Segment information by countries

2019

in CHF 000	Switzerland	Germany	Other countries	Group total
Total revenue from contracts with customers (according to IFRS 15)	1 277 004	586 353	122 447	1 985 804
Other revenues	0	41 681	2 184	43 865
Net revenues from third parties	**1 277 004**	**628 034**	**124 631**	**2 029 668**
Non-current assets	1 002 167	791 197	70 719	1 864 083

2018 (revised)

in CHF 000	Switzerland	Germany	Other countries	Group total
Total revenue from contracts with customers (according to IFRS 15)	1 293 318	619 953	119 092	2 032 363
Other revenues	18	40 738	1 770	42 526
Net revenues from third parties	**1 293 336**	**660 691**	**120 862**	**2 074 889**
Non-current assets	304 798	592 627	19 517	916 942

Information about revenues and non-current assets (property, plant and equipment, intangible assets and right-of-use assets) is based on the location of the Group company. No external customer accounts for more than 10% of net revenues from third parties.

8 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of sales

2019

in CHF 000	Valora Retail	Food Service	Others	Group total
Revenue from sale of goods [1)]	1 529 553	318 926	5	1 848 484
Income from services	114 149	15 818	7 353	137 320
Total revenue from contracts with customers (according to IFRS 15)	**1 643 702**	**334 744**	**7 357**	**1 985 804**
Commission income and franchise fees	25 395	18 470	0	43 865
Total net revenues	**1 669 097**	**353 214**	**7 357**	**2 029 668**

[1)] Includes wholesale revenues of CHF 133.2 million, which can be attributed to the segment Food Service.

2018 (revised)

in CHF 000	Valora Retail	Food Service	Others	Group total
Revenue from sale of goods [1]	1 596 841	297 610	2	1 894 453
Income from services	111 831	20 046	6 033	137 910
Total revenue from contracts with customers (according to IFRS 15)	**1 708 672**	**317 656**	**6 035**	**2 032 363**
Commission income and franchise fees	23 679	18 848	0	42 526
Total net revenues [2]	**1 732 351**	**336 503**	**6 035**	**2 074 889**

[1] Includes wholesale revenues of CHF 112.7 million, which can be attributed to the segment Food Service.
[2] Rental income in the amount of CHF 47.2 million was reclassified to other income.

9 PERSONNEL EXPENSES

in CHF 000	**2019**	2018
Wages and salaries	198 302	212 453
Social security expenses	33 622	35 814
Share-based remuneration	2 664	3 187
Other personnel expenses	11 262	13 165
Total personnel expenses	**245 850**	**264 620**
Headcount in full-time equivalents as at 31 December	3 906	4 230

Social security expenses include expenses for defined contribution plans of TCHF 131 (2018: TCHF 170). Other personnel expenses include, in particular, compensation paid to recruiters or temporary staff and expenses for training and staff recruitment.

10 OTHER OPERATING EXPENSES

in CHF 000	**2019**	2018
Agency fees	181 335	163 521
Lease expenses IAS 17	0	204 354
Lease expenses IFRS 16	37 675	0
Ancillary rental costs and property expenses	38 605	39 806
Shipping	40 460	37 592
Management and administration	28 975	29 848
Communication and IT	25 017	24 180
Advertising and sales	16 435	17 172
Impairment losses on accounts receivables	2 737	959
Other operating expenses	31 595	32 432
Total other operating expenses	**402 834**	**549 865**

The decrease in lease expenses is due to the application of IFRS 16 (see note 3). Lease expense includes other operating leases of CHF 1.8 million (2018: CHF 3.4 million). Agency fees have increased as a result of the expansion of the agency network.

11 OTHER INCOME AND OTHER EXPENSES

in CHF 000	**2019**	2018
Lease income	27 442	47 204
Gain on derecognition of right-of-use asset subject to finance lease	434	0
Gain from disposal of non-current assets	279	962
Other income	4 605	6 371
Total other income	**32 759**	**54 536**

Lease income from franchisees, previously reported in revenue is now presented as other income. Lease income in the prior period of CHF 47.2 million was reclassified accordingly. The reduction in lease income is due to the classification of subleases as finance leases under IFRS 16 on 1 January 2019 (see note 3 and 22).

