

# Krone Finans A/S

c/o Krone Scanbalt A/S, Kilen 5, Bovmark, 6330 Padborg

CVR no. 20 60 12 48



## Annual report 2015/16

Approved at the annual general meeting of shareholders on 8 December 2016

Chairman:



Building a better  
working world



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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Krone Finans A/S for the financial year 1 August 2015 - 31 July 2016.

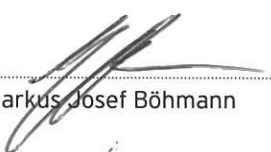
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 July 2016 and of the results of the Company's operations for the financial year 1 August 2015 - 31 July 2016.


Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Padborg, 16 September 2016  
Executive Board:

  
Markus Josef Böhm  
Brian Retzlaff

Board of Directors:

  
Alfons Josef Veer  
Chairman  
Hubert August Börger  
Aloysius Schnelte

## **Independent auditors' report**

To the shareholders of Krone Finans A/S

### **Independent auditors' report on the financial statements**

We have audited the financial statements of Krone Finans A/S for the financial year 1 August 2015 - 31 July 2016, which comprise an 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.

### **Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 July 2016 and of the results of its operations for the financial year 1 August 2015 - 31 July 2016 in accordance with the Danish Financial Statements Act.

### **Statement on the Management's review**

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aabenraa, 16 September 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28

  
Jon Midtgaard  
State Authorised Public Accountant



## Management's review

### Company details

Name	Krone Finans A/S
Address, Postal code, City	c/o Krone Scanbalt A/S, Kilen 5, Bovmark, 6330 Padborg
CVR No.	20 60 12 48
Established	1 January 1998
Registered office	Aabenraa
Financial year	1 August 2015 - 31 July 2016
Board of Directors	Alfons Josef Veer, Chairman Hubert August Börger Aloysius Schnelte
Executive Board	Markus Josef Böhmman Brian Retzlaff
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

## **Management's review**

### **Operating review**

#### **The Company's business review**

The company carries out investment and financing activities.

The company finances trailers primarily supplied by Fahrzeugwerk Bernard Krone GmbH & Co. KG, Werlte, Germany.

The company's customers comprise haulage companies and trailer rental companies in Scandinavia, Germany and the Baltic countries.

#### **Financial review**

The result of the year shows a profit of DKKt 14,365. The profit for the year is considered to be satisfactory.

#### **Post balance sheet events**

No significant events have occurred subsequent to the financial year.

#### **Outlook**

In financial year 2016/17 a reduced positive result is expected.

## Financial statements for the period 1 August 2015 - 31 July 2016

### Income statement

Note	DKK'000	2015/16	2014/15
	Revenue	27,202	37,473
	Other external expenses	-1,458	-1,645
	Gross profit	25,744	35,828
2	Financial income	55	88
3	Financial expenses	-7,382	-13,482
	Profit before tax	18,417	22,434
4	Tax for the year	-4,052	-5,272
	Profit for the year	14,365	17,162
	Proposed profit appropriation		
	Retained earnings	14,365	17,162
		14,365	17,162

## Financial statements for the period 1 August 2015 - 31 July 2016

### Balance sheet

Note	DKK'000	2015/16	2014/15
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
5	<b>Investments</b>		
	Receivables from group entities	222,570	162,836
	Lease receivables	1,098,557	1,165,258
		<u>1,321,127</u>	<u>1,328,094</u>
	<b>Total non-current assets</b>	<u>1,321,127</u>	<u>1,328,094</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
	Trade receivables	9,974	8,423
	Receivables from group entities	0	828
	Other receivables	457	1,498
		<u>10,431</u>	<u>10,749</u>
	<b>Cash</b>	<u>39,974</u>	<u>82,313</u>
	<b>Total current assets</b>	<u>50,405</u>	<u>93,062</u>
	<b>TOTAL ASSETS</b>	<u>1,371,532</u>	<u>1,421,156</u>



## Financial statements for the period 1 August 2015 - 31 July 2016

### Balance sheet

Note	DKK'000	2015/16	2014/15
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
6	Share capital	50,000	50,000
	Retained earnings	185,105	170,740
	<b>Total equity</b>	<b>235,105</b>	<b>220,740</b>
	<b>Liabilities other than provisions</b>		
7	<b>Non-current liabilities other than provisions</b>		
	Lease liabilities	699,795	809,206
		<b>699,795</b>	<b>809,206</b>
	<b>Current liabilities other than provisions</b>		
7	Current portion of long-term lease liabilities	399,120	356,504
	Trade payables	31,218	29,211
	Payables to group entities	381	110
	Income taxes payable	4,052	5,272
	Other payables	1,861	113
		<b>436,632</b>	<b>391,210</b>
	<b>Total liabilities other than provisions</b>	<b>1,136,427</b>	<b>1,200,416</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,371,532</b>	<b>1,421,156</b>
1	Accounting policies		
8	Contractual obligations and contingencies, etc.		
9	Related parties		

## Financial statements for the period 1 August 2015 - 31 July 2016

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 August 2015	50,000	170,740	220,740
Profit/loss for the year	0	14,365	14,365
Equity at 31 July 2016	50,000	185,105	235,105

## Financial statements for the period 1 August 2015 - 31 July 2016

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Krone Finans A/S for 2015/16 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The layout of the income statement has been adjusted to the company's activities thus incorporating interest of lease receivables into the revenue.

