Motiveringer
C25+ Regnskabspriserne 2019

Formålet med C25+ Regnskabspriserne

En årlig prisuddeling med fokus på, at danske virksomheders årsrapporter bliver bedre som kommunikationsmiddel. Der fokuseres på:

- Årsrapporten som en central del af virksomhedens kommunikation om økonomiske og finansielle forhold.
- Overskuelig og let forståelig kommunikation af budskaberne i årsrapporten.
- Hvad de største danske virksomheder gør godt, og hvad der kan tjene som rollemodel for andre.

Det overordnede formål er at fremme en bedre regnskabsaflæggelse i Danmark

Dommerkomitéen uddeler tre priser

C25+ Regnskabspriserne 2019 hylder de bedste årsrapporter

C25 Regnskabsprisen

Uddeles til den C25-virksomhed, hvis årsrapport udmærker sig særligt inden for tre udvalgte temaer, og som kan skabe inspiration for andre virksomheder.

Regnskabsprisen+

Uddeles blandt large cap selskaber uden for C25 og de 10 største ikke-noterede virksomheder, der aflægger årsrapport efter IFRS, og som udmærker sig inden for de tre udvalgte temaer.

Dommerkomitéens særpris

Tildeles som anerkendelse til en virksomhed, der har udmærket sig særligt ved udvikling af årsrapporten som kommunikationsværktøj.

En kompetent og uafhængig dommerkomité

Claus Berner Møller
Vice President
Danish Equities, ATP

Ole Steen Andersen
Professionelt
bestyrelsesmedlem

Kristian Wærness
Senior Vice President
Corporate Finance, COWI A/S

Niels Mengel
Bestyrelsesmedlem
Dansk Aktionærforening

Niels Granholm-Leth
Analysechef
Carnegie Investment Bank

Peter Bang
Group Director, CFO,
VELUX Gruppen

Frank Thinggaard
Professor
Aarhus Universitet

Nikolaj Kosakewitsch
Adm. direktør
NASDAQ Copenhagen

Mikael Geday
Group Executive Vice President,
CFO Grundfos Holding A/S

Dommerkomitéens vurdering af årsrapporterne tager udgangspunkt i tre overordnede temaer

Tema 1

Virksomhedens performance og opfølgning på udmeldte forventninger

Formår virksomheden at give regnskabs-læser et klart billede af selskabets aktuelle performance og af hvilke forhold, der har påvirket den? Der lægges vægt på, at årsrapporten giver et godt indblik i afvigelser i forhold til tidligere udmeldinger. Såfremt virksomheder anvender Alternative Performance Measures, skal disse være forståelige, motiverede, og bidrage med yderligere indsigt i virksomhedens performance, ligesom de skal være gennemskuelige for regnskabslæser.

Tema 2

Virksomhedens strategiske målsætninger samt risici (drift og finansiel)

Giver årsrapporten et godt indblik i selskabets forretningsmodel og de muligheder og risici, der knytter sig hertil? Dette skal beskrives på overskuelig vis. Endvidere skal årsrapporten give regnskabslæseren et troværdigt indblik i selskabets værdiskabelse, ledelse, langsigtede målsætninger samt risici fordelt på de enkelte segmenter. Der lægges også vægt på, at virksomheden har vurderet de forskellige risici i forhold til hinanden og har lagt vægt på en beskrivelse af de væsentligste risici.

Tema 3

Supplerende information i årsrapporten

Kvaliteten af den supplerende information, virksomhederne giver i årsrapporten. Det omfatter ud over det normale indhold i ledelsesberetningen også ESG, diversitet i ledelsen, virksomhedsledelse, betalte skatter, vederlagsrapport og lignende, når disse oplysninger indgår i årsrapporten. Er inddragelse af områderne i årsrapporten naturlig, så det afspejler den måde, der arbejdes med dem i forretningen? Afsnittene skal være informative, læsevenlige og passe ind i årsrapporten.

