

Vitalitetsfonden

Flyvervej 10, 4750 Lundby
CVR no. 41 70 46 75

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.06.23

Kristiane Elaine Ravn Frost
Dirigent



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The foundation

Vitalitetsfonden
Flyvervej 10
4750 Lundby

Registered office: Lundby
CVR no.: 41 70 46 75
Financial year: 01.01 - 31.12

Executive Board

Direktør Kristiane Elaine Ravn Frost

Board of Directors

Direktør Kristiane Elaine Ravn Frost, member
Anne-Line Sutcliffe
John Henry Hollman
Florence Emma Price
Bernhard Peter Schwegler

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 01.01.22 - 31.12.22 for Vitalitetsfonden.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the foundation's assets, liabilities and financial position as at 31.12.22 and of the results of the foundation's activities for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

Lundby, June 27, 2023

Executive Board

Kristiane Elaine Ravn Frost
Direktør

Board of Directors

Kristiane Elaine Ravn Frost
Direktør

Anne-Line Sutcliffe

John Henry Hollman

Florence Emma Price

Bernhard Peter Schwegler

To the Board of Directors of Vitalitetsfonden**Opinion**

We have audited the financial statements of Vitalitetsfonden for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the foundation's assets, liabilities and financial position at 31.12.22 and of the results of the foundation's operations for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 foundation 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.

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

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

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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, 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 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Vordingborg, June 27, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Ole Nørrelund Hansen

State Authorized Public Accountant
MNE-no. mne19787

Primary activities

The foundation's activities is to work for the common good (non-profit) by promoting a sustainable, fair, and vital world in relation to physical and mental health, nature, economy, culture and at the personal, organizational and societal level. As part of this, the purpose of the foundation is to acquire, renovate, adapt, furnish, and operate real estate, and make it available for establishing co-housing communities, operation of "højskole" and other forms of education to support the above-mentioned purposes.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK -751,277 against DKK -1,668,961 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 10,179,762.

Outlook

Activities and results of the year

- Our board increased their understanding of how to run a commercial foundation through participation in the JUC Foundational conference, in the JUC network for foundations as well as in the information meetings organized by Erhvervsstyrelsen. Some points we particularly have focused on are
 - o The concept of impact investment
 - o Good governance
 - o Conflict of interest. Our conclusion is that the main things we need to be aware of are agreements where individual board members are involved and if Avnø Oasis or parts thereof becomes a separate legal entity. It is a checkpoint in every meeting agenda.
- The dormitory building became fully furnished and renovated to meet standards.
- We met with a consultant from The Coastal Directory in June 2022 and introduced him for the vision and challenges at Avnø. He layed out how to apply for a dispensation from the law that protects the coastline and discouraged us from seeking dispensation to our third leg, a cooperative housing project with apartments in the main building as well as Bed and Breakfast or anything that could remind of a hotel or eco-tourism involving the use of the surrounding nature. This caused some reflection on how to adjust the concept of the Avnø Oasis project during the autumn.
- The Capital Base was increased with 10.2 million DKK to a total of 10.5 million DKK.
- The Avnø Oasis project regained some part of their momentum during 2022
 - o Although the core group grew a lot in clarity and a little in size, volunteers are still the primary engine of the project. The project contributed to considerable personal development and growth of interns and volunteers from many different European countries, while they gave a hand with various aspects of the project - few of them ESC (European Solidarity Corps) volunteers as we got approved as a host.
 - o Several events and courses were hosted or held throughout the year, among those a

Permaculture Design Certificate (PDC) course, a gathering of Danish Green organizations, the Nordic Storytelling Seminar, the AIMA coach training seminar and several short courses.

- o The 12 week course Health, Happiness and Green Living were created and enough students were attracted to be able to start in January 2023

Subsequent events

Expected development 2023

The overall aim for 2023 is to

- stabilize the activities and continue the positive development of the core group of the Avnø Oasis project, so the project gradually becomes less dependent on volunteers.
- continue to work with creating an appropriate local plan within the legal restrictions (the property is within the beach protection line as well as in a protected area) in collaboration with the municipality and Kystdirektoratet
- Bring us closer to a break even or a surplus by
 - o increasing the number of students in Avnø Højskole's existing courses
 - o increasing the activities of Avnø Højskole with a health retreat and a summer camp.
 - o continuing to host aligned activities planned by other organizations
 - o establish Erasmus + courses
 - o hosting workers from various businesses that need hosting.
- Develop new activities for 2024 and forward
- More outreach & relevant information: Focus on PR and a uniform type of message.
- Sustainability. Continue to develop more sustainable energy systems & land use. The board of directors estimate, in the current situation, that there is sufficient liquidity for the planned development.

