

Ricoh Capital Danmark A/S

Annual report 2018/19

The annual report was presented and adopted at the
Company's annual general meeting

on _____ 20 ____

chairman

CVR no. 34 07 84 91

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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 Ricoh Capital Danmark A/S for the financial year 1 April 2018 – 31 March 2019.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2019 and of the results of the Company's operations and cash flows for the financial year 1 April 2018 – 31 March 2019.

Further, in our opinion, the Management commentary gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Vallensbæk Strand, 30 August 2019
Executive Board:

Søren Krogh-Nielsen

Board of Directors:

Tim Stuart
Chairman

Nicola Clare Downing

Søren Krogh-Nielsen

Independent auditor's report

To the shareholders of Ricoh Capital Danmark A/S

Opinion

We have audited the financial statements of Ricoh Capital Danmark A/S for the financial year 1 April 2018 – 31 March 2019, which comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by EU and further requirements in the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2019 and of the results of the Company's operations as well as the cash flows for the financial year 1 April 2018 – 31 March 2019 in accordance with the International Financial Reporting Standards as adopted by EU and further requirements in the Danish Financial Statement Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 and the parent company 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management Review

Management is responsible for 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, 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 includes the disclosures required by the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that 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.

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 International Financial Reporting Standards as adopted by EU and further requirements in the Danish Financial Statement Act, and for such internal control as Management determines is necessary to enable the preparation of the 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, 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 as to 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 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 financial statement users taken on the basis of the 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 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

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Independent auditor's report

- 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 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 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.

Copenhagen, 30 August 2019

KPMG

Statsautoriseret Revisionspartnerselskab

Cvr. No 25 57 81 98

Jon Beck
State Authorised
Public Accountant
mne32169

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Management commentary

Company details

Ricoh Capital Danmark A/S
Delta Park 37
2665 Vallensbæk Strand

Telephone:	+45 70 10 67 68
Website:	www.ricoh.dk
E-mail:	info@ricoh.dk
CVR no.:	34 07 84 91
Established:	8 December 2011
Registered office:	Vallensbæk
Financial year:	1 April 2018 – 31 March 2019

Board of Directors

Tim Stuart, chairman
Nicola Clare Downing
Søren Krogh-Nielsen

Executive Board

Søren Krogh-Nielsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 30 August 2019.

Management commentary

Principal activities

Ricoh Capital Danmark A/S is a 100 % owned subsidiary to Ricoh Danmark A/S. The principal activity of the company is to provide leasing arrangements for the parent company's products.

Result of the year

Profit before taxes for the year amounted to DKK 5,147 thousand compared to DKK 4,065 thousand in last year. The result is satisfactory.

Outlook

The leasing activity of the company is expected to increase slightly in future years as activity currently arranged through third party leasing partners by Ricoh Danmark A/S gradually and consequently will be transferred to the Company, thus a strong leasing portfolio is expected to develop over the coming years.

The result for 2019/20 is expected to be at the same level as the result realized in prior years.

Material events after the reporting date

No events have occurred after the reporting date that may significantly affect the annual report.

Financial statements 1 April 2018 – 31 March 2019

Income Statement/Statement of comprehensive income

DKK'000	Note	2018/19	2017/18
Income from lease contracts	4	7,121	6,387
Expenses from lease contracts	5	-244	-230
Other external expenses	6	-1,512	-1,887
Operating profit		5,365	4,270
Financial income	8	0	1
Financial expenses	9	-218	-206
Profit before tax		5,147	4,065
Tax on profit for the year	10	-2,391	-1,001
Profit for the year/total comprehensive income		2,756	3,064

Financial statements 1 April 2018 – 31 March 2019

Statement of financial position

DKK'000	Note	2018/19	2017/18
ASSETS			
Finance lease receivables	4, 11	60,113	53,491
Non-current assets		<u>60,113</u>	<u>53,491</u>
Current assets			
Trade receivables	11	11,418	6,680
Finance lease receivables	4, 11	33,615	28,249
Receivables from group entities		0	497
Current joint tax receivable		0	343
Prepayments		311	566
Current assets		<u>45,344</u>	<u>36,335</u>
TOTAL ASSETS		<u>105,457</u>	<u>89,826</u>
Equity			
Share capital		500	500
Retained earnings		12,103	9,347
Total equity		<u>12,603</u>	<u>9,847</u>
Provisions			
Provisions for deferred tax	13	1,428	297
Total provisions		<u>1,428</u>	<u>297</u>
Current liabilities other than provisions			
Loans and borrowings		84,009	79,172
Trade payables		1,592	157
Payables to group entities		4,942	0
Other payables		833	297
Deferred income		50	56
Current liabilities		<u>91,426</u>	<u>79,682</u>
Total liabilities other than provisions		<u>92,854</u>	<u>79,979</u>
TOTAL EQUITY AND LIABILITIES		<u>105,457</u>	<u>89,826</u>