Other income essentially relates to the derecognition of other non-current liabilities, reimbursements and payments received from insurance companies.

in CHF 000	2019	2018
Loss on finance lease	–193	0
Selling loss from the disposal of non-current assets	–1 218	–1 501
Other expenses	–1 248	–675
Total other expenses	**–2 659**	**–2 176**

12 FINANCIAL EXPENSE

in CHF 000	2019	2018
Interest expenses on bank loans and liabilities	6 919	7 639
Interest on bond	0	1 146
Interest expense on lease liabilities	15 107	0
Foreign exchange losses, net	1 178	1 630
Total financial expense	**23 205**	**10 416**

13 FINANCIAL INCOME

in CHF 000	2019	2018
Interest income from cash and cash equivalents, loans and receivables	187	329
Interest income from lease receivables	1 685	0
Interest income from financial leases (IAS 17)	0	127
Dividend income from other non-current financial assets	35	142
Total financial income	**1 908**	**598**

14 INCOME TAXES

Income tax is broken down as follows:

in CHF 000	2019	2018
Current income tax	6 629	3 388
Deferred income tax	–10 068	12 513
Total tax (income)/expenses	**–3 440**	**15 901**

The reconciliation of income taxes at the expected Group tax rate with the reported income tax can be reconciled as follows:

in CHF 000	**2019**	2018
Earnings before income taxes	70 161	80 000
Expected average Group tax rate	20.2%	18.8%
Income taxes at the expected Group tax rate	**14 151**	**15 040**
Expenses not recognised for tax purposes / non-taxable income	3 039	2 201
Utilisation of previously unrecognised tax loss carryforwards	– 3 553	– 2 701
Effects on current income taxes from prior periods	– 2 350	– 163
Recognition of valuation allowances for deferred tax assets	2 616	2 232
Reversal of valuation allowances for deferred tax assets	– 286	– 1 273
Intragroup transfer of assets	– 17 382	0
Changes in tax rates	– 571	115
Other effects	896	450
Total reported income taxes	**– 3 440**	**15 901**
Effective tax rate	– 4.9%	19.9%

In calculating the expected Group tax rate, the individual tax rates for the taxable entities are taken into account on a weighted basis. Compared to the previous year, the expected average Group tax rate increased due to the changed composition of the earnings before income tax of the operational companies.

The effective tax rate decreased significantly due to a one-time effect from an intragroup transfer of assets, which resulted in a change in tax base.

The change in deferred income taxes is as follows:

Change in deferred tax assets / liabilities

in CHF 000	**Deferred tax assets**	**Deferred tax liabilities**	**Net assets / (net liabilities)**
Balance on 31 December 2017	**15 474**	**– 7 166**	**8 309**
Deferred taxes recognised in the income statement	– 7 042	– 5 471	– 12 513
Deferred taxes recognised in other comprehensive income	0	213	213
Currency translation differences	– 858	567	– 291
Offsetting	2 637	– 2 637	0
Balance on 31 December 2018	**10 212**	**– 14 495**	**– 4 282**
Effect of initial application of IFRS 16	895	0	895
Balance on 1 January 2019	**11 106**	**– 14 495**	**– 3 387**
Deferred taxes recognised in the income statement	4 348	5 641	9 989
Deferred taxes recognised in other comprehensive income	0	401	401
Currency translation differences	– 645	433	– 212
Offsetting	3 029	– 3 029	0
Balance on 31 December 2019	**17 838**	**– 11 049**	**6 791**

The deferred tax assets and liabilities recognised in the balance sheet are as follows:

Deferred tax assets by origin of the difference	**2019**	2018
in CHF 000		
Current assets	922	1 180
Property, plant and equipment	1 078	422
Goodwill, software and other intangible assets	11 122	4 573
Non-current lease receivables	89	0
Current lease liabilities	28 332	0
Non-current lease liabilities	203 371	0
Other liabilities	1 576	1 635
Tax loss carryforwards	14 639	17 411
Total	**261 130**	**25 221**
Deferred tax liabilities by origin of the difference		
Current assets	–5 208	–5 239
Current lease receivables	–3 332	0
Property, plant and equipment	–34 393	–2 858
Right-of-use assets	–168 009	0
Goodwill, software and other intangible assets	–18 930	–20 215
Non-current lease receivables	–8 611	0
Other liabilities	–15 856	–1 192
Total	**–254 340**	**–29 504**
Reported in the balance sheet		
Deferred tax assets	17 838	10 212
Deferred tax liabilities	–11 049	–14 495
Total deferred tax assets, net	**6 791**	**–4 282**

Tax loss carryforwards total to an amount of CHF 388.8 million (2018: CHF 431.0 million). Utilisation of CHF 304.3 million (2018: CHF 313.1 million) of these tax losses is not considered probable and therefore no deferred taxes have been recognised. The predominant part of these tax loss carryforwards does not expire or has its expiration date in more than 5 years.