The foundation's distribution policy

Vitalitetsfonden was founded by a donation to the founders of the Avnø Oasis project (AOP) shortly after they discovered the property at Avnø, Flyvervej 10, 4750 Lundby in April 2020. The foundation was created with the intention of fulfilling the purpose by investing in projects that share our purpose. Thus we are not giving grants to individuals or projects, except for internal grants.

- Short term

The property at Flyvervej 10, 4750 Lundby is made available for the Avnø Oasis Ecovillage project, which plan to contain 3 legs: Avnø højskole, a co-housing community and green enterprises and all activities in the project are run through Vitalitetsfonden until the project is established.

- Long term

The aim is

- ◆ That Avnø Oasis Ecovillage becomes an independent legal entity and buys the property once the project is established.

- ◆ To gradually increase our Capital Base and thus our ability to fulfill our purpose in a greater way by making impact investments in several start-ups either in a similar way as we now do with Avnø Oasis Ecovillage or in other ways appropriate for each particular project.

Statement on foundation governance

Vitalitetsfonden complies with recommendations 1.1-2.2.1.

Recommendation 2.2.2 isn't applicable.

Vitalitetsfonden complies with recommendations 2.3.1-2.3.4.

Recommendation 2.3.5 isn't applicable.

Vitalitetsfonden complies with recommendations 2.4.1-2.5.1

Vitalitetsfonden doesn't comply with recommendations 2.5.2. We have chosen to not have an arbitrary age limit, because age in itself is not a limitation. Through the sociocratic working method we do regular evaluations of performance aligned with the general practice of sociocracy.

Vitalitetsfonden complies with recommendation 2.6.1-2.6.2.

Recommendation 3.1 and 3.2 aren't applicable as no board members get any remuneration.

Composition of the Board of Directors

In accordance with the recommendations on foundation governance (recommendation 2.3.4), the following information must be provided about the board members:

Kristiane Ravn Frost, Director, dependent member

Female, born 1956, Danish Citizen, Original appointment to the board August 2020. Left the board November 2020. Reappointed March 2021 by the coordination circle of the AOP. Expiry of the current period: December 2022. Kristiane has studied Mathematical Economics and ran her own businesses since 1982 in Norway, Sweden, Denmark and USA. She is a co-founder of the AOP. She had all contact with authorities in regard to the property and permission and does the budgets for the AOP. She is currently also on the board of LØS, the Danish national network of ecovillages and in the governance working group of GEN-Europe (Global Ecovillage Network). She works full time on the AOP. Kristiane has provided an interest free loan to Vitalitetsfonden up to 2 million DKK in increments of up to 200.000 as requested to ensure that there is enough liquidity to ensure the AOP gets up and running without compromising their values. Her role is to represent Vitalitetsfonden into AOP.

Anne-Line Møller Sutcliffe, Chairperson

Female, born 1967, Danish citizen, chairperson of Vitalitetsfonden since March 2021, when she joined the board. She was recommended by LØS, the Danish national network of ecovillages. Expiry of the current period: December 2024.

Anne-Line is an architect and specializes in preserved buildings. She has many years of experience in working in municipalities and the Agency of Castles and Cultural Heritage under the Ministry of Culture. Her competences rest in the insight and administration of The Planning Act, project management and organizational skills. Anne-Line has been part of the board of the ecovillage project that she co-founded in 2006 in the Southern part of Zealand. She has had two periods as a chairperson in the project and several years as a member of the board. She has 16 years of experience living in and developing an ecovillage. Anne-Line is currently co-leading CAT, Complex Arts Team, an international research team focused on Health by Movement. She has no shares or other financial associations with Vitalitetsfonden.

John Hollman, dependent member

Male, born 1945, USA citizen. Have a Danish residence card. Co-founder of Avnø Oasis Ecovillage. Appointed March, 2021 by the coordination circle of Avnø Oasis Ecovillage. Expiry of the current period: December 2024.

