# Danrec A/S

Vandværksvej 5, 7470 Karup J

Company reg. no. 16 17 17 00

**Annual report** 

1 January - 31 December 2019



The annual report has been submitted and approved by the general meeting on the 26/3 2020

Detlev Soppert Chairman of the meeting

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#### Notes:

- $\bullet \ \ \text{To ensure the greatest possible applicability of this document, British English terminology has been used. }$
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

# **Management's report**

The board of directors and the executive board have today presented the annual report of Danrec A/S for the financial year 1 January to 31 December 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Karup J, 2 March 2020

#### **Executive board**

Peter Aarup Dahse Detlev Soppert

#### **Board of directors**

Peter Adam Martin Andreas Gruner Karsten Panow

#### Independent auditor's report on extended review

#### To the shareholder of Danrec A/S

#### **Opinion**

We have performed extended review of the annual accounts of Danrec A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We performed the extended review in accordance with the standard from the Danish Business Authority applicable on auditor's reports to small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable on extended review of annual accounts prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the extended review of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### Auditor's responsibilities for the extended review of the annual accounts

Our responsibility is to express an opinion on the annual accounts. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the annual accounts. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

Independent auditor's report on extended review

An extended review comprises procedures primarily comprising inquiries to the management and to

other persons within the enterprise when appropriate, analytical procedures, and the particularly required

additional procedures along with an evaluation of the achieved audit evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and

consequently, we do not express any audit opinion on the annual accounts.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any

kind of assurance opinion on the management's review.

In connection with our extended review of the annual accounts, our responsibility is to read the

management's review and in that connection consider whether the management's review is materially

inconsistent with the annual accounts or our knowledge obtained during the extended review, or whether

it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the

information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with

the annual accounts and that it has been prepared in accordance with the requirements of the Danish

Financial Statements Act. We did not find any material misstatement in the management's review.

Viborg, 2 March 2020

**Ullits & Winther** 

State Authorised Public Accountants

Company reg. no. 32 09 32 72

Bo Skårup Sørensen

State Authorised Public Accountant

mne29531

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# Company data

The company Danrec A/S

Vandværksvej 5 7470 Karup J

Company reg. no. 16 17 17 00 Established: 1 March 1992

Domicile: Viborg Municipality
Financial year: 1 January - 31 December

**Board of directors** Peter Adam

Martin Andreas Gruner

Karsten Panow

**Executive board** Peter Aarup Dahse

**Detley Soppert** 

**Auditors** Ullits & Winther

Statsautoriseret Revisionspartnerselskab

Agerlandsvej 1 8800 Viborg

Parent company DAW Beteiligungs GmbH

# Management's review

### The principal activities of the company

Like previous years, the principal activity is the treatment of regranulates with output in the shape of finished plates.

# Development in activities and financial matters

The profit and loss account covers the period 1 January to 31 December 2019 and shows a result of DKK 1.743.364 against a result of DKK 2.658.178 last year. The balance sheet shows equity of DKK 9.182.960.

The management finds the result satisfactory.

The annual report for Danrec A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

#### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

#### Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

#### Income statement

#### **Gross profit**

The gross profit comprises the net turnover, changes in inventories, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

#### Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

#### Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

#### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

#### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year.

#### The balance sheet

#### **Tangible fixed assets**

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Buildings	30 years
Technical plants and machinery	3-22 years
Other plants, operating assets, fixtures and furniture	3-6 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

#### **Leasing contracts**

Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

#### Writedown of fixed assets

The book values of tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

#### **Inventories**

Inventories are measured at cost. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

#### **Debtors**

Debtors are measured at face value. In order to meet expected losses, writedown takes place at the net realisable value.

#### Available funds

Available funds comprise cash at bank and in hand.

#### Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

#### Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

# Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

# **Profit and loss account 1 January - 31 December**

All amounts in DKK.

Note	<u> </u>	2019	2018
	Gross profit	8.951.966	9.002.365
1	Staff costs	-5.480.420	-4.145.500
	Depreciation and writedown relating to tangible fixed assets	-906.483	-1.089.333
	Results before net financials	2.565.063	3.767.532
	Financial income	0	14.519
2	Other financial costs	-350.761	-371.873
	Results before tax	2.214.302	3.410.178
3	Tax on ordinary results	-490.000	-752.000
	Results for the year	1.724.302	2.658.178
	Proposed distribution of the results:		
	Allocated to results brought forward	1.724.302	2.658.178
	Distribution in total	1.724.302	2.658.178

# **Balance sheet 31 December**

All amounts in DKK.