Financial statements 1 April 2018 – 31 March 2019

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2018	500	9,347	9,847
Cumulative effects of changes in accounting policies	0	0	0
Opening balance reflecting changes in accounting policies	500	9,347	9,847
Comprehensive income in 2018/19			
Profit for the year	0	2,756	2,756
Total comprehensive income for the period	0	2,756	2,756
Equity at 31 March 2019	500	12,103	12,603
Equity at 1 April 2017	500	6,283	6,783
Comprehensive income in 2017/18			
Profit for the year	0	3,064	3,064
Total comprehensive income for the period	0	3,064	3,064
Equity at 31 March 2018	500	9,347	9,847

Financial statements 1 April 2018 – 31 March 2019

Cash flow statement

DKK'000	Note	2018/19	2017/18
Operating profit for the year		5,365	4,270
Cash flow from operating activities before changes in working capital		5,365	4,270
Changes in working capital	15	-14,506	-2,973
Cash flow from operating activities		-9,131	1,297
Interest income received		0	1
Interest expense paid		-218	-206
Corporation tax paid		-1,260	0
Cash flows from operating activities		-10,619	1,092
Loans from Group Enterprises		5,782	3,345
Cash flows from financing activities		5,782	3,345
Cash flows for the year		-4,837	4,437
Cash and cash equivalents at the beginning of the year		-79,172	-83,609
Cash and cash equivalents at year end		-84,009	-79,172
Cash and cash equivalents			
Bank balance		0	0
Loans and borrowings		-84,009	-79,172
		-84,009	-79,172

Financial statements 1 April 2018 – 31 March 2019

Overview of notes

<i>Notes</i>		<i>Notes</i>	
1	Accounting policies	13	Deferred tax
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3	New accounting regulation	15	Changes in working capital
4	Revenues	16	Financial risks and financial instruments
5	Expenses from lease contracts	17	Related parties
6	Other external expenses	19	Events after the reporting day
7	Staff costs		
8	Financial income		
9	Financial expenses		
10	Tax		
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12	Equity		

Financial statements 1 April 2018 – 31 March 2019

Notes

1 Accounting policies

General information

Ricoh Capital Danmark A/S is a limited liability company incorporated and domiciled in Denmark.

The financial statements of Ricoh Capital Danmark A/S for 2018/19 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements applying to reporting class B entities under the Danish Financial Statements Act.

On 31 August 2019, the Board of Directors approved this annual report for publication and approval by the shareholder at the annual general meeting to be held on 31 August 2019.

Basis of preparation

The financial statements are presented in DKK thousands.

New standards and Interpretations

Significant accounting policies which apply are the same as those in the previous fiscal year except those in the table below.

IFRS	Title	Summaries of new IFRS or amendments
IFRS 9	Financial instruments	Classification of financial instruments, revisions concerning measurement and recognition and adoption of provisions with regard to impairment loss based on expected credit loss model
IFRS 15	Revenue from contracts with customers	Presentation of a unified framework applied to accounting treatment related to revenue recognition

1. Adoption of IFRS 9 Financial Instruments

Ricoh implemented IFRS 9 Financial Instruments as of April 1, 2018. Ricoh applied this standard in compliance with the transitional provisions, thereby recognizing the cumulative effects of adoption of this standard as an adjustment to the opening balance of retained earnings as at the beginning of the current fiscal year.

Impairment loss is recognized with respect to financial assets based on the expected credit loss model.

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The changes had no material impact on finance lease receivables, equity and income for the current fiscal year.

2. Adoption of IFRS 15 Revenue from contracts with customers

Ricoh implemented IFRS 15 Revenue from contracts with customers as of April 1, 2018. Ricoh applied this standard in compliance with the transitional provisions, thereby recognizing the cumulative effects of adoption of this standard as an adjustment to the opening balance of retained earnings as at the beginning of the current fiscal year.

There change had no material impact on the opening balance of retained earnings and the income statement for the current fiscal year from the changes.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency translation adjustments resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Income statement

Revenues

Revenues comprise rental from lease contracts and lease services. The rental cover interest income related to the entered lease agreements, document fees etc. and any gains related to entered agreements.

