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# ***Fintech Solution Lab ApS***

Strandgade 98, 3., DK-1401 Copenhagen

## **Annual Report for 1 January - 31 December 2020**

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CVR No 36 73 42 05

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/3 2021

Peter Bruun Nikolajsen  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Fintech Solution Lab ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 15 March 2021

## Executive Board

Bo Mikael Langseth Nilsson  
CEO

Thomas Elsborg Jensen  
Executive Officer

## Board of Directors

Gregers Kronborg  
Chairman

Frank Lyhne Hansen

Vibeke Bak Solok

# Independent Auditor's Report

To the Shareholder of Fintech Solution Lab ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Fintech Solution Lab ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

## 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 misstate-

# Independent Auditor's Report

ment, 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 judgement 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

# Independent Auditor's Report

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.

Hellerup, 15 March 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Benny Voss  
State Authorised Public Accountant  
mne15009

Peter Nissen  
State Authorised Public Accountant  
mne33260

## **Company Information**

### **The Company**

Fintech Solution Lab ApS  
Strandgade 98, 3.  
DK-1401 Copenhagen

CVR No: 36 73 42 05  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Gregers Kronborg, Chairman  
Frank Lyhne Hansen  
Vibeke Bak Solok

### **Executive Board**

Bo Mikael Langseth Nilsson  
Thomas Elsborg Jensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Management's Review

Financial Statements of Fintech Solution Lab ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### Key activities

The Company's main activity is to develop a IT-platform to be used by the fully owned subsidiary November First A/S for international payments and related service. The IT-platform potentially can also be leased out to external clients.

### Development in the year

The income statement of the Company for 2020 shows a profit of DKK 2.435.176 (a loss of DKK 7,346,991 in 2019), and on 31 December 2020 the balance sheet of the Company shows equity of DKK 29,639,672 (DKK 12,092,307 in 2019).

Development has continued during 2020 to add more features and, based on customer feedback, improve customer experience. This work will continue in the coming years.

The implications of COVID-19 with many governments across the world deciding to "close down their countries" had a significant impact on the global economy during 2020.

When COVID-19 hit Denmark, the Company was in the process of securing funding for continued expansion of the business, however, as potential new investors instead had to focus on their current portfolio of investments, the Company had a set-back during the first half of 2020. With the help from current investors the Group instead managed to raise capital which could be matched 1:3 and 1:1 respectively with a newly introduced COVID-19 BA-loan from Vækstfonden. The Company obtained the DKK 10,000,000 loan in September 2020. The loan was backed by funding received from current investors amounting to DKK 5,000,000 partly as capital and partly as convertible loans, which were all converted to capital during 2020.

The Company has not applied for any of the ordinary COVID-19 grants as they are not applicable to the Company.

The Company's income has not been impacted by COVID-19, whereas reversal of the impairment loss amounting to DKK 5,000,000 relating to the Company's investment in its fully owned subsidiary has had a positive impact on the financial result.

Subject to reversal of the impairment loss, the financial result for 2020 is as expected.



# **Management's Review**

## **Funding and going concern**

To fund future development of the IT-platform and to enable the Company's funding of the subsidiary November First A/S' expansion, the Company issued convertible loans amounting, which were converted before year-end and issued additional shares on a cash basis.

The Company is considered a going concern. Please refer to Note 1 in the Annual Report.

## **Subsequent events**

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

## Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>2,367,825</b>	<b>1,852,174</b>
Staff expenses	2	-284,849	-360,227
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2,780,036	-2,188,566
<b>Profit/loss before financial income and expenses</b>		<b>-697,060</b>	<b>-696,619</b>
Revaluations for the year		5,000,000	-5,000,000
Financial income		13,498	8,766
Financial expenses		-2,025,886	-1,886,497
<b>Profit/loss before tax</b>		<b>2,290,552</b>	<b>-7,574,350</b>
Tax on profit/loss for the year	3	144,624	227,359
<b>Net profit/loss for the year</b>		<b>2,435,176</b>	<b>-7,346,991</b>

## Distribution of profit

### Proposed distribution of profit

Transfer for the year to other reserves	738,620	1,588,053
Retained earnings	1,696,556	-8,935,044
	<b>2,435,176</b>	<b>-7,346,991</b>