Deferred tax liabilities are not recognised to the extent that, Valora Holding AG as the parent company, is able to control the timing of the reversal of temporary differences and it is not probable that these differences will reverse in the foreseeable future (e.g. through the sale of the investment). Since a reversal is not expected at present, no deferred tax liabilities are recognised for the outside basis difference.

15 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to the shareholders of Valora Holding AG by the weighted average number of outstanding shares.

in CHF 000	**2019**	2018
Net profit from continuing operations	73 601	64 099
Coupon attributable to providers of hybrid capital	0	–4 000
Net profit from continuing operations attributable to Valora Holding AG shareholders	73 601	60 099
Net profit/(loss) from discontinued operations	100	–5 120
Net profit from continuing and discontinued operations attributable to Valora Holding AG shareholders	**73 701**	**54 979**
Average number of outstanding shares	3 940 440	3 932 706
Earnings per share from continuing operations (in CHF)	18.68	15.28
Earnings per share from continuing operations and discontinued operations (in CHF)	**18.70**	**13.98**

In 2019 and 2018 there were no dilutive effects.

16 CASH AND CASH EQUIVALENTS

in CHF 000	**2019**	2018
Cash on hand and sight deposits	122 651	104 776
Total cash and cash equivalents	**122 651**	**104 776**
of which restricted cash	6 060	2 616

Valora places significant sight deposits with banks that have a good credit rating (Standard & Poor's rating of A and higher) or with banks that are considered system-relevant. Under IFRS 9, demand deposits are measured at amortised cost.

17 TRADE ACCOUNTS RECEIVABLE

in CHF 000	**2019**	2018
Trade accounts receivable, gross	81 189	83 542
Allowance for expected credit loss	–4 109	–3 308
Total trade accounts receivable, net	**77 080**	**80 235**

Trade receivables are non-interest bearing.

The following table shows the change in loss allowances for trade accounts receivable:

in CHF 000	**2019**	2018
Balance on 1 January	**3 308**	**2 964**
Recognition of loss allowances through profit or loss	2 596	2 339
Reversal of loss allowances through profit or loss	–692	–1 410
Utilisation of loss allowances	–762	–125
Currency translation differences	–341	–460
Balance on 31 December	**4 109**	**3 308**

The trade receivables have been impaired by using a provision matrix. The calculation of the expected credit loss allowance is based on the amount of overdue trade receivables and the relevant percentages for the respective category.

Total impairments (including reversals of impairment losses) determined in accordance with IFRS 9 amounted to CHF 2.7 million. Impairment losses were charged to trade accounts receivables and other current receivables.

As of the balance sheet date, the ageing structure of trade accounts receivable is as follows:

in CHF 000	**2019**	2018
Not yet due	63 855	68 573
Less than one month overdue	9 644	8 059
More than one month, but less than two months overdue	1 260	1 422
More than two months, but less than four months overdue	1 150	695
More than four months overdue	1 172	1 485
Total trade accounts receivable, net	**77 080**	**80 235**

The payment terms for trade receivables are 30 to 90 days. The underlying contracts have no significant financing components and the amount of the consideration is essentially not determined on the basis of variable external factors. No significant components are based on estimates.

The Group considers trade accounts receivable in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amount in full. The impairment loss is recognised taking into account any existing collaterals for this contractual amount.

Under IFRS 9 trade accounts receivable were allocated to different clusters. The expected credit losses on trade accounts receivable not yet due and less than one month overdue were derived from the credit rating of these clusters (0.3 % to 1.3 % of the relevant outstanding amount). Additional expected credit losses were recognised depending on the expected default rate of the ageing bucket of the outstanding amount (more than one month but less than two months overdue: 1.3 % to 2.3 %; more than two months but less than four months overdue: 33 %; more than four months overdue: 66 %). All rates are unchanged to the prior period.

The trade accounts receivable, net, are in the following currencies:

in CHF 000	2019	2018
CHF	33 627	42 082
EUR	41 985	37 172
USD	1 468	982
Total trade accounts receivable, net	**77 080**	**80 235**

18 INVENTORIES

in CHF 000	2019	2018
Merchandise	134 178	137 252
Semi-finished and finished products	6 169	5 305
Other inventories	3 046	3 028
Total inventories	**143 393**	**145 585**

During the financial year, write-downs on inventories of CHF 9.2 million (2018: CHF 6.5 million) were charged to the cost of goods and materials.

