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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
CVR no. 20 22 26 70

ENCODIFY A/S

SVERIGESGADE 5 3., 5000 ODENSE C

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 27 June 2023

Søren Gammelgaard

CVR NO. 26 31 77 97

CONTENTS

COMPANY DETAILS

Company	ENCODIFY A/S Sverigesgade 5 3. 5000 Odense C	
	CVR No.:	26 31 77 97
	Established:	31 October 2001
	Municipality:	Odense
	Financial Year:	1 January - 31 December
Board of Directors	Eivind Bergsmyr, chairman Erik Fjellvær Hagen Jakob Kemp Hessellund Mogens Nielsen	
Executive Board	Søren Gammelgaard	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of ENCODIFY A/S for the financial year 1 January - 31 December 2022.

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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Odense, 11 May 2023

Executive Board

Søren Gammelgaard

Board of Directors

Eivind Bergsmyr Chairman	Erik Fjellvær Hagen	Jakob Kemp Hessellund
Mogens Nielsen		

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ENCODIFY A/S

Opinion
We have audited the Financial Statements of ENCODIFY A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

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

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

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

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

As part of an audit conducted in accordance with ISAs 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.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 11 May 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mads Juul Hansen
State Authorised Public Accountant
MNE no. mne44386

MANAGEMENT COMMENTARY

Principal activities
The company's main business area is development and sales of the company's Marketing Workflow Management software platform. In addition hereto, the company delivers support and consulting services to existing and potential future clients.

Encodify's customer target groups are:
1) Content creating agencies
2) National and international retailers

The Encodify product is developed by Encodify A/S, and is implemented and delivered to the client as a hosted cloud solution. The company has offices in Odense (HQ), Copenhagen, London and Madrid, and delivers the software platform and services to customers in all countries.

Unusual matters
The company's management has found that due to an accounting error in the annual report for 2021 regarding recognition of the company's revenue, work in progress and accruals, a material correction to comparison figures and change of equity has been recognized.

Reference is made to the description under accounting policies, including a description of the impact on the annual report of the change resulting from material misstatement.

Development in activities and financial and economic position
The company experienced fall in Gross profit of 24.4 % in 2022 compared to 2021.

2022 was a year where significant investments were made in establishing further sales and marketing capabilities for accelerated growth compared to previous years. Some of these additional costs were discontinued in Q4 2022 impacting the result negatively.

The income statement of the Company for 2022 shows a loss of DKK'000 16,692 after tax, and at 31 December 2022 the balance sheet of the company shows equity of DKK'000 7,986.

The company's result is not satisfactory and is expected to significantly improve in 2023.

Significant events after the end of the financial year
No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
GROSS PROFIT		**26.130.318**	**34.550.703**
Staff costs	1	-38.251.209	-31.242.321
Depreciation, amortisation and impairment	2	-4.842.644	-4.460.238
Other operating expenses		-448.640	0
OPERATING LOSS		**-17.412.175**	**-1.151.856**
Income from investments in subsidiaries		-49.736	601.290
Other financial income	3	130.877	138.215
Other financial expenses	4	-198.277	-138.168
LOSS BEFORE TAX		**-17.529.311**	**-550.519**
Tax on profit/loss for the year	5	837.549	579.395
LOSS FOR THE YEAR		**-16.691.762**	**28.876**

PROPOSED DISTRIBUTION OF PROFIT

Allocation to reserve for net revaluation according to equity method		-49.736	601.290
Retained earnings		-16.642.026	-572.414
TOTAL		**-16.691.762**	**28.876**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Development projects completed		9.474.191	7.679.342
Intangible assets	6	**9.474.191**	**7.679.342**
Other plants, machinery, tools and equipment		0	382.128
Leasehold improvements		59.479	66.512
Property, plant and equipment	7	**59.479**	**448.640**
Equity investments in group enterprises		992.984	1.063.736
Rent deposit and other receivables		422.935	373.025
Financial non-current assets	8	**1.415.919**	**1.436.761**
NON-CURRENT ASSETS		**10.949.589**	**9.564.743**
Trade receivables		2.463.411	5.369.425
Contract work in progress		321.639	632.028
Receivables from group enterprises		2.870.287	4.909.877
Other receivables		77.884	436.537
Prepayments and accrued income		800.136	966.265
Receivables		**6.533.357**	**12.314.132**
Cash and cash equivalents		**5.175.792**	**11.489.693**
CURRENT ASSETS		**11.709.149**	**23.803.825**
ASSETS		**22.658.738**	**33.368.568**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK
Share capital		1.320.593	1.320.593
Reserve for net revaluation according to equity method		959.248	1.029.999
Reserve for development costs		7.389.869	5.989.886
Retained profit		-1.684.054	16.357.956
EQUITY		**7.985.656**	**24.698.434**
Provision for deferred tax		0	837.549
PROVISIONS		**0**	**837.549**
Bank debt		6.041.273	142.462
Trade payables		1.687.617	1.939.799
Payables to group enterprises		532.483	608.682
Other liabilities		5.078.801	3.674.400
Accruals and deferred income		1.332.908	1.467.242
Current liabilities		**14.673.082**	**7.832.585**
LIABILITIES		**14.673.082**	**7.832.585**
EQUITY AND LIABILITIES		**22.658.738**	**33.368.568**
Contingencies etc.	9		
Charges and securities	10		

