

Church Denmark ApS

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

CVR no. 35 66 54 20

Annual report 2018

Approved at the Company's annual general meeting on 29 April 2019

Chairman:



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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 January - 31 December 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 of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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, 29 April 2019.
Executive Board:



Anthony Romano



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 January - 31 December 2018 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, 29 April 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Ole Hedemann
State Authorised Public Accountant
mne14949



Anders Flymer-Dindler
State Authorised Public Accountant
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 January - 31 December
Executive Board	Anthony Romano Alessandra Cozzani

Management commentary

Business review

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

Financial review

The income statement for 2018 shows a profit of DKK 566 thousand against a profit of DKK 59 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 3,722 thousand.

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 January - 31 December

Income statement

DKK'000	2018 12 months	2017 11 months
Gross margin	1,348	1,181
Staff costs	-1,208	-1,104
Amortisation/depreciation of intangible assets and property, plant and equipment	-85	-15
Profit before net financials	55	62
Financial expenses	-2	-3
Profit before tax	53	59
Tax for the year	513	0
Profit for the year	<u>566</u>	<u>59</u>
Recommended appropriation of profit		
Retained earnings	<u>566</u>	<u>59</u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Acquired intangible assets	2	7
		<u>2</u>	<u>7</u>
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	1,724	31
		<u>1,724</u>	<u>31</u>
	Total fixed assets	<u>1,726</u>	<u>38</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	1,853	2,283
	Prepayments for goods	162	0
		<u>2,015</u>	<u>2,283</u>
	Receivables		
	Trade receivables	707	822
	Joint taxation contribution receivable	513	0
	Prepayments	3	3
		<u>1,223</u>	<u>825</u>
	Cash	440	1,481
	Total non-fixed assets	<u>3,678</u>	<u>4,589</u>
	TOTAL ASSETS	<u>5,404</u>	<u>4,627</u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50	50
	Retained earnings	3,672	3,106
	Total equity	3,722	3,156
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	159	8
	Payables to group enterprises	577	920
	Other payables	946	543
		1,682	1,471
	Total liabilities other than provisions	1,682	1,471
	TOTAL EQUITY AND LIABILITIES	5,404	4,627

- 1 Accounting policies
- 7 Collateral
- 8 Related parties



Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2018	50	3,106	3,156
Transfer through appropriation of profit	0	566	566
Equity at 31 December 2018	50	3,672	3,722

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Church Denmark ApS for 2018 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.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 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.

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 Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 weighted average cost 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.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

2 Staff costs

Wages/salaries	1,189	1,087
Other social security costs	19	17
	<u>1,208</u>	<u>1,104</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2018 12 months	2017 11 months
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	5	5
Depreciation of property, plant and equipment	80	10
	85	15
4 Tax for the year		
Deferred tax adjustments in the year	-513	0
	-513	0
5 Intangible assets		
DKK'000		Acquired intangible assets
Cost at 1 January 2018		29
Cost at 31 December 2018		29
Impairment losses and amortisation at 1 January 2018		22
Amortisation for the year		5
Impairment losses and amortisation at 31 December 2018		27
Carrying amount at 31 December 2018		2
6 Property, plant and equipment		
DKK'000		Fixtures and fittings, other plant and equipment
Cost at 1 January 2018		651
Additions		1,773
Cost at 31 December 2018		2,424
Impairment losses and depreciation at 1 January 2018		620
Depreciation		80
Impairment losses and depreciation at 31 December 2018		700
Carrying amount at 31 December 2018		1,724
7 Collateral		
The Company has not provided any security or other collateral in assets at 31 December 2018.		

Financial statements 1 January - 31 December

Notes to the financial statements

8 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
 Prada S.p.A	Via Fogozzaro 28, 20135 Milano, Italy	https://www.pradagroup.com/content/dam/pradagroup/documents/Shareholderinformation/2019/inglese/e-Annual%20Report%202018.pdf

Ownership

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

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