

Trend Trading Ltd
Bahnhofstrasse 1
8001 Zurich

ANNUAL REPORT 2016

Example

prepared by
NRS Treuhand AG, Zurich


 Member of EXPERTsuisse

TABLE OF CONTENTS

Financial statements

- Balance sheet
- Income statement
- Notes to the financial statements

Proposed appropriation of available earnings

Zurich, 16 March 2017

M. Glücksbringer

Manuela Glücksbringer
Chairman of the Board of Directors

L. Trendsetter

Laurin Trendsetter
Head of Accounting

Trend Trading Ltd, Zurich

Balance sheet

ASSTES	Notes	31.12.2016	31.12.2015
		CHF	CHF
Current assets			
Cash and cash equivalents		8'431'773.09	6'921'106.54
Trade accounts receivable	B1	1'703'455.41	1'591'537.55
Receivables from related parties	B2	1'161'031.49	1'256'358.56
Other short-term receivables	B3	971'140.49	717'597.65
Inventories		3'514'000.00	2'590'700.00
Prepaid expenses and accrued income		238'854.21	129'332.00
Total current assets		16'020'254.69	13'206'632.30
Non-current assets			
Financial assets		593'155.92	575'765.51
Furniture, fixtures and equipment		278'100.00	353'804.00
Real estate	C4	1'427'100.00	1'327'100.00
Intangible assets		94'053.00	99'266.00
Total non-current assets		2'392'408.92	2'355'935.51
TOTAL ASSETS		18'412'663.61	15'562'567.81
LIABILITIES AND SHAREHOLDERS' EQUITY			
	Notes	31.12.2016	31.12.2015
		CHF	CHF
Current liabilities			
Trade accounts payable		932'839.95	654'132.55
Short-term liabilities due to related parties	B4	49'559.12	201'863.25
Other short-term liabilities		71'110.06	310'124.57
Accrued expenses and deferred income		461'934.41	250'622.91
Total current liabilities		1'515'443.54	1'416'743.28
Long-term liabilities			
Long-term interest bearing liabilities	B5	795'000.00	350'000.00
Long-term liabilities due to related parties	B6	114'900.00	113'110.00
Long-term provisions	B7	1'228'000.00	396'900.00
Total long-term liabilities		2'137'900.00	860'010.00
Shareholders' equity			
Share capital		1'000'000.00	100'000.00
General legal reserves		500'000.00	50'000.00
Retained earnings		10'635'814.53	11'385'124.97
Profit for the year		2'623'505.54	1'750'689.56
Total shareholders' equity		14'759'320.07	13'285'814.53
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18'412'663.61	15'562'567.81

Trend Trading Ltd, Zurich

Income Statement

	Notes	2016	2015
		CHF	CHF
Revenue from sale of goods and services	B8	19'194'504.07	16'959'923.51
Other operating income		35'213.00	29'569.35
Total operating income		19'229'717.07	16'989'492.86
Cost of material and goods sold		-12'092'239.53	-10'759'216.38
Operating income after costs for material and goods		7'137'477.54	6'230'276.48
Personnel expenses		-1'814'852.07	-1'797'608.74
Rent and occupancy expenses		-83'108.63	-82'563.54
Transport expenses		-38'382.64	-42'389.11
Administrative expenses		-556'256.29	-545'356.96
Information and communication technology expenses		-58'520.14	-11'680.58
Marketing expenses		-520'962.25	-756'983.54
Other operating expenses		-12'708.07	-17'841.54
Operating result before depreciation, financial result and taxes		4'052'687.45	2'975'852.47
Depreciation on property, plant and equipment		-198'421.42	-267'677.29
Amortisation on intangible assets		-62'409.00	-125'982.50
Operating result before financial result and taxes		3'791'857.03	2'582'192.68
Financial income		27'869.54	108'898.21
Financial expenses		-85'842.68	-5'639.56
Operating result before taxes		3'733'883.89	2'685'451.33
Extraordinary, non-recurring or prior period income	B9	0.00	15'700.00
Extraordinary, non-recurring or prior period expenses	B10	-375'816.47	-456'898.20
Profit before taxes		3'358'067.42	2'244'253.13
Direct taxes		-734'561.88	-493'563.57
Profit for the year		2'623'505.54	1'750'689.56

Trend Trading Ltd, Zurich

Notes to the financial statements

A General information and basis of accounting

A1 General

These financial statements have been prepared in accordance with the provisions of the Swiss law Code of Obligation (CO), in particular the articles referring to commercial accounting and financial reporting (Art. 957 to 962).

A2 Trade accounts receivable

Trade receivables are recorded at their original net invoice value, less a value adjustment for specific receivables carrying risk (specific valuation allowance). The company has furthermore made use of a general value adjustment of 5% admissible under tax law for receivables from national and 10% from international customers.

A3 Inventories

Inventories represent exclusively commodities and are recorded at acquisition costs including any transportation costs and customs duties. If the net realizable value at the balance sheet date is lower than the acquisition costs, net realizable values are used. The company has furthermore made use of a general value adjustment of 33% admissible under tax law.

A4 Disclosure of other accounting options exercised

No other options have been exercised when preparing these financial statements which are subject to disclosure.