EQUITY

	Share capital	Reserve for net revaluation according to equity va	Reserve for development costs	Retained profit	Total
Equity at 1 January 2022	1.320.593	1.030.000	5.989.886	18.735.889	27.076.368
Change of equity due to correction of errors				-2.377.934	-2.377.934
Adjusted equity at 1 January 2022	**1.320.593**	**1.030.000**	**5.989.886**	**16.357.955**	**24.698.434**
Proposed profit allocation		-49.736		-16.642.026	-16.691.762
Other legal bindings					
Capitalized development costs			6.631.913	-6.631.913	0
Foreign exchange adjustments		-21.016			-21.016
Transfers					
Depreciations			-4.837.064	4.837.064	0
Tax on changes in equity			**-394.866**	**394.866**	**0**
Equity at 31 December 2022	**1.320.593**	**959.248**	**7.389.869**	**-1.684.054**	**7.985.656**

NOTES

	2022 DKK	2021 DKK	Note
Staff costs			1
Average number of employees	44	34	
Wages and salaries	33.895.917	28.044.659	
Pensions	2.182.774	1.524.690	
Social security costs	495.312	269.676	
Other staff costs	1.677.206	1.403.296	
	38.251.209	**31.242.321**	
Depreciation, amortisation and impairment			2
Development projects completed	4.837.064	4.147.533	
Leasehold improvements	5.580	60.303	
Other plants, tools and equipment	0	252.402	
	4.842.644	**4.460.238**	
Other financial income			3
Group enterprises	130.877	0	
Other interest income	0	138.215	
	130.877	**138.215**	
Other financial expenses			4
Other interest expenses	198.277	138.168	
	198.277	**138.168**	
Tax on profit/loss for the year			5
Adjustment of deferred tax	-837.549	-579.395	
	-837.549	**-579.395**	

Intangible assets 6

	Development projects completed
Cost at 1 January 2022	21.497.225
Additions	6.631.913
Cost at 31 December 2022	**28.129.138**
Amortisation at 1 January 2022	13.817.883
Amortisation for the year	4.837.064
Amortisation at 31 December 2022	**18.654.947**
Carrying amount at 31 December 2022	**9.474.191**

NOTES

Note

Intangible fixed assets (continued) 6

Development projects relates to the development of new versions of the Company’s existing software products.

Costs are essentially composed of internal costs in the form of salaries, IT costs as well as indirect development costs, which are registered through the company's internal project management.

The projects are continuously completed, and the marketing is started. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The software is expected to be sold in the present market to the Company’s existing customers. Prior to the initiation of the projects, Encodify A/S has always had dialogue with relevant customers, and they indicate that the projects are needed. Costs related to market research are not capitalized.

The carrying amount of completed development projects is pr. 31 December 2022 DKK'000 9,474.

Property, plant and equipment 7

	Other plants, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2022	1.285.001	234.059
Additions	0	65.059
Disposals	-1.285.001	-234.059
Cost at 31 December 2022	**0**	**65.059**
Depreciation and impairment losses at 1 January 2022	902.873	167.547
Reversal of depreciation of assets disposed of	-902.873	-167.547
Depreciation for the year	0	5.580
Depreciation and impairment losses at 31 December 2022	**0**	**5.580**
Carrying amount at 31 December 2022	**0**	**59.479**

Financial non-current assets 8

	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2022	33.736	373.026
Additions	0	49.909
Cost at 31 December 2022	**33.736**	**422.935**
Revaluation at 1 January 2022	1.030.000	0
Exchange adjustment	-21.016	0
Profit/loss for the year	-49.736	0
Revaluation at 31 December 2022	**959.248**	**0**
Carrying amount at 31 December 2022	**992.984**	**422.935**

NOTES

Note

Fixed asset investments (continued) 8

Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit/loss for the year	Ownership
Encodify Ltd., UK....................................	1.021.228	350.312	100 %
Encode Marketing Software Spain S.L.U., ES.....	-28.244	-400.048	100 %

Contingencies etc. 9

Contingent assets

The company has tax losses amounting to DKK'000 24,922 with a tax-value of DKK'000 5,483 which is not recognized as tax asset due to a conservative assessment by management. When the company is profitable tax losses will be recognized as a tax asset.

