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# ***LEAPWORK A/S***

Esplanaden 8C, DK-1263 København K

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

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CVR No 36 92 42 25

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
1 /7 2021

Christian Brink Frederiksen  
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 LEAPWORK A/S 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.

København, 1 July 2021

## Executive Board

Christian Brink Frederiksen  
CEO

Claus Michael Rosenkrantz  
Topholt

## Board of Directors

Massimo Giovanni Prelz  
Oltramonti  
Chairman

Christian Brink Frederiksen

Claus Michael Rosenkrantz  
Topholt

Christian Miele

Thomas Pierre Jean Rubens

# Independent Auditor's Report

To the Shareholders of LEAPWORK A/S

## 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 LEAPWORK A/S 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.

# Independent Auditor's Report

## 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 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.

## Independent Auditor's Report

- 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.

Hellerup, 1 July 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Poul Madsen  
statsautoriseret revisor  
mne10745

Daniel Nielsen  
statsautoriseret revisor  
mne45105

## **Company Information**

### **The Company**

LEAPWORK A/S  
Esplanaden 8C  
DK-1263 København K

Telephone: + 45 35 25 14 14

Website: [www.LEAPWORK.com](http://www.LEAPWORK.com)

CVR No: 36 92 42 25

Financial period: 1 January - 31 December

Municipality of reg. office: Københavns Kommune

### **Board of Directors**

Massimo Giovanni Prelz Oltramonti, Chairman  
Christian Brink Frederiksen  
Claus Michael Rosenkrantz Topholt  
Christian Miele  
Thomas Pierre Jean Rubens

### **Executive Board**

Christian Brink Frederiksen  
Claus Michael Rosenkrantz Topholt

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Management's Review

## Our Mission

The world runs on software. Leapwork automates it. We are democratizing automation through our next generation visual language that everyone understands. Enterprises today are digital first, and automation is a fundamental requirement. Automation tools have not kept up as they can only be used by technical people and are hard to maintain and scale. Now non-technical people can easily train software robots to handle repetitive and mundane tasks. This matters because it impacts us all, whether it is by increasing our productivity or our job satisfaction. Leapwork robots are used by Global2000 companies in Quality Assurance and RPA across the world and in all industries, from banks and insurance companies to life science, government, and high tech.

The company is making automation accessible to any employee, using its entirely visual system, backed by a modern tech stack. Instead of using hours of developer time, staff can automate tasks themselves, without writing any code, thanks to the simple user interface. Leapwork customers are seeing an average time saving of 75 percent.

The system is as easy to learn as PowerPoint or Excel and allows clients to accomplish more with less resource, lower their costs and reduce risks. Half of all computer work is repetitive and boring, taking staff away from more productive tasks, sapping their motivation and making them more likely to make costly mistakes.

## Financial results

The aim for 2020 was finishing the shift to the enterprise go-to-market model and rapidly scaling the sales and product team across North America and Europe. This was achieved with a satisfying result. The loss for 2020 amounts to DKK -23,433,234 which is as expected due to the aggressive expansion strategy during the year. The equity is DKK 30,761,352 at year end.

Cash position at the end-of-the-year was DKK 5,109,450 in the Danish parent company and on top subsidiaries had DKK 24,955,958 cash on hand and in bank.

## Outlook for 2021

The Company expects to benefit from the investments made in 2020 and accelerate the growth rates in 2021 and beyond. During the first half-of-the-year of 2021 USD 5,000,000 was secured in additional funding. The company is expecting to finalize a new series B-funding round in 2021 to further accelerate growth in sales and product.



## Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>8.610.858</b>	<b>2.224.451</b>
Staff expenses	1	-27.682.137	-16.404.977
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-6.700.732	-7.651.926
Other operating expenses		0	-48.896
<b>Profit/loss before financial income and expenses</b>		<b>-25.772.011</b>	<b>-21.881.348</b>
Financial income		21.126	849.900
Financial expenses	2	-1.031.625	-59.904
<b>Profit/loss before tax</b>		<b>-26.782.510</b>	<b>-21.091.352</b>
Tax on profit/loss for the year	3	3.349.276	2.976.362
<b>Net profit/loss for the year</b>		<b>-23.433.234</b>	<b>-18.114.990</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-23.433.234	-18.114.990
		<b>-23.433.234</b>	<b>-18.114.990</b>