Tillykke til vinderen af C25 Regnskabsprisen

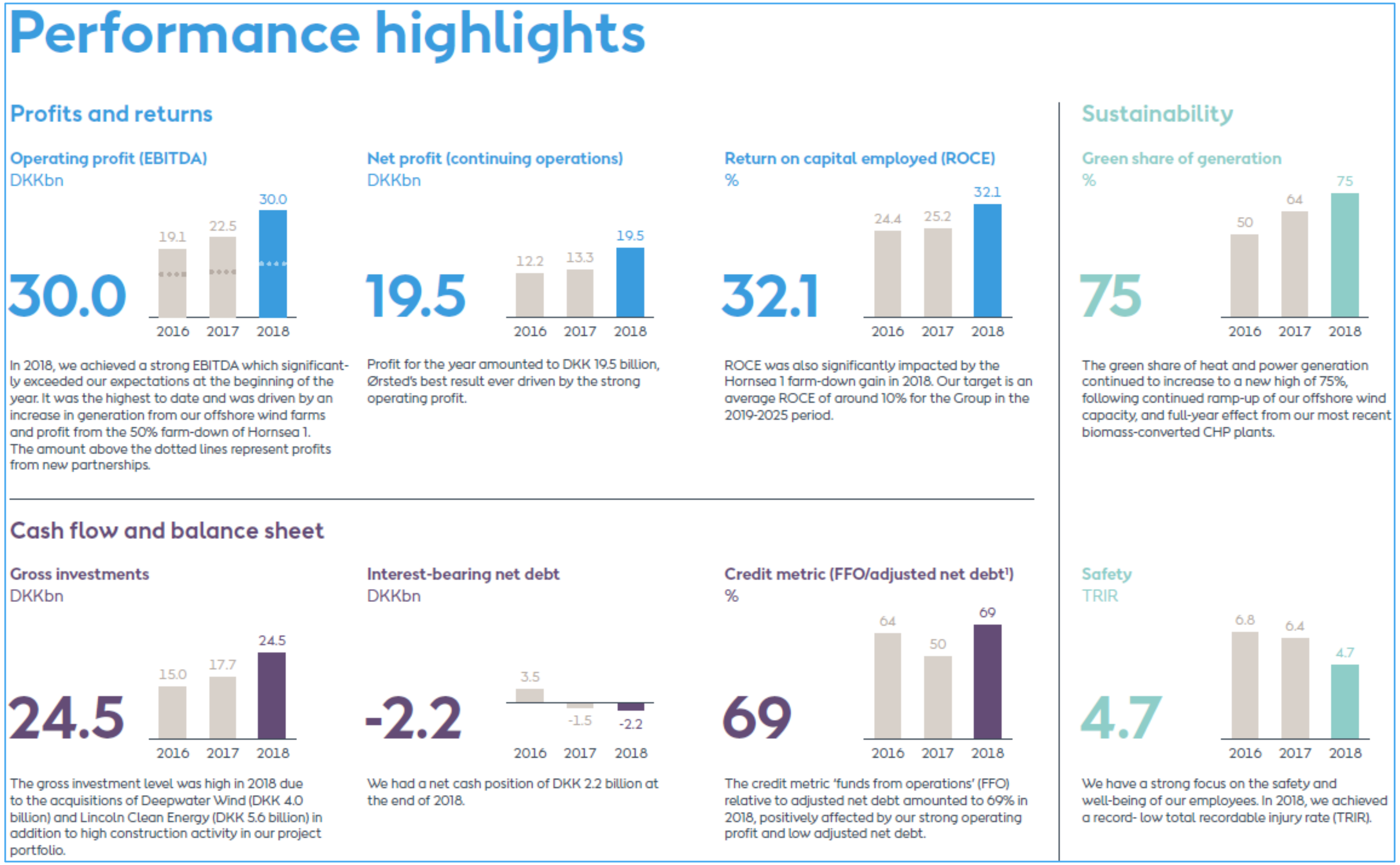
Ørsted

C25+ Regnskabspriserne 2019

Vinder C25-prisen – Ørsted (s. 10)

Ørsted Årsrapport 2018

- God præsentation af virksomhedens performance i året der gik med overblik over de væsentligste nøgletal og uddybende forklaringer
- God sammenhæng mellem den verbale forklaring af resultaterne og den visuelle præsentation af udviklingen i løbet af regnskabsåret
- God integration og omtale af ESG-performance i årsrapporten



Performance highlights

Profits and returns

Operating profit (EBITDA)
DKKbn

30.0

In 2018, we achieved a strong EBITDA which significantly exceeded our expectations at the beginning of the year. It was the highest to date and was driven by an increase in generation from our offshore wind farms and profit from the 50% farm-down of Hornsea 1. The amount above the dotted lines represent profits from new partnerships.

Net profit (continuing operations)
DKKbn

19.5

Profit for the year amounted to DKK 19.5 billion, Ørsted's best result ever driven by the strong operating profit.

Return on capital employed (ROCE)
%

32.1

ROCE was also significantly impacted by the Hornsea 1 farm-down gain in 2018. Our target is an average ROCE of around 10% for the Group in the 2019-2025 period.

Sustainability

Green share of generation
%

75

The green share of heat and power generation continued to increase to a new high of 75%, following continued ramp-up of our offshore wind capacity, and full-year effect from our most recent biomass-converted CHP plants.

Cash flow and balance sheet

Gross investments
DKKbn

24.5

The gross investment level was high in 2018 due to the acquisitions of Deepwater Wind (DKK 4.0 billion) and Lincoln Clean Energy (DKK 5.6 billion) in addition to high construction activity in our project portfolio.

Interest-bearing net debt
DKKbn

-2.2

We had a net cash position of DKK 2.2 billion at the end of 2018.

Credit metric (FFO/adjusted net debt[1])
%

69

The credit metric 'funds from operations' (FFO) relative to adjusted net debt amounted to 69% in 2018, positively affected by our strong operating profit and low adjusted net debt.

Safety
TRIR

4.7

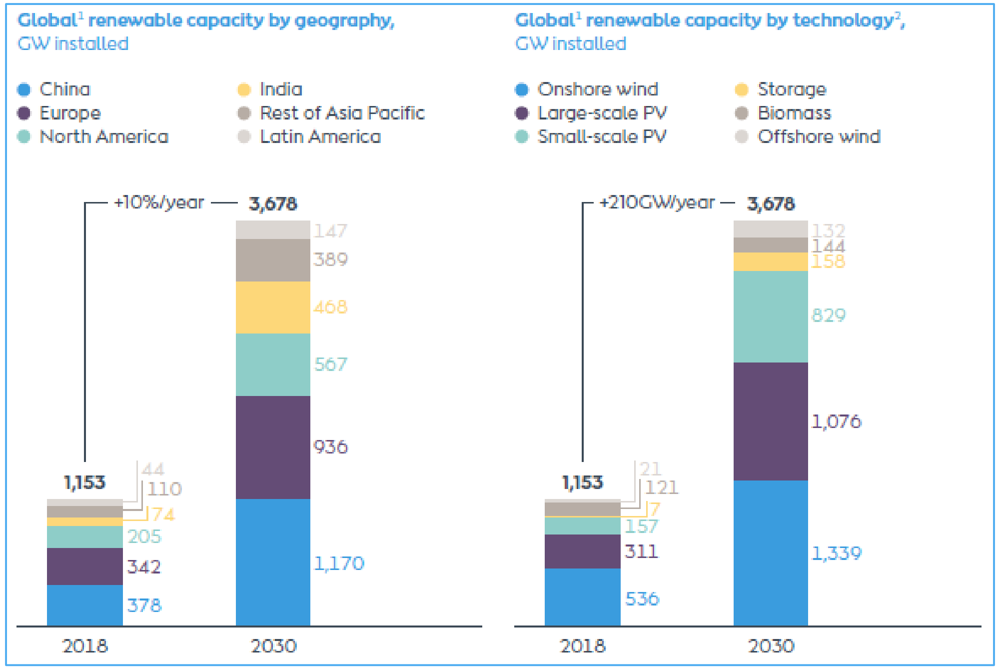
We have a strong focus on the safety and well-being of our employees. In 2018, we achieved a record- low total recordable injury rate (TRIR).