Currently John is doing the accounting for Vitalitetsfonden and Avnø Oasis Ecovillage. Studied at University of Portland, Oregon with a major in accounting and a minor in economics. Worked as an accountant for Hollman, Inc., a homebuilding, commercial construction, and land development company, in Oregon for many years. Owned Classic Woodworking, Inc., for over 30 years, manufacturing wood lockers and Racquetball and Squash courts for fitness centers, colleges, and Pro Sports teams with over 40 employees. Currently own Classic Woodworking, LLC, with his son, selling wood lockers and Racquetball and Squash Courts throughout the USA. In charge of all maintenance for Vitalitetsfonden and Avnø Oasis Ecovillage.

Florence Price

British citizen, she was appointed March 2021 for a two year term, which has been renewed for a 4 year period from January 1st 2023. Expiry of the current period: December 2026.

Originally Florence was recommended by The Macrobiotic Association . Florence, was born in London in 83, attended Rudolf Steiner schools in the U.K. for 17 years. As a young adult Florence became interested in eco communities and holistic healing practices and went on to study both in depth. She worked for 8 years in a residential wellbeing eco Community in southern Alaska USA () as a cook, a child care coordinator and also she helped to organize and host 3 international macrobiotic youth conferences. She has studied macrobiotics in the USA, UK, France and Japan with a wide range of respected teachers.

She is accredited as a Health Coach and Cook MBA. and Chirokinetic Therapist CKT and a Breath worker INTL. From 2017 she visited Denmark a number of times for further studies and to actively help in the early stages of forming Avnø Oasis. Florence is currently based in London UK working with her own health and healing practice. She has no shares or other financial associations with Vitalitetsfonden.

Bernhard Schwegler

Male, born 1964 in München, German citizen and living in Denmark since 2000. Joined the board October 2022 to replace Dorte Fløjgaard. Expiry of the current period: December 2024. Architect from university Stuttgart and Graz, 1991. He has experience with larger buildings and is presently employed by Næstved Kommune. Special interest in environmental design, such as energy, water, heating. Building with natural materials, specialist in clay. Board member of “ - Livets Træ”, adult learning school under DOF, Guldborgsund and Lolland municipality since 2019. Chairman of Landsforening for Økologisk Byggeri - LØB since 2022. Bernhard has no shares or other financial associations with Vitalitetsfonden.

Thomas Fussing

Male born in 1969, Danish citizen, member of the board appointment to the board: 2021. Renewed 2022. Expiry of the current period: December 2026.

Thomas has special competences in managerial, organisational, coordination, team building, administration, business acumen, forecasting, operational skills, commercial experience, agricultural project manager organic, perma-culture and agricultura florestal. Thomas has since February 2022 been chairman & country coordinator for the hindu Religious Community Bhakti Marga Danmark that he has been founding. Between 2011 – 2022 he has been a board member of Bhakti Marga Association Denmark, alongside he has been a board member of Fundraising for Bhakti Marga Foundation during 2010 – 2012.

Thomas has for six years been active and a founding member of Igreja Ortodoxa da América do Sul between 2012 – 2018. During 2009 – 2010 Thomas has been a managing director of a not-for-profit organisation Aldeia Bio in Algarve, Portugal. This organisation promoted cultural, spiritual, sustained living and organic agricultural projects (avocados, oranges, kiwis, custard apples, guavas, feijoas). For a shorter period he has been a general manager for The Hale Clinic – London, UK in 2008 – 2009. Since 1994-2008 he has stayed in Sri Lanka and had managerial positions in Hospitality – UK, Sri Lanka, DK, Australia, and Dubai. In 1996 – 1999 he has been a board member and manager of Copenhagen Farms – growing cashews, coconut, papaya, limes and limettes in Sri Lanka.

Dorte Fløjgaard, independent member

Female, age 48, elected for the board spring 2021. Dorte resigned from the board of Vitalitetsfonden i August 2022.

Former board member of Permaculture Denmark and has worked on several Permaculture projects since 2016. She is working as a nutritionist, Permaculture farmer and gardener, project manager and environmental activist. Dorte works as a plant-based nutritionist and runs together with her husband the catering company Green Select. During her spare time, she volunteers for a better usage of waste, food waste, clothing waste, waste in nature and more. She has both joined initiatives and started initiatives. Dorte has a Cand IT and is doing project management in IT. Furthermore in 2015 and 2016 she coordinated several local environmental festivals in Jutland working on getting the climate and environmental issue out to the public. Lately Dorte has joined the green political party, Alternativet, and is working with environmental issues through the political party and Det Grønne Råd in Herning. Together with her husband Dorte is creating another eco village in Jutland, Denmark focusing on Permaculture farming, plants, and tiny living - www.flojgaard.dk. Her role is to represent the green movement.

