

# Vitalitetsfonden

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

## Annual report for the financial year 07.08.20 - 31.12.21

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 07.07.22

Kristiane Elaine Ravn Frost  
Dirigent

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**The foundation**

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Vitalitetsfonden  
Flyvervej 10  
4750 Lundby  
Registered office: Lundby  
CVR no.: 41 70 46 75  
Financial year: 01.01 - 31.12

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**Executive Board**

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Direktør Kristiane Elaine Ravn Frost

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**Board of Directors**

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Direktør Kristiane Elaine Ravn Frost  
Anne-Line Sutcliffe, chairman  
Dorte Fløjgaard  
Thomas Fussing  
John Henry Hollman  
Florence Emma Price

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

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

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We have on this day presented the annual report for the financial year 07.08.20 - 31.12.21 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 31.12.21 and of the results of the foundation's activities for the financial year 07.08.20 - 31.12.21.

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

Lundby, June 30, 2022

### **Executive Board**

Kristiane Elaine Ravn Frost  
Direktør

### **Board of Directors**

Kristiane Elaine Ravn Frost  
Direktør

Anne-Line Sutcliffe

Dorte Fløjgaard

Thomas Fussing

John Henry Hollman

Florence Emma Price

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

We have audited the financial statements of Vitalitetsfonden for the financial year 07.08.20 - 31.12.21, 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 31.12.21 and of the results of the foundation's operations for the financial year 07.08.20 - 31.12.21 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.

**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.

### **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.

Vordingborg, June 30, 2022

**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 act 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. Among other things, the purpose of the foundation is to acquire, renovate, adapt, furnish and operate real estate that is made available for the establishment of housing associations, the operation of folk high schools and other forms of education to support the above-mentioned purposes.

### Development in activities and financial affairs

The income statement for the period 07.08.20 - 31.12.21 shows a profit/loss of DKK -1,668,961. The balance sheet shows equity of DKK 10,931,039.

#### Management report

The purpose of the foundation 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, which is made available for establishing co-housing communities, operation of "højskole" and other forms of education to support the abovementioned purposes.

Vitalitetsfonden is founded on the background of a donation the Avnø Oasis project (AOP) got from the founder shortly after they discovered the property at Avnø, Flyvervej 10, 4750 Lundby in April 2020. The strategy has from the beginning been to fulfil the purpose of Vitalitetsfonden by making impact investments first and foremost in the AOP, and later in other projects. The short-term goal is to keep the entire donation as capital base and the long-term goal is to increase the capital base to be able to support more projects. The concept of distributions is primarily considered to be used as internal distributions to avoid decreasing the possible long-term impact of the foundation.

Within 2022 the property will be fully furnished, all buildings renovated and adapted for the intended usage. The operation of the real estate has been active since acquiring the rights to the property.

The board of directors had expected a break-even at the end of 2021. However Corona and a challenging start of the first period of the project has resulted in a deficit of more than 750.000 DKK and a reduction in the promised donation from 15 mill to 12,6 mill meaning a reduction in Vitalitetsfonden's anticipated capital base of 2,4 million. Besides that, momentum have been lost and many aspects of AOP have been delayed more than a year, so the effects will reach into 2022.

After the first challenging period, the board changed its composition to be more appropriate for the task at hand. AOP is now responsible for daily operations and for the content of the project within the frames that Vitalitetsfonden creates. There is a good relationship between

the board and AOP and the aim is that AOP takes over the property once they are up and running, so that all expenses that Vitalitetsfonden has had on the project will return and can be invested in more projects. The board of directors estimate, in the current circumstance, that there is sufficient liquidity to establish AOP.

#### Expected development

Since Vitalitetsfonden learns this business through the collaboration with AOP, we don't intend to increase our capital base through this collaboration, but rather to maintain our capital base and prepare ourselves to be able to make a profit in the future, when we invest in new projects. With the next projects, we will aim to increase our capital base and thus our ability to fulfil our purpose in a greater way by making impact investments in increasingly larger projects, for example through buying property and making it available for them.

We expect to meet our strategic short term goals for the coming 5 years, which are:

- to maintain a harmonious, skilled & stable board of Vitalitetsfonden, who understands to manage the opportunities, challenges, and responsibilities of Vitalitetsfonden.
- to maintain and upgrade the property according to the updated plan.
- to create a local plan that fits the project.
- to create sufficient resources to maintain and upgrade the property, including fundraising, if needed.
- to make the property at Avnø available for the operation and establishment of the projects under AOP in such a way that all 3 aspects of the project are grown side by side, and in collaboration with AOP.
  - o operate and develop various projects under AOP into independent entities, or entities wholly or partly owned by the foundation.
  - o secure that these entities become sufficiently financially viable to be able to afford to buy the property.
  - to gradually engage in other meaningful and profitable projects. As resources are freed up or created, the strategic goal shifts into creating new projects or entering existing projects. Before April 1 of 2024, it is determined which projects/properties are the next to engage in.
  - Within 5 years the first property is fully owned by the projects under AOP. A detailed process should be described in 2022.

AOP expect to have regained their momentum at the end of 2022 and again have a strong core group around the project. Until then volunteers are the primary engine. AOP expect to continue to offer short courses throughout the year and start long courses in the autumn as well as hosting a few events throughout the year, including the Nordic story telling seminar in collaboration with the Nordic story telling association. Along with this they offer BnB rooms. They focus on better marketing in order to create balance in the economy. They expect to adjust their project as more clarity arises about legal restrictions (the property is within the beach protection line and in a protected area) through meetings with the coastal directory and the work with creating an appropriate local plan. It is their aim to reduce administrative tasks of the director, so she can contribute more in other areas of the project.