Financial statements 1 April 2017 – 31 March 2018

Notes

1 Accounting policies (continued)

Expenses from lease contracts

Expenses regarding lease contracts comprise asset protection and any losses related to the entered agreements.

Other external expenses

Other external expenses comprise loss on receivables, as well as other administrative expenses.

Staff costs

As Ricoh Capital Danmark A/S has no employees there are no staff costs.

Financial income and expense

Financial income and expenses comprise interest income and expenses, which are not related to lease agreements with customers, which include interest from cash in hand, exchange rate adjustments and interest expenses related to financing the portfolio.

Corporation tax and deferred tax

Tax for the year consists of current tax and changes in deferred tax for the year. The tax expense relating to the profit for the year is recognised in the income statement, other comprehensive income or equity.

Current tax payable and receivable is recognised in the statement of financial position 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.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised under other non-current assets at the expected value of their utilisation.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the reporting date. Changes in deferred tax due to changes in tax rate are recognised in the income statement.

The Company and the parent company Ricoh Danmark A/S are jointly taxed. Ricoh Capital Danmark A/S is the administrative company.

Financial statements 1 April 2018 – 31 March 2019

Notes

1 Accounting policies (continued)

Assets

Receivables

Leasing contracts are recognised as finance lease receivables. The receivable is measured at cost of the underlying asset at the time of entering the contract. Lease payments under the lease contracts are divided by the annuity method into interests and repayments. The interests are recognised as revenue, while the repayments are deducted in the finance lease receivable. Write downs are made on the finance lease receivable based on an individual assessment of each receivable.

Trade receivables are recognised at the trade date, initially measured at fair value and subsequently at amortised cost using the effective interest method less provision for impairment.

The Company has applied the simplified approach to recognise loss allowances for expected credit losses (ECLs) on trade receivables, finance lease receivables and contract assets (as defined in IFRS 9).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

For trade receivable and finance lease receivables, the company calculate the expected credit loss based on most recent three year's historic loss rate, calculating an average credit loss rate and a current credit assessment of overdue receivables.

Shareholder's equity

Dividend distribution to the Company's shareholder is recognised as a liability at the time when the dividends are approved by the Company's shareholder. Dividends proposed for the year are disclosed as a separate item under equity.

Financial statements 1 April 2018 – 31 March 2019

Notes

1 Accounting policies (continued)

Liabilities

Financial liabilities

Financial liabilities are initially recognised at fair value (typically the amount of the proceeds received), net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost; any difference between the cost (the proceeds) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred income includes payments received in respect of income in subsequent years.

Cash flow statement

Cash flows from operating activities

Cash flows from operating activities are presented using the indirect method and stated as the profit/loss adjusted for non-cash operating items, including changes in working capital, interest received and paid and corporation taxes paid. Working capital comprises current assets less current liabilities including financial leasing, excluding the items included in cash and cash equivalents, borrowings, tax payables and provisions.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from disposals, cash flows from the purchase and sale of property plant and equipment.

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Cash flows from financing activities

Cash flows from financing activities comprise changes in the amount or composition of the company's share capital and related expenses as well as cash flows from draw down and repayment of borrowings as well as payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalent represents cash and cash equivalent and cash and borrowings held inside Ricoh Europe's cash pool scheme.

2 Significant accounting estimates and judgements

In connection with the preparation of the financial statements, Management has made accounting estimates and judgements that affect the assets and liabilities reported at the reporting date as well as the income and expenses reported for the financial period. Management continuously reassesses these estimates and judgements based on a number of other factors in the given circumstances.

The following accounting treatment is considered significant to the financial reporting.

Classification of leasing agreements:

The Company's operation consists of leasing activity. Based on the terms and conditions of the leasing contracts entered into with customers, the Company assesses the classification of the leasing contracts.

The Company has assessed that all contracts entered are finance leases.

3 New accounting regulation not yet adopted

At the date of the presentation of this annual report, IASB has issued a number of new or amended standards and interpretations that have not yet become effective and have therefore not been adopted in the financial statements for 2018/19.

IFRS 16 Leases

Under IFRS 16 Leases, all lease contracts shall be basically recognized as right-of-use assets representing the right to use an underlying asset and lease liabilities on the consolidated statement of financial position. After recognition of right-of-use assets and lease liabilities, depreciation expense of the right-of-use assets and interest expense on the lease liabilities are accounted for on the consolidated statement of income. The modified retrospective approach which recognizes the cumulative effect of initial adoption at the date of the initial application will be adopted.

