

Invested capital

3.2 Property, plant and equipment

DKK million	Land and buildings	Plant and machinery	Other equipment	Assets under construction and prepayments	Total
Cost at January 1, 2016	5,183	9,564	1,598	649	16,994
Currency translation adjustments	31	42	11	11	95
Additions from business acquisitions	-	-	2	-	2
Additions during the year*	326	197	82	530	1,135
Disposals during the year	(20)	(61)	(35)	-	(116)
Transfers to/(from) other items	84	215	35	(334)	-
Cost at December 31, 2016	5,604	9,957	1,693	856	18,110
Depreciation and impairment losses at January 1, 2016	(2,518)	(5,327)	(987)		(8,832)
Currency translation adjustments	(11)	(9)	(5)		(25)
Depreciation for the year	(148)	(426)	(125)		(699)
Disposals during the year	4	44	39		87
Depreciation and impairment losses at December 31, 2016	(2,673)	(5,718)	(1,078)		(9,469)
Carrying amount at December 31, 2016	2,931	4,239	615	856	8,641

* Additions during the year include finance lease arrangements of DKK 59 million.

Capitalized interest and pledges

Interest of DKK 4 million (2015: DKK 0 million) has been capitalized under Additions during the year above and included as Investing activities in the statement of cash flows.

Capitalization rate: 1.78%.

Land and buildings with a carrying amount of DKK 397 million (2015: DKK 412 million) have been pledged as security to credit institutions. The mortgage loan expires in 2029.

Impairment

No impairment losses on property, plant and equipment have been recognized in 2016 (2015: no impairment losses).

§ ACCOUNTING POLICIES

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Borrowing costs in respect of construction of major assets are capitalized.

Depreciation is based on the straight-line method over the expected useful lives of the assets, as follows:

- Buildings: 12-50 years
- Plant and machinery: 5-25 years
- Other equipment: 3-18 years

The assets' residual value and useful life are reviewed on an annual basis, and adjusted if necessary at each reporting date.

The Group regularly reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation.

Invested capital

3.2 Property, plant and equipment (continued)

DKK million	Land and buildings	Plant and machinery	Other equipment	Assets under construction and prepayments	Total
Cost at January 1, 2015	4,838	8,779	1,431	524	15,572
Currency translation adjustments	186	376	53	18	633
Additions from business acquisitions	2	-	-	-	2
Additions during the year	92	328	108	440	968
Disposals during the year	(14)	(114)	(53)	-	(181)
Transfers to/(from) other items	79	195	59	(333)	-
Cost at December 31, 2015	5,183	9,564	1,598	649	16,994
Depreciation and impairment losses at January 1, 2015	(2,301)	(4,895)	(878)	-	(8,074)
Currency translation adjustments	(58)	(146)	(30)	-	(234)
Depreciation for the year	(169)	(389)	(120)	-	(678)
Disposals during the year	10	103	41	-	154
Depreciation and impairment losses at December 31, 2015	(2,518)	(5,327)	(987)	-	(8,832)
Carrying amount at December 31, 2015	2,665	4,237	611	649	8,162

Recognition of depreciation and impairment losses by function 2016 (2015)

■ Cost of goods sold
 ■ Sales and distribution
■ Research and development
 ■ Administration

DKK million

