

# Total Denmark A/S

Aldersrogade 6C, 4. floor  
2100 København Ø

CVR No. 63855618

## Annual Report 2017

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 31 May 2018



Anna Whitehouse  
Chairman

**Total Denmark A/S**

**Contents**

**Management's Statement 3**

**Independent Auditor's Report 4**

**Company Details 6**

**Management's Review 7**

**Key Figures and Financial Ratios 8**

**Income Statement 9**

**Balance Sheet 10**

**Statement of changes in Equity 12**

**Notes 13**

Total Denmark A/S

**Management's Statement**

Today, Management has considered and adopted the Annual Report of Total Denmark A/S for the financial year 1 January 2017 - 31 December 2017

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at year end and of the results of the Company's operations for the financial year 1 January 2017 - 31 December 2017

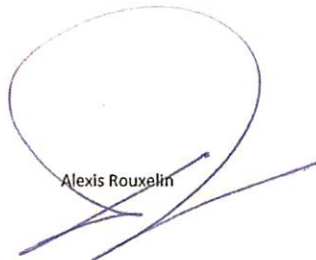
We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2018  
Executive Board

Alexandru Buzatu

Supervisory Board

  
Anna Whitehouse  
Chairman

  
Alexis Rouxel

  
Alexandru Buzatu

**Total Denmark A/S**

**Independent Auditor's Report**

**To the shareholders of Total Denmark A/S**

**Opinion**

We have audited the financial statements of Total Denmark A/S for the financial year 1 January 2017 - 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 year end and of the results of its operations for the financial year 1 January 2017 - 31 December 2017 in accordance with the Danish Financial Statements Act.

**Basis of opinion**

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

**Management's responsibility 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 considers necessary to enable the preparation of 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

**The auditor's responsibility for the audit of the financial statements**

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

- \* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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.

Total Denmark A/S

### Independent Auditor's Report

\* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

\* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.

\* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

#### Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.


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

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 31 May 2018

KPMG  
Statsautoriseret Revisionspartnerselskab  
CVR-no. 25578198



David Olafsson  
State Authorised Public Accountant  
mne19737



Joakim Juul Larsen  
State Authorised Public Accountant  
mne32803

**Total Denmark A/S**

**Company details**

**Company Total Denmark A/S**

Aldersrogade 6C, 4. floor

2100 København Ø

CVR No. 63855618

Financial year: 1 January 2017 - 31 December 2017

**Supervisory Board**

Anna Whitehouse

Alexis Rouxelin

Alexandru Buzatu

**Executive Board**

Alexandru Buzatu

**Auditor KPMG**

Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

2100 København Ø

CVR-no.: 25578198

Total Denmark A/S

## Management's Review

### Principal activities of the Company

The Company's activities consist of production and trade in bitumen, lubricants, aviation fuel and other oil and petroleum products.

### Development in activities and financial matters

	2017 tkr.	2016 tkr.
Profit for the year amounts to:	12.350	11.841
Equity at 31 December amounts to:	51.743	51.234

The results are above expectations for the year. Revenue is below expectations, but gross profit is above budget. This contributed to the profit for the year, which is considered satisfactory.

The profit for the year is proposed as dividend.

### Outlook

For next year the Company expects a result in line with this year or slightly above.

The Company's earnings do, however, depend on the general development in global market trends.

### Risks

#### Foreign exchange risks

The Company's transactions primarily take place in DKK and EUR where the foreign exchange risks are assessed as being limited and in USD where the major exchange risks are normally covered through hedging.

#### Price risks

The Company's cost prices are conditional on the price development in crude oil and related raw materials, which can fluctuate in an unstable world economy. Earnings may stagnate if the increasing purchase price to a certain extent cannot be fully compensated through the Company's sales prices because of the market situation.

### Research and development activities

The Company has no significant research and development activities, as research and development are performed by the parent abroad.

### Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

### Diversity in the board

Currently there are 3 board members of whom 2 are women. Therefore, there is no need to set additional targets under 99 b, as the initial target set in 2016 to have 40% of the board to consist of women by end of 2017 have been completed in 2017 with women representation in the Board of 66% and men 33%. The company hasn't prepared its own policy to other management levels and follow the Group's policy on the topic. Therefore, the company uses the exemption rule under 99 b and refer to the consolidated Registration document 2017 of Total Group. The information can be found from p. 176.  
<https://www.total.com/sites/default/files/atoms/files/ddr2017-va-web.pdf>

### Corporate social Responsibility

The company hasn't prepared its own statement on CSR, including policies to climate, human rights and environment. Therefore, the company used the exemption rule under 99 a and refer to the consolidated Registration document 2017 of Total Group. The CSR information can be found from p. 178.  
<https://www.total.com/sites/default/files/atoms/files/ddr2017-va-web.pdf>

The main page to find previous years can be found following the below link.

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

The Group's Registration Document can also be obtained from Total Denmark A/S on request.

**Total Denmark A/S**

**Key Figures and Financial Ratios**

The development in the Company's key figures and financial ratios can be described as follows:

*Numbers appear in millions*

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Revenue	1.037	955	1.114	1.503	1.402
Gross result	46	76	71	95	59
Profit before financial income and expenses	17	42	33	58	22
Net financials	0	-25	-10	-26	-6
Profit/loss for the year	12	12	13	23	9
Total assets	197	153	133	204	272
Total equity	52	51	53	62	49
Solvency ratio (%)	26,32	33,33	41,80	30,40	18,00
Return on equity (ROE) (%)	23,87	23,08	26,50	41,40	17,00
Return on capital employed (%)	33,38	45,16	51,00	90,20	37,30
Avg. number of full-time employees	38	37	38	40	37

For definitions of key ratios, see Accounting and Valuation Principles



**Total Denmark A/S****Income Statement**

	<b>Note</b>	<b>2017 tkr.</b>	<b>2016 tkr.</b>
Revenue	1	1.037.412	954.565
Cost of sales		-947.537	-835.124
External expenses		-44.208	-43.326
<b>Gross result</b>		<b>45.667</b>	<b>76.115</b>
Staff expenses	2	-25.682	-25.288
Depreciation on property, plant and equipment, amortisation of intangible assets and Impairment losses	3	-7.741	-9.251
Other Operating income	4	4.968	0
<b>Profit from ordinary operating activities</b>		<b>17.212</b>	<b>41.576</b>
Income from investments in associates		0	1
Finance income	5	2.346	1.378
Finance expenses	6	-2.181	-26.625
<b>Profit from ordinary activities before tax</b>		<b>17.376</b>	<b>16.330</b>
Tax expense on ordinary activities	7	-5.026	-4.488
<b>Profit</b>	8	<b>12.350</b>	<b>11.841</b>

Total Denmark A/S

Balance Sheet as of 31. December

Assets	Note	2017 tkr.	2016 tkr.
Other intangible assets	9	226	561
Goodwill	10	3.116	9.346
<b>Intangible assets</b>		<b>3.342</b>	<b>9.907</b>
Land and buildings	11	0	1.795
Plant and machinery	12	1.847	2.502
Fixtures, fittings, tools and equipment	13	56	128
<b>Property, plant and equipment</b>		<b>1.903</b>	<b>4.425</b>
Equity investments in associates	14	5.997	7.084
<b>Investments</b>		<b>5.997</b>	<b>7.084</b>
<b>Fixed assets</b>		<b>11.242</b>	<b>21.416</b>
Manufactured goods and goods for resale		16.833	15.106
<b>Inventories</b>		<b>16.833</b>	<b>15.106</b>
Trade receivables		39.976	52.452
Receivables from group enterprises		72.480	40.041
Receivables from associates		0	69
Deferred tax asset		0	4.482
Corporate tax receivables		3.541	2.445
Other receivables		25.076	11.522
<b>Receivables</b>		<b>141.073</b>	<b>111.011</b>
<b>Cash and cash equivalents</b>		<b>27.443</b>	<b>5.382</b>
<b>Current assets</b>		<b>185.349</b>	<b>131.499</b>
<b>Assets</b>		<b>196.591</b>	<b>152.915</b>

