

Zite A/S

Studsgade 29, 8000 Aarhus C
CVR no. 40 13 43 36

Annual report for the financial year 01.07.23 - 30.06.24

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.11.24

Karen Bach Lück
Dirigent

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The company

Zite A/S
Studsgade 29
8000 Aarhus C
Registered office: Aarhus C
CVR no.: 40 13 43 36
Financial year: 01.07 - 30.06

Executive Board

Peer Brændholt

Board of Directors

Albert Crilles Sebastian Funder, chairman
Michael Kaltoft Paterson, member
Morten Eskildsen, member
Jesper Angelsø Hjortshøj, member
Peter Herlev Enevoldsen, member
Mogens Kristensen, member
Mads Heide Mikkelsen, member
Peer Brændholt, member
Lars Bo Hansen, member

Auditors

Beierholm
Godkendt 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 01.07.23 - 30.06.24 for Zite A/S.

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 company's assets, liabilities and financial position as at 30.06.24 and of the results of the company's activities for the financial year 01.07.23 - 30.06.24.

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

The annual report is submitted for adoption by the general meeting.

Aarhus C, November 28, 2024

Executive Board

Peer Brændholt

Board of Directors

Albert Crilles Sebastian
Funder
Chairman

Michael Kaltoft Paterson

Morten Eskildsen

Jesper Angelsø Hjortshøj

Peter Herlev Enevoldsen

Mogens Kristensen

Mads Heide Mikkelsen

Peer Brændholt

Lars Bo Hansen

To the Shareholder of Zite A/S**Opinion**

We have audited the financial statements of Zite A/S for the financial year 01.07.23 - 30.06.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information. 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 company's financial position at 30.06.24 and of the results of the company's operations for the financial year 01.07.23 - 30.06.24 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 company 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 by law and regulations.

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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, November 28, 2024

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Lars Østergaard

State Authorised Public Accountant
MNE-no. mne26806

Primary activities

The company's primary activities consist of providing advertising and marketing services – and more specific designing and running in-house agencies

Development in activities and financial affairs

The income statement for the period 1 July 2023 to 30 June 2024 shows a loss of DKK -1,872,454 compared to a loss of DKK -1,926,087 for the period 1 July 2022 – 30 June 2023. The balance sheet reflects equity totalling of DKK 1,971,699 as of 30 June 2024.

The earnings for the financial year were below expectations with 3 mio. DKK due to lower revenue and activity than expected. In response to the reduced activity, management reduced costs, thereby minimizing the overall loss.

Outlook

For the upcoming financial year, the company anticipates a revenue increase of approximately 15% and expects to achieve a positive profit in the range of 0.5-1 million DKK. The company has published The 2024 In-House Barometer, a report based on feedback from 1,000 marketing professionals across Europe and the U.S. In the report, 56% of respondents expect a growth in permanent headcount within their in-house agencies, while only 9% anticipate a decrease. Based on these insights, we foresee a larger share of marketing functions being insourced, particularly within the company's key markets.

The company has significantly boosted brand awareness in the market, progressing from building a market presence in Denmark from scratch to establishing ZITE as the reference point for this type of in-house model.

Additionally, the company launched and operates The In-House Club Denmark, a network of 20 leading businesses with in-house agencies in Denmark.

Management anticipates increased activity levels for 2024/25 and is confident in the availability of adequate liquidity to support growth.

Focus on satisfied customers

The company is dedicated to maintaining high levels of customer satisfaction while fostering strategic collaborations that ensure long-term relevance for its customers. To achieve this, customer satisfaction is continuously monitored. Currently, the average satisfaction score stands at 5.2 out of 6, which management considers to be highly satisfactory.

Focus on employee satisfaction

The company considers its employees its greatest asset. They are physically located at clients' premises daily, acting as our direct ambassadors. To maintain a positive work environment, the company continuously measures employee satisfaction across various parameters and has achieved certification as a "Happy Workplace" by ZOIOS, thanks to high scores in employee satisfaction and Employee NPS.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2023/24 DKK	2022/23 DKK
	Gross profit	39,558,480	38,312,972
1	Staff costs	-42,653,875	-40,769,909
	Loss before depreciation, amortisation, write-downs and impairment losses	-3,095,395	-2,456,937
	Depreciation and impairments losses of property, plant and equipment	-254,505	-203,956
	Other operating expenses	-6,243	0
	Operating loss	-3,356,143	-2,660,893
2	Income from equity investments in group enterprises	960,743	535,021
	Financial income	200,206	45,823
3	Financial expenses	-445,677	-503,225
	Loss before tax	-2,640,871	-2,583,274
4	Tax on loss for the year	768,417	657,187
	Loss for the year	-1,872,454	-1,926,087
	Proposed appropriation account		
	Reserve for net revaluation according to the equity method	960,743	535,021
	Retained earnings	-2,833,197	-2,461,108
	Total	-1,872,454	-1,926,087

ASSETS		30.06.24	30.06.23
		DKK	DKK
Note			
	Leasehold improvements	11,823	29,633
	Other fixtures and fittings, tools and equipment	349,655	237,551
	Property, plant and equipment under construction	0	303,179
5	Total property, plant and equipment	361,478	570,363
6	Equity investments in group enterprises	1,895,764	935,021
	Total investments	1,895,764	935,021
	Total non-current assets	2,257,242	1,505,384
7	Work in progress for third parties	845,424	908,580
	Trade receivables	20,756,285	14,390,821
	Receivables from group enterprises	0	2,361,631
	Income tax receivable	795,035	679,738
	Prepayments	550,254	405,822
	Total receivables	22,946,998	18,746,592
	Total current assets	22,946,998	18,746,592
	Total assets	25,204,240	20,251,976

