pandemic levels of profitability in 2022/23.

External environment

Sustainability continues to be one of the key strategic objectives. This year we have added a 6th UN Sustainability Development Goals to our focus: Climate Action, aligned with the increasing global pressure to monitor and reduce our carbon emissions. From July 2021 we have committed to calculate our Annual Scope 3 Carbon Emissions, with the aim of reducing them each year. This financial year we have focused a lot on increasing the data capture of both our companies and our products which will be used to calculate the life cycle assessments of our products and the scope 3 emissions. With this data we will be able to shed light on the most problematic areas of the company and product life cycle that need focus, and utilise this to improve our position; taking various steps within sourcing, efficiency, packaging, and design to reduce our overall impact on the environment.

Management's review

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 July - 30 June

	Note	2021/22 DKK	2020/21 kDKK
Gross profit		27,319,387	25,120
Staff costs	2	-26,484,048	-31,683
Profit/loss before amortisation/depreciation and impairment losses		835,339	-6,563
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2,419,505	-3,044
Other operating costs		-33,642	-1,790
Profit/loss before net financials		-1,617,808	-11,397
Financial income		0	138
Financial costs	3	-811,034	-153
Profit/loss before tax		-2,428,842	-11,412
Tax on profit/loss for the year	4	178,281	2,238
Profit/loss for the year		-2,250,561	-9,174
Distribution of profit	5		

Balance sheet 30 June

	Note	2021/22 DKK	2020/21 kDKK
Assets			
Completed development projects		4,162,229	4,506
Rights		153,500	241
Intangible assets	6	4,315,729	4,747
Plant and machinery		1,986,958	2,615
Other fixtures and fittings, tools and equipment		56,657	189
Leasehold improvements		446,939	560
Tangible assets	7	2,490,554	3,364
Deposits	8	2,412,532	1,991
Fixed asset investments		2,412,532	1,991
Total non-current assets		9,218,815	10,102
Raw materials and consumables		2,622,150	1,775
Finished goods and goods for resale		3,848,617	2,100
Stocks		6,470,767	3,875
Trade receivables		21,383,073	22,976
Receivables from group enterprises		3,410,971	4,278
Other receivables		757,281	2,488
Deferred tax asset	11	1,661,885	2,062
Corporation tax		815,777	300
Prepayments	9	541,064	500
Receivables		28,570,051	32,604
Cash at bank and in hand		4,154,757	2,751
Total current assets		39,195,575	39,230
Total assets		48,414,390	49,332

Balance sheet 30 June

	Note	2021/22 DKK	2020/21 kDKK
Equity and liabilities			
Share capital		594,869	595
Reserve for development expenditure		3,246,539	3,515
Retained earnings		9,482,968	11,465
Equity	10	13,324,376	15,575
Other provisions	12	1,000,000	1,000
Total provisions		1,000,000	1,000
Lease obligations		1,243,115	1,832
Other payables		3,193,898	3,085
Total non-current liabilities	13	4,437,013	4,917
Short-term part of long-term debet	13	600,000	600
Banks		3,000,231	4,065
Prepayments received from customers		503,862	0
Trade payables		15,348,194	9,819
Payables to group enterprises		4,261,990	4,520
Other payables		5,938,724	8,836
Total current liabilities		29,653,001	27,840
Total liabilities		34,090,014	32,757
Total equity and liabilities		48,414,390	49,332
Special items	1		
Rent and lease liabilities	14		
Contingent liabilities	15		
Mortgages and collateral	16		
Related parties and ownership structure	17		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	594,869	3,515,164	12,244,904	16,354,937
Net effect from adjustment of error	0	0	-780,000	-780,000
Adjusted equity at 1 July	594,869	3,515,164	11,464,904	15,574,937
Net profit/loss for the year	0	-268,625	-1,981,936	-2,250,561
Equity at 30 June	594,869	3,246,539	9,482,968	13,324,376

Notes

	<u>2021/22</u> DKK	<u>2020/21</u> kDKK
1 Special items		
Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:		
Loss on disposal of property, plant and equipment recognised as other operating expenses.	33,642	1,790
	<u>33,642</u>	<u>1,790</u>
2 Staff costs		
Wages and salaries	23,584,105	28,569
Pensions	1,386,537	1,606
Other social security costs	352,671	416
Other staff costs	1,160,735	1,092
	<u>26,484,048</u>	<u>31,683</u>
Including remuneration to the executive board:		
Executive Board	3,130,043	
	<u>3,130,043</u>	
Average number of employees	<u>39</u>	<u>47</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed for the comparative figures.		
3 Financial costs		
Other financial costs	471,217	153
Exchange loss	339,817	0
	<u>811,034</u>	<u>153</u>

Notes

	2021/22	2020/21
	DKK	kDKK
4 Tax on profit/loss for the year		
Current tax for the year	237,224	0
Deferred tax for the year	400,272	-2,238
Adjustment of tax concerning previous years	-815,777	0
	-178,281	-2,238
5 Distribution of profit		
Transferred to reserve for development expenditure	-268,625	-352
Retained earnings	-1,981,936	-8,822
	-2,250,561	-9,174
6 Intangible assets		
	Completed development projects	Rights
	DKK	DKK
Cost at 1 July	5,507,659	263,150
Additions for the year	876,100	0
Cost at 30 June	6,383,759	263,150
Impairment losses and amortisation at 1 July	1,040,683	21,930
Amortisation for the year	1,180,847	87,720
Impairment losses and amortisation at 30 June	2,221,530	109,650
Carrying amount at 30 June	4,162,229	153,500

Special assumptions regarding development projects and tax assets

Completed development projects include development and testing of a specially adapted ERP system and subsequent adaptations thereof. The completed development projects are amortized over 5 years. The management has high expectations for the use of the system and has not found any indication of impairment.

