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

FREEHAND COFFEE COMPANY A/S

SVOVLHATTEN 3, 5220 ODENSE SØ

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2020

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 28 February 2021

Michael Schiedel

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 29 52 77 68

CONTENTS

COMPANY DETAILS

Company	Freehand Coffee Company A/S Svovlhatten 3 5220 Odense SØ
	CVR No.: 29 52 77 68 Established: 20 April 2006 Registered Office: Odense Financial Year: 1 January - 31 December
Board of Directors	Frans Van Tilborg, chairman Michael Schiedel Philip Wouters
Executive Board	Michael Schiedel
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank Albani Torv 2 5000 Odense C
Law Firm	Philip Wouters

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Freehand Coffee Company A/S for the financial year 1 January - 31 December 2020.

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 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

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, 17 February 2021

Executive Board

Michael Schiedel

Board of Directors

Frans Van Tilborg Chairman	Michael Schiedel	Philip Wouters

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Freehand Coffee Company A/S

Opinion
We have audited the Financial Statements of Freehand Coffee Company A/S for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, 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 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 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' 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 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.

- 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'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 Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 17 February 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS

	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000
Gross profit/loss	26,766	23,754	21,693	26,055	31,842
Operating profit/loss of main activities	4,636	-1,542	-8,130	-15,092	-2,113
Financial income and expenses, net	-453	-575	-960	-1,774	-875
Profit/loss for the year	4,204	-2,267	-8,579	-20,344	-2,988
Balance sheet					
Total assets	39,184	38,169	31,665	38,637	50,259
Equity	-2,529	-6,733	-4,466	-25,905	-5,562
Cash flows					
Investment in property, plant and equipment	-263	-367	-365	-748	0
Key ratios					
Return on invested capital	45.5	178.0	0.0	0.0	0.0
Equity ratio	Neg.	Neg.	Neg.	Neg.	Neg.
Return on equity	Neg.	Neg.	Neg.	Neg.	Neg.

FINANCIAL HIGHLIGHTS

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Return on invested capital:	$\frac{\text{Profit/loss on ordinary activities x 100}}{\text{Average invested capital}}$
Equity ratio:	$\frac{\text{Equity, at year end x 100}}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities
The company's main activity is to provide sustainable coffee/hot beverage solutions to the Danish BtB/office segment. The business also provides vending machines and payment card systems as well as related services. The company is embarking on a sustainability strategy by providing solutions which have an environmental and/or social development footprint.

Development in activities and financial and economic position
Following the change of ownership in June 2018, the company has been through a massive restructuring process. Some business activities have been cut off in order to allow the business to focus on the core competences.

The financial result for 2020 is considered to be satisfying - in particular given the circumstances of Covid-19. The underlying business model is solid, which is why the company will expect a positive result in 2021 and the following years.

Profit/loss for the year compared to expectations
The profit and loss is showing a result of DKK ('000) 4,204 for the year, and the balance sheet as per December 31, 2020 presents an equity of DKK ('000) -2,529.

The management is of the firm belief that the future operations will ensure a full restoration of the loss on retained earnings carried forward, within a foreseeable future.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