19 OTHER CURRENT RECEIVABLES

in CHF 000	2019	2018
Value-added taxes and withholding tax receivables	1 001	1 195
Prepaid expenses and accrued income	35 751	30 804
Other receivables	28 883	23 939
Total other current receivables	**65 635**	**55 938**

In particular, other receivables include claims for reimbursement of costs as well as receivables due from social security and insurance companies.

All other receivables measured at amortised cost had good credit ratings (stage 1). The default risk, which in this case is derived from the credit rating, is not material.

20 PROPERTY, PLANT AND EQUIPMENT

in CHF 000	Land	Building	Machinery and equipment	Projects in progress	Total
Acquisition costs					
Balance on 31 December 2017	**8 514**	**35 297**	**463 135**	**8 433**	**515 379**
Consolidation scope additions	0	0	474	0	474
Additions	239	1 811	26 757	34 627	63 434
Disposals	0	0	– 20 077	– 416	– 20 493
Reclassifications	0	131	19 634	– 19 766	– 0
Currency translation differences	– 152	– 628	– 7 238	– 533	– 8 551
Balance on 31 December 2018	**8 601**	**36 612**	**482 684**	**22 345**	**550 242**
Consolidation scope additions	0	0	658	0	658
Additions	0	19 969	49 439	18 079	87 487
Disposals	0	0	– 21 934	– 92	– 22 027
Reclassifications	0	1 675	12 146	– 13 820	0
Currency translation differences	– 150	– 1 125	– 7 524	– 704	– 9 504
Balance on 31 December 2019	**8 451**	**57 129**	**515 468**	**25 808**	**606 857**
Accumulated depreciation / impairments					
Balance on 31 December 2017	**0**	**– 9 689**	**– 277 796**	**0**	**– 287 485**
Additions	0	– 1 751	– 42 739	0	– 44 490
Impairments	0	0	– 3 688	0	– 3 688
Disposals	0	0	17 300	0	17 300
Currency translation differences	0	137	3 381	0	3 519
Balance on 31 December 2018	**0**	**– 11 303**	**– 303 541**	**0**	**– 314 844**
Additions	0	– 2 029	– 42 896	0	– 44 925
Impairments	0	0	– 3 405	0	– 3 405
Disposals	0	0	20 470	0	20 470
Currency translation differences	0	156	3 616	0	3 772
Balance on 31 December 2019	**0**	**– 13 175**	**– 325 757**	**0**	**– 338 932**
Carrying amount					
On 31 December 2018	8 601	25 309	179 143	22 345	235 398
On 31 December 2019	**8 451**	**43 954**	**189 711**	**25 808**	**267 924**

Impairments on machinery and equipment mainly relate to point-of-sale equipment in both years.

A small portion of machinery and equipment is subject to operating leasing.

21 VALORA AS A LESSEE

A) LEASE ACTIVITIES

Sales outlets. Valora holds around 2 800 lease contracts, mainly for sales outlets, comprising both fixed and variable sales-based lease payments. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 5–10 years and may include extension and termination options which provide operational flexibility.

Vehicles leases. The Group leases cars for management and sales functions. The average lease term is 3–4 years.

Other leases. The Group does not lease machinery and equipment, furniture or other equipment that combined are significant to the total leased asset portfolio.

B) RIGHT-OF-USE ASSETS

in CHF 000	Right-of-use assets sales outlets	Right-of-use assets vehicles	Total right-of-use assets
At cost			
Balance on 1 January 2019	**541 053**	**1 724**	**542 777**
Additions	619 073	1 565	620 638
Disposals and derecognitions	– 75 923	– 160	– 76 083
Currency translation differences	– 12 415	– 61	– 12 477
Balance on 31 December 2019	**1 071 788**	**3 068**	**1 074 856**
Accumulated depreciation / impairment			
Balance on 31 December 2018	**0**	**0**	**0**
Additions	– 139 642	– 1 117	– 140 759
Impairments	– 424	0	– 424
Disposals	4 041	15	4 056
Currency translation differences	1 251	18	1 269
Balance on 31 December 2019	**– 134 774**	**– 1 084**	**– 135 858**
Carrying amount			
Balance on 31 December 2019	**937 014**	**1 984**	**938 997**

The significant increase in the right-of-use assets is mainly attributable to the renewal of 231 existing and the conclusion of 31 new rental agreements with the Swiss Federal Railways. The lease term for the sales outlets is 10 years.

