

B.S. Danmark A/S

Østergade 33, 3. sal  
1100 København K

CVR no. 58 46 68 16

**Annual report for the period 1 January – 31 December 2016**

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

28 June 2017

Peter Bisgaard  
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 B.S. Danmark A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

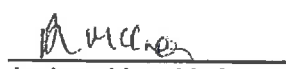
In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 28 June 2017  
Executive Board:

  
Anne Françoise Marie  
Delmas

Board of Directors:

  
Andrew Liam McCrea

  
Alexis Tchikladze

  
Anne Françoise Marie  
Delmas

## **Independent auditor's report**

**To the shareholder of B.S. Danmark A/S**

### **Opinion**

We have audited the financial statements of B.S. Danmark A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet and notes, including a summary of significant 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 Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 as 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

## **Independent auditor's report**

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

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken 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 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.
- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## Independent auditor's report

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

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

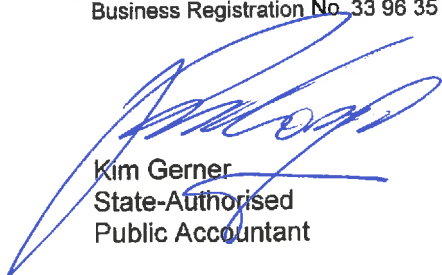
### Violation of the Danish Bookkeeping act

Without this having affected our opinion, we point out that, contrary to the Danish Bookkeeping Act, the Company keeps accounting records on file abroad for a period longer than permitted by law, for which reason Management may be held liable in this respect.


Copenhagen, 28 June 2017

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No. 33 96 35 56



Kim Gerner  
State-Authorised  
Public Accountant



Sune Baadsager Holm  
State-Authorised  
Public Accountant

B.S. Danmark A/S  
Annual report 2016  
CVR no. 58 46 68 16

## Management's review

### Company details

B.S. Danmark A/S  
Østergade 33, 3.sal  
1100 København K  
Denmark

Telephone: +45 70 25 22 26  
Fax: +45 33 11 45 53  
Website: [www.thebodyshop.dk](http://www.thebodyshop.dk)

CVR no.: 58 46 68 16  
Registered office: Copenhagen  
Financial year: 1 January – 31 December

### Board of Directors

Andrew Liam McCrea, Chairman  
Alexis Tchikladze  
Anne Francoise Marie Delmas

### Executive Board

Anne Francoise Marie Delmas

### Auditor

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 København S  
Denmark

### Consolidated financial statements

The Company is included in the group annual report of The Body Shop International Plc.

The group annual report of The Body Shop International Plc. may be obtained at the following address:

Watersmead  
Littlehampton  
BN17 6LS West Sussex  
Great Britain

## Management's review

### Financial highlights

DKK'000	2016	2015	2014	2013	2012
<b>Key figures</b>					
Gross profit/loss	55,275	45,471	45,481	42,031	38,565
Operating profit/loss	1,025	1,467	1,214	1,346	1,196
Net financials	-16	-47	-136	-124	-83
Profit/loss for the year	784	456	785	1,101	836
Total assets	61,640	59,237	54,583	61,685	52,919
Equity	19,185	18,438	17,982	17,197	16,076
<b>Ratios</b>					
Return on equity	4.17%	2.50%	4.50%	6.60%	5.30%
Solvency ratio	31.12%	31.10%	32.90%	27.90%	30.40%
Return on Assets	1.70%	2.60%	2.10%	2.30%	2.60%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:



## Management's review

### Operating review

#### Ownership

B.S. Danmark A/S is 100 % owned by The Body Shop International Plc. The mother company's head office is situated in Littlehampton, Great Britain.

#### The Company

The Body Shop sell and market products for skin, hair and body care as well as cosmetics. Sale takes place through 3 channels: company stores, franchise stores and e-comm. The company's head office is situated in Copenhagen.

#### Important conditions

100 % of all purchases for resale are made through the mother company in Great Britain.

#### Assessment of the going concern assumption

The Company is dependent on financing from the Parent. Such financing is obtained by way of the Group's internal cash pool scheme. Through this scheme, the Company has debt to the parent company of DKK 19 million at 31 December 2016, and the Company is of the opinion that contribution of the necessary financing will continue in future, as well as that the Parent has issued a letter of support for the Company's operations covering a period of 12 months from the signing. On this basis, the financial statements are presented according to the going-concern concept.

#### Important events

Denmark is slowly recovering from the financial crisis. Strong competition from new players has pressured prices down.

