

Vitalitetsfonden

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

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 19.06.24

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

Kristiane Elaine Ravn Frost

Board of Directors

Florence Emma Price, chairperson
Bernhard Peter Schwegler, vice-chairperson
Kristiane Elaine Ravn Frost, director
Matteo Zampatti, member
Olha Simon, member

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 01.01.23 - 31.12.23 for Vitalitetsfonden.

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 assets, liabilities and financial position as at 31.12.23 and of the results of the foundation's activities for the financial year 01.01.23 - 31.12.23.

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

Lundby, June 17, 2024

Executive Board

Kristiane Elaine Ravn Frost
Direktør

Board of Directors

Florence Emma Price
Chairperson

Bernhard Peter Schwegler

Kristiane Elaine Ravn Frost

Matteo Zampatti

Olha Simon

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

We have audited the financial statements of Vitalitetsfonden for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 31.12.23 and of the results of the foundation's operations for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the 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 on the management's review

Management is responsible for the management's review.

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

In connection with our audit of the financial statements, it is our responsibility 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 the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material 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 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 judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 17, 2024

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 contributes to 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 01.01.23 - 31.12.23 shows a profit/loss of DKK -443,855 against DKK -751,277 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 9,735,907.

Outlook

Activities and results of the year

The Avnø Oasis project has continued to regain momentum during 2023, which has contributed to increasing all 8 forms of capital both in our own project and in the world around us.

- Our deficit has become smaller and almost all income came from our own activities. Increased financial capital.
- The project continues to contribute to considerable personal development and growth of interns and volunteers from many different European countries, while they give a hand with various aspects of the project. Increased social, cultural, spiritual, experiential and intellectual capital.
- The positive development of the core group of the Avnø Oasis project both in terms of clarity and size has continued, meaning that the project gradually becomes less dependent on the founders and short term volunteers. The general tendency has been an increase in explorers and long term volunteers, which has created more stability and made it possible to delegate some of the founders responsibilities. One of our core members became our first employee in November. Increased social, cultural, spiritual, experiential and intellectual capital.
- Avnø Højskole launched their first 12 week course, which was run twice with just 7 students the first time and with 15 the second time. Besides that a health retreat was completed and there was a higher regularity and a slight increase in participants in the short courses that already was established. Several new activities for 2024 including two more 12 week courses and a permaculture consulting business has been developed and may now be found on our website. Increased social, cultural, spiritual, experiential and intellectual capital.
- We held an Erasmus+ course, Tools for Cultural Change, with 40 participants in

collaboration with several European partners and we started a new Erasmus+ partnership, Folklore for Future, which is ending 2025. Increased social, cultural, spiritual, experiential, financial and intellectual capital.

- Much focus on PR and a uniform type of message have resulted in a uniform branding, regular instagram and facebook posts, aligned brochures & posters, a new presentation for open days, and in January 2024, we launched a new website, Avno.org, combining Avnø Oasis and Avnø Højskole. Increased social, cultural, experiential, financial and intellectual capital.
- After much trouble with the European platform we succeeded in applying to be a LEAD organization for European Solidarity Corps volunteers. Increased social, cultural, experiential, financial and intellectual capital.
- Throughout the autumn we harvested most vegetables in our own garden. Increased living, cultural, financial and experiential capital.
- At the fire inspection in May, we were notified that due to the new fire regulations we couldn't continue to use all areas of the buildings as we had done so far. A good fire counselor helped us to find solutions, which we will need to implement next year. At least we did not have to close as some places have done. Increased material capital.
- At the end of July, we were notified that our chairperson would stop at the end of the year. This caused us to start earlier on our yearly evaluation of how well our board is functioning. Since Avnø Oasis also decided to change their representative two people left our board and two new joined in December, where we also chose a new chairperson. On the whole our board is well equipped to take care of matters and we continue to educate ourselves in 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. Increased social, cultural, experiential, financial and intellectual capital.

Subsequent events

Expected development 2024

The overall aim for 2024 is to

- Continue the positive development of the core group of the Avnø Oasis project, so the project becomes even less dependent on short term volunteers and the founders. Thus the responsibilities will continue to be distributed amongst more people. Increasing social, cultural, spiritual, experiential and intellectual capital.
- Always have the Avnø Højskole programs developed for two years ahead to increase the number of students and activities. Increasing social, cultural, spiritual, financial, experiential and intellectual capital.
- Increase our network and visibility as well as our collaboration with external partners, and improve the effects from our PR, so that we become well known in Denmark and Europe. Increasing social capital.
- Have a surplus or break even. Increasing the financial capital.
- Be able to pay wages to all core people before the end of 2024. Increasing social, cultural,

spiritual, experiential and intellectual capital.