C) LEASE LIABILITIES

in CHF 000	2019
Balance on 1 January 2019	**619 406**
Additions	602 781
Interest on lease liabilities	15 107
Lease payments (including interest payments)	– 157 795
Early termination of contracts	– 16 533
Currency translation differences	– 14 727
Balance on 31 December 2019	**1 048 240**
Thereof current portion	160 749
Thereof non-current portion	887 491

Maturity analysis - contractual undiscounted cash flows

in CHF 000	2019
Within one year	179 292
Within 1 – 5 years	568 233
More than 5 years	384 893
Total undiscounted lease liabilities	**1 132 418**
Effect of discounting	– 84 178
Total lease liabilities included in the balance sheet	**1 048 240**

Variable lease payments based on sales. Some leases of sales outlets contain variable lease payments that are based on sales generated from the store. Variable payment terms are used to link rental payments to store cash flows and minimise fixed costs. Fixed and variable lease payments by segment for the period ended 31 December 2019 are summarised below.

Segment	No. of Leases	Fixed lease payments	Variable lease payments	Total	Estimated impact on total rent of a 3% increase in sales
Retail	2 222	119 599	13 731	133 330	6 446
Food Service	652	50 772	9 651	60 423	1 469
Other	2	2 704	0	2 704	0
Total	**2 876**	**173 075**	**23 382**	**196 457**	**7 915**

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

A 3% increase in sales across all stores in the Group would be expected to increase total lease payments by approximately CHF 7.9 million.

Extension options. Some leases of sales outlets contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, Valora seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by Valora and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options.

The impact of exercised extension options in 2019 amounted to CHF 22.6 million. The table below shows the potential future lease payments due to exercised extension options.

Segment	Number of leases with options due to excercise in the current year	Total lease liability due to extension options in the current year	Number of extension options recognised in the current year	Total lease liability recognised due to extension options in the current year (NPV)	Number of leases with extension options due in future periods	Total lease liability due to extension options in future periods (NPV)
Retail	104	17 031	54	10 803	385	83 094
Food Service	57	20 036	32	11 846	430	142 595
Other	0	0	0	0	1	22 621
Total	**161**	**37 067**	**86**	**22 649**	**816**	**248 310**

If Valora exercised all extension options not currently included in the lease liabilities, the additional payments would amount to CHF 248.3 million at 31 December 2019.

D) OTHER DISCLOSURES

Lease expenses not included in lease liabilities:

in CHF 000	**2019**
Variable lease payments	23 382
Lease expenses short term leases	13 738
Lease expenses low value assets	555
Total lease expenses presented within operating expenses	**37 675**

in CHF million	**2019**
Interest expense on lease liabilities	15 107
Total cash outflow for leases	195 470
Lease commitment for short-term leases	6 696

The lease commitments for leases not commenced at year-end amount to CHF 95 million and relate to concluded contracts for new rental spaces with Swiss Federal Railways.

22 VALORA AS A LESSOR

A) LEASE RECEIVABLES

in CHF 000	2019
Balance on 1 January 2019	**71 598**
Additions	56 678
Interest on lease receivables	1 685
Repayments (including interest payments)	– 16 209
Impairment charge	0
Early termination of contracts	– 18 795
Currency translation differences	– 3 343
Balance on 31 December 2019	**91 613**
Thereof current portion	23 407
Thereof non-current portion	68 207

Additions and early termination of contracts are mainly due to changes from own outlets to franchisees during the year. The increase in lease receivables is the result of the increased number of franchisees.

Maturity analysis of lease payment receivable

in CHF 000	2019
Within one year	25 024
Within 1 – 2 years	20 781
Within 2 – 3 years	17 502
Within 3 – 4 years	13 579
Within 4 – 5 years	9 583
After more than 5 years	10 154
Total undiscounted lease payments to be received	**96 624**
Unearned finance income	– 5 011
Total lease receivables	**91 613**

B) OPERATING LEASES

Subleases not qualifying as finance lease. Subleases are classified as operating lease when not substantially all of the risks and rewards of ownership are transferred.

The following table shows the future minimum lease payments under non-cancellable operating subleases as at 31 December:

Payments from operating subleases in CHF 000	**2019**
Income from subleases recognised during the reporting period	16 858
Due dates of future payments	
Within one year	6 539
Within 1 – 2 years	4 349
Within 2 – 3 years	3 137
Within 3 – 4 years	2 387
Within 4 – 5 years	1 141
After more than 5 years	1 128
Total undiscounted payments to be received	**18 682**

Other operating leases. The Group leases out some facilities, machinery and equipment to franchisees predominantly in Germany. These leases have been classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table shows the undiscounted lease payments to be received after the reporting date.