#### Reporting currency

The financial statements are presented in Danish kroner.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

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

#### Leases

Assets held under finance leases, where the customer bears all substantial risks and rewards in connection with the ownership (finance lease), are recognized in the balance sheet as lease receivables and are measured at amortized cost, i.e. at the net present value of the future lease payments from the leasing contracts. The discount factor is the effective rate of interest implicit in the individual lease or lease portfolio. Write-down is made for anticipated losses.

Lease receivables concerning assets held under finance leases are recognized in the balance sheet as non-current assets.

### Income statement

#### Revenue

Revenue comprises the accrued interest received on lease receivables concerning finance leasing.

Revenue is measured as the current value of the payment agreed excl. VAT and other indirect taxes charged on behalf of third parties. All forms of discounts granted are recognised in the revenue.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, etc.

## Financial statements for the period 1 August 2015 - 31 July 2016

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest of receivables, cash at bank and in hand, amount owed as well as exchange rate adjustment hereof.

Interest of finance lease receivables is however recognized in the revenue.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on individually basis.

##### Cash at hand and in bank

Cash at hand and in bank comprises cash balances and bank balances.

##### Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting profit/loss for the year or taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Financial statements for the period 1 August 2015 - 31 July 2016

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and amounts owed to group enterprises are recognized at the date of borrowing at cost, equivalent to the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are recognized at amortized cost.

Other liabilities are measured at net realisable value.

##### Lease liabilities

The company refinances at leasing companies.

Leasing contracts concerning assets, where the company bears all substantial risks and reward in connection with the ownership (finance lease), are measured on initial recognition in the balance sheet to the lower value of fair value and net present value of the future lease payments. Calculation of the net present value is based on the internal interest rate of the leasing contract or the alternative interest rate of a loan as discount factor.

The capitalized outstanding lease liabilities are recognized in the balance sheet as a liability, and the interest payable during the term of the contracts is recognized in the income statement under interest expense.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

DKK'000		2015/16	2014/15
<b>2</b>	<b>Financial income</b>		
	Interest receivable, group entities	33	84
	Other financial income	22	4
		<u>55</u>	<u>88</u>
<b>3</b>	<b>Financial expenses</b>		
	Interest expenses, group entities	0	301
	Other financial expenses	7,382	13,181
		<u>7,382</u>	<u>13,482</u>
<b>4</b>	<b>Tax for the year</b>		
	Estimated tax charge for the year	4,052	5,272
		<u>4,052</u>	<u>5,272</u>

## Financial statements for the period 1 August 2015 - 31 July 2016

### Notes to the financial statements

#### 5 Investments

Portion of receivables from group entities with maturity within one year amounts to DKKt 44,744 (2014/15: DKKt 31,574).

Portion of lease receivables with maturity within one year amounts to DKKt 354,376 (2014/15: Dkk 324,930).

Lease receivables further include lease to group enterprises with DKKt 1,025,165 (2014/15: DKKt 991,634).

#### 6 Share capital

The share capital consists of the following:

20,000 shares of DKK 1,000.00 each	20,000	20,000
29 shares of DKK 1,000,000.00 each	29,000	29,000
2 shares of DKK 500,000.00 each	1,000	1,000
	<u>50,000</u>	<u>50,000</u>

Analysis of changes in the share capital over the past 5 years:

DKK'000	2015/16	2014/15	2013/14	2012/13	2011/12
Opening balance	50,000	20,000	20,000	20,000	20,000
Capital increase	0	30,000	0	0	0
	<u>50,000</u>	<u>50,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

In connection with the capital increase in 2014/15, the Company incurred expenses totalling DKKt 13.

#### 7 Long-term liabilities

Of the long-term liabilities other than provision, DKKt 0 (2014/15: tDKK 0) falls due for payment after more than 5 years after the balance sheet date.

#### 8 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with other Danish group enterprises. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes, withholding tax on dividends etc. The net liability of the jointly taxation towards TAX is shown in the financial statement of the administration company (Krone Scanbalt A/S, CVR no. 20 00 32 86). Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail that the companies' liability will increase.

##### Other financial obligations

As security for lease liabilities, lease institutions hold ownership of trailers recognized under lease receivables.

Fahrzeugwerk Bernard Krone GmbH & Co. KG, Werlte, Germany has granted repurchase clause towards the company's credit institutions.

## Financial statements for the period 1 August 2015 - 31 July 2016

### Notes to the financial statements

#### 9 Related parties

Krone Finans A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Fahrzeugwerk Krone Beteiligungs-GmbH	Spelle, Germany	Participating interest

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Bernard Krone Holding SE & Co. KG	Spelle, Germany	Heinrich-Krone-Str. 10, 48480 Spelle, Germany