# Balance Sheet 31 December

## Assets

	Note	2020 DKK	2019 DKK
Completed development projects		16.414.146	14.018.971
Development projects in progress		7.199.690	770.623
<b>Intangible assets</b>	4	<b>23.613.836</b>	<b>14.789.594</b>
Other fixtures and fittings, tools and equipment		816.143	964.077
Leasehold improvements		288.265	60.465
<b>Property, plant and equipment</b>	5	<b>1.104.408</b>	<b>1.024.542</b>
Investments in subsidiaries	6	385.469	199.204
Deposits		724.418	712.077
<b>Fixed asset investments</b>		<b>1.109.887</b>	<b>911.281</b>
<b>Fixed assets</b>		<b>25.828.131</b>	<b>16.725.417</b>
Trade receivables		7.879.237	4.206.140
Receivables from group enterprises		27.129.406	6.961.499
Other receivables		22.446	136.275
Corporation tax		3.349.276	2.969.337
Prepayments		828.069	549.789
<b>Receivables</b>		<b>39.208.434</b>	<b>14.823.040</b>
<b>Cash at bank and in hand</b>		<b>5.109.450</b>	<b>33.763.496</b>
<b>Currents assets</b>		<b>44.317.884</b>	<b>48.586.536</b>
<b>Assets</b>		<b>70.146.015</b>	<b>65.311.953</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	7	899.157	899.157
Reserve for development costs		18.418.792	11.535.883
Retained earnings		11.443.403	41.759.546
<b>Equity</b>		<b>30.761.352</b>	<b>54.194.586</b>
Subordinate loan capital		18.742.778	0
Other payables		2.127.919	772.207
<b>Long-term debt</b>	8	<b>20.870.697</b>	<b>772.207</b>
Trade payables		1.272.222	151.388
Other payables	8	5.982.712	1.208.679
Deferred income		11.259.032	8.985.093
<b>Short-term debt</b>		<b>18.513.966</b>	<b>10.345.160</b>
<b>Debt</b>		<b>39.384.663</b>	<b>11.117.367</b>
<b>Liabilities and equity</b>		<b>70.146.015</b>	<b>65.311.953</b>
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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	899.157	11.535.883	41.759.546	54.194.586
Development costs for the year	0	6.882.909	-6.882.909	0
Net profit/loss for the year	0	0	-23.433.234	-23.433.234
<b>Equity at 31 December</b>	<b>899.157</b>	<b>18.418.792</b>	<b>11.443.403</b>	<b>30.761.352</b>

# Notes to the Financial Statements

	2020	2019
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	31.414.468	18.642.260
Pensions	760.043	180.269
Other social security expenses	203.753	143.287
Other staff expenses	20.824	30.286
	<b>32.399.088</b>	<b>18.996.102</b>
Transfer to development projects	-4.716.951	-2.591.125
	<b>27.682.137</b>	<b>16.404.977</b>
<b>Average number of employees</b>	<b>39</b>	<b>21</b>
<b>2 Financial expenses</b>		
Other financial expenses	539.082	10.354
Exchange loss	492.543	49.550
	<b>1.031.625</b>	<b>59.904</b>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-3.349.276	-2.969.337
Adjustment of tax concerning previous years	0	-7.025
	<b>-3.349.276</b>	<b>-2.976.362</b>

## Notes to the Financial Statements

### 4 Intangible assets

	Completed development projects DKK	Development projects in progress DKK	Total DKK
Cost at 1 January	28.892.844	770.623	29.663.467
Additions for the year	0	15.223.982	15.223.982
Transfers for the year	8.794.915	-8.794.915	0
Cost at 31 December	<u>37.687.759</u>	<u>7.199.690</u>	<u>44.887.449</u>
Impairment losses and amortisation at 1 January	14.873.873	0	14.873.873
Amortisation for the year	6.399.740	0	6.399.740
Impairment losses and amortisation at 31 December	<u>21.273.613</u>	<u>0</u>	<u>21.273.613</u>
<b>Carrying amount at 31 December</b>	<b><u>16.414.146</u></b>	<b><u>7.199.690</u></b>	<b><u>23.613.836</u></b>
Amortised over	<u>3 years</u>		

Development projects relate to the development of the company's IT platform, which is the foundation for future earnings. The company continuously develops on the IT platform as well as new add-ons. The development is proceeding as planned using the resources allocated by the management to the development.

