

# Potter Clarkson A/S

Havnegade, 39 kl.  
1058 København K  
Denmark

CVR no. 39 59 49 78

## **Annual report for the period 25 May – 31 December 2018**

The annual report was presented and approved at  
the Company's annual general meeting on

3 June 2019

Colin John Baker  
chairman

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Potter Clarkson A/S for the financial period 25 May – 31 December 2018.

The annual report has been 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 assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial period 25 May – 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.

3 June 2019  
Executive Board:

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Jonathan Eric Mizen  
Director

Board of Directors:

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Colin John Baker  
Chairman

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Stephen Edward Smith

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Andrew Thomas Argyle

## Independent auditor's report

### To the shareholder of Potter Clarkson A/S

#### Opinion

We have audited the financial statements of Potter Clarkson A/S for the financial period 25 May – 31 December 2018 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are 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 assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial period 25 May – 31 December 2018 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 3 June 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Morten Høgh-Petersen  
State Authorised  
Public Accountant  
mne34283

## Management's review

### Operating review

#### Principal activities

Potter Clarkson A/S is part of the UK based Potter Clarkson Group, that provides professional services as patent and trade mark attorneys and intellectual property lawyers.

#### Development in activities and financial position

The Danish Company was setup in 2018 to strengthen services towards Scandinavian clients.

The Company's first year has a negative result due to initial costs of setting up the Company. The commercial activity includes intercompany purchase of services commenced at arm's length terms. Management expects the commercial activity to be profitable within a few years.

As the Company has lost its share capital the parent company Potter Clarkson LLP has issued a letter of support in which it is confirmed that the Parent Company will provide the necessary cash for the Company to meet its obligations until the issuance of the annual report for 2019. The Parent Company's letter of support to the Company is disclosed in the Management's review and in note 2 to the financial statements. On this basis, Management assesses that the Company has adequate cash resources to continue operations at least until the end of the financial year 2019.

## Financial statements 25 May – 31 December

### Income statement

	Note	25 May 2018 - 31 December 2018
DKK		
<b>Gross profit/loss</b>		-201,837
Staff costs	3	-613,562
Depreciation, amortisation and impairment		-544
<b>Operating profit/loss</b>		-815,943
Financial income		53,857
Financial expenses		-913
<b>Profit/loss before tax</b>		-762,999
Tax on profit/loss for the year		0
<b>Loss for the year</b>		-762,999
<b>Proposed profit appropriation/distribution of loss</b>		
Retained earnings		-762,999

## Financial statements 25 May – 31 December

### Balance sheet

	25 May 2018 - 31 December 2018
DKK	Note
<b>ASSETS</b>	
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Fixtures and fittings, tools and equipment	<u>9,283</u>
<b>Financial assets</b>	
Deposits	<u>152,628</u>
<b>Total fixed assets</b>	<u>161,911</u>
<b>Current assets</b>	
<b>Receivables</b>	
Trade receivables	655,412
Other receivables	190,689
Prepayments	<u>88,466</u>
	<u>934,567</u>
<b>Cash at bank and in hand</b>	<u>463,448</u>
<b>Total current assets</b>	<u>1,398,015</u>
<b>TOTAL ASSETS</b>	<u><u>1,559,926</u></u>



## Financial statements 25 May – 31 December

### Balance sheet

		25 May 2018 - 31 December 2018
DKK	Note	
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Contributed capital		500,000
Retained earnings		<u>-762,999</u>
<b>Total equity</b>		<u>-262,999</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables		27,473
Payables to group entities		1,744,384
Other payables		<u>51,068</u>
		<u>1,822,925</u>
<b>Total liabilities</b>		<u>1,822,925</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,559,926</u></u>
<b>Liquidity and cash resources</b>	2	
<b>Contractual obligations, contingencies, etc.</b>	4	
<b>Related party disclosures</b>	5	

## Financial statements 25 May – 31 December

### Notes

#### 1 Accounting policies

The annual report of Potter Clarkson A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

##### Revenue

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided.

Services based on time spent are recognised in revenue as the work is performed.

##### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial income and costs from transactions denominated in foreign currencies and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### 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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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 value.

Deferred tax is measured in accordance with 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 as a result of changes in tax rates are recognised in the income statement or equity, respectively.

## Financial statements 25 May – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

##### Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

##### Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

##### Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

#### 2 Liquidity and cash resources

The Company's first year has a negative result due to initial costs of setting up the Company. The commercial activity includes intercompany purchase of services commenced at arm's length terms. Management expects the commercial activity to be profitable within a few years.

As the Company has lost its share capital the parent company Potter Clarkson LLP has issued a letter of support in which it is confirmed that the Parent Company will provide the necessary cash for the Company to meet its obligations until the issuance of the annual report for 2019. The Parent Company's letter of support to the Company is disclosed in the Management's review and in note 1 to the financial statements. On this basis, Management assesses that the Company has adequate cash resources to continue operations at least until the end of the financial year 2019.

## Financial statements 25 May – 31 December

### Notes

#### 3 Staff costs

	25 May 2018 - 31 December 2018
DKK	
Wages and salaries	533,198
Pensions	62,482
Other social security costs	17,882
	<u>613,562</u>
	25 May 2018 - 31 December 2018
Average number of full-time employees	<u>2</u>

#### 4 Contractual obligations, contingencies, etc.

##### Operating lease obligations

The Company has entered into operating leases with a remaining term of 19 months and an average monthly lease payments of DKK 9.4 thousand, totalling DKK 179 thousand.

#### 5 Related party disclosures

Potter Clarkson A/S' related parties comprise the following:

##### Control

Potter Clarkson IP Limited, Nottingham, NG1 5GG, Great Britain

Potter Clarkson IP Limited holds the majority of the contributed capital in the Company