- Increase the number of European Solidarity Corps volunteers. Increasing social, cultural, spiritual, experiential, financial and intellectual capital.
- Host the International Macrobiotic gathering and other aligned events. Increasing social, cultural, spiritual, experiential, financial and intellectual capital.
- Plant a forest garden and increase the yield of our garden. Increasing living, cultural, financial and experiential capital.
- Complete two Erasmus+ training courses + the Erasmus+ partnership we started this year. Increasing social, cultural, spiritual, experiential, financial and intellectual capital.
- Increase our collaboration with external partners. Increasing social, cultural, spiritual, experiential, and intellectual capital.
- Have at least one more green enterprise established. Increasing material, social, living and financial capital.
- Continue to develop more sustainable energy systems & land use. Increasing material, living and financial capital.
- Increase our effort in maintaining and upgrading our buildings, hereunder replacing the old water pipe with a new as leakage number 4 since we took over happened just before the end of 2023, satisfying the new fire regulations, systematizing maintenance, more sustainable energy solutions, yard design and greenhouse in place. Increasing material, living and financial capital.
- Have a local plan aligned with our project approved. Increasing material, social, and financial capital.

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, while they develop the 3 legs: Avnø højskole, a co-housing community and green enterprises. All activities in the project are run through Vitalitetsfonden until the project is established.

Long term

The aim is

- To make the Avnø Oasis project an independent legal entity, who can take over daily operations and buy the property once the project is established.
- To gradually increase the Capital Base of Vitalitetsfonden 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 that are appropriate for each new 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.

Vitalitetsfonden complies with recommendation 2.6.1-2.6.2.
Recommendation 3.1 isn't applicable as no board members get any remuneration.
Vitalitetsfonden complies with recommendation 3.2

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:

The Board of Directors consists of 5 members.

Florence Emma Price, chairperson since 21.12.2023
Joined the board 26.03.2021

British citizen, she was appointed in March 2021 for a two year term, which was 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 <https://macrobiotics.org.uk/>. Florence, was born in London in 1983, 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 well being Eco-community in southern Alaska USA (www.ionia.org) 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 the USA, where she works with her own health and healing practice. She has no shares or other financial associations with Vitalitetsfonden.

Bernhard Peter Schwegler, vice-chairperson since 21.12.2023

Joined the board 26.09.2023

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 "Visdomsskolen - 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.

Kristiane Elaine Ravn Frost, director

Joined the board 26.03.2021

Female, born 1956, Danish citizen, original appointment to the board in August 2020. Left the board in November 2020. Reappointed in March 2021 by the coordination circle of Avnø Oasis Ecovillage. Her board membership was renewed for 4 years from January 2023. Expiry of the current period: December 2026.

Kristiane studied Mathematical Economics and ran her own businesses since 1982 in Norway, Sweden, Denmark and USA. She is a co-founder of the Oasis Ecovillage project. She had all contact with authorities in regards to the property and permissions. She compiles budgets for the Oasis project.

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 Oasis Ecovillage project. Kristiane agreed to loan 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 Oasis project gets up and running without compromising their values.

Matteo Zampatti

Joined the board 21.12.2023

Male, born in 1995, Italian Citizen with Swedish residency.

Appointed to the board in December 2023. Expiry of the current period : Dec. 2027.

Matteo is the ChairPerson and Treasurer of the Baltic Ecovillage Network since 2022, Board member of Suderbyn Ekonomiska Forening since 2021 and Relearn Suderbyn NGO since 2023. Involved in GEN Europe, NextGEN and various activist networks in Sweden and Europe. He is working in Suderbyn Ecovillage for the NGO Relearn as administration Coordinator, managing the finance of the community and European projects. He participated in various trainings including: facilitation, critical thinking, nature-based practices, climate dialogue, permaculture, non-violent communication and sociocracy. Some of his other interests and projects are: networking, emotional response to the systemic crisis, rock climbing, community building, indigenous wisdom, regeneration, eco-construction, movies, inner work, contact improvisation, somatic, bodywork.

Matteo has no shares or other financial associations with Vitalitetsfonden.

Olha Simon, representative of Avnø Oasis

Joined the board 21.12.2023

Female, born 1998, Ukrainian citizen living in Denmark as a temporary resident since 2022, original appointment to the board December 2023. Expiry of the current period: Dec. 2027

Olha studied Primary Education, English Linguistics and Mathematics at Borys Grinchenko University in Ukraine. She was invited to assist in the coordination of Avnø Højskole and therefore joined Avnø Oasis project in December 2022. Since then, she has been mostly active in the Højskole and Communication circles of the project. She works full-time on the Avnø Oasis project. She is a certified Gaia Education trainer. She is currently also on the board of GEN Ukraine, the Ukrainian national network of ecovillages, — in its educational working circle, managing Erasmus+ partnerships and GEN Ukraine's own courses.