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Note	<u>e</u>	2019	2018
	Fixed assets		
4	Land and property	5.167.936	5.278.992
4	Production plant and machinery	4.253.077	4.836.487
4	Other plants, operating assets, and fixtures, and furniture	3.186	8.472
4	Tangible assets under construction and prepayments for tangible assets	432.349	41.256
	Tangible fixed assets in total	9.856.548	10.165.207
	Fixed assets in total	9.856.548	10.165.207
	Current assets		
	Raw materials and consumables	1.360.781	1.474.346
	Manufactured goods and trade goods	5.953.456	6.450.296
	Inventories in total	7.314.237	7.924.642
	Trade debtors	2.675.719	2.405.850
	Amounts owed by group enterprises	125.657	150.962
	Deferred tax assets	672.000	1.162.000
	Other debtors	144.832	199.840
	Debtors in total	3.618.208	3.918.652
	Available funds	1.934.550	18.771
	Current assets in total	12.866.995	11.862.065
	Assets in total	22.723.543	22.027.272

# **Balance sheet 31 December**

All amounts in DKK.

	Equity and liabilities		
Not	<u>e</u>	2019	2018
	Equity		
	Contributed capital	500.000	500.000
5	Results brought forward	8.663.898	6.939.595
	Equity in total	9.163.898	7.439.595
	Liabilities		
	Debt to group enterprises	10.992.214	12.198.567
	Other debts	203.888	0
7	Long-term liabilities in total	11.196.102	12.198.567
	Bank debts	0	5.874
	Trade creditors	1.113.310	1.131.970
	Debt to group enterprises	450.025	238.159
	Other debts	769.968	1.013.107
	Accrued expenses and deferred income	30.240	0
	Short-term liabilities in total	2.363.543	2.389.110
	Liabilities in total	13.559.645	14.587.677
	Equity and liabilities in total	22.723.543	22.027.272

# **8** Contingencies

# Notes

All amounts in DKK.

		2019	2018
1.	Staff costs		
	Salaries and wages	4.685.178	3.531.852
	Pension costs	701.672	534.900
	Other costs for social security	93.570	78.748
		5.480.420	4.145.500
	Average number of employees	12	9
2.	Other financial costs		
	Financial costs, group enterprises	343.019	370.116
	Other financial costs	7.742	1.757
		350.761	371.873
3.	Tax on ordinary results		
	Adjustment for the year of deferred tax	490.000	752.000
		490.000	752.000

**5.** 

All amounts in DKK.

# 4. Tangible fixed assets

	Land and property	Production plant and machinery	Other plants, operating assets, and fixtures, and furniture	Tangible assets under construction and prepayments for tangible assets
Cost primo	5.827.367	14.626.511	1.778.748	41.256
Additions	72.633	134.098	0	391.093
Cost closing balance	5.900.000	14.760.609	1.778.748	432.349
Depreciation and				
writedown primo	548.375	9.790.024	1.770.276	0
Depreciation of the year	183.689	717.508	5.286	0
Depreciation and				
writedown closing balance	732.064	10.507.532	1.775.562	0
Book value closing				
balance	5.167.936	4.253.077	3.186	432.349
Results brought forward				
Results brought forward open	ing balance		6.939.596	4.281.417
Retained earnings or loss of the			1.724.302	2.658.178
			8.663.898	6.939.595

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All amounts in DKK.

7.	Liabilities	Short-term	Long-term	Outstanding
			0	0
	Distributed dividend		0	-3.800.000
	Dividend opening balance		0	3.800.000
6.	Proposed dividend for the financial year			
			31/12 2019	31/12 2018

	Debt in total 31 Dec 2019	Short-term part of long- term liabilities	Long-term debt 31 Dec 2019	Outstanding debt after 5 years
Debt to group enterprises	10.992.214	0	10.992.214	0
Other debts	203.888	0	203.888	0
	11.196.102	0	11.196.102	0

### 8. Contingencies

# **Contingent liabilities**

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 95k. The leasing contracts have 28 months left to run, and the total outstanding leasing payment is DKK 322k.

The usual guarantee liabilities as to goods and services rest upon the company.