Notes

7 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 July	9,825,048	1,652,987	886,446
Additions for the year	272,091	0	0
Disposals for the year	-59,517	-1,072,636	0
Cost at 30 June	<u>10,037,622</u>	<u>580,351</u>	<u>886,446</u>
Impairment losses and depreciation at 1 July	7,209,830	1,433,032	325,909
Impairment losses for the year	40,000	0	0
Depreciation for the year	860,351	128,814	113,598
Impairment and depreciation of sold assets for the year	-59,517	-1,038,152	0
Impairment losses and depreciation at 30 June	<u>8,050,664</u>	<u>523,694</u>	<u>439,507</u>
Carrying amount at 30 June	<u><u>1,986,958</u></u>	<u><u>56,657</u></u>	<u><u>446,939</u></u>

8 Fixed asset investments

	Deposits DKK
Cost at 1 July	1,991,277
Additions for the year	<u>421,255</u>
Cost at 30 June	<u>2,412,532</u>
Carrying amount at 30 June	<u><u>2,412,532</u></u>

9 Prepayments

Prepayments comprise prepaid expenses regarding insurance premiums and subscriptions etc.

Notes

10 Equity

The share capital has developed as follows:

	2021/22	2020/21	2019/20	2018/19	2017/18
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 July	594,869	594,869	500,000	500,000	500,000
Additions for the year	0	0	94,869	0	0
Share capital	594,869	594,869	594,869	500,000	500,000

11 Provision for deferred tax

Provisions for deferred tax on:

	2021/22	2020/21
	DKK	kDKK
Intangible assets	891,567	69
Tangible assets	-125,859	111
Other taxable temporary differences	-625,485	-755
Tax loss carry-forward	-1,802,108	-1,487
Transferred to deferred tax asset	1,661,885	2,062

Deferred tax has been provided at 22.0% corresponding to the current tax rate.

Deferred tax asset

Calculated tax asset	1,661,885	2,062
Carrying amount	1,661,885	2,062

12 Other provisions

Balance at beginning of year at 1 July	1,000,000	1,000
Balance at 30 June	1,000,000	1,000

Notes

13 Long term debt

	Debt at 1 July	Debt at 30 June	Instalment next year	Debt outstanding after 5 years
	DKK	DKK	DKK	DKK
Lease obligations	2,431,652	1,843,115	600,000	0
Other payables	3,084,720	3,193,898	0	0
	5,516,372	5,037,013	600,000	0

2021/22	2020/21
DKK	kDKK

14 Rent and lease liabilities

Rent and lease liabilities

Operating lease liabilities.

Total future lease payments:

Within 1 year	467,897	189
Between 1 and 5 years	632,564	135
	1,100,461	324

Rental obligations, non-cancellation period 6-25 months.	6,244,484	7,868
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15 Contingent liabilities

The parent company is jointly taxed with its Danish group entities. The entities are jointly and severally liable for Danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities. Due income taxes and withholding taxes payable by the group of jointly taxed entities totals DKK 0 thousand at 30 June 2022. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities. The group as such is not liable to any third parties.

The company has provided a guarantee for group enterprises' debt to credit institutions. The guarantee is unlimited.

Notes

16 Mortgages and collateral

The company has provided a company charge of DKK 10.000k as security for debt to credit institutions. As of 30 June 2022, the company charge comprises the following asset classes, goodwill and intellectual property rights, other plant fixtures and fittings, tools and equipment and inventory. The assets are valued at kDKK 30,345 as of 30 June 2022.

17 Related parties and ownership structure

Controlling interest

Four Design Group Limited ApS, CVR number 25 36 37 87.

Transactions

Transactions with related parties are carried out under normal market conditions.

Consolidated financial statements

The company is included in the consolidated financial statements of the parent company Four Design Group Limited ApS

Accounting policies

The annual report of Four Design ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized class C entities.

The annual report for 2021/22 is presented in DKK

Adjustment of error

In the current financial year the company has corrected an error regarding provisions for warranties. The correction affects the following financial statement lines:

- Reduction of equity by kDKK 780
- Increase of balance sheet total by kDKK 220
- No impact on the income statement

The comparative figures in this annual report have been adjusted

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Accounting policies

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Accounting policies

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Accounting policies

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Rights are measured at cost less accumulated amortisation and impairment losses. Rights are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 3 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0 %
Other fixtures and fittings, tools and equipment	3-5 years	0 %
Leasehold improvements	5-10 years	0 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Accounting policies

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Provisions

Provisions comprise expected expenses relating to warranty commitments etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.