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# ***Monarch A/S***

c/o SSP Denmark A/S, Lufthavnsboulevard 14, 1.,  
DK-2770 Kastrup

## **Annual Report for 1 October 2017 - 30 September 2018**

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CVR No 18 06 89 82

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
7 /2 2019

Morten Solberg Nilsen  
Chairman

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Monarch A/S for the financial year 1 October 2017 - 30 September 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2018 of the Company and of the results of the Company operations for 2017/18.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kastrup, 7 February 2019

## **Executive Board**

Morten Solberg Nilsen

## **Board of Directors**

Nicholas Stuart Inkster  
Chairman

Omar Attar

Morten Solberg Nilsen

# Independent Auditor's Report

To the Shareholder of Monarch A/S

## Opinion

We have audited the Financial Statements of Monarch A/S for the financial year 1 October 2017 - 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of 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 financial position of the Company at 30 September 2018 and of the results of the Company's operations for the financial year 1 October 2017 - 30 September 2018 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 judgement and maintain professional scepticism throughout the

# Independent Auditor's Report

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.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information re-

# **Independent Auditor's Report**

quired under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

København, 7 February 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab

*CVR No 25 57 81 98*

Morten Høgh-Petersen

statsautoriseret revisor

mne34283

## **Company Information**

### **The Company**

Monarch A/S  
c/o SSP Denmark A/S  
Lufthavnsboulevard 14, 1.  
DK-2770 Kastrup

Telephone: + 45 32 48 32 48

Facsimile: + 45 32 48 32 99

Website: [www.monarch.dk](http://www.monarch.dk)

CVR No: 18 06 89 82

Financial period: 1 October - 30 September

Incorporated: 1 October 1994

Municipality of reg. office: Tårnby

### **Board of Directors**

Nicholas Stuart Inkster, Chairman

Omar Attar

Morten Solberg Nilsen

### **Executive Board**

Morten Solberg Nilsen

### **Auditors**

KPMG

Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

DK-2100 København Ø

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	88.728	104.295	117.413	119.946	128.708
Gross profit/loss	51.623	63.792	58.155	53.985	59.164
Profit/loss before financial income and expenses	10.286	16.197	7.406	372	2.746
Net profit/loss for the year	9.368	16.819	7.583	3.040	1.887
<b>Balance sheet</b>					
Balance sheet total	131.610	127.740	104.055	100.818	104.884
Equity	79.736	70.368	53.549	45.966	42.926
Investment in property, plant and equipment	-1.791	-1.871	-1.712	-2.181	-2.391
Number of employees	123	113	132	161	181
<b>Ratios</b>					
Gross margin	58,2%	61,2%	49,5%	45,0%	46,0%
Profit margin	11,6%	15,5%	6,3%	0,3%	2,1%
Solvency ratio	60,6%	55,1%	51,5%	45,6%	40,9%
Return on equity	12,5%	27,1%	15,2%	6,8%	4,7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management's Review

## Main activity

The company's activity is the operation of restaurants along the motorway network and the operation of catering activities in Aarhus Airport and the Tax Free shop in Aarhus Airport. Most of the restaurants are run under the name of Monarch, others under the name of Milestone. The company currently operates 16 units in Denmark.

Most of the restaurants are operated from rented premises, while some are run from owned premises on rented grounds.

Monarch's business proposition is to operate a profitable restaurant chain, which is recognised as the most popular people's favourite eatery along the highways.

## Development in the year

The income statement of the Company for 2017/18 shows a profit of TDKK 9,368, and at 30 September 2018 the balance sheet of the Company shows equity of TDKK 79,736.

## Targets and expectations for the year ahead

It is expected that the company's total activities in the coming year will develop positively, as loss-making units are being shut down or divested. Likewise, a positive effect is expected of the increased traffic on the motorway network.

## Research and development

The company does not carry out systematic research, but it continuously adjusts its own products and the business concepts in the individual sales outlets. Costs related to this are expensed on an ongoing basis.

## External environment

In connection with an ever-increasing focus on the surrounding environment, the company has continuously exchanged individual refrigeration plants and, for example, joined the Copenhagen Airport A / S central refrigeration plant. Furthermore, the company focuses on continuously replacing incandescent bulbs for LEDs.

We carry out our activities with a high focus on our environment and stakeholders and with constant focus on minimizing the environmental impacts of our business. At present, group policy is followed as local Danish policies have not been introduced with regard to our impact on the climate, human rights and the environment in general.

