BEIERHOLM
VI SKABER BALANCE

Audio Distribution Group ApS

Nordlandsvej 90 C, 8240 Risskov

CVR no. 37 19 30 03

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 13.06.25

Peter Bager
Dirigent

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Company information etc.

The company

Audio Distribution Group ApS
Nordlandsvej 90 C
8240 Risskov
Registered office: Risskov
CVR no.: 37 19 30 03
Financial year: 01.01 - 31.12

Executive Board

Steven Arthur Philip Russell

Board of Directors

Peter Bager
Steven Arthur Philip Russell
Bruce Gordon McMichael Davidson

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 01.01.24 - 31.12.24 for Audio Distribution Group ApS.

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 31.12.24 and of the results of the company's activities for the financial year 01.01.24 - 31.12.24.

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.

Risskov, June 13, 2025

Executive Board

Steven Arthur Philip Russell

Board of Directors

Peter Bager Chairman	Steven Arthur Philip Russell	Bruce Gordon McMichael Davidson

To the capital owner of Audio Distribution Group ApS

Opinion

We have audited the financial statements of Audio Distribution Group ApS for the financial year 01.01.24 - 31.12.24, 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 31.12.24 and of the results of the company's operations for the financial year 01.01.24 - 31.12.24 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 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 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.

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for expressing an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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, June 13, 2025

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Carsten Andersen
State Authorised Public Accountant
MNE-no. mne27703

Primary activities

The company's activities comprise distribution of professional audio and music instrument related products throughout Europe.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit/loss of EUR -47,280 against EUR 32,384 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of EUR 932,224.

Subsequent events

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

Income statement

Note		2024 EUR	2023 EUR
	Gross profit	**571.706**	**517.673**
1	Staff costs	-536.132	-443.973
	Profit before depreciation, amortisation, write-downs and impairment losses	**35.574**	**73.700**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-11.916	-5.229
	Operating profit	**23.658**	**68.471**
2	Income from equity investments in group enterprises	216	3.696
3	Financial income	3.336	3.409
	Impairment losses on financial assets	-15.000	0
	Financial expenses	-78.105	-46.291
	Profit/loss before tax	**-65.895**	**29.285**
	Tax on profit or loss for the year	18.615	3.099
	Profit/loss for the year	**-47.280**	**32.384**

Proposed appropriation account

	2024 EUR	2023 EUR
Retained earnings	-47.280	32.384
Total	**-47.280**	**32.384**

Balance sheet

ASSETS

Note		31.12.24 EUR	31.12.23 EUR
	Completed development projects	37.180	46.672
	Development projects in progress	1.285.504	894.670
4	**Total intangible assets**	**1.322.684**	**941.342**
	Other fixtures and fittings, tools and equipment	2.323	4.746
5	**Total property, plant and equipment**	**2.323**	**4.746**
6	Equity investments in group enterprises	5.221	5.005
6	Equity investments in associates	0	15.000
7	Deposits	10.677	10.677
	Total investments	**15.898**	**30.682**
	Total non-current assets	**1.340.905**	**976.770**
	Raw materials and consumables	138.982	0
	Manufactured goods and goods for resale	439.923	523.415
	Prepayments for goods	50.361	0
	Total inventories	**629.266**	**523.415**
	Trade receivables	292.041	251.683
	Receivables from group enterprises	32.339	50.434
	Income tax receivable	35.255	30.225
	Other receivables	9.653	44.934
	Prepayments	33.043	13.741
	Total receivables	**402.331**	**391.017**
	Cash	**118.494**	**183.652**
	Total current assets	**1.150.091**	**1.098.084**
	Total assets	**2.490.996**	**2.074.854**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.24 EUR	31.12.23 EUR
	Share capital	6.704	6.704
	Reserve for development costs	1.031.693	734.247
	Retained earnings	-106.173	238.553
	Total equity	**932.224**	**979.504**
	Provisions for deferred tax	37.099	54.695
	Total provisions	**37.099**	**54.695**
8	Other payables	30.017	29.140
8	Deferred income	1.873	0
	Total long-term payables	**31.890**	**29.140**
8	Short-term part of long-term payables	47.493	46.869
	Payables to other credit institutions	1.267.823	730.375
	Trade payables	149.065	203.289
	Other payables	25.402	30.982
	Total short-term payables	**1.489.783**	**1.011.515**
	Total payables	**1.521.673**	**1.040.655**
	Total equity and liabilities	**2.490.996**	**2.074.854**

