

# **Bose ApS**

Herstedøstervej 27, 2620 Albertslund  
CVR no. 15 11 64 98

## **Annual report for the financial year 01.04.20 - 31.03.21**

This annual report has been adopted at the  
annual general meeting on

Chairman of the meeting

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**The company**

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Bose ApS  
Herstedøstervej 27  
2620 Albertslund  
Danmark  
Website: [www.bose.com](http://www.bose.com)  
Registered office: Albertslund  
CVR no.: 15 11 64 98  
Financial year: 01.04 - 31.03

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**Executive Board**

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James Eugene Scammon  
Veronique Gerda Thoelen  
John Patrick Brosnahan

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**Board of Directors**

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James Eugene Scammon  
Veronique Gerda Thoelen  
John Patrick Brosnahan

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

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**Parent company**

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Bose Products B.V., Netherlands

## **Statement of the Board of Directors and Executive Board on the annual report**

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We have on this day presented the annual report for the financial year 01.04.20 - 31.03.21 for Bose ApS.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.03.21 and of the results of the company's activities and cash flows for the financial year 01.04.20 - 31.03.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, August 31, 2021

### **Executive Board**

James Eugene Scammon

Veronique Gerda Thoelen

John Patrick Brosnahan

### **Board Of Directors**

James Eugene Scammon  
Chairman

Veronique Gerda Thoelen

John Patrick Brosnahan

**To the capital owner of Bose ApS****Opinion**

We have audited the financial statements of Bose ApS for the financial year 01.04.20 - 31.03.21, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.03.21 and of the results of the company's operations and cash flows for the financial year 01.04.20 - 31.03.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement regarding the 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.

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 Acts. We did not identify any material misstatement of management's review.

**Management's responsibility for the financial statements**

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the Management determines is 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 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 International Standards on Auditing 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.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

Soeborg, Copenhagen, August 31, 2021

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Lasse Rosenborg Petersen

State Authorized Public Accountant  
MNE-no. mne42896

**FINANCIAL HIGHLIGHTS****Key figures**

Figures in DKK '000	2020/21	2019/20	2018/19	2017/18	2016/17
<i>Profit/loss</i>					
Gross profit	30.981	38.683	44.948	47.005	48.408
Operating profit	4.426	7.998	10.124	11.072	9.712
Total net financials	-2.364	-1.406	-1.120	2.332	1.103
Profit for the year	1.425	5.526	6.528	10.518	8.115
<i>Balance</i>					
Total assets	107.531	98.061	149.879	113.375	112.793
Investments in property, plant and equipment	2.150	98	76	57	219
Equity	75.428	69.002	68.266	62.200	54.968



**Ratios**

	2020/21	2019/20	2018/19	2017/18	2016/17
<i>Profitability</i>					
Return on equity	2%	8%	10%	18%	16%
Gross margin	13%	9%	10%	9%	10%
Profit margin	2%	2%	2%	2%	2%
Asset turnover	2	3	3	4	5

*Equity ratio*

Equity interest	70%	70%	46%	55%	49%
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Return on equity: 
$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Gross margin: 
$$\frac{\text{Gross result} \times 100}{\text{Revenue}}$$

Profit margin: 
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Asset turnover: 
$$\frac{\text{Revenue}}{\text{Avg. total assets}}$$

Equity interest: 
$$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$$

**Primary activities**

The company's main activities, like in previous years, comprise in sales and distribution of consumer electronic products, as well as products for professional applications.

**Development in activities and financial affairs**

The income statement for the period 01.04.20 - 31.03.21 shows a profit of DKK 1,424,856 against DKK 5,526,107 for the period 01.04.19 - 31.03.20. The balance sheet shows equity of DKK 75,427,800.

In the annual report for 2020, the expectations for financial year 2021 was too early to assess due the potential economic and financial impact of the pandemic. The management, however, expected no material impact on the figures of the current financial year. The financial year 2021 was impact on the figures due to the pandemic and the expectation was therefore not meet.