Future expectations
During 2021 the company will continue to work hard to strengthen the equity and bring it back to a positive value. A positive result in 2021 will be a part of that process, and the mother company MIKO Koffie will fully be supporting the company in any way, on the way back to being a solid and profitable company again.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS PROFIT	1	**26,766,461**	**23,753,825**
Staff costs	2	-21,713,338	-24,489,873
Depreciation, amortisation and impairment losses		-417,372	-805,773
OPERATING PROFIT		**4,635,751**	**-1,541,821**
Result of equity investments in group and associates		21,313	89,927
Other financial income		18,240	25,938
Other financial expenses	3	-471,652	-601,175
PROFIT BEFORE TAX		**4,203,652**	**-2,027,131**
Tax on profit/loss for the year	4	0	-239,871
PROFIT FOR THE YEAR	5	**4,203,652**	**-2,267,002**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Leasehold improvements		39,776	128,314
Other investment assets		469,544	535,623
Property, plant and equipment	6	**509,320**	**663,937**
Equity investments in group enterprises		355,895	334,582
Rent deposit and other receivables		75,930	73,718
Financial non-current assets	7	**431,825**	**408,300**
NON-CURRENT ASSETS		**941,145**	**1,072,237**
Finished goods and goods for resale		11,313,094	11,765,503
Inventories		**11,313,094**	**11,765,503**
Trade receivables		21,572,675	21,567,287
Other receivables		741,223	178,659
Joint tax contribution receivable		0	421,080
Prepayments and accrued income	8	536,256	308,455
Receivables		**22,850,154**	**22,475,481**
Cash and cash equivalents		**4,079,996**	**2,856,205**
CURRENT ASSETS		**38,243,244**	**37,097,189**
ASSETS		**39,184,389**	**38,169,426**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK
Share capital	9	800,000	800,000
Reserve for net revaluation according to equity va		0	89,927
Retained earnings		-3,329,469	-7,623,048
EQUITY		**-2,529,469**	**-6,733,121**
Other liabilities		1,895,329	825,863
Non-current liabilities	10	**1,895,329**	**825,863**
Bank debt		67,628	60,275
Trade payables		3,513,902	12,320,657
Payables to group enterprises		16,521,206	14,341,123
Other liabilities		9,154,483	7,154,068
Accruals and deferred income	11	10,561,310	10,200,561
Current liabilities		**39,818,529**	**44,076,684**
LIABILITIES		**41,713,858**	**44,902,547**
EQUITY AND LIABILITIES		**39,184,389**	**38,169,426**
Contingencies etc.	12		
Charges and securities	13		
Related parties	14		

EQUITY

	Share capital	Reserve for net revaluation according to equity va	Retained earnings	Total
Equity at 1 January 2020	800,000	89,927	-7,623,048	-6,733,121
Proposed profit allocation, refer note 5		-89,927	4,293,579	4,203,652
Equity at 31 December 2020	**800,000**	**0**	**-3,329,469**	**-2,529,469**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2020 DKK	2019 DKK
Profit/loss for the year	4,203,652	-2,267,002
Depreciation and amortisation, reversed	417,372	805,773
Reversed realization gains	0	-1,258,080
Profit/loss from subsidiaries	-21,313	-89,927
Adjustment of other financial income	0	-25,938
Adjustment of other financial expenses	0	601,175
Tax on profit/loss, reversed	0	239,871
Change in inventories	452,409	-238,400
Change in receivables (ex tax)	1,805,410	-12,067,125
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-5,376,126	8,235,224
CASH FLOWS FROM OPERATING ACTIVITY	**1,481,404**	**-6,064,429**
Purchase of property, plant and equipment	-262,754	439,265
Purchase of financial assets	-2,212	-2,147
CASH FLOWS FROM INVESTING ACTIVITY	**-264,966**	**437,118**
Other changes in non-current debt	0	353,071
CASH FLOWS FROM FINANCING ACTIVITY	**0**	**353,071**
CHANGE IN CASH AND CASH EQUIVALENTS	**1,216,438**	**-5,274,240**
Cash and cash equivalents at 1. januar	2,795,930	8,070,170
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**4,012,368**	**2,795,930**
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	4,079,996	2,856,205
Bank overdraft	-67,628	-60,275
CASH AND CASH EQUIVALENTS, NET DEBT	**4,012,368**	**2,795,930**

NOTES

	2020 DKK	2019 DKK	Note
Special items			1
Government covid-19 relief package (salary compensation)	1,833,944	0	
	1,833,944	**0**	
Staff costs			2
Average number of employees	41	48	
Wages and salaries	18,828,573	21,058,938	
Pensions	2,301,173	2,595,376	
Social security costs	307,478	411,656	
Other staff costs	276,114	423,903	
	21,713,338	**24,489,873**	

In accordance with the Danish Financial Statements Act § 98b, stk. 3, information on remuneration of board and management has not been disclosed.