# Balance Sheet 31 December

## Assets

	Note	2020 DKK	2019 DKK
Completed development projects		7,505,729	7,334,073
<b>Intangible assets</b>	4	<b>7,505,729</b>	<b>7,334,073</b>
Investments in subsidiaries	5	42,500,000	23,800,000
Receivables from group enterprises		0	227,568
Receivables from associates		275,809	0
Other receivables		111,047	119,893
<b>Fixed asset investments</b>		<b>42,886,856</b>	<b>24,147,461</b>
<b>Fixed assets</b>		<b>50,392,585</b>	<b>31,481,534</b>
Other receivables		109,928	129,010
Corporation tax		144,694	227,365
Prepayments		5,910	7,711
<b>Receivables</b>		<b>260,532</b>	<b>364,086</b>
<b>Cash at bank and in hand</b>		<b>1,437,609</b>	<b>183,995</b>
<b>Currents assets</b>		<b>1,698,141</b>	<b>548,081</b>
<b>Assets</b>		<b>52,090,726</b>	<b>32,029,615</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		463,655	239,320
Reserve for development costs		6,938,749	6,200,129
Retained earnings		22,237,268	5,652,858
<b>Equity</b>		<b>29,639,672</b>	<b>12,092,307</b>
Other payables	7	22,389,683	11,101,480
<b>Long-term debt</b>		<b>22,389,683</b>	<b>11,101,480</b>
Convertible loan	8	440	8,662,446
Trade payables		18,170	2,803
Payables to group enterprises		0	7,495
Other payables		42,761	163,084
<b>Short-term debt</b>		<b>61,371</b>	<b>8,835,828</b>
<b>Debt</b>		<b>22,451,054</b>	<b>19,937,308</b>
<b>Liabilities and equity</b>		<b>52,090,726</b>	<b>32,029,615</b>
Going concern	1		
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## Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	239,320	6,200,129	5,652,858	12,092,307
Cash capital increase	224,335	0	13,833,916	14,058,251
Other equity movements	0	0	1,053,938	1,053,938
Net profit/loss for the year	0	738,620	1,696,556	2,435,176
<b>Equity at 31 December</b>	<b>463,655</b>	<b>6,938,749</b>	<b>22,237,268</b>	<b>29,639,672</b>

# Notes to the Financial Statements

## 1 Going concern

The Fintech Solution Lab ApS Group consisting of Fintech Solution Lab ApS and November First A/S is integrated in such way that going concern considerations must be made for the Group.

The Group is not expected to become profitable or generate positive liquidity in the short term. During 2020 the Group has obtained a COVID-19 BA-loan from Vækstfonden of DKK 10,000,000, which will cover the short-term liquidity needs. In addition to that, according to the plans and budget the Group is expected to require additional funding during the first quarter of 2022 to continue its operations through 2022.

Fintech Solution Lab ApS has used and will use most of any capital and/or loans received to further increase the capital in the fully owned subsidiary November First A/S to ensure, that November First A/S continuously fulfill the capital requirements as defined by the Danish Financial Supervisory Authority. As per 31.12.2020 November First A/S had excess capital amounting to DKK 8,087,000 compared to the capital requirement.

The approved budget is by nature based on several assumptions of which the most significant ones relate to the ability to attract new customers and the transaction volumes generated hereby. Should it turn out that the budgeted growth is not materialize as expected, Management will continuously reassess the Group's cost level with a view to reducing this to a lower level to ensure that the Group is going concern for a longer period.

Based on the assessment of the above details, including

- the Group's current liquidity positions, and plans and the budget for 2021, and
- expected additional capital contributions from existing or new shareholders,

Management believes that it is true and fair to prepare the Annual Report under a going concern assumption.

Uncertainties related to the above-mentioned events and conditions cast doubt on the Entity's ability to continue as a going concern, however based on Management's current assessment no significant doubt on the entity's ability to continue as a going concern at least until 31 December 2021 exist.

The valuation of the Company's development projects of DKK 7,505,729 and investments in subsidiaries of DKK 42,500,000 is also based on Management's assessment of the going concern assumption.

## Notes to the Financial Statements

	2020 DKK	2019 DKK
<b>2 Staff expenses</b>		
Wages and salaries	284,849	360,227
	<b>284,849</b>	<b>360,227</b>
<b>Average number of employees</b>	<b>2</b>	<b>2</b>
Staff costs consist of allocated wages and salaries from subsidiary.		
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-144,624	-227,359
	<b>-144,624</b>	<b>-227,359</b>
<b>4 Intangible assets</b>		Completed development projects DKK
Cost at 1 January		12,368,501
Additions for the year		2,951,692
Cost at 31 December		15,320,193
Impairment losses and amortisation at 1 January		5,034,428
Amortisation for the year		2,780,036
Impairment losses and amortisation at 31 December		7,814,464
<b>Carrying amount at 31 December</b>		<b>7,505,729</b>
In relation to impairment assessment, see note 5		

## Notes to the Financial Statements

	2020 DKK	2019 DKK
<b>5 Investments in subsidiaries</b>		
Cost at 1 January	28,800,000	21,900,000
Additions for the year	13,700,000	6,900,000
Cost at 31 December	<u>42,500,000</u>	<u>28,800,000</u>
Value adjustments at 1 January	-5,000,000	0
Revaluations for the year, net	5,000,000	-5,000,000
Value adjustments at 31 December	<u>0</u>	<u>-5,000,000</u>
<b>Carrying amount at 31 December</b>	<b><u>42,500,000</u></b>	<b><u>23,800,000</u></b>

During 2020 the Company carried out an impairment test of its fixed assets including the investments in subsidiaries. The net book value of these assets as per December 31, 2020 were DKK 52,045 thousand of which the investments in subsidiaries represented DKK 42,500 thousand before impairment.