**Outlook**

Due to the current circumstances around Covid-19, our main strategy is to sustain the current revenue target and to focus on our Bluetooth Headphones portfolio and related product introductions. Bose introduced a new Premium Wi-Fi and VPA-enabled sound bar to further diversify the portfolio, and also creating and introducing new products in the wellness and wearables segment. Having a product portfolio heavily dominated by connected products also enables us to deliver more personalised experiences for our customers. Bose as a company focuses on retaliating the impacts of the Covid-19 pandemic and is confident that appropriate measures are being taken to be the continued strong company. Therefore the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

**Subsequent events**

No important events have occurred after the end of the financial year.

**Branches abroad**

Bose ApS consists of Bose ApS, Denmark and three affiliates, Bose affiliate of Bose ApS Denmark, Sweden, Bose Affilial of Foreign Company, Norway and Bose Finland, affiliate of Bose ApS, Denmark.

## Income statement

Note	2020/21 DKK	2019/20 DKK
	<b>30.980.736</b>	<b>38.683.038</b>
<b>Gross profit</b>		
1 Staff costs	-26.224.543	-29.578.159
	<b>4.756.193</b>	<b>9.104.879</b>
<b>Profit before depreciation, amortisation, write-downs and impairment losses</b>		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-330.007	-1.106.769
	<b>4.426.186</b>	<b>7.998.110</b>
<b>Profit before net financials</b>		
Financial expenses	-2.364.106	-1.406.351
	<b>2.062.080</b>	<b>6.591.759</b>
<b>Profit before tax</b>		
Tax on profit for the year	-637.224	-1.065.652
	<b>1.424.856</b>	<b>5.526.107</b>
<b>Profit for the year</b>		

2 Distribution of net profit

<b>ASSETS</b>		31.03.21	31.03.20
		DKK	DKK
Note			
	Other fixtures and fittings, tools and equipment	2.021.518	191.316
<sup>3</sup>	<b>Total property, plant and equipment</b>	<b>2.021.518</b>	<b>191.316</b>
	Deposits	0	20.259
	<b>Total investments</b>	<b>0</b>	<b>20.259</b>
	<b>Total non-current assets</b>	<b>2.021.518</b>	<b>211.575</b>
	Manufactured goods and goods for resale	1.303.919	4.400.966
	<b>Total inventories</b>	<b>1.303.919</b>	<b>4.400.966</b>
	Trade receivables	40.349.729	13.631.772
	Receivables from group enterprises	35.295.994	14.216.270
	Deferred tax asset	754.041	942.772
	Income tax receivable	3.213.460	1.452.471
	Other receivables	7.270	6.751
<sup>4</sup>	Prepayments	0	905.248
	<b>Total receivables</b>	<b>79.620.494</b>	<b>31.155.284</b>
	<b>Cash</b>	<b>24.585.120</b>	<b>62.293.597</b>
	<b>Total current assets</b>	<b>105.509.533</b>	<b>97.849.847</b>
	<b>Total assets</b>	<b>107.531.051</b>	<b>98.061.422</b>

<b>EQUITY AND LIABILITIES</b>		31.03.21	31.03.20
		DKK	DKK
Note			
	Share capital	3.000.000	3.000.000
	Retained earnings	72.427.800	66.001.917
	<b>Total equity</b>	<b>75.427.800</b>	<b>69.001.917</b>
	Trade payables	139.826	644.774
	Other payables	31.963.425	28.414.731
	<b>Total short-term payables</b>	<b>32.103.251</b>	<b>29.059.505</b>
	<b>Total payables</b>	<b>32.103.251</b>	<b>29.059.505</b>
	<b>Total equity and liabilities</b>	<b>107.531.051</b>	<b>98.061.422</b>

6 Contingent liabilities

7 Related parties

**Statement of changes in equity**

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 01.04.20 - 31.03.21		
Balance as at 01.04.20	3.000.000	66.001.917
Foreign currency translation adjustment of foreign enterprises	0	5.001.027
Net profit/loss for the year	0	1.424.856
Balance as at 31.03.21	3.000.000	72.427.800