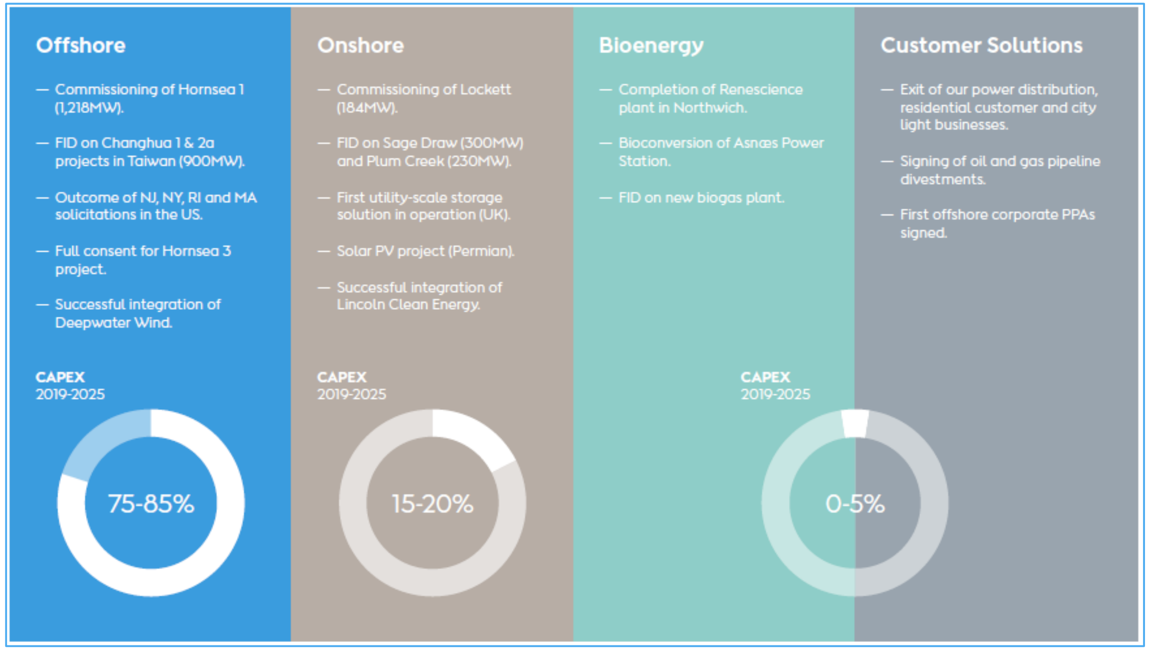
C25+ Regnskabspriserne 2019

Vinder C25-prisen – Ørsted (s. 19 og 23)

Ørsted Årsrapport 2018

- Indsigt i Ørsteds markedssituation og markedsudvikling, samt hvordan virksomheden strategisk udvikler og tilpasser produktporteføljen til det forventede marked
- God beskrivelse af Ørsteds strategiske mål og forretningsmodel, der adresserer markedsudviklingen i de forskellige segmenter
- Relevant brug af grafik gennem hele årsrapporten både i ledelsesberetningen og noterne