Income statement

| Note | 2022 DKK | 2021 DKK |
|--|-----------------|-------------------|
| Gross loss | -530,913 | -731,816 |
| Depreciation and impairments losses of property, plant and equipment | -218,751 | -286,008 |
| Other operating expenses | 0 | -649,724 |
| Operating loss | -749,664 | -1,667,548 |
| Financial income | 7 | 0 |
| Financial expenses | -1,620 | -1,413 |
| Loss for the year | -751,277 | -1,668,961 |
| Proposed appropriation account | | |
| Retained earnings | -751,277 | -1,668,961 |
| Total | -751,277 | -1,668,961 |

| ASSETS | | 31.12.22 | 31.12.21 |
|---------------|--|-------------------|-------------------|
| | | DKK | DKK |
| Note | | | |
| | Land and buildings | 10,728,129 | 10,686,843 |
| | Other fixtures and fittings, tools and equipment | 316,313 | 98,532 |
| | Total property, plant and equipment | 11,044,442 | 10,785,375 |
| | Total non-current assets | 11,044,442 | 10,785,375 |
| | Raw materials and consumables | 17,000 | 17,000 |
| | Total inventories | 17,000 | 17,000 |
| | Other receivables | 501,026 | 358,433 |
| | Prepayments | 92,731 | 77,919 |
| | Total receivables | 593,757 | 436,352 |
| | Cash | 131,705 | 106,758 |
| | Total current assets | 742,462 | 560,110 |
| | Total assets | 11,786,904 | 11,345,485 |

| EQUITY AND LIABILITIES | | 31.12.22 | 31.12.21 |
|-------------------------------|-------------------------------------|-------------------|-------------------|
| | | DKK | DKK |
| Note | | | |
| | Contributed capital | 10,500,000 | 10,500,000 |
| | Retained earnings | -320,238 | 431,039 |
| | Total equity | 10,179,762 | 10,931,039 |
| | Trade payables | 21,000 | 20,000 |
| | Other payables | 1,586,142 | 394,446 |
| | Total short-term payables | 1,607,142 | 414,446 |
| | Total payables | 1,607,142 | 414,446 |
| | Total equity and liabilities | 11,786,904 | 11,345,485 |

2 Related parties

Statement of changes in equity

| Figures in DKK | Contributed capital | Retained earnings | Total equity |
|---|------------------------|----------------------|--------------|
| Statement of changes in equity for 01.01.22 - 31.12.22 | | | |
| Balance as at 01.01.22 | 10,500,000 | 431,039 | 10,931,039 |
| Net profit/loss for the year | 0 | -751,277 | -751,277 |
| Balance as at 31.12.22 | 10,500,000 | -320,238 | 10,179,762 |

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

| Special items: | Recognised in the income statement in: | 2022 DKK | 2021 DKK |
|---|--|-------------|-------------|
| Loss on disposal of intangible assets | Other operating expenses | 0 | -618,256 |
| Loss on disposal of property, plant and equipment | Other operating expenses | 0 | -31,468 |
| Total | | 0 | -649,724 |

2. Related parties

| Balances | 31.12.22 DKK |
|-------------------------------------|-----------------|
| Debt to Kristiane Elaine Ravn Frost | 1,586,140 |

Kristiane is a dependent member of the board.

3. 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.

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 foundation, 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 foundation, 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.

INCOME STATEMENT

Gross loss

Gross loss comprises revenue 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.

3. Accounting policies - continued -

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.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

| | Useful lives, years | Residual value DKK |
|---|---------------------------|--------------------------|
| Buildings | 20-50 | 0 |
| Other plant, fixtures and fittings, tools and equipment | 5-15 | 0 |

Land is not depreciated.

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Other net financials

Interest income and interest expenses 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

3. Accounting policies - continued -

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.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise land and buildings 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.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation 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.

If the foundation'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.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

3. Accounting policies - continued -

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.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

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.

Prepayments

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

3. Accounting policies - continued -

Cash

Cash includes deposits in bank accounts as well as operating cash.

Distributions

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.

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.

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

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