## Cash flow statement

Note	2020/21 DKK	2019/20 DKK
<b>Profit for the year</b>	<b>1.424.856</b>	<b>5.526.107</b>
8 Adjustments	6.143.050	-2.037.782
Change in working capital:		
Inventories	3.097.047	989.096
Receivables and group receivables	-46.892.952	11.569.717
Trade and group payables	-504.948	-36.113.072
Other payables relating to operating activities	3.548.694	-15.216.877
<b>Cash flows from operating activities before net financials</b>	<b>-33.184.253</b>	<b>-35.282.811</b>
Interest expenses and similar expenses paid	-237.071	-317.393
Income tax paid	-2.136.897	-3.217.426
<b>Cash flows from operating activities</b>	<b>-35.558.221</b>	<b>-38.817.630</b>
Purchase of property, plant and equipment	-2.150.256	-97.637
<b>Cash flows from investing activities</b>	<b>-2.150.256</b>	<b>-97.637</b>
<b>Total cash flows for the year</b>	<b>-37.708.477</b>	<b>-38.915.267</b>
Cash, beginning of year	62.293.597	101.208.864
<b>Cash, end of year</b>	<b>24.585.120</b>	<b>62.293.597</b>
Cash, end of year, comprises:		
Cash	24.585.120	62.293.597
<b>Total</b>	<b>24.585.120</b>	<b>62.293.597</b>

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	2020/21 DKK	2019/20 DKK
<b>1. Staff costs</b>		
Wages and salaries	19.996.398	22.334.583
Pensions	2.742.800	2.504.764
Other social security costs	3.485.345	4.738.812
Total	26.224.543	29.578.159
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Average number of employees during the year	26	40

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**2. Distribution of net profit**

Retained earnings	1.424.856	5.526.107
Total	1.424.856	5.526.107

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### 3. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.04.20	5.239.866
Foreign currency translation adjustment of foreign enterprises	650.115
Additions during the year	2.150.256
Disposals during the year	-4.457.129
Cost as at 31.03.21	3.583.108
Depreciation and impairment losses as at 01.04.20	-5.048.550
Foreign currency translation adjustment of foreign enterprises	-636.926
Depreciation during the year	-333.243
Reversal of depreciation of and impairment losses on disposed assets	4.457.129
Depreciation and impairment losses as at 31.03.21	-1.561.590
Carrying amount as at 31.03.21	2.021.518

	31.03.21 DKK	31.03.20 DKK
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### 4. Prepayments

Other prepayments	0	905.248
Total	0	905.248

	31.03.21	31.03.20
	DKK	DKK
<b>5. Deferred tax</b>		
Provisions for deferred tax as at 01.04.20	942.772	1.703.636
Deferred tax recognised in the income statement	-188.731	-760.864
Provisions for deferred tax as at 31.03.21	754.041	942.772

As at 31.03.2020, the company has recognised a deferred tax asset, which can primarily be attributed to a higher taxable value of Other fixtures and fittings, tools and equipment. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

## 6. Contingent liabilities

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of up to 48 months and a total of DKK 4.131k.

## 7. Related parties

Controlling influence	Basis of influence
Bose Products B.V., Netherlands	Parent company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

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	2020/21	2019/20
	DKK	DKK
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<b>8. Adjustments for the cash flow statement</b>		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	330.007	1.106.769
Financial expenses	2.364.106	1.406.351
Tax on profit or loss for the year	637.224	1.065.652
Exchange rate adjustments on change in NWC	2.811.713	-5.616.554
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Total	6.143.050	-2.037.782
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## 9. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

### 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 depreciation, amortisation, impairment losses and write-downs, 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 such assets 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 such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

**9. Accounting policies** - continued -**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue and cost of sales and other external expenses.

**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

**Cost of sales**

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

## 9. Accounting policies - continued -

### Depreciation, amortisation and impairment losses

The depreciation and amortisation of aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value, per cent
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

### Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

### Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

## BALANCE SHEET

### Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in

## 9. Accounting policies - continued -

the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

### **Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

### **Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of

**9. Accounting policies** - continued -

completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Cash**

Cash includes deposits in bank accounts as well as operating cash.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.



**9. Accounting policies** - continued -

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.