	2020 DKK	2019 DKK	Note
Other financial expenses			3
Group enterprises	373,794	315,792	
Other interest expenses	97,858	285,383	
	471,652	**601,175**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	0	-421,080	
Adjustment of deferred tax	0	660,951	
	0	**239,871**	
Proposed distribution of profit			5
Allocation to reserve for net revaluation according to equity va	-89,927	89,927	
Retained earnings	4,293,579	-2,356,929	
	4,203,652	**-2,267,002**	

NOTES

Note

Property, plant and equipment 6

	Leasehold improvements	Other investment assets
Cost at 1 January 2020	931,489	7,689,495
Additions	0	262,754
Cost at 31 December 2020	**931,489**	**7,952,249**
Depreciation and impairment losses at 1 January 2020	803,174	7,153,872
Depreciation for the year	88,539	328,833
Depreciation and impairment losses at 31 December 2020	**891,713**	**7,482,705**
Carrying amount at 31 December 2020	**39,776**	**469,544**

Financial non-current assets 7

	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2020	4,217,749	73,718
Additions	0	2,212
Cost at 31 December 2020	**4,217,749**	**75,930**
Revaluation at 1 January 2020	-3,883,167	0
Profit/loss for the year	21,313	0
Revaluation at 31 December 2020	**-3,861,854**	**0**
Carrying amount at 31 December 2020	**355,895**	**75,930**

Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit/loss for the year	Ownership
Freehand International II A/S, Odense	355,895	21,313	100 %

	2020 DKK	2019 DKK	Note
Prepayments and accrued income			8
Costs	536,256	308,455	
	536,256	**308,455**	
Share capital			9
Allocation of share capital:			
Aktier, 800,000 unit in the denomination of 1 DKK	800,000	800,000	
	800,000	**800,000**	

NOTES

Note

Long-term liabilities 10

	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Other liabilities	1,895,329	0	0	825,863
	1,895,329	**0**	**0**	**825,863**

Accruals and deferred income 11

Prepayments are prepaid income received in subsequent years.

Contingencies etc. 12

Other contingent assets

The company has an unrecognized deferred tax asset amounting to DKK ('000) 72.280 on 31 December 2020.

Contingent liabilities

Rental and lease commitments

The company has rental commitment with a notice period of 6 months. The rental commitment has been stated at DKK ('000) 456.

The company has entered into lease agreements with a total monthly lease payment of DKK('000) 127. The total residual lease commitment amounts to DKK('000) 2,256.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Miko Coffee ApS, which serves as management company for the joint taxation.

Charges and securities 13

The company has not given any collateral or securities during the year.

Related parties 14

The Company's related parties include:

Controlling interest

Miko Koffie NV., Steenweg op Mol 177, 2300 Turmhout, Belgium.

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions.

ACCOUNTING POLICIES

The Annual Report of Freehand Coffee Company A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

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

Consolidated Financial Statements
Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Miko Koffie NV., Steenweg op Mol 177, 2300 Turnhout, Belgien.

INCOME STATEMENT

Net revenue
Net revenue from sale of merchandise and finished goods is recognised in the Income Statement when sales is considered effected based on the following criterias;

- Supply and risk transfer to purchaser has taken place before the end of the year,
- A binding sales agreement has been made,
- Income can be measured reliably, and
- Payment has been received or may with resonable certainty be expected to be received.

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 income
Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

ACCOUNTING POLICIES

Income from equity interests in subsidiaries
The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests 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, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

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 portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets
Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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...	3-7 years	0 kr.
Leasehold improvements...	5 years	0 kr.

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

Fixed asset investments
Investments in subsidiaries are measured in the company's balance sheet under the equity method.

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

ACCOUNTING POLICIES

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

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity 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's has a legal or actual liability to cover the subsidiary's deficit.

Impairment of fixed assets
The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis 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 net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

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

ACCOUNTING POLICIES

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.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

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 carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off 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.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing 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 term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

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

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.