Trend Trading Ltd, Zurich

B Additional information related to specific balance sheet and income statement positions

B1 Trade accounts receivable	31.12.2016	31.12.2015
	CHF	CHF
Receivables from national customers	1'740'563.56	1'598'123.52
Receivables from international customers	152'536.00	180'563.56
Valuation allowance for bad debts	-189'644.15	-187'149.53
Total	1'703'455.41	1'591'537.55

B2 Short-term receivables from related parties	31.12.2016	31.12.2015
	CHF	CHF
Shareholder Laurin Trendsetter	1'161'031.49	1'256'358.56
Total	1'161'031.49	1'256'358.56

B3 Other short-term receivables	31.12.2016	31.12.2015
	CHF	CHF
WISECA, credit card settlements	450'463.56	421'123.56
Direct tax receivables from cantonal tax authorities	17'356.00	14'986.35
Prepayments from customers	325'655.65	279'502.18
Receivables from social security institutions	175'101.78	0.00
Withholding tax receivable from federal tax administration	2'563.50	1'985.56
Total	971'140.49	717'597.65

B4 Short-term liabilities due to related parties	31.12.2016	31.12.2015
	CHF	CHF
Shareholder Manuela Glücksbringer	49'559.12	141'569.35
Shareholder Nick Ideenreich	0.00	60'293.90
Total	49'559.12	201'863.25

B5 Long-term interest bearing liabilities	31.12.2016	31.12.2015
	CHF	CHF
Mortgage loan due to UBS AG, Zurich	795'000.00	350'000.00
Total	795'000.00	350'000.00

B6 Long-term liabilities due to related parties	31.12.2016	31.12.2015
	CHF	CHF
Shareholder Nick Ideenreich	114'900.00	113'110.00
Total	114'900.00	113'110.00

Trend Trading Ltd, Zurich

B7 Long-term provision	31.12.2016	31.12.2015
	CHF	CHF
Provision for product warranty	700'000.00	0.00
Provision for property restoration costs	528'000.00	396'900.00
Total	1'228'000.00	396'900.00

B8 Revenue from sale of goods and services	2016	2015
	CHF	CHF
Gross revenue from national customers	18'228'571.48	15'356'986.56
Gross revenue from international customers	1'569'860.65	1'425'086.00
Other revenue	289'535.54	375'663.56
Change in allowance for bad debts an bad debt losses occurred	-9'568.60	-47'249.05
Change in provision for product liability	-700'000.00	0.00
Other sales reductions	-183'895.00	-150'563.56
Total	19'194'504.07	16'959'923.51

B9 Explanation of exceptional, non-recurring or prior-period income	2016	2015
	CHF	CHF
Income from violation of a non-competition clause	0.00	15'700.00
Total	0.00	15'700.00

B10 Explanation of exceptional, non-recurring or prior-period expenses	2016	2015
	CHF	CHF
Subsequent VAT claims resulting from a VAT audit (2012-2016)	215'816.47	0.00
Additional payments for the use of license rights	160'000.00	456'898.20
Total	375'816.47	456'898.20

Trend Trading Ltd, Zurich

C Additional information**C1 Average number of employees (full-time equivalents)**

The annual average number of employees (FTE) for the reporting year, as well as the previous year was below 50.

C2 Liabilities to employee benefit schemes	31.12.2016	31.12.2015
	CHF	CHF
Swiss Life, Zurich	5'665.45	2'384.20

C3 Lease obligations not recorded in the balance sheet with residual maturities of more than one year	31.12.2016	31.12.2015
	CHF	CHF
Residual value of lease obligations		
Up to 1 year	82'800.00	92'200.00
1 - 5 years	331'200.00	327'600.00
More than 5 years	165'600.00	276'600.00
Total	579'600.00	696'400.00

The amounts shown are nominal future payments for rental or leasing contracts up to the end of their contract period including VAT (if any).

C4 Collateral provided for liabilities of third parties	31.12.2016	31.12.2015
	CHF	CHF
Trade accounts receivable (Joint security for Smartproducts Ltd, Zurich in favour of UBS AG)	1'703'455.41	1'591'537.55
Total	1'703'455.41	1'591'537.55

C5 Assets pledged to secure own liabilities, as well as assets with retention of title	31.12.2016	31.12.2015
	CHF	CHF
Real estate (to UBS AG Zurich for securisation of mortgage loan, see liabilities)	1'427'100.00	1'327'100.00
Total	1'427'100.00	1'327'100.00

C6 Net release of hidden reserves	2016	2015
	CHF	CHF
Net release without consideration of deferred tax impact	350'000.00	0.00

Trend Trading Ltd, Zurich

Proposed appropriation of available earnings

PROPOSAL	2016	2015
	CHF	CHF
Retained earnings carried forward	10'635'814.53	11'385'124.97
Profit for the year	2'623'505.54	1'750'689.56
Available earnings	13'259'320.07	13'135'814.53
The board of directors proposes to the general meeting of shareholders the following appropriation of available earnings:		
Payment of a dividend	3'000'000.00	2'500'000.00
To be carried forward	10'259'320.07	10'635'814.53
Total	13'259'320.07	13'135'814.53

Prior year figures are shown for comparative reasons only.