

# Church Denmark ApS

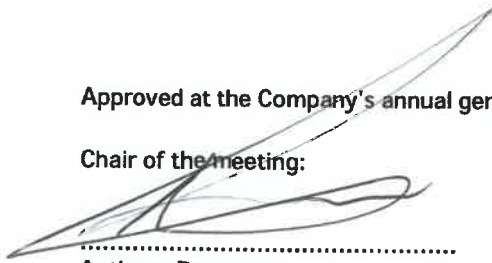
c/o Church's Copenhagen Illum, Østergade 52, 1100

CVR no. 35 66 54 20

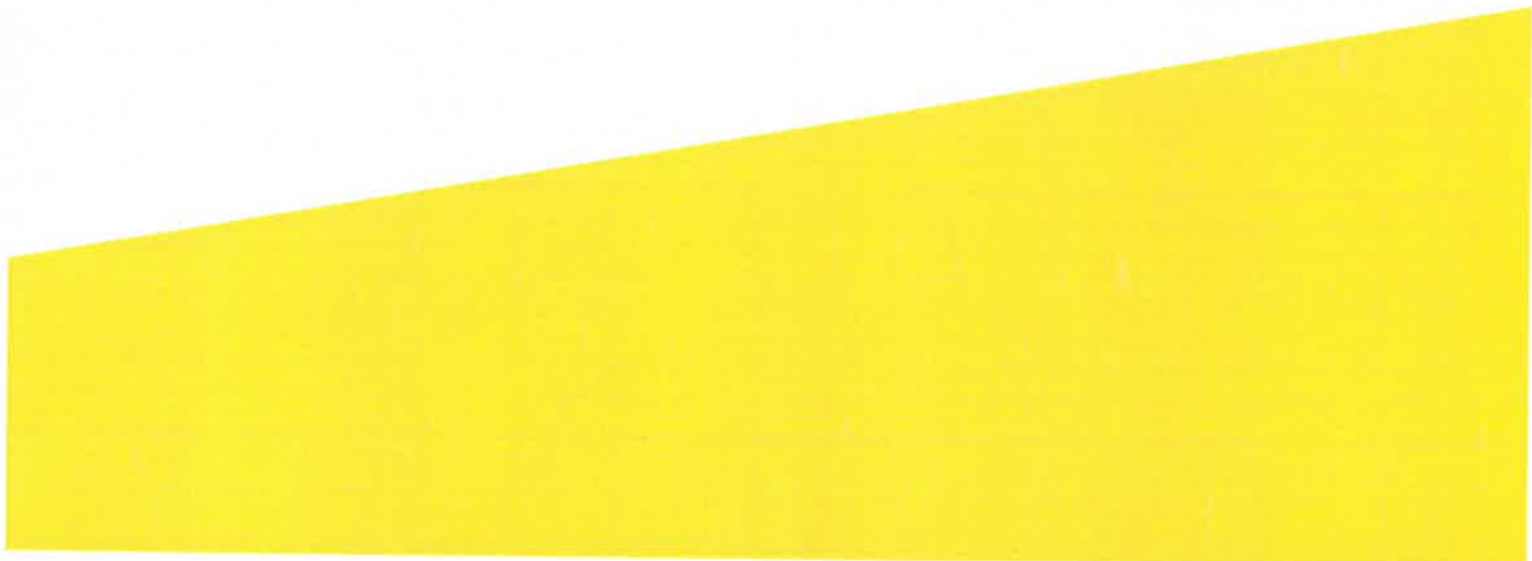
## Annual report 2020

Approved at the Company's annual general meeting on 11 June 2021

Chair of the meeting:



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Anthony Romano





## Contents

Statement by the Executive Board	2
Independent auditors' report on the compilation of financial statements	3
Management's review	4
Financial statements 1 January - 31 December	5
Income statement	5
Balance sheet	6
Statement of changes in equity	8
Notes to the financial statements	9

### 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 2020.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 11 June 2021  
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 2020 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,  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Ole Hedemann  
State Authorised Public Accountant  
mne14949



## 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 2020 shows a loss of DKK 77 thousand against a profit of DKK 39 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 3,684 thousand.

