

# **ERHVERVS WEBDESIGN ApS**

Lillebæltsvej 62, 6715 Esbjerg N  
CVR no. 34 87 79 39

## **Annual report for the financial year 01.06.22 - 31.05.23**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 29.11.23

Thomas Osmund Jensen  
Dirigent



---

Company information etc.	3
Statement by the Executive Board and Board of Directors on the annual report	4
Independent auditor's report	5 - 7
Management's review	8
Income statement	9
Balance sheet	10 - 11
Statement of changes in equity	12
Notes	13 - 25

---

---

### The company

---

ERHVERVS WEBDESIGN ApS  
Lillebæltsvej 62  
6715 Esbjerg N

Tel.: 82 82 98 98

Website: <https://erhvervswebdesign.dk>

Registered office: Esbjerg

CVR no.: 34 87 79 39

Financial year: 01.06 - 31.05

---

### Executive Board

---

Klaus Pierre Bisgaard Rasmussen

Thomas Osmund Jensen

---

### Board of Directors

---

Thomas Osmund Jensen

Lars Thorsgaard Jensen

Jacob Østergaard Bergenholtz

---

### Auditors

---

Beierholm

Statsautoriseret Revisionspartnerselskab

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

---

We have on this day presented the annual report for the financial year 01.06.22 - 31.05.23 for ERHVERVS WEBDESIGN ApS.

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 as at 31.05.23 and of the results of the company's activities for the financial year 01.06.22 - 31.05.23.

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.

Esbjerg N, November 29, 2023

### **Executive Board**

Klaus Pierre Bisgaard  
Rasmussen

Thomas Osmund Jensen

### **Board of Directors**

Thomas Osmund Jensen

Lars Thorsgaard Jensen

Jacob Østergaard  
Bergenholtz

**To the shareholder of ERHVERVS WEBDESIGN ApS****Opinion**

We have audited the financial statements of ERHVERVS WEBDESIGN ApS for the financial year 01.06.22 - 31.05.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 company's financial position at 31.05.23 and of the results of the company's operations for the financial year 01.06.22 - 31.05.23 in accordance with the 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 (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**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 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 scepticism 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 the management's review**

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is 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 the Danish Financial Statements Act.

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

Haderslev, November 29, 2023

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Rasmus Ørskov  
State Authorized Public Accountant  
MNE-no. mne42777

**Primary activities**

The company's activities comprise web and marketing solutions to small and medium-sized businesses in Denmark.

Our primary focus is consulting, delivery and optimization of online marketing - we have an analytical approach and a good understanding of what works and how the customer can use their website, Facebook, LinkedIn etc. to strengthen and grow their business.

**Uncertainty concerning recognition and measurement**

In the financial statements for the financial year 01.06.22 - 31.05.23, it is important to note the following uncertainty with regard to recognition and measurement, as it has had a significant influence on the assets and liabilities recognised in the financial statements:

The company's intangible assets are recognized at values that are based on management's expectations of future utilization based on the company's expected development.

Trade receivables and work in progress are recognised at selling price with deductions for expected losses. There is an inherent uncertainty in these items as the valuation is based on the customers' future ability and willingness to pay.

**Exceptional conditions**

The company has identified a material misstatement in the financial statements for 2021/22. Work in progress has previously been calculated on an incorrect basis. Work in progress, prepayments, net sales and deferred tax have been corrected as a consequence.

Comparative figures for 2021/22 have been adjusted. The accumulated impact at the beginning of the financial year is recognised directly in equity. The correction of the misstatement has a negative impact on the P/L for the year 2021/22. As of 31.05.22, equity is reduced by DKK 2,973k. The misstatement reduces the total assets as of 31.05.22 by DKK 3,597k.

**Development in activities and financial affairs**

The income statement for the period 01.06.22 - 31.05.23 shows a profit of DKK 19,327,211 against DKK 8,594,914 for the period 01.06.21 - 31.05.22. The balance sheet shows equity of DKK 23,357,776.

