

# Church Denmark ApS

c/o Church's Copenhagen Illum, Østergade 52, 1100

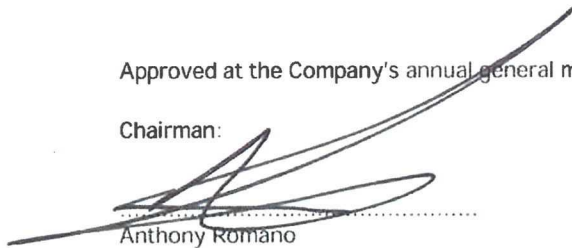
CVR no. 35 66 54 20

## Annual report

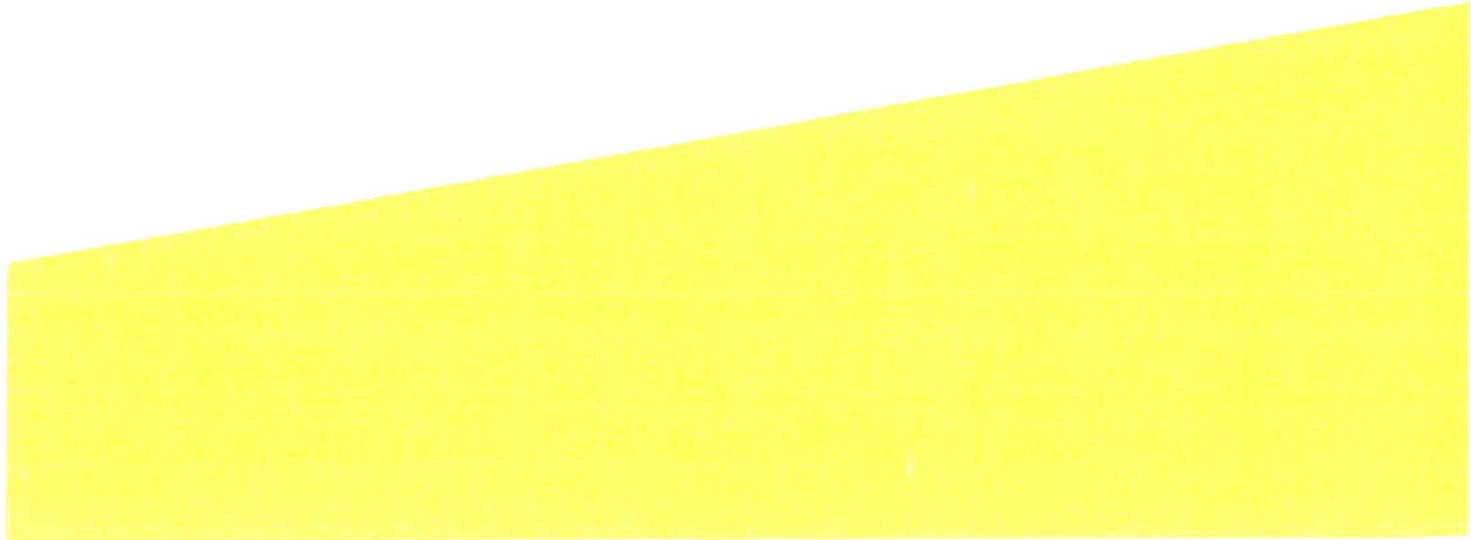
for the period 1 February - 31 December 2017

Approved at the Company's annual general meeting on 18 May 2018

Chairman:



Anthony Romano





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### Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Church Denmark ApS for the financial year 1 February - 31 December 2017.

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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 February - 31 December 2017.

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.

Copenhagen, 18 May 2018  
Executive Board:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Anthony Romano

A handwritten signature in black ink, featuring a large, stylized 'A' followed by several loops and a horizontal stroke.

Alessandra Cozzani



## Independent auditor's report on the compilation of financial statements

To the general management of Church Denmark ApS

We have compiled the financial statements of Church Denmark ApS for the financial year 1 February - 31 December 2017 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant ethical requirements in the Danish act on approved auditors and audit firms and FSR - Danish Auditors' code of ethics, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 18 May 2018

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Ole Hedemann  
State Authorised Public Accountant  
MNE no.: mne14949



Anders Flymer-Dindler  
State Authorised Public Accountant  
MNE no.: mne35423



## Management's review

### Company details

Name	Church Denmark ApS
Address, Postal code, City	c/o Church's Copenhagen Illum, Østergade 52, 1100
CVR no.	35 66 54 20
Established	10 February 2014
Registered office	København K
Financial year	1 February - 31 December
Executive Board	Anthony Romano Alessandra Cozzani

### Management commentary

#### Business review

The Company's activities comprise sales of Church products in Copenhagen, Denmark.

In 2017 the fiscal period has been changed to 1 January - 31 December. As a result the financial statements covers the period from 1 February 2017 - 31 december 2017.

#### Financial review

The income statement for 2017 shows a profit of DKK 59 thousand against a loss of DKK 946 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 3,156 thousand.