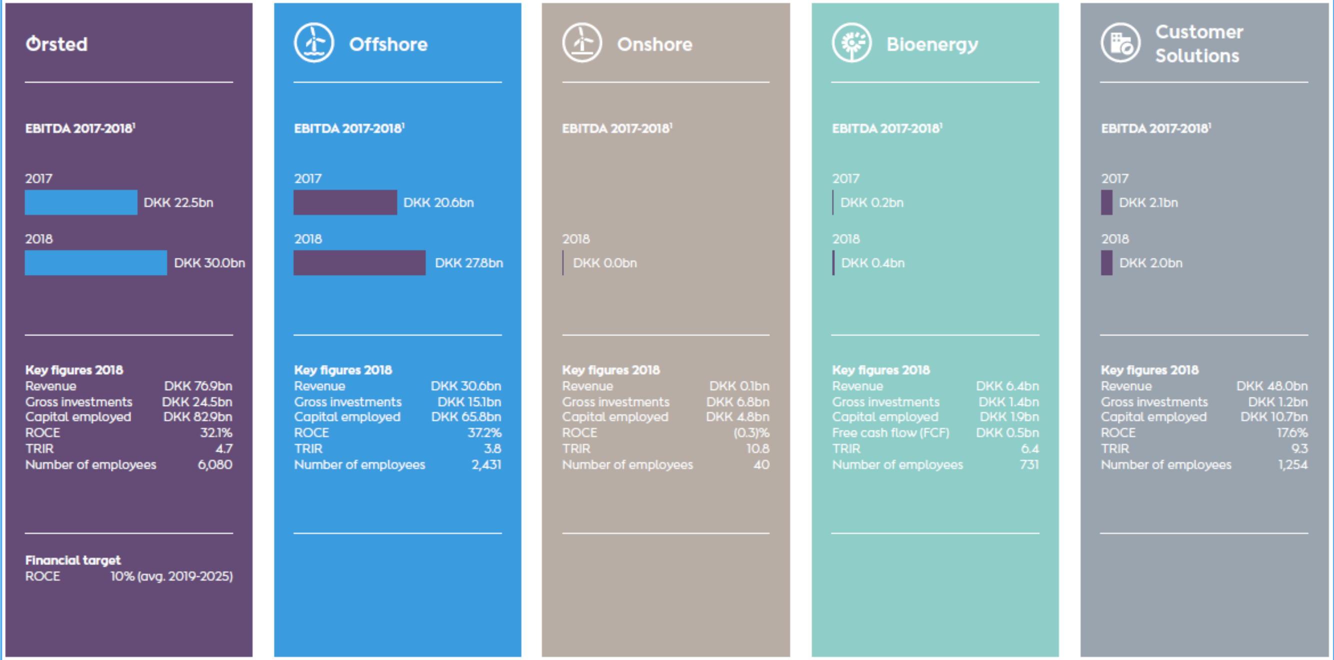


C25+ Regnskabspriserne 2019

Vinder C25-prisen – Ørsted (s. 40, 41 og 96)

Ørsted Årsrapport 2018

- Der gives uddybende beskrivelser og opfølgninger på performance for hvert af segmenterne
- Segmenteringen anvendes konsekvent i gennem ledelsesberetning og noter, hvilket giver en god indre sammenhæng i årsrapporten
- Flere noter er yderligere specificeret på virksomhedens segmenter



Offshore

Highlights 2018

— We inaugurated the Race Bank and Walney Extension offshore wind farms.
— Borkum Riffgrund 2 was commissioned by the end of 2018, ahead of schedule.
— We divested 50% of the 1,218MW Hornsea 1 offshore wind farm in the UK to Global Infrastructure Partners.
— We were awarded two offshore wind farm projects in Germany with a total capacity of 552MW, one of which was won with a zero-subsidy bid.
— We were awarded 900MW grid capacity in Taiwan's first offshore wind grid allocation process and an additional 920MW in the country's first offshore wind auction, resulting in a total build-out pipeline in Changhua of 1,820MW.
— We acquired Deepwater Wind and created a leading US offshore wind platform.
— In the US, we were awarded an additional 104MW in December in the clean energy auction in Connecticut.
— Application criteria were fulfilled for further development of the Race Bank Extension

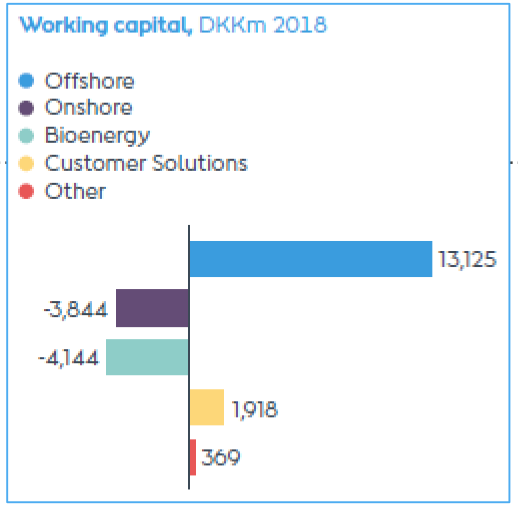
Revenue 2018, DKKm	Offshore	Onshore	Bioenergy	Customer Solutions	Other activities/ elimina-tions	Total
Sale of gas	-	-	48	23,300	(904)	22,444
Generation and sale of power	4,969	64	3,113	20,743	(7,010)	21,879
Revenue from construction of offshore wind farms	16,560	-	-	-	-	16,560
Generation and sale of heat and steam	-	-	2,903	-	-	2,903
Distribution and transmission	-	-	-	2,777	(32)	2,745
Other revenue	1,529	-	209	584	66	2,388
Total revenue from customers, IFRS	**23,058**	**64**	**6,273**	**47,404**	**(7,880)**	**68,919**

C25+ Regnskabspriserne 2019

Vinder C25-prisen – Ørsted (s. 106 og 119)

Ørsted Årsrapport 2018

- Regnskabsdelen af årsrapporten er af høj kvalitet
- Gode og relevante regnskabskommentarer i noterne bidrager til uddybende forklaringer på virksomhedens udvikling
- Regnskabsoplysningerne er suppleret med grafisk præsentation og god anvendelse af tabeller
- Ledelsesberetningen indeholder kvartalstal



Working capital, DKKm	2018	2017
Inventories	13,943	3,853
Contract assets, net	(3,115)	9,500
Trade receivables	10,741	9,170
Other receivables	2,968	2,082
Trade payables, excluding trade payables relating to capital expenditure	(10,099)	(8,460)
Tax equity liabilities	(3,719)	-
Other payables	(3,295)	(11,200)
Net working capital, excluding trade payables relating to capital expenditure at 31 December	**7,424**	**4,945**
Of which work in progress and related trade payables	9,654	7,526
Of which tax equity partner liabilities and other working capital	(2,230)	(2,581)

3. Capital employed

Our capital employed primarily relates to production assets, including assets under construction. We monitor investment projects closely, as a large part of our value is created in the development and construction phases.

Investments and divestments in 2018

Our gross investments amounted to DKK 24.5 billion in 2018, of which Offshore accounted for 62%. In addition to offshore wind farms, our gross investments were related to the acquisitions of the onshore wind company Lincoln Clean Energy and the offshore wind company Deepwater Wind in the US, bioconversion of Asnæs Power Station and the replacement of smart meters at our residential power customers in Radius.