'Statutory statement on climate, environment and human rights, cf. the Danish Financial Statements Act, is included in the consolidated financial statements published by the company's ultimate owner SSP Group plc in the Group's annual report for 2016/17. The Group's report can be found on the website: <http://www.foodtravelexperts.com/international/sustainability/>

# **Management's Review**

## **Intellectual capital resources**

It is essential for Monarch A/S's continued operations to attract and retain well-trained staff who understand how best to service our guests. In this connection, the company offers both internal and external training programs.

## **Statement of corporate social responsibility**

The company wishes to develop its core business and meet its new strategic challenges in an economically and socially sound manner.

In connection with recruitment, gender, age and cultural backgrounds are ignored, as emphasis is placed on the right skills, and if they are present, there is equal opportunity for all. We do not compile reports about employees' backgrounds, so we are unable to report on this.

Food safety and quality are essential for Monarch A/S. There is increasing focus on quality, food safety and product hygiene from various sources, including guests, the press and authorities. Thus, as in previous years, considerable amounts have been incurred for hygiene requirements. It is important that all products are produced under the same food safety conditions and under the same quality system, regardless of which restaurant or cafe is involved. The company's self-control program, which guarantees high food safety, is implemented in all our units.

This has resulted in the majority of all units having achieved the company's goal of Elite Smiley.

## Income Statement 1 October - 30 September

	Note	2017/18 TDKK	2016/17 TDKK
<b>Revenue</b>		<b>88.728</b>	<b>104.295</b>
Other operating income		12.092	9.469
Expenses for raw materials and consumables		-23.885	-27.695
Other external expenses		-25.312	-22.277
<b>Gross profit/loss</b>		<b>51.623</b>	<b>63.792</b>
Staff expenses	1	-38.544	-44.122
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2.793	-3.473
<b>Profit/loss before financial income and expenses</b>		<b>10.286</b>	<b>16.197</b>
Financial income	2	2.919	2.180
Financial expenses	3	-1.053	-708
<b>Profit/loss before tax</b>		<b>12.152</b>	<b>17.669</b>
Tax on profit/loss for the year	4	-2.784	-850
<b>Net profit/loss for the year</b>		<b>9.368</b>	<b>16.819</b>

# Balance Sheet 30 September

## Assets

	Note	2017/18 TDKK	2016/17 TDKK
Acquired patents		15	39
<b>Intangible assets</b>	5	<b>15</b>	<b>39</b>
Land and buildings		876	1.682
Other fixtures and fittings, tools and equipment		215	355
Leasehold improvements		4.279	4.297
Property, plant and equipment in progress		173	0
<b>Property, plant and equipment</b>	6	<b>5.543</b>	<b>6.334</b>
Investments in subsidiaries	7	306	306
<b>Fixed asset investments</b>		<b>306</b>	<b>306</b>
<b>Fixed assets</b>		<b>5.864</b>	<b>6.679</b>
<b>Inventories</b>		<b>1.591</b>	<b>2.015</b>
Trade receivables		9.215	10.957
Receivables from group enterprises		111.847	102.356
Other receivables		631	2.132
Deferred tax asset	11	1.166	1.878
Prepayments	8	324	734
<b>Receivables</b>		<b>123.183</b>	<b>118.057</b>
<b>Cash at bank and in hand</b>		<b>972</b>	<b>989</b>
<b>Currents assets</b>		<b>125.746</b>	<b>121.061</b>
<b>Assets</b>		<b>131.610</b>	<b>127.740</b>

# Balance Sheet 30 September

## Liabilities and equity

	Note	2017/18 TDKK	2016/17 TDKK
Share capital		501	501
Reserve for net revaluation under the equity method		49	49
Retained earnings		79.186	69.818
<b>Equity</b>	9	<b>79.736</b>	<b>70.368</b>
Other provisions	12	1.857	1.857
<b>Provisions</b>		<b>1.857</b>	<b>1.857</b>
Trade payables		8.319	11.211
Payables to group enterprises		35.167	34.818
Corporation tax		0	6.626
Payables to group enterprises relating to corporation tax		2.072	0
Other payables		4.459	2.860
<b>Short-term debt</b>		<b>50.017</b>	<b>55.515</b>
<b>Debt</b>		<b>50.017</b>	<b>55.515</b>
<b>Liabilities and equity</b>		<b>131.610</b>	<b>127.740</b>
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
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## Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	501	49	69.818	70.368
Net profit/loss for the year	0	0	9.368	9.368
<b>Equity at 30 September</b>	<b>501</b>	<b>49</b>	<b>79.186</b>	<b>79.736</b>

