

## **Alliance of Democracies Foundation, Fond**

Bredgade 71, 1st floor right  
1260 Copenhagen K  
Business Registration No  
39209349

## **Annual report 21.12.2017 - 31.12.2018**

The Board of Directors adopted the annual report on 13.05.2019

### **Chairman of the Board of Directors**

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Name: Anders Fogh Rasmussen

## Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017/18	13
Balance sheet at 31.12.2018	14
Statement of changes in equity for 2017/18	16
Notes	17
Accounting policies	18

## Entity details

### Entity

Alliance of Democracies Foundation, Fond  
Bredgade 71, 1st floor right  
1260 Copenhagen K

Central Business Registration No (CVR): 39209349  
Registered in: Copenhagen  
Financial year: 21.12.2017 - 31.12.2018

### Board of Directors

Anders Fogh Rasmussen, Chairman  
Fritz Henrik Schur  
Klaus Søgaard

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Board of Directors has today considered and approved the annual report of Alliance of Democracies Foundation, Fond for the financial year 21.12.2017 - 31.12.2018.

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 Foundation's financial position at 31.12.2018 and of the results of its operations for the financial year 21.12.2017 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Board of Directors meeting.

Copenhagen, 13.05.2019

### Board of Directors

Anders Fogh Rasmussen  
Chairman

Fritz Henrik Schur

Klaus Søgaard

# Independent auditor's report

## To the Board of Directors of Alliance of Democracies Foundation, Fond

### Opinion

We have audited the financial statements of Alliance of Democracies Foundation, Fond for the financial year 21.12.2017 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Foundation's financial position at 31.12.2018 and of the results of its operations for the financial year 21.12.2017 - 31.12.2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Foundation in accordance with the International Ethics Standards Board of 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.

### 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 Foundation's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Foundation 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:

## Independent auditor's report

- 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 Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

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

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## **Independent auditor's report**

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

Copenhagen, 13.05.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Stine Eva Grothen  
State Authorised Public Accountant  
Identification No (MNE) mne29431

## Management commentary

### Primary activities

The Alliance of Democracies (AoD) was formed to strengthen the backbone of the world's democracies in the face of growing challenges from within and without. If democracy declines, peace, prosperity and freedom will be placed at risk. The AoD unites the world's democracies in defense of common values.

### Development in activities and finances

Since its formation in December 2017, the AoD has already made a major impact through its core initiatives.

The inaugural Copenhagen Democracy Summit was held in June 2018. Uniting political, business, media, NGO, tech and academic leaders at the one-day event, discussions focused on challenges to democracy, and solutions to overcome them. 300 participants from over 40 different countries heard from leaders including former US Vice-President Joe Biden, and former British Prime Minister Tony Blair, on the state of democracy, economic freedom and open trade. Ahead of the Summit, the AoD published its first Democracy Perception Index, the largest single survey ever conducted into perceptions towards democracy, covering 125,000 respondents across 50 countries. The findings were a wake-up call showing democracies are losing voters' hearts and minds.

The Summit achieved widespread media coverage including in The Washington Post, The Guardian and Politico.

Alongside the Summit, the AoD held the first meeting of the Transatlantic Commission on Election Integrity (TCEI), formed to prevent and combat the next wave of foreign election meddling. With over 20 seminal elections between June 2018 and the next US Presidential Election in 2020, there is a multitude of opportunities for foreign powers to interfere - through hacking servers, sowing disinformation, or undermining trust in democratic processes.

The TCEI unites leading figures from political, business, media and tech backgrounds on both sides of the Atlantic - and across party divides - to work on raising awareness of the threat, identifying efforts to meddle, and preparing society for future technological developments such as Artificial Intelligence.

Throughout 2018, the TCEI engaged in a substantial outreach and media campaign across Europe, North America and Asia. TCEI Co-Chairs and Commissioners spoke at a number of high-level conferences including a keynote address to the European Commission's High Level Conference on the topic. Together with the Victor Pinchuk Foundation and the Atlantic Council, it launched a Ukraine Task Force to investigate meddling in its Presidential and Parliamentary elections. It has made a major impact, becoming a go-to organization on the topic for the media, NGOs, Parliamentarians and governments on both sides of the Atlantic.