**Total Denmark A/S****Balance Sheet as of 31. December**

<b>Liabilities and equity</b>	<b>Note</b>	<b>2017 tkr.</b>	<b>2016 tkr.</b>
Contributed capital		1.500	1.500
Retained earnings		37.893	37.893
Proposed dividend		12.350	11.841
<b>Equity</b>		<b>51.743</b>	<b>51.234</b>
Other provisions	15	0	6.708
Deferred tax	16	320	0
<b>Provisions</b>		<b>320</b>	<b>6.708</b>
Debt to banks		28.327	37.569
Trade payables		3.641	4.249
Payables to associates		1.032	0
Payables to group enterprises		69.443	21.546
Tax payables to group enterprises		19.727	17.584
Other payables		22.357	14.025
<b>Short-term liabilities other than provisions</b>		<b>144.528</b>	<b>94.973</b>
<b>Liabilities other than provisions within the business</b>		<b>144.528</b>	<b>94.973</b>
<b>Liabilities and equity</b>		<b>196.591</b>	<b>152.915</b>
Contingent liabilities	17		
Related parties	18		
Fees for auditors elected on the general meeting	19		
Derivative financial instruments	20		

Total Denmark A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend	Total
Equity 1 January 2017	1.500	37.893	11.841	51.234
Dividend paid	0	0	-11.841	-11.841
Profit (loss)	0	0	12.350	12.350
Equity 31 December 2017	1.500	37.893	12.350	51.743

The Share capital consist of :	2017	2016
A shares, 400 shares of nom. DKK 1,000 each	400	400
A shares, 38 shares of nom. DKK 10,000 each	380	380
A shares, 1440 shares of nom. DKK 500 each	720	720
	1.500	1.500

All shares rank equally.

The share capital has remained unchanged for the last 5 years.

**Total Denmark A/S****Notes**

	2017 tkr.	2016 tkr.
<b>1.Revenue</b>		
Denmark	1.034.090	936.791
Export	3.322	17.774
	<u>1.037.412</u>	<u>954.565</u>
<b>2.Employee benefits expense</b>		
Wages and salaries	23.725	23.320
Post-employment benefit expense	1.690	1.671
Social security contributions	267	297
	<u>25.682</u>	<u>25.288</u>
Average number of employees	<u>38</u>	<u>37</u>
Remuneration of the Company's Executive Board and Board of Directors is not disclosed pursuant to section 98b(3)(f) of the Danish Financial Statements Act.		
<b>3.Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses</b>		
Other intangible assets	336	1.545
Goodwill	6.232	6.232
Land and building	69	118
Plant and machinery	1.033	1.258
Fixtures, fittings, tool and equipment	72	96
Adjustments to prior year on intangible assets	0	-179
	<u>7.741</u>	<u>9.070</u>
<b>4.Other Operating Income</b>		
Loss sale of Birkerød	1.740	0
Reversal of provision	6.708	0
	<u>4.968</u>	<u>0</u>
<b>5.Finance income</b>		
Finance income group enterprises	77	1.282
Other finance income	2	96
Profit on financial instruments	2.267	0
	<u>2.346</u>	<u>1.378</u>
<b>6.Finance expenses</b>		
Finance expenses group enterprises	1.299	144
Other finance expenses	882	1.613
Loss on financial instruments	0	24.868
	<u>2.181</u>	<u>26.625</u>
<b>7.Tax expense</b>		
Current tax for the year	4.524	6.859
Deferred tax adjustments for the year	502	-2.371
	<u>5.026</u>	<u>4.488</u>