# Notes to the Financial Statements

	2017/18	2016/17
	TDKK	TDKK
<b>1 Staff expenses</b>		
Wages and salaries	34.461	40.359
Pensions	3.554	3.904
Other social security expenses	291	66
Other staff expenses	238	-207
	<u>38.544</u>	<u>44.122</u>
<b>Average number of employees</b>	<u>123</u>	<u>113</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p> <p>The company's management team is subject to a constant bonus scheme under which the criteria for payment is the development in revenue and profit before depreciation (EBITDA) in relation to the budget.</p>		
<b>2 Financial income</b>		
Interest received from group enterprises	2.272	1.863
Other financial income	446	256
Exchange adjustments	201	61
	<u>2.919</u>	<u>2.180</u>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	721	700
Other financial expenses	91	0
Exchange adjustments, expenses	241	8
	<u>1.053</u>	<u>708</u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	2.072	3.257
Deferred tax for the year	712	661
Adjustment of tax concerning previous years	0	1.116
Adjustment of deferred tax concerning previous years	0	-4.184
	<u>2.784</u>	<u>850</u>

## Notes to the Financial Statements

### 5 Intangible assets

	Acquired pa- tents
	<u>TDKK</u>
Cost at 1 October	193
Additions for the year	<u>16</u>
Cost at 30 September	<u>209</u>
Impairment losses and amortisation at 1 October	154
Amortisation for the year	<u>40</u>
Impairment losses and amortisation at 30 September	<u>194</u>
<b>Carrying amount at 30 September</b>	<b><u>15</u></b>

### 6 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Cost at 1 October	13.093	21.432	24.358	0
Additions for the year	<u>0</u>	<u>3</u>	<u>1.788</u>	<u>173</u>
Cost at 30 September	<u>13.093</u>	<u>21.435</u>	<u>26.146</u>	<u>173</u>
Impairment losses and depreciation at 1 October	11.411	21.077	20.061	0
Depreciation for the year	<u>806</u>	<u>143</u>	<u>1.806</u>	<u>0</u>
Impairment losses and depreciation at 30 September	<u>12.217</u>	<u>21.220</u>	<u>21.867</u>	<u>0</u>
<b>Carrying amount at 30 September</b>	<b><u>876</u></b>	<b><u>215</u></b>	<b><u>4.279</u></b>	<b><u>173</u></b>



## Notes to the Financial Statements

	2017/18 TDKK	2016/17 TDKK
<b>7 Investments in subsidiaries</b>		
Cost at 1 October	257	257
Cost at 30 September	257	257
Value adjustments at 1 October	49	49
Value adjustments at 30 September	49	49
<b>Carrying amount at 30 September</b>	<b>306</b>	<b>306</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Motorvejscenter- selskabet af 1990 A/S	København	TDKK 500	50%	611	0

The most recent published annual report for Motorvejscenterselskabet af 1990 A/S is from 2017, the figures above are based on this.

## 8 Prepayments

Prepayments consist of prepaid expenses concerning next financial year.

# Notes to the Financial Statements

## 9 Equity

The share capital consists of 501 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 October	501	501	501	500	500
Capital increase	0	0	0	1	0
Capital decrease	0	0	0	0	0
<b>Share capital at 30 September</b>	<b>501</b>	<b>501</b>	<b>501</b>	<b>501</b>	<b>500</b>

## 10 Distribution of profit

	2017/18	2016/17
	TDKK	TDKK
Retained earnings	9.368	16.819
	<b>9.368</b>	<b>16.819</b>

## 11 Deferred tax asset

Deferred tax asset at 1 October	1.878	-1.645
Amounts recognised in the income statement for the year	-712	-661
Amounts recognised in equity for the year	0	4.184
<b>Deferred tax asset at 30 September</b>	<b>1.166</b>	<b>1.878</b>

## 12 Other provisions

Other provisions consist of reestablishment expenses.

