

# CHURCH DENMARK ApS

Østergade 52, 1100 Copenhagen

CVR no. 35 66 54 20

## Annual report 2015/2016

Approved at the Company's annual general meeting on 13 May 2016

Chairman:

A handwritten signature in black ink, consisting of a large loop at the top and a series of smaller loops and strokes below, positioned over a dotted line.

.....  
Stephen Etheridge

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### Statement by the general management

The general management have today approved the annual report of CHURCH DENMARK ApS for the financial year 1 February 2015 - 31 January 2016.

The unaudited annual report has been prepared in accordance with the Danish Financial Statements Act. In the opinion of the general management, the conditions for audit exemption have been met.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 January 2016 and of the results of the Company's operations for the financial year 1 February 2015 - 31 January 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.

Copenhagen, 13 May 2016  
Executive Board:



Stephen Etheridge

## Independent auditors' 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 2015 - 31 January 2016 based on the Company's bookkeeping and other information you have provided.

The financial statements comprise [income statement, balance sheet and notes, including accounting policies].

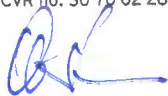
We performed this compilation engagement in accordance with ISRS 4410 *Compilation engagements*.

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 on Auditors Act 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 13 May 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Ole Hedemann  
State Authorised Public Accountant



Anders Flymer-Dindler  
State Authorised Public Accountant

## Management's review

### Company details

Name	CHURCH DENMARK ApS
Address, zip code, city	Østergade 51, 1100, Copenhagen
CVR no.	35 66 54 20
Established	10. February 2014
Registered office	Copenhagen
Financial year	1 February - 31 January
General Management	Stephen Etheridge, CEO

## **Management's review**

### **Operating review**

#### **Principal activities of the Company**

The Company was established in February 2014. The Company's activities comprise sales of Church products in Copenhagen, Denmark.

#### **Development in activities and financial matters**

The result of the year is a loss of DKK 709 compared to a loss in 2014/2015 of DKK 971 thousand. The Company has lost more than 50 % of the equity and is therefore submitted to the rules in the Danish Companies Act regarding loss of capital. The equity is expected to be re-established through increased revenue and profit in the coming years.

Total current assets amounts to DKK 3,442 thousand compared to current liabilities of DKK 5,519 thousand at 31 January 2015. 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 January 2017.

#### **Events after the balance sheet date**

There have been no events after the balance sheet date that should affect the annual report for 2015/2016

## Financial statements for the period 1 February - 31 January

### Income statement

Note	'000 DKK	2015/2016	2014/2015*
	<b>Gross profit</b>	609	11
3	Staff costs	-1,235	-904
6,7	Depreciation, amortization and impairment losses	-130	-77
	<b>Operating loss</b>	-756	-970
	Financial expenses	-1	-1
	<b>Loss before tax</b>	-757	-971
5	Tax on loss for the year	48	0
	<b>Loss for the year</b>	-709	-971
	<b>Proposed distribution of loss</b>		
	Dividends for the financial year	0	0
	Retained earnings	-709	-971
		-709	-971

\*comprises the period 10 February 2014 - 31 January 2015

Financial statements for the period 1 February - 31 January

Balance sheet

Note	'000 DKK	2015/2016	2014/2015
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
6	<b>Intangible assets</b>		
	Software	19	24
		<u>19</u>	<u>24</u>
7	<b>Property, plant and equipment</b>		
	Fixtures and fittings, tools and equipment	407	523
	IT	21	25
		<u>428</u>	<u>548</u>
	<b>Total non-current assets</b>	<u>447</u>	<u>572</u>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Goods in transit	57	136
	Finished goods and goods for resale	2,380	1,866
		<u>2,437</u>	<u>2,002</u>
	<b>Receivables</b>		
	Trade receivables	277	286
	Deferred tax	48	0
	Prepayments	9	3
		<u>334</u>	<u>289</u>
	<b>Cash at hand and in bank</b>	<u>671</u>	<u>570</u>
	<b>Total current assets</b>	<u>3,442</u>	<u>2,861</u>
	<b>TOTAL ASSETS</b>	<u>3,889</u>	<u>3,433</u>