The first year of the AoD foundation has been successful. Building on this success, the foundation will continue to develop further activities, including its work on digital democracy education and activism, expeditionary economics, and in supporting democracy activists around the world.



## Management commentary

We would like to thank our partners and supporters who play an indispensable part in enabling the foundation to fulfill its mission of supporting freedom and peace around the world.

The foundation has a surplus of DKK 453 thousand, which Management considers satisfactory.

### Recommendations on foundation governance

Recommendation	The foundation complies	The foundation does not comply and explains
<b>1. Transparency and communication</b>		
1.1. <b>IT IS RECOMMENDED</b> that the board of directors adopt guidelines for external communication, including who can make public statements on behalf of the foundation and on what matters. The guidelines should address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.	Yes	
<b>2. Tasks and responsibilities of the board of directors</b>		
<b>2.1 Overall tasks and responsibilities</b>		
2.1.1 <b>IT IS RECOMMENDED</b> that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, at least once a year the board of directors take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.	Yes	
<b>2.2 Chairman and vice-chairman of the board of directors</b>		
2.2.1 <b>IT IS RECOMMENDED</b> that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members individually and collectively.	Yes	
2.2.2 <b>IT IS RECOMMENDED</b> that if, in addition to the position as chairman, in exceptional circumstances, the chairman of the board of directors is requested to perform specific operating functions for the commercial foundation, a board resolution be passed which ensures that the board of directors retains its independent, overall management and control function. Appropriate allocation of responsibilities should be ensured between the	Yes	

## Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains
<p>chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.</p>		
<p><b>2.3 Composition and organization of the board of directors</b></p>		
<p>2.3.1 <b>IT IS RECOMMENDED</b> that the board of directors regularly assess and stipulate the competences that the board of directors is to possess in order to perform the tasks incumbent upon the board of directors as well as possible.</p>	Yes	
<p>2.3.2 <b>IT IS RECOMMENDED</b> that, with due respect of any right in the articles of association to make appointments, the board of directors ensures a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.</p>	Yes	
<p>2.3.3 <b>IT IS RECOMMENDED</b> that members of the board of directors are appointed on the basis of their personal qualities and competences taking into account the collective competences of the board and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity is considered in relation to commercial and grants experience, age and gender.</p>	Yes	
<p>2.3.4 <b>IT IS RECOMMENDED</b> that in the management review in the annual report and on the commercial foundation's website, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:</p> <ul style="list-style-type: none"> <li>• the name and position of the member,</li> <li>• the age and gender of the member,</li> <li>• date of original appointment to the board whether the member has been re-elected, and expiry of the current election period,</li> </ul>	Yes	

## Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains
<ul style="list-style-type: none"> <li>• any special competences possessed by the member,</li> <li>• other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks,</li> <li>• whether the member has been appointed by authorities/providers of grants etc., and</li> <li>• whether the member is considered independent.</li> </ul>		
<p>2.3.5 <b>IT IS RECOMMENDED</b> that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.</p>	Yes	
<p><b>2.4 Independence</b></p>		
<p>2.4.1 <b>IT IS RECOMMENDED</b> that an appropriate proportion of the board of directors be independent.</p> <p>If the board of directors (excluding employee representatives) is composed of up to four members, at least one member should be independent. If the board of directors is composed of between five and eight members, at least two members should be independent. If the board of directors is composed of nine to eleven members, at least three members should be independent, and so on.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past three years have been member of the executive board, or senior employee in the foundation, or a subsidiary or associated company to the foundation,</li> <li>• within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of</li> </ul>	Yes	

# Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains
<p>the board of directors or executive board of the foundation,</p> <ul style="list-style-type: none"> <li>• within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company of the foundation,</li> <li>• be or within the past three years have been employed or partner at the external auditor,</li> <li>• have been a member of the board of directors or executive board of the foundation for more than 12 years,</li> <li>• have close relatives with persons who are not considered as independent,</li> <li>• is the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or</li> <li>• a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years have received significant donations from the foundation.</li> </ul>		
<b>2.5 Appointment period</b>		
<p>2.5.1 <b>IT IS RECOMMENDED</b> that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.</p>		<p>Board members are appointed for a maximum of four years according to the foundations articles of association. It does not apply to Anders Fogh Rasmussen personally, as he</p>

## Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains
		is entitled to remain in the Board for as long as he lives.
<p>2.5.2 <b>IT IS RECOMMENDED</b> that an age limit for members of the board of directors be set, which is published in the management review or on the foundation's website.</p>		<p>There is an age limit for the members of the board in the foundations articles of association, whereby the Board members are obliged to terminate their duties at the end of the month in which they reach the age of 80. It does not apply to Anders Fogh Rasmussen personally, as he is entitled to remain in the Board for as long as he lives.</p>
<p><b>2.6 Evaluation of the performance of the board of directors and the executive board</b></p>		
<p>2.6.1 <b>IT IS RECOMMENDED</b> that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually and the result is discussed by the board of directors.</p>	Yes	
<p>2.6.2 <b>IT IS RECOMMENDED</b> that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.</p>	Yes	
<p><b>3. Remuneration of management</b></p>		
<p>3.1. <b>IT IS RECOMMENDED</b> that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of a possible executive</p>	<p>Yes The board of directors receive no remuneration.</p>	

## Management commentary

Recommendation	The foundation complies	The foundation does not comply and explains
board be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.		
3.2 <b>IT IS RECOMMENDED</b> that the annual financial statements provide information about the full remuneration received by each member of the board of directors and executive board (if relevant) from the commercial foundation and from other enterprises in the group. Furthermore there should be information on any other remuneration which members of the board of directors, except for employee representatives, have received for performing tasks for the foundation, subsidiaries of the foundation or enterprises in the same group as the foundation.	Yes The board of directors receive no remuneration.	

### Foundation Governance

	Anders Fogh Rasmussen	Klaus Søgaard	Fritz Henrik Schur
<b>Occupation</b>	CEO Rasmussen Global	Partner, Gorrissen Federspiel	CEO Fritz Schur Group
<b>Birth year</b>	1953	1955	1951
<b>Gender</b>	Male	Male	Male
<b>Joined the Board</b>	21.12.2017	21.12.2017	21.12.2017
<b>Particular skills</b>	Geopolitics, global leadership	Regulatory & legal advisory, capital markets	Business management, foundation leadership
<b>Dependent/ Independent</b>	Dependent	Independent	Independent
<b>Other management positions</b>	<ul style="list-style-type: none"> <li>• Bussola Institute, Board member</li> <li>• Eli Lilly, Advisory board member</li> <li>• PNB Banka, Advisory board member</li> </ul>	<ul style="list-style-type: none"> <li>• Bechgaards Fond, Chairman</li> <li>• Enid Ingemanns Fond, Chairman</li> <li>• E.R. Rasmussens Fond, Chairman</li> <li>• Concordia Fonden, Board member</li> <li>• Ejler Rasmussens Fond, Board member</li> <li>• Max Fodgaard A/S, Board member</li> </ul>	<ul style="list-style-type: none"> <li>• P Dyvig &amp; Co. A/S, Chairman</li> <li>• Finlands Kulturinstitut i Danmark, Chairman</li> <li>• Kulturfonden for Danmark og Finland, Chairman</li> <li>• Dansk-Finsk Forening, Chairman</li> <li>• Corps Consulaire - Danmark, President</li> <li>• Brd. Klee A/S, Deputy Chairman</li> </ul>