Payments from other operating leases in CHF 000	**2019**	2018
Income recognised during the reporting period	10 584	6 376
Due dates of future payments		
Within one year	8 274	4 810
Within 1 – 2 years	6 638	3 865
Within 2 – 3 years	5 781	3 177
Within 3 – 4 years	4 887	2 600
Within 4 – 5 years	3 829	2 027
After more than 5 years	5 158	3 114
Total undiscounted future payments from other operating leases	**34 567**	**19 593**

C) OTHER DISCLOSURES

The Group has a finance income on lease receivables of CHF 1.7 million.
Selling profit or loss resulting from sublease arrangements is disclosed in other income or expense.

23 GOODWILL, SOFTWARE AND OTHER INTANGIBLE ASSETS

in CHF 000	Goodwill	Intangible assets with indefinite useful lives	Software and intangible assets with finite useful lives	Projects in progress	Total
Acquisition costs					
Balance on 31 December 2017	**560 824**	**47 986**	**209 666**	**4 744**	**823 220**
Additions to the scope of consolidation	0	0	3 349	0	3 349
Additions	0	0	2 433	4 972	7 404
Disposals	0	0	– 1 253	– 5	– 1 258
Reclassifications	0	0	4 028	– 4 028	0
Currency translation differences	– 14 619	– 918	– 4 473	– 126	– 20 135
Balance on 31 December 2018	**546 205**	**47 068**	**213 750**	**5 557**	**812 580**
Additions to the scope of consolidation	2 677	0	0	0	2 677
Additions	0	0	2 997	4 058	7 054
Disposals	0	0	– 405	– 7	– 412
Reclassifications	0	0	1 910	– 1 910	0
Currency translation differences	– 13 121	– 819	– 4 083	– 138	– 18 162
Balance on 31 December 2019	**535 761**	**46 249**	**214 169**	**7 560**	**803 738**
Accumulated amortisation / impairments					
Balance on 31 December 2017	**– 1 285**	**0**	**– 114 086**	**0**	**– 115 371**
Additions	0	0	– 17 607	0	– 17 607
Impairments	0	0	– 437	0	– 437
Disposals	0	0	852	0	852
Currency translation differences	49	0	1 478	0	1 527
Balance on 31 December 2018	**– 1 236**	**0**	**– 129 800**	**0**	**– 131 036**
Additions	0	0	– 17 595	0	– 17 595
Impairments	0	0	– 52	0	– 52
Disposals	0	0	306	0	306
Currency translation differences	44	0	1 756	0	1 800
Balance on 31 December 2019	**– 1 192**	**0**	**– 145 385**	**0**	**– 146 577**
Carrying amount					
On 31 December 2018	544 969	47 068	83 950	5 557	681 544
On 31 December 2019	**534 569**	**46 249**	**68 784**	**7 560**	**657 162**

Intangible assets with indefinite useful lives. The intangible assets with indefinite useful lives include the brands Ditsch (CHF 22.2 million) and Brezelkönig (CHF 24.0 million). The trademarks were tested for impairment by calculating the value in use of the cash-generating unit Food Service Europe. The revenues used in this calculation are based on three-year business plans. A long term growth rate of 0.2 % was assumed (2018: 1.0 %). The pre-tax discount rates applied are 7.4 % for Ditsch and 5.7 % for Brezelkönig (2018: 6.7 % and 5.2 % respectively).

Software and intangible assets with finite useful lives. Software and intangible assets with finite useful lives include CHF 9.7 million (2018: CHF 11.8 million) for software and CHF 59.1 million (2018: CHF 72.2 million) for intangible assets with finite useful lives, of which CHF 9.6 million (2018: CHF 13.6 million) relate to Ditsch / Brezelkönig customer relationships and CHF 43.1 million (2018: CHF 49.6 million) to BackWerk franchise contracts.

Goodwill impairment test. Goodwill is allocated to the following cash-generating units:

Cash-generating units in CHF 000	**2019**	2018
Valora Retail Switzerland	53 730	53 730
Valora Retail Germany	87 909	91 143
Food Service Europe	389 620	396 733
Ditsch USA	3 311	3 364
Total carrying amount as at 31 December	**534 569**	**544 969**

Goodwill is tested for impairment based on the estimated future free cash flows (DCF method) taken from the respective business plan of the cash-generating units. These business plans were approved by the Board of Directors and reflect the management's assumptions. For cash flows arising after this period a terminal value derived from the third planning year is used. The following key assumptions were used:

Cash-generating units in CHF 000	Planning horizon [1]	long-term growth rate 2019[2]	long-term growth rate 2018[2]	Net revenues	Margin trend
Valora Retail Switzerland	3 years	0 %	0 %	rising slightly	falling slightly
Valora Retail Germany	3 years	0 %	0 %	falling	rising
Food Service Europe	3 years	0.35 %	1 %	rising	rising
Ditsch USA	3 years	2 %	2 %	rising	stable

[1] Except for Ditsch USA with a planing horizon of 3 years (prior period 5 years), planning horizon is unchanged.
[2] Beyond the planning horizon

The discount rates are set based on the Group's weighted cost of capital, reflecting country and currency-specific risks affecting the cash flows.