B.S. Denmark saw a decrease in both organic sales, -15.3%, and total sales, -14.8%. Strong growth in e-commerce with +31.8 %.

In the light of deterioration of growth in the market for retail sales, management have reassessed the expectations for the future growth rates. Based on the reassessment, management has identified and booked an impairment charge of DKK 10,420,276 related to store renting rights (intangible assets) and leasehold improvements (fixed assets).

#### Social responsibility

The Body Shop is a value based company through 5 core Values: Against Animal Testing, Support Community Fair Trade, Defend Human Rights, Activate Self Esteem and Protect Our Planet.

The core values were in continued focus during 2016. Customers and staff were involved with different campaigns during the year.

In 2016 updated our core values to a new Commitment – Enrich Not Exploit, it's in our hands. This captures what we stand for and the goal we've set – to become the world's most ethical brand.

## **Management's review**

### **Operating review**

#### **Expected future development**

B.S. Danmark A/S will in 2017 aim to stop the negative trend we saw in 2016 and focus to increase profitability, by closing minimum two non-profitable stores as well as opening a moderate number of profitable stores. A continued growth in the E-comm channel is expected.

## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2016	2015
<b>Gross profit</b>		55,275,124	45,471,203
Staff costs	3	-39,186,498	-37,932,945
Depreciation, amortisation and impairment		-14,888,276	-6,150,073
<b>Ordinary operating profit</b>		1,200,350	1,388,185
Other operating costs		-174,885	78,821
<b>Operating profit</b>		1,025,465	1,467,006
Financial expenses	4	-15,822	-46,937
<b>Profit before tax</b>		1,009,643	1,420,069
Tax on profit/loss for the year	5	-225,283	-963,760
<b>Profit for the year</b>		784,360	456,309

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	2016	2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	6		
Software		4,681	0
Renting Rights		169,999	4,240,372
Goodwill		204,305	273,305
		<u>378,985</u>	<u>4,513,677</u>
<b>Property, plant and equipment</b>	7		
Property, plant and equipment under construction		90,003	89,300
Leasehold Improvements		693,226	9,456,963
Other fixture and fittings, tools and equipment		84,134	351,555
		<u>867,363</u>	<u>9,897,818</u>
<b>Investments</b>	8		
Deposits		5,138,059	5,024,999
		<u>5,138,059</u>	<u>5,024,999</u>
<b>Total fixed assets</b>		<u>6,384,407</u>	<u>19,436,494</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		6,838,753	6,047,470
		<u>6,838,753</u>	<u>6,047,470</u>
<b>Receivables</b>			
Trade receivables		4,842,852	6,977,518
Receivables from group entities		33,495,296	11,757,208
Other receivables		3,304,459	2,700,387
Deferred tax asset		1,428,419	0
Prepayments	9	1,103,021	1,528,460
		<u>44,174,047</u>	<u>22,963,573</u>
<b>Cash at bank and in hand</b>		<u>4,243,010</u>	<u>10,789,207</u>
<b>Total current assets</b>		<u>55,255,810</u>	<u>39,800,250</u>
<b>TOTAL ASSETS</b>		<u><u>61,640,217</u></u>	<u><u>59,236,744</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	10		
Share capital		523,000	523,000
Retained earnings		18,661,764	17,915,268
<b>Total equity</b>		<u>19,184,764</u>	<u>18,438,268</u>
<b>Provisions</b>			
Provisions for deferred tax		0	954,773
Other provisions		106,854	118,553
<b>Total provisions</b>		<u>106,854</u>	<u>1,073,326</u>
<b>Liabilities other than provisions</b>			
<b>Non-current liabilities other than provisions</b>	11		
Deposits		112,500	112,500
		<u>112,500</u>	<u>112,500</u>
<b>Current liabilities other than provisions</b>			
Trade payables		2,563,023	3,287,408
Payables to group entities		20,318,749	22,127,150
Corporation tax		3,122,672	555,705
Other payables		15,308,959	12,420,664
Deferred income	12	922,696	1,221,723
		<u>42,236,099</u>	<u>39,612,650</u>
<b>Total liabilities other than provisions</b>		<u>42,348,599</u>	<u>39,725,150</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>61,640,217</u>	<u>59,236,744</u>
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## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Equity at 1 January 2016</b>	523,000	17,915,268	18,438,268
Profit for the year	0	784,360	784,360
Share scheme reserve	0	-37,864	-37,864
<b>Equity at 31 December 2016</b>	<u>523,000</u>	<u>18,661,764</u>	<u>19,184,764</u>

There have been no changes in the share capital during the last five years.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of B.S. Danmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

### Income statement

#### Gross profit

Gross profit is an aggregation of the Company's revenue, cost of goods sold, other operating income and other external expenses.

#### Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue provided that delivery and transfer of risk to the buyer have taken place. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### Cost of goods

Cost of goods includes the materials and consumables used in generating the year's revenue.

#### Other operating income and expenses

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

#### Staff costs

Staff costs comprise wages and salaries as well as payroll expenses.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise of interest, realised and unrealised exchange adjustments, amortisation of mortgage loans as well as extra payments and repayment under the on-account tax scheme.

##### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rate which is recognised in the income statement as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Intangible assets

Intangible assets are recognised at cost less accumulated amortisation and impairment losses.

Amortisation is allocated on a straight-line basis over the expected useful life of the asset.

Expected useful lives are calculated as follows:

Software	3-5 years
Renting rights	3-5 years
Goodwill	20 years

The expected useful life of goodwill is based on Management's experience and concluded agreements.

Due to the fact that renting rights is not reduced over time, the measurement will be based on cost less any accumulated impairment losses.

The carrying amount of goodwill is assessed on an ongoing basis and is written down in the income statement when the carrying amount exceeds estimated future income from the activity to which the goodwill relates.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

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 expenses for labour, materials, components and sub-suppliers.

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.

Gains or losses from the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the time of the sale. Gains or losses are recognised in the income statement as other operating income or other operating expenses.

Leased property, plant and equipment that meet the criteria for finance leases are presented in the financial statements in the same way as owned assets.

Depreciation is provided on a straight-line basis over the expected useful life of the asset based on the following expected useful lives:

Lease improvements	4-7 years
Other fixtures and fittings, tools and equipment	5-10 years
Property, plant and equipment under construction	0 year

#### Investments

Rent deposits are measured at cost.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

##### Inventories

Inventories are measured at cost in accordance with the FIFO 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.

##### 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.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Prepayments

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

##### Deferred tax assets and liabilities

Current tax payable and receivable are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of previous years and for tax paid on account.

The Company is included in compulsory national joint taxation with L'Oreal Danmark A/S. Reimbursement takes place in connection with utilisation of tax losses. The joint taxation was established on 10 June 2006.

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 measured 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 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.

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. In cases where the computation of the tax value may be made according to alternative tax rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

Changes in deferred tax due to changes in tax rates are recognised in the income statement. For the current year, the current tax rate is 22%.

##### Liabilities

Financial liabilities are measured at amortised cost, substantially corresponding to nominal value

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Deferred Income

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Deferred income comprises payments received in respect of income in subsequent years.

##### Foreign currency translation

On initial recognition, foreign currency transactions 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, 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 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.

Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios have been calculated as follows:

Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Asset turnover	$\frac{\text{Profit before financials} \times 100}{\text{Average total assets}}$

## 2 Assessment of the going concern assumption

The Company is dependent on financing from the Parent. Such financing is obtained by way of the Group's internal cash pool scheme. Through this scheme, the Company has debt to the parent company of DKK 19 million at 31 December 2016, and the Company is of the opinion that contribution of the necessary financing will continue in future, as well as that the Parent has issued a letter of support for the Company's operations covering a period of 12 months from the signing. On this basis, the financial statements are presented according to the going-concern concept.

## 3 Staff costs

DKK	2016	2015
Wages and salaries	35,894,285	34,855,467
Pensions	1,814,087	1,761,812
Other social security costs	1,039,776	514,561
Other staff costs	438,350	801,105
	<u>39,186,498</u>	<u>37,932,945</u>
Average number of full-time employee	<u>115</u>	<u>106</u>

## 4 Financial expenses

Interest paid to group entities	7,909	38,778
Other financial expenses	7,913	8,159
	<u>15,822</u>	<u>46,937</u>

## 5 Tax on profit/loss for the year

Current tax for the year	2,608,474	555,705
Adjustment of deferred tax for the year	-2,383,191	-207,309
Adjustment of tax concerning previous years	0	615,364
	<u>225,283</u>	<u>963,760</u>