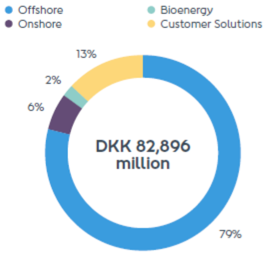
Divestments amounted to DKK 20.0 billion and was primarily related to the 50% farm-down of Hornsea 1, receipt of deferred proceeds from the farm-down of 50% of Walney Extension in 2017 and proceeds from the divestment of our 50% ownership share of Enecogen.

The most significant asset under construction at the end of 2018 was the offshore wind farm Hornsea 1 in the UK.

Capital employed, DKKm	2018	2017
Intangible assets and property, plant and equipment	84,832	76,534
Equity investments and non-current receivables	1,445	1,187
Net working capital, work in progress	9,654	7,526
Net working capital, tax equity	(3,719)	-
Net working capital, capital expenditures	(2,978)	(3,039)
Net working capital, other items	1,489	(2,581)
Derivatives, net	(2,626)	496
Assets classified as held for sale, net	10,372	2,012
Decommissioning obligations	(5,472)	(4,751)
Other provisions	(7,982)	(6,769)
Tax, net	(2,629)	(464)
Other receivables and other payables, net	510	169
Total capital employed	**82,896**	**70,320**
Of which discontinued operations	(143)	(236)
Of which continuing operations	83,039	70,556

Following the divestment of the oil and gas business on 29 September 2017, capital employed from discontinued operations includes our receivables and liabilities from the transaction.

Capital employed by segment, % 2018



79% of the capital employed is tied up in Offshore.

Capital employed by segment is based on capital employed for reportable segments of DKK 83,267 million.

82.9bn

Capital employed totalled DKK 82,896 million on 31 December 2018 against DKK 70,320 million in 2017.

24.5bn

Gross investments amounted to DKK 24,481 million in 2018 against DKK 17,744 million in 2017.

20.0bn

Cash flows from divestments totalled DKK 19,950 million in 2018 against DKK 16,982 million in 2017.

C25+ Regnskabspriserne 2019

Vinder C25-prisen – Ørsted

Derfor vinder Ørsted

- Godt overblik over forretningens udvikling i det forgangne år.
- Solid omtale af ESG som en del af ledelsesberetningen.
- Stærk beskrivelse af ledelsens forventninger til markedsudviklingen samt forretningsmodel og strategi til imødegåelse heraf.
- Ikke-finansielle mål og nøgletal er godt integreret i hele årsrapporten.
- Regnskabsdelen af årsrapporten er af høj kvalitet, og der er gode og relevante kommentarer i noterne
- Solid, gennemarbejdet årsrapport, der præsterer højt på alle parametre

Dommerkomitéens forslag til forbedringer

- En meget omfangsrig årsrapport. Kan den gøres kortere – nogle gentagelser kan måske udelades?
- Det bemærkes, at Ørsted oplyser om resultater på både business performance og på IFRS. Dommerkomitéen så gerne, at Ørsted i højere grad kommenterer på IFRS tal i ledelsesberetningen.

Tillykke til vinderen af Regnskabsprisen+

DFDS

C25+ Regnskabspriserne 2019

Vinder af plusprisen – DFDS (s. 30 og 32)

DFDS Årsrapport 2018

- Detaljerede oplysninger om udviklingen i ruter, kunder og skibe på hvert forretningsområde, Ferry og Logistic
- Rigtig godt overblik over på hvilke markeder DFDS opererer via segmentberetningerne og aktivitetsoversigten

North Sea, DKK m	2018	2017	Δ	Δ %
Revenue	3,734	3,699	35	0.9%
EBIT before special items	651	670	-20	-2.9%
Invested capital, average	3,805	4,164	-359	-8.6%
ROIC before special items, %	16.7	15.8	0.9	n.a.
Lane metres, '000	13,077	13,218	-141	-1.1%

Baltic Sea, DKK m	2018	2017	Δ	Δ %
Revenue	1,509	1,465	44	3.0%
EBIT before special items	361	379	-18	-4.8%
Invested capital, average	1,237	1,201	36	3.0%
ROIC before special items, %	29.1	31.5	-2.4	n.a.
Lane metres, '000	4,575	4,585	-10	-0.2%
Passengers, '000	224	205	19	9.3%

FERRY DIVISION ACTIVITY OVERVIEW

	NORTH SEA	BALTIC SEA
Head of business unit	Kell Robdrup (South) Morgan Olausson (North)	Anders Refsgaard
Share of Division's revenue 2018[1]	34%	14%
Routes	• Gothenburg-Brevik/Immingham • Gothenburg-Brevik/Ghent • Esbjerg-Immingham • Cuxhaven-Immingham • Vlaardingen-Felixstowe • Vlaardingen-Immingham • Rosyth-Zeebrugge (discontinued April 2018)	• Fredericia/Copenhagen-Klaipeda • Karlshamn-Klaipeda • Kiel-Klaipeda • Kiel-St. Petersburg • Kapellskär-Paldiski • Paldiski-Hanko
Ferries	• 17 freight	• 2 freight • 7 freight and passenger
Port terminals (owned and/or own operations)	• Ghent • Gothenburg (joint venture) • Immingham • Vlaardingen	
Main customer segments	• Forwarders & hauliers • Manufacturers of heavy industrial goods (automotive, forest and paper products, metals, chemicals) • RDF (refuse derived fuel)	• Forwarders & hauliers • Manufacturers of heavy industrial goods (automotive, forest product metals) • Car passengers
Main market areas	• Benelux • Denmark • Germany • Norway • Sweden • UK	• Baltic States • Denmark • Finland • Germany • Russia • Sweden
Main competitors	• CLdN • Container, road and rail transport • P&O Ferries • SOL • Stena Line	• Road and rail transport • Stena Line • Tallink Silja • Transrussia Express (Finnlines) • Transfennica