EQUITY AND LIABILITIES		30.06.24	30.06.23
		DKK	DKK
Note			
	Share capital	500,000	500,000
	Reserve for net revaluation according to the equity method	1,495,764	535,021
	Retained earnings	-24,065	2,809,132
	Total equity	1,971,699	3,844,153
	Provisions for deferred tax	72,039	56,819
	Total provisions	72,039	56,819
	Other payables	0	602,050
	Total long-term payables	0	602,050
7	Prepayments received from work in progress for third parties	2,827,934	1,622,632
	Prepayments received from customers	0	1,586,050
	Trade payables	6,431,433	2,883,012
	Payables to group enterprises	9,697,410	4,170,424
	Other payables	4,203,725	5,486,836
	Total short-term payables	23,160,502	15,748,954
	Total payables	23,160,502	16,351,004
	Total equity and liabilities	25,204,240	20,251,976
8	Contingent liabilities		
9	Related parties		

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Total equity
Statement of changes in equity for 01.07.22 - 30.06.23				
Balance as at 01.07.22	400,000	0	-6,815,240	-6,415,240
Net effect of mergers and acquisition of enterprises	100,000	0	2,085,480	2,185,480
Adjusted balance as at 01.07.22	500,000	0	-4,729,760	-4,229,760
Group contribution	0	0	10,000,000	10,000,000
Net profit/loss for the year	0	535,021	-2,461,108	-1,926,087
Balance as at 30.06.23	500,000	535,021	2,809,132	3,844,153
Statement of changes in equity for 01.07.23 - 30.06.24				
Balance as at 01.07.23	500,000	535,021	2,809,132	3,844,153
Net profit/loss for the year	0	960,743	-2,833,197	-1,872,454
Balance as at 30.06.24	500,000	1,495,764	-24,065	1,971,699

	2023/24 DKK	2022/23 DKK
1. Staff costs		
Wages and salaries	37,809,736	36,331,037
Pensions	3,371,804	2,806,268
Other social security costs	628,275	711,224
Other staff costs	844,060	921,380
Total	42,653,875	40,769,909
Average number of employees during the year	59	58

2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	960,743	535,021
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3. Financial expenses

Interest, group enterprises	275	0
Other interest expenses	436,440	466,754
Foreign currency translation adjustments	8,962	20,347
Other financial expenses	0	16,124
Other financial expenses	445,402	503,225
Total	445,677	503,225

	2023/24 DKK	2022/23 DKK
4. Tax on loss for the year		
Current tax for the year	-783,637	-669,755
Adjustment of deferred tax for the year	15,220	12,568
Total	-768,417	-657,187

5. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Cost as at 01.07.23	53,428	849,932	303,179
Additions during the year	0	355,041	0
Disposals during the year	0	-295,450	0
Transfers during the year to/from other items	0	0	-303,179
Cost as at 30.06.24	53,428	909,523	0
Depreciation and impairment losses as at 01.07.23	-23,795	-612,379	0
Depreciation during the year	-17,810	-236,695	0
Reversal of depreciation of and impairment losses on disposed assets	0	289,206	0
Depreciation and impairment losses as at 30.06.24	-41,605	-559,868	0
Carrying amount as at 30.06.24	11,823	349,655	0

6. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Cost as at 01.07.23	400,000
Cost as at 30.06.24	400,000
Revaluations as at 01.07.23	535,021
Net profit/loss from equity investments	960,743
Revaluations as at 30.06.24	1,495,764
Carrying amount as at 30.06.24	1,895,764
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0
Name and registered office:	Ownership interest
Subsidiaries:	
ZITE I A/S, Aarhus	100%

	30.06.24	30.06.23
	DKK	DKK
7. Work in progress for third parties		
Work in progress for third parties	809,007	2,999,838
On-account invoicing	-2,791,516	-3,713,893
Total work in progress for third parties	-1,982,509	-714,055
Work in progress for third parties	845,424	908,580
Prepayments received from work in progress for third parties, short-term payables	-2,827,934	-1,622,632
Total	-1,982,510	-714,052

8. Contingent liabilities

Lease commitments

The Company has entered into car lease agreements, which is settled over 8 to 35 months. The remaining liability constitutes DKK 910k.

Recourse guarantee commitments

Other contingent liabilities

The company enters into a cash-pool arrangement with the group, where the total is jointly and severally liable credit limit.

The group companies are jointly and severally liable for tax on the group's jointly taxed income etc. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments to corporation taxes and withholding taxes may imply that the Company's liability is higher.

9. Related parties

The company is included in the consolidated financial statements of the parent Spring Family ApS, Aarhus.

10. 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 Company has chosen to reclassify certain items in the income statement and the balance sheet.

These reclassifications have no impact on net profit, balance sheet or equity.

Comparative figures for 2022/23 have been adjusted.

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.

10. Accounting policies - continued -

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, 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 company, 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.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and consumables and cost of sales and other external expenses

10. Accounting policies - continued -**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 operating income comprises income of a secondary nature in relation to the enterprise's activities, including salary refunds.

Costs of raw materials and consumables

Expenses for consumables comprise the consumables consumed to achieve revenue for the year.

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.

10. Accounting policies - continued -**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, per cent
Leasehold improvements	3	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

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.

Income from equity investments in group enterprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

10. Accounting policies - continued -**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.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements 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.

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.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

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.

10. Accounting policies - continued -**Equity investments in group enterprises**

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

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 company'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.

10. Accounting policies - continued -

Impairment losses are reversed when the reasons for the impairment no longer exist.

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.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

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

10. Accounting policies - continued -**Equity**

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

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.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

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.

10. Accounting policies - continued -**Payables**

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.