The following (pre-tax) discount rates were used:

in CHF 000	Currency	2019	2018
Valora Retail Switzerland	CHF	6.0 %	5.7 %
Valora Retail Germany	EUR	7.6 %	7.0 %
Food Service Europe	EUR	6.7 %	6.1 %
Ditsch USA	USD	10.4 %	11.0 %

No impairments were charged to the income statement in 2019 and 2018.

Sensitivities. For all goodwill items, the impairment tests for 2019 show that even in the event of an increase in the discount rate of 1.5 percentage points, which is considered to be reasonably possible, or assuming revenues are 5 % lower, all resulting values in use exceed the carrying amounts.

24 FINANCIAL ASSETS

in CHF 000	2019	2018
Loans	4 112	5 080
Other non-current receivables	5 468	5 044
Other non-current financial assets	649	649
Total financial assets	**10 229**	**10 773**

The comparative period included in other non-current receivables a usage right from the sale of the property in Muttenz in the year 2012, which was sold in 2019. Other non-current financial assets comprise unlisted equity securities measured at fair value through profit or loss.

25 CURRENT FINANCIAL LIABILITIES AND OTHER NON-CURRENT LIABILITIES

Current financial liabilities in CHF 000	**2019**	2018
Current bank debt and current portion of long-term debt	153	185 133
Total current financial liabilities	**153**	**185 133**

Other non-current liabilities in CHF 000	**2019**	2018
Promissory notes	433 644	271 976
Other non-current liabilities	13 563	12 426
Total other non-current liabilities	**447 207**	**284 402**

The syndicated loan facility of CHF 50 million is currently not being utilised.

On 11 January 2019 Valora refinanced a maturing EUR promissory note and the CHF hybrid bond with a five-year term EUR 100 million promissory note and an additional tranche of CHF 63 million.

Other non-current liabilities include financial liabilities (mainly deposits) in the amount of TCHF 9733 (2018: TCHF 6245) and other liabilities (jubilee benefits and others) in the amount of TCHF 3830 (2018: TCHF 6181). As at the initial application of IFRS 16, a provision for onerous contracts presented under other non-current liabilities in the amount of CHF 2.1 million was offset against right-of-use assets (Note 3).

Maturities at year end are as follows in CHF 000	**2019**	2018
Within one year	153	185 133
Within 1 – 2 years	78 147	1 398
Within 2 – 3 years	1 121	82 345
Within 3 – 4 years	185 680	1 172
Within 4 – 5 years	172 429	192 128
After more than 5 years	6 000	1 178
Total financial liabilities	**443 530**	**463 354**
Current portion of financial liabilities	– 153	– 185 133
Total non-current portion of financial liabilities	**443 377**	**278 221**

The interest rates on financial liabilities ranged between 0.0% and 3.0% (2018: between 0.1% and 3.0%). The weighted average interest rate on financial liabilities was 1.4% (2018: 1.9%). Non-current financial liabilities are denominated in the following currencies:

in CHF 000	**2019**	2018
CHF	63 698	691
EUR	375 874	277 530
USD	3 806	0
Total non-current financial liabilities	**443 377**	**278 221**
Other non-current liabilities	3 830	6 181
Total other non-current liabilities	**447 207**	**284 402**