Financial statements 1 April 2018 – 31 March 2019

Notes

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

Financial statements 1 April 2018 – 31 March 2019

Notes

DKK'000	2018/19	2017/18
4 Revenues		
Rental from lease contracts	6,584	5,257
Lease services and fees	537	656
Gains related to entered agreements	0	474
	<u>7,121</u>	<u>6,387</u>

The Company rents out printers, copiers and communication service equipment on behalf of Ricoh Danmark A/S.

Future minimum lease payments under non-cancellable leases are as follows: mate

DKK'000	2018/19	2017/18
0-1 years	33,615	28,249
1-5 years	60,113	53,491
	<u>93,728</u>	<u>81,740</u>
5 Expenses from lease contracts		
Asset protection	244	230
	<u>244</u>	<u>230</u>
6 Other external expenses		
Shared Service center charges	943	942
Loss on receivables, net	428	597
Other	141	348
	<u>1,512</u>	<u>1,887</u>

7 Staff costs

The Company does not have any staff employed. The Company is administrated through a shared service center within the Ricoh Group.

Financial statements 1 April 2018 – 31 March 2019

Notes

DKK'000	<u>2018/19</u>	<u>2017/18</u>
8 Financial income		
Foreign exchange gains (net)	0	1
	<u>0</u>	<u>1</u>
9 Financial expenses		
Interest expense	201	192
Foreign exchange losses (net)	17	14
	<u>218</u>	<u>206</u>
10 Tax		
Tax on profit for the year can be specified as follows:		
Current tax	0	-1,195
Deferred tax	-1,132	291
Adjustment of tax relating to previous years	-1,259	-107
	<u>-2,391</u>	<u>-1,001</u>
Tax on profit for the year is recognised as follows:		
Computed 22% tax on profit before tax (2017/18: 22%)	-1,132	-894
Tax effect of:		
Other expenses/income not deductible for tax purposes	0	0
Adjustment of tax relating to previous years	-1,259	-107
	<u>-2,391</u>	<u>-1,001</u>
Effective tax rate	<u>46,5%</u>	<u>24,6%</u>

Financial statements 1 April 2018 – 31 March 2019

Notes

DKK'000	2018/19	2017/18
11 Receivables		
Finance lease receivables	93,728	81,740
Trade receivables	11,418	6,680
	105,146	88,420
 Specification of receivables overdue		
Due by 1-30 days	816	1,283
Due by 30-90 days	1,040	1,735
Due by more than 90 days	5,927	3,119
Write-down of receivables overdue	-2,188	-1,760
	5,595	4,377
 Specification of development in write-down		
Write-down at 1 April	-1,760	-1,163
Adjustment of write-down during the year	-422	-597
	-2,188	-1,760

The Company does not have any significant credit risks related to individual customers as the client portfolio is spread out on a significant number of customers.

Receivables relate to debtors in Denmark.

Financial statements 1 April 2018 – 31 March 2019

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12 Equity

Capital management

Ricoh Capital Danmark A/S is participant in the cash pool for Ricoh Europe Group. The capital management for the group is centralised in Ricoh Europe Finance Limited.

Share capital

	Shares issued			
	Number		Nominal value (DKK'000)	
	2018/19	2017/18	2018/19	2017/18
1 April	500	500	1,000	1,000
31 March – fully paid	500	500	1,000	1,000

The share capital consists of 500 shares of a nominal value of DKK 1,000 each. No shares carry any special rights. There has not been any changes to the share capital in the company's lifetime.

	DKK'000	2018/19	2017/18
13 Deferred tax			
Deferred tax at 1 April		-297	-480
Deferred tax for the year recognised in profit for the year		-1,132	290
Adjustment of tax relating to previous years		0	-107
Deferred tax at 31 March		-1,428	-297
Deferred tax relates to:			
Deferred tax (asset)		1,447	0
Deferred tax (liability)		-2,875	-297
Deferred tax at 31 March, net		-1,428	-297

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14 Contingent liabilities and collateral

Contingent liabilities

The Company does not have any buy back obligations on any of the entered leasing agreements.

The Company is jointly registered for VAT with Ricoh Danmark A/S and severally liable for the payment thereof, amounting to DKK 7,092 thousand (31 March 2018: DKK 4,106 thousand).

The Company is jointly taxed with Ricoh Danmark A/S. The Companies have joint and several unlimited liabilities for Danish corporation taxes and withholding taxes on dividends and interest. Corporation tax and withholding tax payable within the joint taxation group amounted to DKK 0 thousand at 31 March 2018 (31 March 2018: DKK 0 thousand).