**Subsequent events**

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



## Income statement

Note		2022/23 DKK	2021/22 DKK
	<b>Gross profit</b>	<b>48,406,336</b>	<b>24,986,428</b>
1	Staff costs	-22,447,420	-12,870,556
	<b>Profit before depreciation, amortisation, write-downs and impairment losses</b>	<b>25,958,916</b>	<b>12,115,872</b>
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-804,691	-789,678
	<b>Operating profit</b>	<b>25,154,225</b>	<b>11,326,194</b>
2	Financial income	0	26,919
	Financial expenses	-348,729	-269,935
	<b>Profit before tax</b>	<b>24,805,496</b>	<b>11,083,178</b>
	Tax on profit for the year	-5,478,285	-2,488,264
	<b>Profit for the year</b>	<b>19,327,211</b>	<b>8,594,914</b>
	<b>Proposed appropriation account</b>		
	Proposed dividend for the financial year	0	7,000,000
	Retained earnings	19,327,211	1,594,914
	<b>Total</b>	<b>19,327,211</b>	<b>8,594,914</b>

<b>ASSETS</b>		31.05.23	31.05.22
		DKK	DKK
Note			
	Completed development projects	2,271,879	2,852,269
	Development projects in progress	2,238,700	0
<b>3</b>	<b>Total intangible assets</b>	<b>4,510,579</b>	<b>2,852,269</b>
	Leasehold improvements	275,026	392,895
	Other fixtures and fittings, tools and equipment	286,182	312,326
<b>4</b>	<b>Total property, plant and equipment</b>	<b>561,208</b>	<b>705,221</b>
<b>5</b>	<b>Deposits</b>	<b>174,921</b>	<b>193,351</b>
	<b>Total investments</b>	<b>174,921</b>	<b>193,351</b>
	<b>Total non-current assets</b>	<b>5,246,708</b>	<b>3,750,841</b>
<b>6</b>	<b>Work in progress for third parties</b>	<b>32,291,374</b>	<b>10,588,067</b>
	Trade receivables	9,109,537	7,853,843
	Deferred tax asset	0	163,460
	Other receivables	341,904	70,908
	Prepayments	195,085	167,363
	<b>Total receivables</b>	<b>41,937,900</b>	<b>18,843,641</b>
	<b>Cash</b>	<b>161,701</b>	<b>5,123,023</b>
	<b>Total current assets</b>	<b>42,099,601</b>	<b>23,966,664</b>
	<b>Total assets</b>	<b>47,346,309</b>	<b>27,717,505</b>

<b>EQUITY AND LIABILITIES</b>		31.05.23	31.05.22
		DKK	DKK
Note			
	Share capital	80,000	80,000
	Reserve for development costs	3,430,628	2,312,394
	Retained earnings	19,847,148	1,638,171
	Proposed dividend for the financial year	0	7,000,000
	<b>Total equity</b>	<b>23,357,776</b>	<b>11,030,565</b>
	Provisions for deferred tax	1,037,000	0
	<b>Total provisions</b>	<b>1,037,000</b>	<b>0</b>
	Payables to other credit institutions	0	377,686
	<b>Total long-term payables</b>	<b>0</b>	<b>377,686</b>
	Payables to other credit institutions	926,310	251,999
6	Prepayments received from work in progress for third parties	7,884,662	5,824,977
	Trade payables	87,603	0
	Income taxes	7,607,592	4,353,954
	Other payables	6,445,366	5,878,324
	<b>Total short-term payables</b>	<b>22,951,533</b>	<b>16,309,254</b>
	<b>Total payables</b>	<b>22,951,533</b>	<b>16,686,940</b>
	<b>Total equity and liabilities</b>	<b>47,346,309</b>	<b>27,717,505</b>

7 Contingent liabilities

8 Charges and security

## Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.06.22 - 31.05.23					
Balance as at 01.06.22	80,000	2,224,770	4,698,519	7,000,000	14,003,289
Net effect of correction of material errors	0	0	-2,972,724	0	-2,972,724
Adjusted balance as at 01.06.22	80,000	2,224,770	1,725,795	7,000,000	11,030,565
Dividend paid	0	0	0	-7,000,000	-7,000,000
Transfers to/from other reserves	0	1,205,858	-1,205,858	0	0
Net profit/loss for the year	0	0	19,327,211	0	19,327,211
Balance as at 31.05.23	80,000	3,430,628	19,847,148	0	23,357,776

	2022/23	2021/22
	DKK	DKK
<b>1. Staff costs</b>		
Wages and salaries	21,193,513	12,269,146
Pensions	66,870	14,850
Other social security costs	180,865	109,114
Other staff costs	1,006,172	477,446
<b>Total</b>	<b>22,447,420</b>	<b>12,870,556</b>
Average number of employees during the year	49	30