Expected financial development for 2022

As it looks at the moment, we will come closer to a break-even but probably not quite make it as we still haven't gained full momentum.

### **The foundation's distribution policy**

Grants will primarily be given internally and no donations are given to individuals. Vitalitetsfonden seeks out projects, they want to collaborate with.

### **Statement on foundation governance**

#### *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, independent member

Female, born 1967, Danish citizen, chairperson of Vitalitetsfonden since March 2021, recommended by LØS, the Danish national network of ecovillages. 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 is currently chairperson of the ecovillage project that she co-founded in 2006 in the Southern part of Zealand and has 16 years of experience living in and developing an ecovillage. Anne-Line is 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. Her role is to represent the ecovillage movement.

John Hollman, dependent member

Male, born 1945, USA citizen. Have a Danish residence card. Co-founder of the AOP. Husband of Kristiane Ravn Frost. Appointed March 2021 by the coordination circle of the AOP. Expiry of the current period: December 2024. Currently doing the accounting for Vitalitetsfonden and the AOP. 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. In charge of all maintenance for Vitalitetsfonden and the AOP. His role is to represent the interests of AOP into Vitalitetsfonden.

Florence Price, independent member

British citizen, she was appointed March 2021 for a two-year term, recommended by The Macrobiotic Association <https://macrobiotics.org.uk/>. 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 ([www.ionia.org](http://www.ionia.org)) as a cook, a childcare coordinator and, 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 a Chirokinetic Therapist CKT and breath worker INTL. From 2017 she visited Denmark several 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.

Dorte Fløjgaard, independent member

Female, age 48, Elected for the board spring 2021 – 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](http://www.flojgaard.dk). Her role is to represent the green movement.

Thomas Fussing, independent member

Male age 53. Elected for the board Summer 2021. Special competences: Managerial, Organisational, Coordination, Team building, Administration, Business Acumen, Forecasting, Operational skills, Commercial experience, Agricultural project manager (organic, perma-culture and agricultural florestal). 2022 Feb Chairman & Country coordinator for the Hindu Religious Community Bhakti Marga Danmark. 2011 – 2022 Founding and Board member of Bhakti Marga Association Denmark. 2012 – 2018 Founding member of Igreja Orthodoxia da América do Sul. 2010 – 2012 Board member of Fundraising for Bhakti Marga Foundation. 2009 –2010 Managing director of a non-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). 2008 – 2009 General Manager – The Hale Clinic – London, UK. 1996 – 1999 Board member and Manager of Copenhagen Farms – growing cashews, coconut, papaya, limes and limettes – Sri Lanka. 1994 – 2008 – Managerial positions in Hospitality – UK, Sri Lanka, DK, Australia, and Dubai. His role is to support the business aspect.

	07.08.20
Note	31.12.21
	DKK
<b>Gross loss</b>	<b>-731,816</b>
Depreciation and impairments losses of property, plant and equipment	-286,008
Other operating expenses	-649,724
<b>Operating loss</b>	<b>-1,667,548</b>
Financial expenses	-1,413
<b>Loss for the year</b>	<b>-1,668,961</b>
<b>Proposed appropriation account</b>	
Retained earnings	-1,668,961
<b>Total</b>	<b>-1,668,961</b>

<b>ASSETS</b>		31.12.21
		DKK
Note		
	Land and buildings	10,686,843
	Other fixtures and fittings, tools and equipment	98,532
	<b>Total property, plant and equipment</b>	<b>10,785,375</b>
	<b>Total non-current assets</b>	<b>10,785,375</b>
	Raw materials and consumables	17,000
	<b>Total inventories</b>	<b>17,000</b>
	Other receivables	358,433
	Prepayments	77,919
	<b>Total receivables</b>	<b>436,352</b>
	<b>Cash</b>	<b>106,758</b>
	<b>Total current assets</b>	<b>560,110</b>
	<b>Total assets</b>	<b>11,345,485</b>

**EQUITY AND LIABILITIES**

	31.12.21
	DKK
Note	
Contributed capital	12,600,000
Retained earnings	-1,668,961
<b>Total equity</b>	<b>10,931,039</b>
Trade payables	20,000
Other payables	394,446
<b>Total short-term payables</b>	<b>414,446</b>
<b>Total payables</b>	<b>414,446</b>
<b>Total equity and liabilities</b>	<b>11,345,485</b>

2 Related parties



## Statement of changes in equity

Figures in DKK	Contributed capital	Retained earnings	Total equity
Statement of changes in equity for 07.08.20 - 31.12.21			
Capital contributed on establishment	12,600,000	0	12,600,000
Net profit/loss for the year	0	-1,668,961	-1,668,961
Balance as at 31.12.21	12,600,000	-1,668,961	10,931,039

The Contributed capital is as of 31. December 2021 by an administrative error only registered with Dkr. 300.000.

The Contributed capital is at the time of preparation of the accounts correctly registered with Dkr. 12.600.000.

## 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:

	Recognised in the income statement in:	07.08.20 31.12.21 DKK
Special items:		
Net loss from "Avnø Højskole" and "Overgangsforeningen for Vitalitetsfonden" Other operating expenses		-618,256
Loss on disposal of property, plant and equipment Other operating expenses		-31,468
Total		-649,724

## 2. Related parties

	31.12.21 DKK
Balances	
Debt to Kirstiane Elaine Ravn Frost	394,447

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.

No comparative figures have been provided as this is the foundation's first financial year.

### Basis of recognition and measurement

### 3. Accounting policies - continued -

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.

### Other operating income

### 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

### 3. Accounting policies - continued -

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, per cent
Buildings	25-50	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 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

### 3. Accounting policies - continued -

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.

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.

### 3. Accounting policies - continued -

#### **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.

#### **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

**3. Accounting policies** - continued -

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.