C25+ Regnskabspriserne 2019

Vinder af plusprisen – DFDS (s. 19 og 25)

DFDS Årsrapport 2018

- Overskueligt præsenterede forventninger til fremtiden opdelt på segmenter incl. effekten af IFRS 16. Indeholder key performance drivers og forventet markedsudvikling.
- En meget konkret opfølgning på året der gik - både verbalt og i oversigtsform opdelt på forskellige områder – business development / operation / people

Outlook 2019

DKK m	Outlook 2019	*IFRS 16 re-stated 2018	2018
Revenue growth	10-12%	15,717	15,717
EBITDA before special items	3,800-4,000	3,589	2,988
Per division:			
Ferry Division	3,425-3,600	3,179	2,713
Logistics Division	425-450	431	330
Non-allocated items	-50	-21	-55
Depreciation increase (vs IFRS 16)	4%	-1,624	-1,087
Special items	-20	-49	-49
Investments	-2,500	-4,802	-4,802

5 key DFDS performance drivers

There are five key performance drivers that are expected to positively impact the outlook:

- Growth from Mediterranean expansion
- Well prepared for Brexit
- Route network strengthened by new freight ferries
- Digital business projects to go live
- Improvement and efficiency projects.

In combination, these drivers are expected to be the main contributors to growth in revenue and earnings in 2019.

IMPORTANT EVENTS 2018

	BUSINESS DEVELOPMENT AND COMPETITION	OPERATIONS AND DIGITAL	PEOPLE, ENVIRONMENT AND FINANCE
January	• Acquisition of Dutch company Alphatrans completed (flatbed logistics operator, renamed Special Cargo) • Dieppe-Newhaven route concession extended for five years		
February	• Two freight and passenger ferries (ro-pax) ordered for delivery in 2021 for deployment in Baltic Sea		• Share buyback of DKK 300m initiated on 17 August 2017 completed • New share buyback of DKK 400m initiated
March		• Primula Seaways out of service for five weeks due to collision	• Annual general meeting (AGM) • Anders Götzsche elected by AGM as new board member
April	• U. N. Ro-Ro acquisition announced • One freight and passenger ferry (ro-pax) new building chartered for 10 years for deployment on Channel from 2021	• Rosyth-Zeebrugge freight route closed • Rail logistics activities in Italy closed • Finlandia out of operation until November due to engine breakdown	• Graduation of 21 talents in the Horizon programme • Share capital reduced by 1,000,000 shares following share buyback pro-grams • Share byuback initiated 8 February and dividend planned for August cancelled due to acquisition of U. N. Ro-Ro
May			• Extraordinary general meeting to approve share capital increase to maintain financial flexibility after acquisition of U. N. Ro-Ro • Share capital increased by 2,631,578 shares equal to approximately DKK 1.0bn in private placement

Management review | **Consolidated financials** | Reports | Parent company financials | Other

C25+ Regnskabspriserne 2019

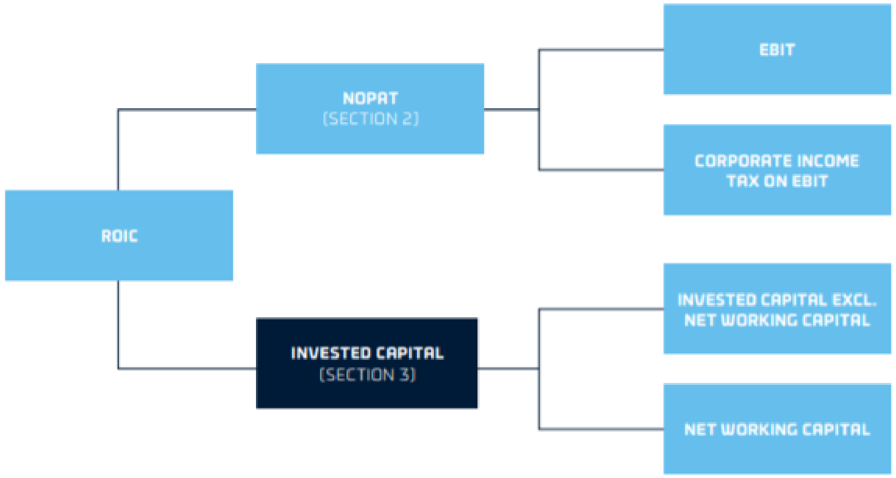
Vinder af plusprisen – DFDS (s. 76 og 82)

DFDS Årsrapport 2018

- Positivt og vigtigt at man – især som servicevirksomhed – måler på og rapporterer om kundetilfredshed
- Stærk regnskabsdel indeholdende relevante kommentarer i noterne,
- Noter opbygget efter Dupont-pyramiden, som følger en rød tråd. Gode indledninger til de enkelte notesektioner med relevante nøgletal.
- God balance mellem grafik og tekst i årsrapporten. Anvendelse af en progress-bar øverst på alle siderne giver et godt overblik og gør navigering lettere

DKK million	Note	2018	2017
Invested capital excl. Net Working Capital:			
Non-current intangible assets	3.1.1	4,788.4	834.0
Non-current tangible assets	3.1.2	13,089.4	9,058.0
Investments in associates and joint ventures		33.8	33.3
Invested capital excl. Net Working Capital		**17,911.5**	**9,925.3**
Net Working Capital:			
Receivables (excluding interest-bearing receivables)[1]	3.2.1	2,572.6	2,001.7
Inventories	3.2.2	200.5	155.8
Prepaid costs		350.9	90.7
Derivatives, related to operating activities, financial assets measured at fair value	4.2	209.0	3.8
Derivatives, related to operating activities, financial liabilities measured at fair value	4.2	-22.5	-62.4
Pension and jubilee liabilities	3.2.4	-263.5	-378.6
Other provisions	3.2.5	-67.0	-77.6
Trade payables[1]		-2,296.4	-1,847.0
Corporation tax		-23.4	-23.8
Other payables	3.2.3	-493.5	-529.7
Prepayments from customers		-170.6	-159.3
Net Working Capital		**-3.8**	**-826.4**
Invested capital		**17,907.7**	**9,098.9**
Average invested capital		**13,777.6**	**9,178.1**