During the year, there has been a capital increase of nominal DKK 100 through debt conversion. The total value of the debt conversion was 5,673.

#### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements 1 February - 31 December

### Income statement

DKK'000	2017 11 months	2016/17 12 months
Gross margin	1,175	573
Staff costs	-1,104	-1,099
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-9	-420
Profit/loss before net financials	62	-946
Financial expenses	-3	0
Profit/loss for the year	59	-946
Recommended appropriation of profit/loss	59	-946
Retained earnings/accumulated loss	59	-946



## Financial statements 1 February - 31 December

### Balance sheet

Note	DKK'000	2017	2016/17
	<b>ASSETS</b>		
	Fixed assets		
5	Intangible assets		
	Acquired intangible assets	7	13
		<u>7</u>	<u>13</u>
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	31	36
		<u>31</u>	<u>36</u>
	Total fixed assets	<u>38</u>	<u>49</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	2,283	2,165
	Prepayments for goods	0	153
		<u>2,283</u>	<u>2,318</u>
	Receivables		
	Trade receivables	822	879
	Deferred Tax	0	48
	Prepayments	3	7
		<u>825</u>	<u>934</u>
	Cash	1,481	732
	Total non-fixed assets	<u>4,589</u>	<u>3,984</u>
	TOTAL ASSETS	<u>4,627</u>	<u>4,033</u>



## Financial statements 1 February - 31 December

### Balance sheet

Note	DKK'000	2017	2016/17
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	50	50
	Share premium account	0	0
	Retained earnings	3,106	-2,626
	<b>Total equity</b>	<b>3,156</b>	<b>-2,576</b>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	8	27
	Payables to group enterprises	920	6,065
	Other payables	543	517
		<b>1,471</b>	<b>6,609</b>
	<b>Total liabilities other than provisions</b>	<b>1,471</b>	<b>6,609</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,627</b>	<b>4,033</b>

- 1 Accounting policies
- 2 Liquidity and capital resources
- 7 Collateral
- 8 Related parties





## Financial statements 1 February - 31 December

### Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Total
Equity at 1 February 2017	50	0	-2,626	-2,576
Capital increase	0	5,673	0	5,673
Transfer through appropriation of profit	0	0	59	59
Transferred from share premium account	0	-5,673	5,673	0
Equity at 31 December 2017	<u>50</u>	<u>0</u>	<u>3,106</u>	<u>3,156</u>

## Financial statements 1 February - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Church Denmark ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

#### Income statement

##### Revenue

Income from the sale of finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross margin

The items revenue, change in inventories of finished goods and and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
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The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. Fixtures and fittings are depreciated over the terms of the lease. Other assets are depreciated over 5 years.

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

## Financial statements 1 February - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Balance sheet

##### Intangible assets

Other intangible assets include software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### Receivables

Receivables are measured at amortised cost.

## Financial statements 1 February - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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.

#### 2 Liquidity and capital resources

The Company has received a letter of support from the parent company, so the Company is able to settle its liabilities as they fall due. The letter of support expires 31 December 2018. Based on this, the financial statements have been prepared on a going concern assumption.

#### 3 Staff costs

Wages/salaries	1,087	1,070
Other social security costs	17	29
	<u>1,104</u>	<u>1,099</u>
Average number of full-time employees	<u>5</u>	<u>8</u>



## Financial statements 1 February - 31 December

### Notes to the financial statements

DKK'000	2017 11 months	2016/17 12 months
4 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	0	6
Depreciation of property, plant and equipment	9	414
	9	420
5 Intangible assets		Acquired intangible assets
DKK'000		
Cost at 1 February 2017		29
Cost at 31 December 2017		29
Impairment losses and amortisation at 1 February 2017		16
Amortisation for the year		6
Impairment losses and amortisation at 31 December 2017		22
Carrying amount at 31 December 2017		7
6 Property, plant and equipment		Fixtures and fittings, other plant and equipment
DKK'000		
Cost at 1 February 2017		647
Additions		4
Cost at 31 December 2017		651
Impairment losses and depreciation at 1 February 2017		611
Depreciation		9
Impairment losses and depreciation at 31 December 2017		620
Carrying amount at 31 December 2017		31
7 Collateral		
The Company has not provided any security or other collateral in assets at 31 December 2017.		





## Financial statements 1 February - 31 December

### Notes to the financial statements

#### 8 Related parties

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Prada S.p.A	Via Fogozzaro 28, 20135 Milano, Italy	<a href="https://www.pradagroup.com/content/dam/pradagroup/documents/Shareholderinformation/2018/inglese/e-Annual%20Report%202017.pdf">https://www.pradagroup.com/content/dam/pradagroup/documents/Shareholderinformation/2018/inglese/e-Annual%20Report%202017.pdf</a>

##### Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

The following transactions were not carried out on an arm's length basis:

<u>Related party</u>	<u>Amount</u> DKK'000	<u>Description of transaction</u>
Church & Co Ltd.	5,673	Debt conversion

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Church & Co. Ltd.	St James, Northampton NN5 5JB St James, England