#### Events after the balance sheet date

From the beginning of January 2021 to the 21st April 2021, the store was closed due to the Coronavirus pandemic which has resulted in lost sales. However the company is still well placed to continue to operate and has the support of the parent company and the Ultimate parent company, Prada Spa to cover any financial cashflow needs that arise during the year

## Financial statements 1 January - 31 December

### Income statement

DKK'000	2020	2019
Gross profit	1,751	1,899
Staff costs	-1,289	-1,314
Amortisation/depreciation of intangible assets and property, plant and equipment	-557	-529
Other operating expenses	-4	0
Profit/loss before net financials	-99	56
Financial expenses	0	-3
Profit/loss before tax	-99	53
Tax for the year	22	-14
Profit/loss for the year	<u>-77</u>	<u>39</u>
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	<u>-77</u>	<u>39</u>
	<u>-77</u>	<u>39</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	<u>2020</u>	<u>2019</u>
	<b>ASSETS</b>		
	Fixed assets		
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	837	1,353
	Leasehold improvements	32	69
		<u>869</u>	<u>1,422</u>
	<b>Total fixed assets</b>	<u>869</u>	<u>1,422</u>
	<b>Non-fixed assets</b>		
	Inventories		
	Finished goods and goods for resale	2,625	2,328
	Prepayments for goods	7	10
		<u>2,632</u>	<u>2,338</u>
	Receivables		
	Trade receivables	568	722
	Dividend receivable from group enterprises	51	51
	Deferred Tax	521	499
	Prepayments	15	6
		<u>1,155</u>	<u>1,278</u>
	<b>Cash</b>	<u>635</u>	<u>378</u>
	<b>Total non-fixed assets</b>	<u>4,422</u>	<u>3,994</u>
	<b>TOTAL ASSETS</b>	<u>5,291</u>	<u>5,416</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2019
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	50	50
	Retained earnings	3,634	3,711
	<b>Total equity</b>	<b>3,684</b>	<b>3,761</b>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	2	21
	Payables to group enterprises	917	1,365
	Other payables	688	269
		<b>1,607</b>	<b>1,655</b>
		<b>1,607</b>	<b>1,655</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,291</b>	<b>5,416</b>

- 1 Accounting policies
- 2 Other operating income
- 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 2019	50	3,672	3,722
Transfer through appropriation of profit	0	39	39
Equity at 1 January 2020	50	3,711	3,761
Transfer through appropriation of loss	0	-77	-77
Equity at 31 December 2020	50	3,634	3,684

## 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.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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 profit

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.

##### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Grants received from the Danish government relating to COVID-19 compensation packages are recognized as part of other operating income.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or 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

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

DKK'000	2020	2019
2 Other operating income		
Gain on sale of tangible asset	0	51
Covid-19 furlough compensation	207	0
Covid-19 fixed costs compensation	150	0
	<u>357</u>	<u>51</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	<u>2020</u>	<u>2019</u>
<b>3 Staff costs</b>		
Wages/salaries	1,265	1,297
Other social security costs	24	17
	<u>1,289</u>	<u>1,314</u>
Average number of full-time employees	<u>3</u>	<u>5</u>
<b>4 Amortisation/depreciation of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	0	1
Depreciation of property, plant and equipment	557	528
	<u>557</u>	<u>529</u>
<b>5 Tax for the year</b>		
Deferred tax adjustments in the year	-22	14
	<u>-22</u>	<u>14</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2020	2,597	81	2,678
Additions	4	0	4
Cost at 31 December 2020	2,601	81	2,682
Impairment losses and depreciation at 1 January 2020	1,244	12	1,256
Depreciation	520	37	557
Impairment losses and depreciation at 31 December 2020	1,764	49	1,813
Carrying amount at 31 December 2020	837	32	869

#### 7 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

#### 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	<a href="https://www.pradagroup.com/content/dam/pradagroup/documents/Shareholderinformation/2021/inglese/e-Annual%20Report%202020.pdf">https://www.pradagroup.com/content/dam/pradagroup/documents/Shareholderinformation/2021/inglese/e-Annual%20Report%202020.pdf</a>

##### 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