### 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 January	1.206.920	64.306	1.271.226
Additions for the year	118.951	261.907	380.858
Cost at 31 December	<u>1.325.871</u>	<u>326.213</u>	<u>1.652.084</u>
Impairment losses and depreciation at 1 January	242.843	3.841	246.684
Depreciation for the year	266.885	34.107	300.992
Impairment losses and depreciation at 31 December	<u>509.728</u>	<u>37.948</u>	<u>547.676</u>
<b>Carrying amount at 31 December</b>	<b><u>816.143</u></b>	<b><u>288.265</u></b>	<b><u>1.104.408</u></b>
Depreciated over	<u>3-5 years</u>	<u>5 years</u>	

## Notes to the Financial Statements

	2020	2019
	DKK	DKK
<b>6 Investments in subsidiaries</b>		
Cost at 1 January	199.204	199.204
Additions for the year	186.265	0
Cost at 31 December	385.469	199.204
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
<b>Carrying amount at 31 December</b>	<b>385.469</b>	<b>199.204</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
LEAPWORK India Pvt Ltd.	Delhi, Indien	199.204	100%
LEAPWORK LLC	San Francisco, USA	0	100%
LEAPWORK Germany GmbH	Germany	186.250	100%
LEAPWORK The Netherlands B.V.	Netherland	7	100%
LEAPWORK UK LIMITED	United Kingdom	8	100%

# Notes to the Financial Statements

## 7 Equity

The share capital consists of 899,157 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2020	2019	2018	2017
	DKK	DKK	DKK	DKK
Share capital at 1 January	899.157	645.834	606.062	500.000
Capital increase	0	253.323	39.772	106.062
Capital decrease	0	0	0	0
<b>Share capital at 31 December</b>	<b>899.157</b>	<b>899.157</b>	<b>645.834</b>	<b>606.062</b>

As part of the salaries of key employees, the company has launched a warrant program. This obligation is not recognized in the financial statements and will only be realized in the event of an "exit".

## 8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020	2019
	DKK	DKK
<b>Subordinate loan capital</b>		
Between 1 and 5 years	18.742.778	0
Long-term part	18.742.778	0
Within 1 year	0	0
	<b>18.742.778</b>	<b>0</b>
<b>Other payables</b>		
Between 1 and 5 years	2.127.919	772.207
Long-term part	2.127.919	772.207
Other short-term payables	5.982.712	1.208.679
	<b>8.110.631</b>	<b>1.980.886</b>



## Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
	DKK	DKK

### 9 Contingent assets, liabilities and other financial obligations

#### Contingent assets

The company has tax losses to be carried forward of DKK 43.152k (2019: DKK 23.554). The nominal value of the tax loss is DKK 9.494k (2019: DKK 5.182k). No deferred tax asset has been recognized due to the uncertainty about the date of use of the tax losses.

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1.581.338	1.596.381
Between 1 and 5 years	1.450.845	3.052.643
	<u>3.032.183</u>	<u>4.649.024</u>

#### Other contingent liabilities

The Company has provided corporate pledges to banks totalling DKK 24,5 million. The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

# Notes to the Financial Statements

## 10 Accounting Policies

The Annual Report of LEAPWORK A/S 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.

### Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## 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.

### 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, direct expenses 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 core activities of the Company.

### 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.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Development costs comprise costs which are directly or indirectly attributable to the Company's development activities. Development costs include other external costs and salaries that can be directly or indirectly attributed to the company's development activity.

Development costs that are clearly defined and identifiable and in respect of which a potential future market or development opportunity in the enterprise can be demonstrated are recognised as intangible assets if sufficient certainty exists that the value in use of future earnings can cover payroll expenses, selling costs and administrative expenses as well as the development costs.

Development costs that do not qualify for recognition in the balance sheet are recognised as costs in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or impairment loss and the recoverable amount. Amortisation is calculated on a straight-line basis over the expected useful life of three years.

An amount corresponding the capitalized development costs in the balance sheet is recognized in the "reserve for development costs" under equity. The reserve decreases in value as a result of depreciation and tax.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### 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.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### 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.

### 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.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### 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.

### Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.