## Management commentary

		<ul style="list-style-type: none"> <li>• Max Fodgaard Fonden, Board member</li> <li>• Ragna Lemkow F. Kongstedts Familielegat, Board member</li> <li>• Lone og Kaj Nielsens Almenvælgerende Fond, Board member</li> <li>• Lone og Kaj Nielsens Familiefond, Board member</li> <li>• Liv Bryhns Fond, Board member</li> <li>• Danske Banks Fond, Board member</li> <li>• Fritz og Bente Schurs Familiefond, Board member</li> <li>• Professor dr.med. Niels Hjorths Legat, Board member</li> </ul>	<ul style="list-style-type: none"> <li>• Kronprins Frederik og Kronprinsesse Marys Fond, Board member</li> <li>• Eventyrteatret, Board member</li> <li>• Den Berlingske Fond, Board member</li> <li>• Ordrupgaard Museum, Board member</li> <li>• Fonden Jacobsens Plads, Board member</li> <li>• Team Copenhagen, Board member</li> <li>• Det Kongelige Københavnske Skydeselskab og Danske Broderskab, Board member</li> <li>• Fritz og Bente Schurs Familiefond, Board member</li> <li>• Den Kongelige Danske Ballets Fond, Board member</li> </ul>
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### Distribution policy

The Foundation makes no distributions.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>
<b>Gross profit</b>		<b>1.166.171</b>
Staff costs	1	<u>(578.941)</u>
<b>Operating profit/loss</b>		<b>587.230</b>
Other financial expenses	2	<u>(3.045)</u>
<b>Profit/loss before tax</b>		<b>584.185</b>
Tax on profit/loss for the year	3	<u>(131.063)</u>
<b>Profit/loss for the year</b>		<b><u>453.122</u></b>
<b>Proposed distribution of profit/loss</b>		
Retained earnings		<u>453.122</u>
		<b><u>453.122</u></b>



**Balance sheet at 31.12.2018**

	<u>Notes</u>	<b>2017/18</b> <u>DKK</u>
Trade receivables		1.631.450
Other receivables		819.609
Prepayments		<u>705.678</u>
<b>Receivables</b>		<b><u>3.156.737</u></b>
<b>Cash</b>		<b><u>188.888</u></b>
<b>Current assets</b>		<b><u>3.345.625</u></b>
<b>Assets</b>		<b><u>3.345.625</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<b>2017/18</b> <u>DKK</u>
Contributed capital		300.000
Retained earnings		<u>453.122</u>
<b>Equity</b>		<b><u>753.122</u></b>
Prepayments received from customers		322.870
Trade payables		2.019.167
Income tax payable		131.063
Other payables		<u>119.403</u>
<b>Current liabilities other than provisions</b>		<b><u>2.592.503</u></b>
<b>Liabilities other than provisions</b>		<b><u>2.592.503</u></b>
<b>Equity and liabilities</b>		<b><u>3.345.625</u></b>

## Statement of changes in equity for 2017/18

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Contributed upon formation	300.000	0	300.000
Profit/loss for the year	<u>          0</u>	<u>          453.122</u>	<u>          453.122</u>
<b>Equity end of year</b>	<u>          <b>300.000</b></u>	<u>          <b>453.122</b></u>	<u>          <b>753.122</b></u>

## Notes

	<b>2017/18</b>
	<b>DKK</b>
	<hr/>
<b>1. Staff costs</b>	
Wages and salaries	531.738
Pension costs	5.200
Other social security costs	3.976
Other staff costs	38.027
	<hr/> <b>578.941</b> <hr/>
Average number of employees	<hr/> <b>2</b> <hr/>
	<b>2017/18</b>
	<b>DKK</b>
	<hr/>
<b>2. Other financial expenses</b>	
Other interest expenses	266
Exchange rate adjustments	2.779
	<hr/> <b>3.045</b> <hr/>
	<b>2017/18</b>
	<b>DKK</b>
	<hr/>
<b>3. Tax on profit/loss for the year</b>	
Current tax	131.063
	<hr/> <b>131.063</b> <hr/>

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are as follows.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

#### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### Other external expenses

Other external expenses include expenses relating to the Foundation's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for foundation staff.

#### Other financial expenses

Other financial expenses comprise interest expenses, including exchange losses on transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

#### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

## Accounting policies

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.