[1] *Increase relates to the acquisition of U.N. Ro-Ro. Reference is made to note 5.5*



Geographical breakdown

The Group does not have a natural geographic split on countries, since the Group, mainly Ferry Division, is based on a connected route network in primarily Northern Europe and Mediterranean, where the routes support each other with sales and customer services located in one country whereas the actual revenue is created in other countries. Consequently, it is not possible to present a meaningful split of revenues and non-current assets by country. The split is therefore presented by the sea and geographical areas, in which DFDS operates. The geographical split of revenue is shown in the revenue note. Reference is made to note 2.2.

The adjusted split results in seven geographical areas: North sea, Baltic sea, English Channel, Continent, Nordic, UK/Ireland and Mediterranean. As a consequence of the Group's business model the routes do not directly own the ferries, but solely charters the ferries from a vessel pool. The ferries are frequently moved within the Group's routes. It is therefore not possible to meaningfully estimate the exact value of the non-current assets per geographical area. Instead an adjusted allocation has been used.

C25+ Regnskabspriserne 2019

Vinder af plusprisen – DFDS

Derfor vinder DFDS

- Detaljerede oplysninger om udviklingen i ruter, kunder og skibe på hvert af forretningsområderne indenfor segmenterne - inkl. overblik over markeder, kunder og konkurrenter
- Konkret opfølgning på året der gik - både verbalt og i oversigtsform
- God oversigt over forventningerne til det kommende år - segmentopdelt
- Stærk regnskabsdel i årsrapporten med relevante kommentarer og rød tråd i opbygningen af noter
- En flot, overskuelig og læsevenlig årsrapport af høj kvalitet

Dommerkomitéens forslag til forbedringer

- En mere detaljeret gennemgang af selskabets strategi og opfølgning herpå.
- Yderligere KPI’ere vedrørende ESG eller DFDS’s arbejde med FN’s SDG’er præsenteres direkte i årsrapporten.
- Overvej et risk map og tydeligere omtale af mitigating measures.

Tillykke til vinderen af Dommerkomitéens særpris

C25+ Regnskabspriserne 2019

Vinder af særprisen – FLSmidth

Særprisen 2018 – Regnskabsmæssige skøn og vurderinger

Særprisen gives i år inden for et område, som dommerkomitéen vurderer som noget af det allermest grundlæggende, når man læser et regnskab, men også et område, som mange virksomheder har vanskeligt ved at gøre virksomhedsspecifikt.

IFRS stiller krav om, at virksomheder skal oplyse om de antagelser, ledelsen gør om fremtiden og øvrige kilder til usikkerhed om estimater, hvor der er en betydelig risiko for væsentlige justeringer af indregnede værdier af aktiver og forpligtelser. Der skal desuden oplyses om de vurderinger ledelsen har foretaget ved fastlæggelse af virksomhedens anvendte regnskabspraksis, som kan have den væsentligste indflydelse på beløbene indregnet i regnskabet.

Sammenlignet med udenlandske virksomheder er der stadig udviklingspotentiale for danske virksomheder.

Dommerkomitéen ønsker at fremme denne udvikling og vil derfor gerne præmiere en virksomhed, som har arbejdet med oplysninger om regnskabsmæssige skøn og vurderinger.

Det er nødvendigt, at ledelsens foretager skøn og vurderinger ved regnskabsaflæggelse. Effekten af disse skøn og vurderinger går på tværs af hele regnskabet, og kan have stor effekt på nøgletallene. Oplysningerne herom fortæller om de usikkerheder og valg ved virksomhedens regnskabsaflæggelse, hvor der er de største usikkerheder og den største risiko.

C25+ Regnskabspriserne 2019

Vinder af særprisen – FLSmidth (s. 75)

FLSmidth Årsrapport 2018

- Præsentationen er et godt eksempel på, hvordan en virksomhed kan præsentere skøn og vurderinger på en overskuelig og læsevenlig måde.
- Oversigt over væsentlige skøn og vurderinger, hvor tabellen indeholder en skala over de enkelte skøn og vurderinger med deres vægtning.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the financial statements we are required to make several estimates and judgements. The estimates and judgements that can have a significant impact on the financial statements are categorised as key accounting estimates and judgements. Key accounting estimates and judgements are regularly assessed to adapt to the market conditions and changes in political and economic factors.

All key accounting estimates and judgements may have a significant impact to the financial statements. Please refer to the notes, in which the nature of the below key accounting impact is described. The significance of the impact is divided into three categories:

Key accounting estimates and judgements	Low	
	Medium	
	High	

Key accounting estimate

Key accounting estimates are expectations of the future based on assumptions, that we to the extent possible are supported by historical trends or reasonable expectations. We believe that our estimates are the most likely outcome of future events.

Key accounting judgements

Key accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made, that can have a significant impact on the amounts recognised in the financial statements.