As mentioned in Note 1, the Group is not expected to become profitable in the short term. Consequently, the recoverable value of the Company's fixed assets has been estimated using the market value of the Group as per December 31, 2020.

During 2018, 2019 and 2020 the Company issued convertible loan notes on terms described in Note 8. All these convertible loans have been converted during 2020. Further new shares have been issued at a rate equal to the highest conversion rate.

It is the Managements view that the market value will not deteriorate in 2021.

Based on the shares price obtained since May 2020 management has concluded that the Company's assets are not impaired and the 2019 impairment loss amounting to DKK 5,000,000 has been reversed.

Should the market value, contrary to Management's expectations, deteriorate, an impairment losses will only have to be recognized as in case the market value decrease to around 25% of the current value

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Equity interest %	Equity	Net profit/loss for the year
November First A/S	København	920.000	100%	9,467,739	-6,026,703



# Notes to the Financial Statements

## 6 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Fintech solution Lab ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Fintech Solution Lab ApS has entered a lease contract with a notice of 3 months. The rent obligation amounts to DKK 116.130 pr. December 31, 2020.

## 7 Other payables

The Vækstfonden Syndication Loan consist of a loan amounting to DKK 7,450,000 plus accumulated interest of DKK 4.788.602. The loan is an interest-only loan with rolled-up annual interest of 11,5% until repayment, which is eight years from entering into the loan agreement in 2015. At any point in time, the Entity may choose to repay the loan or a part hereof.

The Vækstfonden COVID-19 BA-loan, which was received in 2020, consists of a loan amounting to DKK 10,000,000 plus accumulated interest of DKK 151.081. The loan is an interest-only loan with rolled-up annual interest (CIBOR 3 months + 5%). The loan shall be repaid in installments starting in 2023 to be fully repaid in 2026. The Loan Amount will be due for full and final repayment in case of sale of the entity. In case of a sale the lender is further entitled to a bonus if the gross proceeds per share exceeds four times the price per share in connection with the business angel investments made to qualify for the loan, which was DKK 50 per share for 29% and DKK 200 for 71% of the investments made. The bonus equals the loan amount less any repaid interest.

# Notes to the Financial Statements

## 8 Convertible loan

In 2018, 2019 and 2020 the Company was granted Convertible Loans amounting to DKK 14.788.746, of which DKK 2,600,000 were converted to 26,000 shares in 2019.

The loans were subject to an interest of 12% p.a., which accrued and fell due at the Maturity Date; provided however, that the Lenders converted their loans into shares in the Company, the interest shall lapse without any kind of compensation. If the Company no later than the Maturity Date completed an equity financing, with a cash value of not less than DKK 5,000,000 from new independent third-party investors or through a sale of the Company, the Lenders were obliged to convert their loans into shares. If, on the Maturity Date, the conversion conditions had not been met, each Lender was entitled to convert their part of the loans into shares at a price corresponding to DKK 50 or DKK 100 or DKK 200 per share of nominal DKK 1 - depending on when the loans were issued - or demand repayment of their part of their loans (including interest) by the Company to be made in three annual installments subject to agreement between the Lenders and the Company taking the liquidity of the Company into due consideration.

In connection with the borrowing from Vækstfonden in 2020 (see note 7) all lenders accepted to convert their loans. Consequently, on 23rd July and 16th December respectively the Company issued 216.160 new shares.

During 2019 and 2020 the Company has reversed interest expenses on converted loans amounting to DKK 286.357 and DKK 1.053.938 respectively. The reversed interest expenses have been recognized directly to equity under the heading Other equity movement.

## 9 Uncertainty relating to recognition and measurement

The valuation of the development projects relies on the extent of profitability of the subsidiary's future currency flow from its customers.

Several customers have signed up during the year, and Management expects the subsidiary's activities to grow considerably in the financial years ahead.

The development projects have been valued based on the above expectations, however, Management believes that the valuation is subject to considerable uncertainty should Management's objectives fail to be realised in the financial years ahead, contrary to expectations.

# Notes to the Financial Statements

## 10 Accounting Policies

The Annual Report of Fintech Solution Lab ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Income Statement

### Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Intangible assets etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 5 years.

#### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

#### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

#### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.