**Total Denmark A/S**

<b>Notes</b>	<b>2017 tkr.</b>	<b>2016 tkr.</b>
<b>8. Profit</b>		
Proposed dividend	12.350	11.841
Retained earnings	0	0
	<b>12.350</b>	<b>11.841</b>
<b>9. Other intangible assets</b>		
Cost at the beginning of the year	10.121	10.275
Addition during the year	0	26
Adjustment for prior years on beginning cost	182	-181
Cost at the end of the year	<b>10.303</b>	<b>10.121</b>
Impairment losses and amortisation at the beginning of the year	-9.560	-8.194
Amortisation for the year	-336	-1.545
Amortisation adjustment for prior years	-182	179
Impairment losses and amortisation at the end of the year	<b>-10.077</b>	<b>-9.560</b>
<b>Carrying amount at the end of the year</b>	<b>226</b>	<b>561</b>
<b>10. Goodwill</b>		
Cost at the beginning of the year	62.321	62.321
Cost at the end of the year	<b>62.321</b>	<b>62.321</b>
Impairment losses and amortisation at the beginning of the year	-52.973	-46.743
Amortisation for the year	-6.232	-6.232
Impairment losses and amortisation at the end of the year	<b>-59.205</b>	<b>-52.975</b>
<b>Carrying amount at the end of the year</b>	<b>3.116</b>	<b>9.346</b>
<b>11. Land and buildings</b>		
Cost at the beginning of the year	9.547	9.547
Disposal during the year	-9.547	0
Cost at the end of the year	<b>0</b>	<b>9.547</b>
Impairment losses and depreciation at the beginning of the year	-7.752	-7.634
Depreciation for the year	-69	-118
Disposal during the year	7.821	0
Impairment losses and depreciation at the end of the year	<b>0</b>	<b>-7.752</b>
<b>Carrying amount at the end of the year</b>	<b>0</b>	<b>1.795</b>

**Total Denmark A/S**

**Notes**

	2017 tkr.	2016 tkr.
<b>12.Plant and machinery</b>		
Cost at the beginning of the year	23.880	21.628
Adjustment prior years beginning cost	-1.550	1.550
Addition during the year	393	755
Disposal during the year	-2.365	-54
<b>Cost at the end of the year</b>	<b>20.357</b>	<b>23.880</b>
<hr/>		
Impairment losses and depreciation at the beginning of the year	-21.378	-18.623
Adjustment prior years depreciation	1.550	-1.551
Depreciation for the year	-1.033	-1.258
Reversal of impairment losses and depreciation of disposed assets	2.351	54
<b>Impairment losses and depreciation at the end of the year</b>	<b>-18.510</b>	<b>-21.978</b>
<hr/>		
<b>Carrying amount at the end of the year</b>	<b>1.847</b>	<b>2.502</b>

<b>13.Fixtures, fittings, tools and equipment</b>		
Cost at the beginning of the year	2.151	2.039
Adjustment prior years beginning cost	-11	11
Addition during the year	0	101
<b>Cost at the end of the year</b>	<b>2.140</b>	<b>2.151</b>
<hr/>		
Impairment losses and depreciation at the beginning of the year	-2.023	-1.916
Adjustment prior years depreciation	11	-11
Depreciation for the year	-72	-96
<b>Impairment losses and depreciation at the end of the year</b>	<b>-2.084</b>	<b>-2.023</b>
<hr/>		
<b>Carrying amount at the end of the year</b>	<b>56</b>	<b>128</b>

**14.Disclosure in long-term investments in group enterprises and associates**

Name	Registered Office	Share held in%	Equity	Profit	Carrying amount
Shell-Statoll-Total I/S	Copenhagen	33,33	9.046	27	3.042
BKL I/S	Copenhagen	16,67	17.391	0	2.899
			<b>26.437</b>	<b>27</b>	<b>5.997</b>

The associates' annual reports for some years are drafts; therefore, adjustment related to previous years can occur.

**15.Other provisions**

The provision has been released since the contaminated land has been sold during 2017.

<b>16.Deferred tax asset and liability</b>		
Ingoing balance for the year	2017 tkr.	2016 tkr.
	4.482	2.111
Changes of the year	-4.802	2.371
<b>Outgoing balance for the year</b>	<b>-320</b>	<b>4.482</b>

**Total Denmark A/S**

**Notes**

**17. Contingent liabilities**

The Company has entered into operating lease agreements for cars rental. Remaining operating lease obligations at the balance sheet date fall due with DKK 124 thousand within 2 years (2016: DKK 677 thousand).

Further, the Company has an obligation of DKK 1,328 thousand (2016: DKK 1,588 thousand) in relation to rental agreements.

As partner in Brændstoflageret, Københavns Lufthavn I/S and Shell-Statocil-Total I/S, the Company is jointly and severally liable for the total debt. The Company's liability at 31 December 2017 amounts to DKK 57,549 thousand (2016: DKK 51,165 thousand).

The Company is jointly taxed with the other Danish companies in the Total Group. A jointly taxed company has unlimited joint and several liability in respect of Danish corporation tax and withholding tax in dividends, interest and royalties within the joint taxation.