## 6 Intangible assets

DKK	Software	Renting Rights	Goodwill	Total
Cost at 1 January	38,942	8,541,948	5,182,138	13,763,028
Additions for the year	4,815	0	0	4,815
Cost at 31 December 2016	<u>43,757</u>	<u>8,541,948</u>	<u>5,182,138</u>	<u>13,767,843</u>
Impairment losses and amortisation at 1 January 2016	-38,942	-4,301,576	-4,908,833	-9,249,351
Amortisation for the year	-134	-1,737,192	-69,000	-1,806,326
Impairment charge for the year	0	-2,333,181	0	-2,333,181
Impairment losses and amortisation at 31 December 2016	<u>-39,076</u>	<u>-8,371,949</u>	<u>-4,977,833</u>	<u>-13,388,858</u>
Carrying amount at 31 December 2016	<u>4,681</u>	<u>169,999</u>	<u>204,305</u>	<u>378,985</u>

## 7 Property, plant and equipment

DKK	Leasehold improvements	Other fixture and fittings, tools and equipment	Property, plant and equipment under construction	Total
Carrying Cost at 1 January 2016	29,543,816	2,826,795	89,300	32,459,911
Additions for the year	1,856,864	191,876	90,003	1,938,743
Transfers for the year	89,300	0	-89,300	0
Disposal for the year	-9,074,841	-640,363	0	-9,715,224
Carrying Cost at 31 December 2016	22,215,139	2,378,288	90,003	24,683,430
Depreciation and impairment charge at 1 January 2016	-20,086,853	-2,475,240	0	-22,562,093
Depreciation for the year	-2,199,608	-453,905	0	-2,653,513
Impairment charge for the year	-8,087,095	0	0	-8,087,095
Depreciation disposals	8,851,642	634,992	0	9,486,634
	-21,521,914	-2,294,153	0	-23,816,067
<b>Carrying amount at 31 December 2016</b>	<b>693,225</b>	<b>84,135</b>	<b>90,003</b>	<b>867,363</b>

## 8 Investments

DKK	Deposits
Cost at 1 January 2016	5,024,999
Additions for the year	113,060
Cost at 31 December 2016	5,138,059

## 9 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest, etc.

## 10 Equity

The share capital consists of 52,300 shares of a nominal value of DKK 10. No shares carry any special rights.

There have been no changes in the share capital during the last five years.

#### 11 Non-current liabilities other than provisions

	At 1 January 2016	At 31 December 2016	Payment within 1 year	Debt after 5 year
Deposits	<u>112,500</u>	<u>112,500</u>	<u>0</u>	<u>112,500</u>
<b>Deposits</b>	<b><u>112,500</u></b>	<b><u>112,500</u></b>	<b><u>0</u></b>	<b><u>112,500</u></b>

#### 12 Deferred Income

Deferred Income consists of payments received regarding sold memberships.

#### 13 Rental agreements and leases

DKK	2016	2015
<b>Lease obligations under operating leases. Total future lease payments:</b>		
Within 1 year	125,280	41,400
Between 1 to 5 years	177,274	0
	<u>302,554</u>	<u>41,400</u>

**The company has signed leases of premises in force. The lease obligation amounts to:**

Within 1 year	10,080,931	9,473,206
Between 1 to 5 years	11,176,449	15,492,581
After 5 years	1,340,518	5,001,253
	<u>22,597,898</u>	<u>29,967,040</u>

#### 14 Contingent assets, liabilities and other financial obligations

The Company is part of the joint taxation with other entities in the Group and has joint and several liability for the payment of tax, including VAT, other taxes and withholding taxes on dividends, interest and royalties.

**15 Mortgages and collateral**

None.

**16 Related parties and ownership**

The Company's immediate parent company is The Body Shop Worldwide Limited and the Company's ultimate parent is L'Oréal SA, a company incorporated in France and listed on the French stock market. The Bodyshop Worldwide Limited is the parent of the smallest group, whereas L'Oréal SA is the parent of the largest group of which the Company is consolidated.

Copies of the consolidated financial statements of L'Oréal may be obtained from its registered office: 31 Rue Martre, 92117, Clichy, France.

The controlling party is the immediate parent company The Body Shop Worldwide Limited as it has the ability to direct the financial and operating policies of B.S. Danmark A/S with a view of gaining economic benefits from its activities.

The ultimate controlling party is L'Oréal SA.

Immediate parent

The Body Shop Worldwide Ltd.  
Watersmead  
Littlehampton  
BN17 6LS West Sussex  
United Kingdom

Ultimate parent

L'Oréal SA  
31 Rue Martre  
92117 Clichy  
France

**17 Transactions**

In 2016, transactions have been carried out with the parent company The Body Shop International Plc. The transactions represented most of the company's purchased samples

**18 Disclosure of events after the balance sheet date**

No events having a significant impact on the company's financial position have occurred subsequent to the balance sheet date.