Contingent liabilities

Liabilities under rental or lease agreements until maturity is in total DKK'000 398.

Charges and securities 10

As security for a balance with Danske Bank A/S, a floating charge has been created on recivables, operating equipment, fixtures and fittings as well as intellectual property rights, nom. DKK'000 6,500.

ACCOUNTING POLICIES

The Annual Report of ENCODIFY A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Change resulting from material misstatement
In the annual report for 2021 there was a material misstatement as a result of incorrect recognition of the company's revenue, work in progress and accruals. See the corrections below.

1) Correction for incorrect recognized revenue in 2021
The error has caused that in the annual report 2021 there have been recognized too much revenue from licenses in the income statement. The error relates to missing and incorrect accrued revenue in 2021.

The error has been corrected in the annual report and causes the accounting items "Net revenue"/"Gross profit" in the income statement and thus the profit for the year 2021 to be reduced by DKK 665,920 before tax. The error also causes the accounting item "Accruals and deferred income" under current liabilities to increase by DKK 665,920, relating to revenue from licenses to be accrued and recognized as revenue in 2022 DKK 497,620, 2023 DKK 112,200 and 2024 DKK 56,100.

2) Correction for incorrect booked revenue from vouchers in 2021
The error has caused that in the annual report 2021 there have not been recognized enough revenue from development vouchers in the income statement. The error relates to incorrect measurement of revenue in 2021.

The error has been corrected in the annual report and causes the accounting items "Net revenue"/"Gross profit" in the income statement and thus the profit for the year 2021 to be increased by DKK 386,213 before tax. The error also causes the accounting item "Accruals and deferred income" under current liabilities to reduce by DKK 386,213.

3) Work in progress correction and write off in 2021
The error has caused that in the annual report 2021 there have been recognized too much revenue relating to work in progress in the income statement. The error relates to incorrect measurement and missing write off of work in progress in 2021.

The error has been corrected in the annual report and causes the accounting items "Net revenue"/"Gross profit" in the income statement and thus the profit for the year 2021 to be reduced by DKK 2,989,880 before tax. The error also causes the accounting item "Contract work in progress" under current assets to reduced by DKK 2,989,880.

4) Incorrect accruals and non-reversed provisions
The error has caused that in the annual report 2021 there have been recognized too much revenue relating licenses and support agreements in the income statement. The error relates to incorrect accruals and non-reversed provisions in 2021.

The error has been corrected in the annual report and causes the accounting items "Net revenue"/"Gross profit" in the income statement and thus the profit for the year 2021 to be increased by DKK 45,900 before tax. The error also causes the accounting item "Contract work in progress" under current assets to reduced by DKK 125,250 and "Accruals and deferred income" under current liabilities to be reduced by DKK 171,150.

5) Other minor corrections
Due to the correction descriped above, management has decided to also correct some minor immaterial misstatements in the annual report which causes the accounting item "Tax on profit/loss for the year" to be increased by DKK 175,054. The total correction amounting to 175,054 consists of 11 minor correction, which individually is assesed as immaterial. The corrections are made due to the accumulation of all the total misstatements.

ACCOUNTING POLICIES

Change resulting from material misstatement (continued)
Taxable effect
The changes described above has also had effects on the calculated taxes for 2021. "Adjustment of deferred tax" in the income statement is reduced by DKK 670,699. The error also causes the accounting item “Provision for deferred tax” under provisions to decrease by DKK 670,699.

Conclusion
The impact of the material errors is recognized directly under equity at the beginning of the year on the line “Change of equity due to correction of errors”, where correction of DKK 3,048,633 before tax is located under retained earnings reduced by deferred tax effect by DKK 670,699, in total amounting to DKK 2,377,934. As a result of the material misstatement comparative figures have been adjusted.

INCOME STATEMENT

Net revenue
Sale of services is generally recognised on the basis of a measurable degree of completion, using straight-line recognition of services delivered over time in a regular pattern. Where the degree of completion is not measurable or the sales value or the total costs of completion are uncertain, revenue is recognised by the amount that the enterprise as a maximum believes to have a right to claim and is expected to be received for services delivered at the Balance Sheet date.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group’s and the Company’s activities. Losses from sale of intangible and tangible fixed assets are also included.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Income from investments in subsidiaries
The proportional share of the results of subsidiaries, stated according to the Parent Company’s accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company’s Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold subsidiaries are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses
Financial income and expenses include interest income and expenses, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 3-5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	*Residual value*
Other plant, fixtures and equipment...	3-5 years	0 %
Leasehold improvements..	5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets
Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

ACCOUNTING POLICIES

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the Company has a legal or actual liability to cover the subsidiaries deficit.

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Contract work in progress
Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents
Cash and cash equivalents include cash at bank.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.