**18. Related parties disclosures**

**Control**

Total Denmark A/S is wholly-owned by Total Marketing and Services S.A. The ultimate parent company is Total S.A., which prepares financial statements for the Group.

Consolidated financial statements for the ultimate parent company can be obtained from Total S.A. at the following address: 24, Cours Michelet, 92800 Puteaux, Paris, France or via [www.total.com](http://www.total.com).

**Related party transactions**

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act. There are no such transactions.

**19. Fees for auditors elected on the general meeting**

Pursuant to section 96(3) of the Danish Financial Statements Act, fee to the auditor appointed at annual general meeting is not disclosed.

**20. Derivative financial instruments**

The Company hedges jet fuel oil sales and purchase prices using swap hedges. As the Company has chosen not to use hedge accounting, the fair value of the swap hedges are recognised in the balance sheet, and the net gain/loss is recognised as an financial income or expense.

At 31 December 2017, the net fair value of open hedges have been recognised in the financial statements as payables to group entities in the amount of DKK 634 thousand (2016: DKK 251 thousand). In 2017, the Company has recognised a net gain in financial expenses related to swap hedges of DKK 2,267 thousand (2016: net loss DKK 24,868 thousand).



Total Denmark A/S

## Notes

### 21. Accounting Policies

#### Reporting Class

The Annual Report of Total Denmark A/S for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Total S.A.

Pursuant to section 96 of the Danish Financial Statements Act, the Company only discloses revenue on geographical markets, as disclosure of business segments will be harmful for the Company under the consideration that the the competitors also omits this information.

The accounting policies applied remain unchanged from last year.

#### General Information

##### Basis of recognition and measurement

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

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

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

##### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising 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 statements as financial expenses.

Receivables, 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

**Total Denmark A/S**

## **Notes**

at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statements as financial income or financial expenses.

### **Derivative financial instruments**

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in the fair value are recognised in the income statement on an ongoing basis.

## **Income Statement**

### **Revenue**

Income from the sale of goods and finished goods, comprising the sale of oil and petroleum products, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

### **Cost of sales**

Cost of sales include the raw materials and consumables used in the year's revenue.

### **External expenses**

External costs comprise costs related to sale, advertising, administration, office premises, loss on receivables, operating lease expenses, etc.

### **Staff expenses**

Staff expenses comprise wages and salaries, pensions and social security costs.

### **Financial income and expenses**

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

### **Tax expense on ordinary activities**

The Company is subject to the Danish rules on compulsory joint taxation of the Total Group's Danish subsidiaries and branch operations under Danish taxation.

The Company is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

## **Total Denmark A/S**

### **Notes**

On payment of joint taxation, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from other companies that have used the tax losses to reduce their own taxable profit.

Tax for the year comprises joint taxation contributions and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

### **Balance Sheet**

#### **Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis of maximum 10 years.

#### **Property, plant and equipment**

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of useful life.

Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

#### **Residual**

##### **Useful life value**

Buildings	10-50 years	0%
Plant and machinery	5-10 years	0%
Other fixtures and fittings, tools and equipment	3-5 years	0%

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### **Investments**

Investments in associated companies are measured at the proportional share of the entities' net asset value calculated in accordance with the parent company's accounting policies plus or minus unrealised intra-group profits or losses and with the addition or deduction of the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Investments in associates with negative net asset values are measured at DKK 0, and any amount owed by these enterprises are written down by the parent company's share of the negative net asset value. To the extent that the deficit exceeds the amount owed, the residual amount is recognised as provision.

#### **Leases**

Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

**Total Denmark A/S**

## **Notes**

### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

Manufactured goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as factory administration and management.

Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

### **Impairment of non-current assets**

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in the value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

### **Equity - dividends**

Proposed dividend are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

### **Provisions**

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value if the obligation is expected to be settled in the distant future.

### **Liabilities other than provisions**

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

**Total Denmark A/S**

**Notes**

**Financial ratios**

Solvency ratio (%) =  $\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Return on equity (%) =  $\frac{\text{Net profit for the year} \times 100}{\text{Equity}}$

Return on invested capital (%) =  $\frac{\text{EBIT} \times 100}{\text{Working capital} + \text{fixed assets}}$