Olha has no shares in Vitalitetsfonden. She is paid wages for her work with Avnø Højskole.

Former board members

Anne-Line Møller Sutcliffe, Chairperson

Left the board 21.12.2023

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, representative of Avnø Oasis

Left the board 21.12.2023

Male, born 1945, USA citizen. Have a Danish residence card. Co-founder of Avnø Oasis Ecovillage. Husband of Kristiane Ravn Frost. 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.

John has no shares or other financial associations with Vitalitetsfonden, except that he is married to Kristiane, who as mentioned above has a financial association with Vitalitetsfonden.

Thomas Fussing

Left the board 15.02.2023

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. Since February 2022, Thomas has been chairman & country coordinator for the hindu Religious Community Bhakti Marga Danmark that he is the founder of. Between 2011 – 2022 he was a board member of Bhakti Marga Association Denmark, alongside he was also a board member of Fundraising for Bhakti Marga Foundation during 2010 – 2012.

For six years, between 2012 and 2018, Thomas was an active founding member of Igreja Ortodoxa da América do Sul. During 2009 – 2010 Thomas was a managing director of a not-for-profit organization Aldeia Bio in Algarve, Portugal. This organization promoted cultural, spiritual, sustained living and organic agricultural projects (avocados, oranges, kiwis, custard apples, guavas, feijoas). For a shorter period he was a general manager for The Hale Clinic – London, UK in 2008 – 2009. From 1994 to 2008 he stayed in Sri Lanka and had managerial positions in Hospitality – UK, Sri Lanka, DK, Australia, and Dubai. In 1996 – 1999 he was a board member and manager of Copenhagen Farms – growing cashews, coconut, papaya, limes and limettes in Sri Lanka. Thomas has no shares or other financial associations with Vitalitetsfonden.

Remuneration of board members

Board members are not receiving any remuneration for their board work. However from November 2023 Olha has changed from volunteer to being employed with Wage subsidy (løntilskud). For both months she received 14.000 DKK. She became a board member on December 21. Kristiane & John have received free room and board just like everybody else who is volunteering full time to get the Avnø Oasis project up and running.

Income statement

Note	2023 DKK	2022 DKK
	-182,009	-530,913
1 Staff costs	-14,000	0
	-196,009	-530,913
Depreciation and impairments losses of property, plant and equipment	-247,846	-218,751
	-443,855	-749,664
Financial income	0	7
Financial expenses	0	-1,620
	-443,855	-751,277
Proposed appropriation account		
Retained earnings	-443,855	-751,277
	-443,855	-751,277

ASSETS		31.12.23	31.12.22
		DKK	DKK
Note			
	Land and buildings	10,632,348	10,728,129
	Other fixtures and fittings, tools and equipment	313,321	316,313
	Total property, plant and equipment	10,945,669	11,044,442
	Total non-current assets	10,945,669	11,044,442
	Raw materials and consumables	17,000	17,000
	Total inventories	17,000	17,000
	Other receivables	27,627	501,026
	Prepayments	98,258	92,731
	Total receivables	125,885	593,757
	Cash	371,463	131,705
	Total current assets	514,348	742,462
	Total assets	11,460,017	11,786,904

EQUITY AND LIABILITIES		31.12.23	31.12.22
		DKK	DKK
Note			
	Contributed capital	10,500,000	10,500,000
	Retained earnings	-764,093	-320,238
	Total equity	9,735,907	10,179,762
	Trade payables	21,000	21,000
	Other payables	1,703,110	1,586,142
	Total short-term payables	1,724,110	1,607,142
	Total payables	1,724,110	1,607,142
	Total equity and liabilities	11,460,017	11,786,904

2 Related parties

Statement of changes in equity

Figures in DKK	Contributed capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23			
Balance as at 01.01.23	10,500,000	-320,238	10,179,762
Net profit/loss for the year	0	-443,855	-443,855
Balance as at 31.12.23	10,500,000	-764,093	9,735,907

	2023 DKK	2022 DKK
1. Staff costs		
Wages and salaries	14,000	0
Total	14,000	0
Average number of employees during the year	0	0

Remuneration paid to each member of the management:

Board members are not receiving any remuneration for their board work. However from November 2023 Olha has changed from volunteer to being employed with Wage subsidy (løntilskud). For both months she received 14.000 DKK. She became a board member on December 21. Kristiane & John have received free room and board just like everybody else who is volunteering full time to get the Avnø Oasis project up and running.

2. Related parties

Balances	31.12.23 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.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

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 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.

3. Accounting policies - continued -

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.

The higher of net selling price and value in use is used as the recoverable amount. The value

3. Accounting policies - continued -

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 financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.