Financial statements for the period 1 February - 31 January

Balance sheet

Note	'000 DKK	2015/2016	2014/2015
	<b>EQUITY AND LIABILITIES</b>		
8	<b>Equity</b>		
	Share capital	50	50
	Retained earnings	-1,680	-971
	<b>Total equity</b>	<b>-1,630</b>	<b>-921</b>
	<b>Liabilities</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	14	4
	Payables to group enterprises	4,924	3,946
	Other payables	581	404
		<b>5,519</b>	<b>4,354</b>
	<b>Total liabilities</b>	<b>5,519</b>	<b>4,354</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,889</b>	<b>3,433</b>

- 1 Accounting policies
- 2 Going concern
- 9 Contractual obligations and contingencies, etc.
- 10 Related party disclosures

## Financial statements for the period 1 February - 31 January

### Notes to the financial statements

#### 1 Accounting policies

The annual report of CHURCH DENMARK ApS for 2015/2016 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.

#### 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.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transactions date.

#### Income statement

##### Gross Profit

Revenue, cost of goods sold and other external costs are aggregated in gross profit

##### Revenue

Income from the sale of goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

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

To the extent that customers are offered a right of return in connection with the sale, revenue corresponding to the Company's experience with returns is recognised. In cases where the Company has no experience from similar transactions, no revenue is recognised until the return period has expired.

##### Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

## Financial statements for the period 1 February - 31 January

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses comprise interest income and expenses.

##### Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

##### Balance sheet

###### Intangible assets - software

Intangible assets comprise software. On initial recognition, intangible assets are measured at cost.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets which is considered to be 3-5 years.

###### Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings	5 years
IT	5 years

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

## Financial statements for the period 1 February - 31 January

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Inventories

Inventories are measured at cost using the weighted average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

##### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

##### Equity - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

##### Corporation tax and deferred 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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured 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. Any deferred net assets are measured at net realisable values.

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities comprising amounts owed to trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

## Financial statements for the period 1 February - 31 January

### 2 Going concern

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 January 2017. Based on this, the financial statements have been prepared on a going concern assumption.

### Notes to the financial statements

DKK	<u>2015/2016</u>	<u>2014/2015</u>
<b>3 Staff costs</b>		
Wages and salaries	1,200	891
Pensions	0	0
Other social security costs	<u>35</u>	<u>13</u>
	<u>1,235</u>	<u>904</u>
 Average number of full-time employees	 <u>4</u>	 <u>3</u>
 <b>4 Financial expenses</b>		
Interest expense to related parties	<u>0</u>	<u>1</u>
	<u>0</u>	<u>1</u>
 <b>5 Tax on loss for the year</b>		
Computed tax on the taxable income for the year	0	0
Change in deferred tax	<u>48</u>	<u>0</u>
	<u>48</u>	<u>0</u>

## Financial statements for the period 1 February - 31 January

### Notes to the financial statements

<b>6</b>	<b>Intangible assets</b>			
	DKK			<b>Software</b>
	Cost at 1 February			29
	Additions			0
	Cost at 31 January			29
	Impairment and amortisation at 1 February			5
	Impairment and amortisation			5
	Impairment and amortisation at 31 January			10
	<b>Carrying amount at 31 January 2016</b>			<b>19</b>
<b>7</b>	<b>Property, plant and equipment</b>			
	DKK	IT	Fixtures and fittings	Total
	Cost at 1 February	30	590	620
	Additions	2	3	5
	Cost at 31 January	32	593	625
	Impairment and amortisation at 1 February	5	67	72
	Impairment and amortisation	6	119	125
	Impairment and amortisation at 31 January	11	186	197
	<b>Carrying amount at 31 January 2016</b>	<b>21</b>	<b>407</b>	<b>428</b>
<b>8</b>	<b>Equity</b>			
	'000 DKK	Share capital	Retained earnings	Proposed dividends
	Balance at 1 February 2015	50	-971	0
	Dividends paid	0	0	0
	Transferred; see distribution of loss	0	-709	0
	<b>Balance at 31 January 2016/2015/2016</b>	<b>50</b>	<b>-1,680</b>	<b>0</b>
				<b>-1,630</b>

## Financial statements for the period 1 February - 31 January

### 9 Contractual obligations and contingencies, etc.

#### Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

Other than that, the company has no contingent liabilities

### 10 Related party disclosures

CHURCH DENMARK ApS' related parties comprise the following:

#### Parties exercising control

Church & Co. Ltd., England

All transactions with related parties is considered to be on arm's length

#### Ownership

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

Church & Co. Ltd.  
St James, Northampton NN5 5JB  
England