Note	Key accounting estimates and judgements	Nature of accounting impact	Impact of estimates and judgements
1.4 Revenue	Determine performance obligations	Judgement	
	Determine recognition method	Judgement	
2.5 Provision	Estimate warranty provision	Estimate	
3.2 Inventories	Estimate valuation of inventories	Estimate	
3.3 Trade receivables	Estimate level of expected losses	Estimate	
3.4 Work in progress	Estimate total cost to complete	Estimate	
	Estimate variable transaction price	Estimate	
4.3 Deferred tax	Estimate the value of deferred tax assets	Estimate	

C25+ Regnskabspriserne 2019

Vinder af særprisen – FLSmidth (s. 82 og 92)

FLSmidth Årsrapport 2018

- Adskiller beskrivelsen af regnskabsmæssige skøn og vurderinger
- Beskrivelse af virksomhedsspecifikke og relevante skøn
- Indeholder specifikke vurderinger vedrørende indregning af indtægter
- Specifik beskrivelse af skøn vedrørende garantier og oplysninger vedrørende den regnskabsmæssige udvikling

				2018
DKKm	**Warran-ties**	**Restruc-turing**	**Other**	**Total**
Provisions at 1 January	825	27	578	1,430
Foreign exchange adjustments	1	3	0	4
Acquisition of Group enterprises	0	0	0	0
Disposal of Group enterprises	(2)	0	0	(2)
Additions	332	25	327	684
Used	(181)	(9)	(370)	(560)
Reversals	(337)	(14)	(135)	(486)
Reclassification to other liabilities	(84)	(6)	(19)	(109)
Transfer between categories	(21)	0	21	0
Transfer from asset held for sale	95	33	190	318
Provisions at 31 December	**628**	**59**	**592**	**1,279**

KEY ACCOUNTING ESTIMATES
Estimated warranty provision
When estimating the warranty provision we take into consideration several years of warranty cost information, any specific project related risks, knowledge about defects and functional errors in the product portfolio, risks associated with newly launched products as well as customer losses in connection with suspension of operation. We include all of these factors as relevant, to estimate a warranty provision that to the best of our knowledge reflects our responsibility towards our customers in the future.

KEY ACCOUNTING JUDGEMENTS
Judgement regarding performance obligations
Judgement is performed when determining if a contract for sale of projects, products or service, or a combination hereof, involves one or more performance obligations.

Judgement regarding recognition method
Judgements are made when determining if a project, product or service is recognised as revenue over time or at a point in time.

The judgements relate to if we have an alternative use of the assets sold and if we have an enforceable right to payment throughout the contractual term.

When assessing if an asset has no alternative use we estimate the alternative use cost amount. We have limited historical data as we rarely redirect our assets. The estimate is based on the specifics of each contract.

When assessing if we are entitled to payment throughout the contract term, a judgement is made based on the contract wording, legal entitlement and profit estimates.

C25+ Regnskabspriserne 2019

Vinder af særprisen – FLSmidth (s. 100 og 101)

DKKm	Expected default rate	Gross carrying amount	Write down
Not due for payment	1.3%	2,925	37
Overdue < one month	5.9%	623	37
Overdue one - two months	11.8%	297	35
Overdue two - three months	19.1%	173	33
Overdue > three months	24.2%	937	227
Total		**4,955**	**369**

KEY ACCOUNTING ESTIMATES

Estimated level of expected losses

When estimating the level of receivables that in the future is expected not to be collected we take the following information into account; historical losses on receivables, ageing of the receivables, access to payment securities and possibilities to off-set assets against claims. When doing the assessment we also evaluate the expected development in macro-economic and political environments that could impact the recoverability.

FLSmidth Årsrapport 2018

- Omtale af væsentlige skøn vedrørende opgørelse af færdiggørelsesgrader og variable vederlag
- Væsentlige regnskabsmæssige skøn og vurderinger er klart fremhævet i de enkelte noter i særlige tekstbokse

DKKm	2018	2017
Total costs incurred	24,690	24,787
Profit recognised as income, net	2,145	3,341
Work in progress	**26,835**	**28,128**
Invoicing on account to customers	(26,036)	(27,561)
Net work in progress	**799**	**567**
Of which is recognised as work in progress:		
Under assets	2,252	2,297
Under liabilities	(1,453)	(1,730)
Net work in progress	**799**	**567**

KEY ACCOUNTING ESTIMATES

Estimated total cost to complete

We estimate the total expected costs for our contracts. The estimates primarily relate to the level of contingencies to cover unforeseen costs, such as cost changes due to changes in future supplies of raw materials, subcontractor products and services as well as unforeseen costs related to execution and hand-over.

The estimates are based on the specifics for each contract while taking historical data into account. For contracts sold to customers in politically and economically unstable countries, the estimates will include additional risk coverage due to a higher level of uncertainty.

Estimated variable transaction price

The selling price in operation & maintenance contracts is usually dependent on the productivity of the plant. We estimate the productivity of the plant and the estimates are based on the specific conditions of the individual contract as well as historical levels of productivity.

C25+ Regnskabspriserne 2019

Vinder af særprisen – FLSmidth

Derfor vinder FLSmidth

- Noterne indledes med en god oversigt over de væsentligste regnskabsmæssige skøn og vurderinger
- Der sondres tydeligt mellem regnskabsmæssige skøn og vurderinger
- Oplysningerne om skøn er virksomhedsspecifikke og relevante
- Oplysninger om den mulige indvirkning af skøn og vurderinger er opdelt i lav, medium og høj
- Væsentlige regnskabsmæssige skøn og vurderinger er klart fremhævet i de enkelte noter i særlige tekst-bokse
- FLSmidth har arbejdet med området i flere år og har været i front af udviklingen

Dommerkomitéens forslag til forbedringer

- Følsomhedsoplysninger for de væsentligste regnskabsmæssige skøn
- Medtagelse af graden af ledelsens subjektivitet i de foretagne regnskabsmæssige skøn
- Yderligere beskrivelser af forudsætninger, som ligger til grund for skøn