9 Contingent liabilities
10 Charges and security

Statement of changes in equity

Figures in EUR	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	6.704	295.908	644.508	100.000
Dividend paid	0	0	0	-100.000
Tax on changes in equity	0	-123.634	0	0
Transfers to/from other reserves	0	561.973	-438.339	0
Net profit/loss for the year	0	0	32.384	0
Balance as at 31.12.23	6.704	734.247	238.553	0
Statement of changes in equity for 01.01.24 - 31.12.24				
Balance as at 01.01.24	6.704	734.247	238.553	0
Tax on changes in equity	0	-83.895	0	0
Transfers to/from other reserves	0	381.341	-297.446	0
Net profit/loss for the year	0	0	-47.280	0
Balance as at 31.12.24	6.704	1.031.693	-106.173	0

	2024 EUR	2023 EUR

1. Staff costs

	2024 EUR	2023 EUR
Wages and salaries	487.624	416.431
Pensions	41.000	19.743
Other social security costs	6.519	6.182
Other staff costs	989	1.617
Total	536.132	443.973
Average number of employees during the year	7	6

2. Income from equity investments in group enterprises

	2024 EUR	2023 EUR
Share of profit or loss of group enterprises	216	3.696

3. Financial income

	2024 EUR	2023 EUR
Interest, group enterprises	2.291	2.275
Other interest income	1.045	1.134
Total	3.336	3.409

4. Intangible assets

Figures in EUR	Completed development projects	Development projects in progress
Cost as at 01.01.24	47.463	894.671
Additions during the year	0	390.833
Cost as at 31.12.24	47.463	1.285.504
Amortisation and impairment losses as at 01.01.24	-791	0
Amortisation during the year	-9.492	0
Amortisation and impairment losses as at 31.12.24	-10.283	0
Carrying amount as at 31.12.24	37.180	1.285.504
Carrying amount of assets held under finance leases as at 31.12.24	0	0

5. Property, plant and equipment

Figures in EUR	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	21.754	52.343
Cost as at 31.12.24	21.754	52.343
Depreciation and impairment losses as at 01.01.24	-21.754	-47.596
Depreciation during the year	0	-2.424
Depreciation and impairment losses as at 31.12.24	-21.754	-50.020
Carrying amount as at 31.12.24	0	2.323

6. Equity investments

Figures in EUR	Equity investments in group enterprises	Equity investments in associates
Cost as at 01.01.24	5.378	15.000
Cost as at 31.12.24	5.378	15.000
Revaluations as at 01.01.24	-373	0
Impairment losses during the year	0	-15.000
Net profit/loss from equity investments	216	0
Revaluations as at 31.12.24	-157	-15.000
Carrying amount as at 31.12.24	5.221	0

Name and registered office:	Ownership interest
Subsidiaries:	
The Pedal Zone ApS, Aarhus	100%
Associates:	
KMA Audio Machines UG & Co KG, Berlin	49%

7. Other non-current financial assets

Figures in EUR	Deposits
Cost as at 01.01.24	10.677
Cost as at 31.12.24	10.677
Carrying amount as at 31.12.24	10.677

8. Long-term payables

Figures in EUR	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Subordinate loan capital	46.869	0	46.869	46.869
Other payables	0	29.140	30.017	29.140
Deferred income	624	0	2.497	0
Total	47.493	29.140	79.383	76.009

9. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 6-22 months and total lease payments of EUR 26k.

Recourse guarantee commitments

The company has provided a guarantee whereby the guarantor assumes primary liability for associates' debt to credit institutions. The guarantee is unlimited. The associates' debt to the credit institutions concerned amounts to EUR 147k at the balance sheet date.

10. Charges and security

As security for debt to credit institutions in total EUR 1.268k, a company charge of EUR 1,075k has been provided comprising goodwill, intellectual property rights, never registrered motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is EUR 2.194k.

11. 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.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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 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 Euro (EUR).

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, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

11. Accounting policies - continued -

LEASES

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

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined 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 rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw

11. Accounting policies - continued -

materials and consumables to the extent that these do not exceed normal write-downs.

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, amortisation and impairment losses

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

	Useful lives, years	Residual value EUR
Completed development projects	5	
Leasehold improvements	3	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

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

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

11. Accounting policies - continued -

Income from equity investments in group entreprises and associates

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 and associates also comprises gains and losses on the sale of equity investments.

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

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.

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

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

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment of investments at a lower recoverable amount and write-downs of financial current assets at a lower net realisable value.

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.

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.

11. Accounting policies - continued -

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

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

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

11. Accounting policies - continued -

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, amortisation 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.

Equity investments in group entreprises and associates

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, and reference is made to the 'Equity method' section for further details.

Equity investments in associates

Equity investments in associates are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Equity 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,

11. Accounting policies - continued -

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

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 and amortisation.

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.

If dividends are distributed on equity investments in associates exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

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.

11. 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.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

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

Cash

Cash includes deposits in bank account.

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.

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.

11. Accounting policies - continued -

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

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.

11. Accounting policies - continued -

Payables

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

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.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.