DKK'000	2018/19	2017/18
15 Changes in working capital		
Change in receivables, including financial lease receivable	-16,726	1,637
Prepaid costs/deferred income, net	249	80
Change in trade payables and other payables	1,971	-1,416
	-14,506	-2,973

16 Financial risks and financial instruments

Risk management policy

Following its operating, investing and financing activities, the company is exposed to a number of financial risks, including currency and interest rate risks, liquidity risks and credit risks.

The Company does not stand-alone have a formalised Risk Management policy. The Risk Management policy is based on overall instructions from Ricoh Europe via overall group policies, which amongst others cover interest rate risks, liquidity risks and credit risks.

It is the Company's policy not to engage in speculation in financial risks. Thus, the company's financial management is aimed at managing and reducing the financial risks directly attributable to the company's operations, investments and financing.

Financial statements 1 April 2018 – 31 March 2019

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16 Financial risks and financial instruments (Continued)

Management are on an ongoing basis considering the risk exposures and how to address these. When making the considerations the necessary functions within the Ricoh Group are involved, which includes treasury, legal etc. Based on an assessment of the Company's interest rate risks, liquidity risk and credit risks, no derivative financial instruments have been entered as this has not been considered necessary.

For credit risks, reference is made to note 11.

Currency risks

The company is not exposed to currency fluctuations as all transactions are not settled in other currencies than their functional currencies except for EUR. No speculative currency transactions are made, and transactions are solely carried out based on commercial needs. No agreements on currency transaction hedging have been concluded during the financial year.

The company did not have any material net balance sheet positions in foreign currencies at 31 March 2019 other than intra-group balances.

Interest rate risks

The company has no interest rate risk since it is part of a cash pool arrangement and has no other debt to external parties, other than balances from normal course of business.

The embedded interest rates on leasing contracts are fixed within the duration of the lease contract.

Significant movements in the interest rate levels can have a positive/negative effect on the Company due to the relationship between the variable interest rate on loans against the fixed embedded rate on the leasing contracts.

Ricoh Group treasury is continuously monitoring all entities within the Group and ensuring that any significant risks will be mitigated or addressed. Ricoh Group receives monthly reporting's which allows them to make the continuous monitoring and assessment.

Financial statements 1 April 2018 – 31 March 2019

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16 Financial risks and financial instruments (Continued)

Maturity analysis

Liabilities are primarily short-term comprising Trade payables, loans and borrowings and other payables falling due within one year.

Financial instrument categories:

2018/19

DKK'000	Accounting amount	Cash flow	< 6 months	6 – 12 months	1 – 5 years	> 5 years
Finance Lease receivables	93,738	102,278	16,556	15,909	69,813	0
Trade Receivables	11,418	11,418	11,418	0	0	0
Receivables from group entities	3,198	3,198	3,198			
Trade payables	1,592	1,592	1,592	0	0	0
Loans and borrowings	84,009	84,009	84,009			
Other payables	834	834	834	0	0	0

2017/18

DKK'000	Accounting amount	Cash flow	< 6 months	6 – 12 months	1 – 5 years	> 5 years
Finance Lease receivables	81,740	89,184	14,199	14,050	60,935	0
Trade Receivables	6,680	6,680	6,680	0	0	0
Receivables from group entities	496	496	496			
Trade payables	157	157	157	0	0	0
Loans and borrowings	79,172	79,172	79,172			
Other payables	297	297	297	0	0	0

The carrying amount and fair value of the above categories are the same for both 2018/19 and 2017/18.

Financial statements 1 April 2018 – 31 March 2019

Notes

17 Related party disclosures

The company's related parties exercising control

- Ricoh Danmark A/S, Delta Park 37, 2665 Vallensbæk Strand Danmark

The Company is included in the consolidated financial statements of Ricoh Europe Holdings PLC, UK, and ultimately in the consolidated financial statements of the ultimate parent company Ricoh Company Ltd., Japan. The consolidated financial statements can be obtained through Companies House, UK, and from the ultimate parent company at their address Ricoh Building, 8-13-1 Ginza, Chuo-ku, Tokyo 104-8222, Japan.

Related party transactions

Related party transactions comprised the following – all transactions relate to Ricoh Danmark A/S and Ricoh Europe ASP Limited:

DKK'000	2018/19	2017/18
Purchase of goods	69,434	51,744
Service and group fees	943	942
	<u>70,377</u>	<u>52,686</u>

Payables to group entities and parent company are disclosed in the balance sheet.

Management employees

The Company's related parties exercising significant influence comprise the Company's Board of Directors and Executive Board.

The Company's Board of Directors and Executive Board do not receive any remuneration from the Company.

19 Events after the reporting date

No events have occurred after the reporting date that may significantly affect the annual report.