**2. Financial income**

Interest, group enterprises	0	10,540
Other interest income	0	16,379
<b>Total</b>	<b>0</b>	<b>26,919</b>

**3. Intangible assets**

Figures in DKK	Completed development projects	Development projects in progress
Cost as at 01.06.22	4,062,727	0
Additions during the year	0	2,238,700
Cost as at 31.05.23	4,062,727	2,238,700
Amortisation and impairment losses as at 01.06.22	-1,210,458	0
Amortisation during the year	-580,390	0
Amortisation and impairment losses as at 31.05.23	-1,790,848	0
Carrying amount as at 31.05.23	2,271,879	2,238,700

The company's intangible assets are recognized at values that are primarily based on management's expectations of future utilization, based on an overall expectation of the company's future development.

**4. Property, plant and equipment**

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.06.22	589,343	696,586
Additions during the year	0	80,288
Cost as at 31.05.23	589,343	776,874
Depreciation and impairment losses as at 01.06.22	-196,448	-384,260
Depreciation during the year	-117,869	-106,432
Depreciation and impairment losses as at 31.05.23	-314,317	-490,692
Carrying amount as at 31.05.23	275,026	286,182

**5. Non-current financial assets**

Figures in DKK	Deposits
Cost as at 01.06.22	193,351
Additions during the year	50,582
Disposals during the year	-69,012
Cost as at 31.05.23	174,921
Carrying amount as at 31.05.23	174,921

	31.05.23	31.05.22
	DKK	DKK

## 6. Work in progress for third parties

Work in progress for third parties	115,031,589	75,834,533
On-account invoicing	-90,624,877	-70,847,524
<b>Total work in progress for third parties</b>	<b>24,406,712</b>	<b>4,987,009</b>

Work in progress for third parties is recognized in the balance sheet as:

Work in progress for third parties	32,291,374	10,588,067
Prepayments received from work in progress for third parties, short-term payables	-7,884,662	-5,824,977
<b>Total</b>	<b>24,406,712</b>	<b>4,763,090</b>

## 7. Contingent liabilities

### *Lease commitments*

The company has concluded rental obligations which total amounts to DKK 4.9m ex VAT on the balance sheet date in the non-cancellable period, which is between 3 months and 7 years.

The company has concluded lease agreements which total amounts to DKK 1.5m ex VAT.

### *Other contingent liabilities*

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The company is also party to a number of other legal proceedings. It is the management's view that these proceedings will not materially influence the financial position of the company.



## 8. Charges and security

As security for debt to credit institutions of DKK 926k, a company charge has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 11,586k.

## 9. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

### Material error

The company has identified a material error in the financial statements for 2021/22.

The correction of the misstatement has a negative impact on the P/L for the year 2021/22. As of 31.05.22, equity is reduced by DKK 2,973k. The misstatement reduces the total assets as of 31.05.22 by DKK 3,597k.

Comparative figures for 2021/22 have been restated in the income statement, balance sheet and notes. The accumulated effect of material misstatements has been recognised directly in equity at the beginning of the comparative year.

### 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).

## 9. Accounting policies - continued -

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 and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

### 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, other operating income and cost of sales and other external expenses.

#### Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

#### Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

## 9. Accounting policies - continued -

### 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.

Wages and salaries and other staff-related costs associated with the research and development activity are deducted under staff costs and capitalised under intangible assets.

### Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment 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 lives, years	Residual value DKK
Completed development projects	7	
Leasehold improvements	4-5	0
Other plant, fixtures and fittings, tools and equipment	4-5	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.

Intangible assets and property, plant and equipment are impaired in accordance with the

## 9. Accounting policies - continued -

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.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

## BALANCE SHEET

### Intangible assets

#### *Completed development projects and development projects in progress*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

## 9. Accounting policies - continued -

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

### *Gains or losses on the disposal of intangible assets*

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

### **Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements as well as 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 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.

## 9. Accounting policies - continued -

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.

### 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.

### Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed

**9. Accounting policies** - continued -

total sales income, the total expected loss is recognised as a provision.

**Prepayments**

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

**Cash**

Cash includes deposits in bank account.

**Equity**

The proposed dividend for the financial year is recognised as a separate item in equity.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

**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.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

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.



**9. Accounting policies** - continued -

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.

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**

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

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