

Paloma Rocks ApS

**Guldbergsgade 51 A, st. th.
2200 København N**

CVR no. 39 22 44 29

Annual report for 2017/18

(1st Financial year)

Adopted at the annual general
meeting on 6 June 2019

Carl-Frederik Daniel Wrangel
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Paloma Rocks ApS for the financial year 29 December 2017 - 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 company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 29 December 2017 - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

The financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 6 June 2019

Executive board

Jarosław Jerzy Modzelewski
director

Carl-Frederik Daniel Wrangel
CEO

Auditor's report on compilation of the financial statements

To the shareholder of Paloma Rocks ApS

We have compiled the financial statements of Paloma Rocks ApS for the financial year 29 December 2017 - 31 December 2018 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises summary of significant accounting policies, income statement, balance sheet and notes.

We performed the engagement in accordance with ISRS 4410, Compilation Engagements.

We must disclose that we do not comply with the independence requirements that apply to statements with certainty.

We have applied our professional expertise to assist the enterprise in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with the relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR - Danish Auditors' Code of Ethics for Professional Accountants, including principles relating to 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 the enterprise's responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by enterprise for our compilation of the financial statements. Accordingly, we do not express an audit or a review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 6 June 2019

Harboe & B.
Godkendt Revisionsanpartsselskab
CVR no. 33 64 94 52

Mads Harboe Nørring
Registreret revisor
MNE no. mne40120

Company details

The company

Paloma Rocks ApS
Guldbergsgade 51 A, st. th.
2200 København N

CVR no.: 39 22 44 29

Reporting period: 29 December 2017 - 31 December 2018

Domicile: Copenhagen

Executive board

Jaroslav Jerzy Modzelewski, director
Carl-Frederik Daniel Wrangel, CEO

Auditors

Harboe & B.
Godkendt Revisionsanpartsselskab
Lersø Parkallé 107
2100 København Ø

Management's review

Business activities

The purpose of the company is to conduct retail, bar and catering activities and other related activities.

Business review

The company's income statement for the year ended 31 December shows a loss of DKK 388.014, and the balance sheet at 31 December 2018 shows negative equity of DKK 338.014.

Accounting policies

The annual report of Paloma Rocks ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities.

The annual report for 2017/18 is presented in DKK

As 2017/18 is the company's first reporting period, no comparatives have been presented.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related 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 pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Intangible assets

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the 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. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	6	years
Leasehold improvements	6	years

Assets costing less than DKK 13.500 are expensed in the year of acquisition.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Accounting policies

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Income statement 29 December - 31 December

	<u>Note</u>	<u>2017/18</u> DKK
Gross profit		-382.918
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-101.282</u>
Profit/loss before net financials		-484.200
Financial income		2.622
Financial costs		<u>-15.876</u>
Profit/loss before tax		-497.454
Tax on profit/loss for the year		<u>109.440</u>
Profit/loss for the year		<u>-388.014</u>
Retained earnings		<u>-388.014</u>
		<u>-388.014</u>

Balance sheet 31 December

	<u>Note</u>	<u>2017/18</u> DKK
Assets		
Goodwill		<u>98.657</u>
Intangible assets	1	<u>98.657</u>
Other fixtures and fittings, tools and equipment		85.783
Leasehold improvements		<u>416.085</u>
Tangible assets	2	<u>501.868</u>
Total non-current assets		<u>600.525</u>
Trade receivables		15.272
Other receivables		50.464
Deferred tax asset		<u>109.440</u>
Receivables		<u>175.176</u>
Cash at bank and in hand		<u>43.908</u>
Total current assets		<u>219.084</u>
Total assets		<u><u>819.609</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2017/18</u> DKK
Equity and liabilities		
Share capital		50.000
Retained earnings		<u>-388.014</u>
Equity	3	<u>-338.014</u>
Trade payables		37.868
Other payables		<u>1.119.755</u>
Total current liabilities		<u>1.157.623</u>
Total liabilities		<u>1.157.623</u>
Total equity and liabilities		<u><u>819.609</u></u>
Uncertainty about the continued operation (going concern)	4	

Notes

1 Intangible assets

	<u>Goodwill</u>
Cost at 29 December 2017	0
Additions for the year	<u>115.100</u>
Cost at 31 December 2018	<u>115.100</u>
Impairment losses and amortisation at 29 December 2017	0
Amortisation for the year	<u>16.443</u>
Impairment losses and amortisation at 31 December 2018	<u>16.443</u>
Carrying amount at 31 December 2018	<u><u>98.657</u></u>

2 Tangible assets

	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>
Cost at 29 December 2017	0	0
Additions for the year	<u>100.344</u>	<u>486.363</u>
Cost at 31 December 2018	<u>100.344</u>	<u>486.363</u>
Impairment losses and depreciation at 29 December 2017	0	0
Depreciation for the year	<u>14.561</u>	<u>70.278</u>
Impairment losses and depreciation at 31 December 2018	<u>14.561</u>	<u>70.278</u>
Carrying amount at 31 December 2018	<u><u>85.783</u></u>	<u><u>416.085</u></u>

Notes

3 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 29 December 2017	50.000	0	50.000
Net profit/loss for the year	<u>0</u>	<u>-388.014</u>	<u>-388.014</u>
Equity at 31 December 2018	<u>50.000</u>	<u>-388.014</u>	<u>-338.014</u>

4 Uncertainty about the continued operation (going concern)

Management is aware of capital loss and expects positive results to re-establish the share capital. The company's financing is expected to be maintained and the company's debt to owners should not be repaid before the share capital is positive. On this basis the annual report is presented accordingly and has been prepared on the condition that the company continues operation.