Other provisions	1.857	1.857
	<b>1.857</b>	<b>1.857</b>

## Notes to the Financial Statements

	<u>2017/18</u>	<u>2016/17</u>
	TDKK	TDKK
<b>13 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	4.356	6.450
Between 1 and 5 years	7.164	4.496
After 5 years	<u>7.015</u>	<u>4.069</u>
	<b><u>18.535</u></b>	<b><u>15.015</u></b>
<b>Guarantee obligations</b>		
Ordinary bank guarantees provide for landlords and Vejdirektoratet.	2.392	2.392

### Other contingent liabilities

The Group's companies are jointly and severally liable for tax on the group's jointly taxed income. The total tax liability is disclosed in the annual report of SSP Denmark Financing ApS as the management company of the joint taxation group. The group companies are jointly and severally liable for the payments of income taxes as well as withholding taxes on dividends, royalties and interest. Potential changes to the income taxes or withholding taxes might lead to the company's liability being a higher amount.

## 14 Related parties

### Basis

#### Controlling interest

SSP Denmark Financing ApS,  
Lufthavnsboulevarden 14, 1., 2770 Kastrup,  
Danmark

Parent company

#### Other related parties

Other enterprises within the SSP Group Plc.

# Notes to the Financial Statements

## 14 Related parties (continued)

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Purchase of services from a subsidiary FY 18: TDKK 1.782

Payables to associates and subsidiaries are disclosed in the balance sheet, and expensed interest is disclosed in note 2 and 3.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of:

Name	Place of registered office
SSP Group Plc.	England

The Group Annual Report of SSP Group Plc. may be obtained at the following address:

169 Euston Road, NW1 2AE London, England

# Notes to the Financial Statements

## 15 Accounting Policies

The Annual Report of Monarch A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017/18 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of SSP Group Plc., the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation and impairment losses .

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Leases

All other leases are considered operational leases. Services relating to operating leases and other lease agreements are recognized in the income statement over the term of the contract. The company's total liability relating to operating leases and lease agreements is disclosed under contingent liabilities.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Net sales represent invoiced and delivered sales excluding VAT.

The Annual Report excludes segment information pursuant to section 96 of the Danish Financial Statements Act, as the company is assessed to contain only one business segment and the geographical segments are considered not to deviate significantly.

### Expenses for raw materials and consumables

Consumption of goods is recognised corresponding to the net sales of the year.

### Other external expenses

Other external expenses comprise expenses for administration, rent and operating equipment, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses for employees at the sale places, administration and management.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Income from investments in subsidiaries

In the income statement, the proportionate share of the individual subsidiaries' profit before tax is recognised after full elimination of internal gains / losses and deduction of depreciation on group goodwill. The share of subsidiaries' tax and extraordinary items are recognised under tax on ordinary result and extraordinary profit after tax.

### Financial income and expenses

Financial income and expenses include interest, gains and losses on receivables, debts and transactions in foreign currency. Additionally, profit is included in the sale of financial fixed assets.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with 100% owned Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Intangible assets are amortised over 3-5 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	3-20	years	
Other fixtures and fittings, tools and equipment			10 år/ rent period
Leasehold improvements	Rent period		

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

### **Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If there are indications of impairment, impairment tests are made for each asset or group of assets. Write-downs are made at the recoverable amount, if this is lower than the carrying amount.

As the recoverable amount, the highest value of net selling price and capitalised value is used. The capitalised value is calculated as the present value of the expected net cash flows from the use of the asset or asset group.

### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

### **Receivables**

Receivables are measured at amortized cost. Write-downs are made to meet expected losses after an individual assessment of receivables.

### **Prepayments**

Prepayments comprise prepaid expenses concerning expenses for the next financial year.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Provisions**

Provisions include obligations to reestablish leased premises.



# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Deferred tax assets and liabilities

Deferred tax is measured using the balance sheet liability method in respect of temporary differences between the financial reporting purpose and tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to taxable non-amortization goodwill and other items where temporary differences - other than business transfers - arose at the time of acquisition without affecting profit or taxable income. In cases where the calculation of the tax value can be made under alternative taxation rules, deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the value to which they are expected to be used either by settlement in tax on future earnings or by offsetting in deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

SSP Denmark Financing ApS, as a management company, assumes the liability for corporate taxation of jointly taxed companies to the tax authorities as they pay joint taxation contributions to SSP Denmark Financing ApS

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Payable and receivable joint taxation contributions are recognized in the balance sheet as "Receivable corporate income tax" or "Payable corporation income tax".

### Financial debts

Financial liabilities, which include debt to credit institutions, trade payables and debts to affiliated companies, are recognised at cost, corresponding to the proceeds received after deduction of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortized cost.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Notes to the Financial Statements

### 15 Accounting Policies (continued)

#### Financial Highlights

##### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$