Financing activities in CHF 000	Current bank debt	Current portion of long-term debt	Current bonds	Current portion of lease liabilities	**Total current financial liabilities**	Promissory notes	Other non-current financial liabilities	Non-current portion of lease liabilities	**Total non-current financial liabilities**
Balance on 31 December 2017	**15 769**	**901**	**199 990**	**0**	**216 660**	**175 421**	**6 550**	**0**	**181 971**
Financing cash inflow	77 709	0	0	0	77 709	201 078	185	0	201 263
Financing cash outflow	0	0	–200 000	0	–200 000	0	–268	0	–268
Reclass	0	87 667	0	0	87 667	–87 766	0	0	–87 766
Non-cash transactions	0	–503	10	0	–493	221	0	0	221
Currency translation differences	3 615	–26	0	0	3 589	–16 978	–222	0	–17 200
Balance on 31 December 2018	**97 093**	**88 040**	**0**	**0**	**185 133**	**271 976**	**6 245**	**0**	**278 221**
Effect of initial application of IFRS 16	0	0	0	0	0	0	0	619 406	619 406
IFRS 16 additions					0			617 888	617 888
Financing cash inflow	0	0	0	0	0	175 279	4 514	0	179 793
Financing cash outflow	–94 439	–90 255	0	–157 795	–342 490	0	–725	0	–725
Reclass	0	0	0	320 363	320 363	0	0	–320 363	–320 363
Non-cash transactions	0	124	0	0	124	240	0	–16 533	–16 293
Currency translation differences	–2 501	2 092	0	–1 818	–2 227	–13 851	–301	–12 909	–27 061
Balance on 31 December 2019	**153**	**0**	**0**	**160 749**	**160 903**	**433 644**	**9 733**	**887 491**	**1 330 868**

26 TRADE ACCOUNTS PAYABLE

Trade accounts payable are denominated in the following currencies:

in CHF 000	**2019**	2018
CHF	99 872	92 398
EUR	43 771	43 786
Other	1 744	362
Total trade accounts payable	**145 387**	**136 546**

27 OTHER CURRENT LIABILITIES

in CHF 000	**2019**	2018
Value-added tax and other taxes	3852	3985
Personnel and social security	1892	1302
Accruals for overtime, vacation and variable salary components	7838	6162
Liabilities to pension funds	1021	1021
Accrued expenses and prepaid income	49288	44748
Liabilities for investments in property, plant and equipment	13815	5860
Other current liabilities	26762	21521
Total other current liabilities	**104469**	**84599**

Accrued expenses primarily include accruals for agency fees, goods and services purchased as well as accrued interest. Other current liabilities mainly comprise liabilities in regard to variable lease payments and ancillary lease costs.

28 PENSION OBLIGATIONS

In line with statutory requirements, most employees are insured by pension schemes that are funded by the Valora Group and its employees. These institutions include state or self-funded insurance, private insurance companies, independent foundations and pension funds. The benefits provided by these institutions vary according to the legal and economic conditions in each country, but they are mainly based on length of service and the employee's average salary and they generally cover the risks of old age, death and disability in line with statutory provisions on occupational benefits.

Most Valora employees in Switzerland are insured by the autonomous Valora pension fund against the risks of old age, death and disability. Ordinary employer contributions include age-related risk premiums of 1.0–3.0% as well as savings contributions of 4.0–12.0% of the insured salary in credits to individual saving accounts. Benefits are defined in the pension fund regulations of the Valora Pension Fund, with minimum benefits defined by law. The ordinary retirement age is 65 for men and 64 for women. After they turn 58, Valora employees have the right to early retirement, with the conversion rate being reduced in line with the longer expected pension period. The amount of the pension that is paid out is based on the conversion rate applied to the individual beneficiary's accumulated saving accounts when they retire. For ordinary retirement after reaching age 65 or 64, the conversion rate is currently 6.00% (2018: 6.20%). The conversion rate will be reduced by 0.30% to 5.70% in 2020. The accumulated saving accounts are made up of savings contributions from employers and employees as well as interest credited to the saving accounts. The interest rate is set annually by the Board of Trustees of the Valora Pension Fund. The legal form of the Valora Pension Fund is a foundation. The Board of Trustees, which is comprised of an equal number of employer and employee representatives, is responsible for managing the foundation. The duties of the Board of Trustees are defined in the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG) and the pension fund regulations of the Valora Pension Fund. A temporary shortfall is permitted under the BVG. In order to remedy a shortfall within a reasonable period of time, the Board of Trustees is obliged to initiate remedial measures. If there is a significant shortfall, additional employer and employee contributions may be imposed under the BVG.

Day-to-day business is managed by the plan administrator under the supervision of the Board of Trustees. The plan administrator periodically informs the Board of Trustees about developments. The foundation bears all actuarial risks. These are divided into demographic (in particular, changes in mortality) and financial risks (in particular, changes to the discount rate, changes to wages and the return on plan assets). The Board of Trustees assesses the risks on a regular basis. To this end, an actuarial report is prepared once a year in accordance with the provisions of the BVG. This report is not prepared using the projected unit credit method. The Board of Trustees is responsible for investments. If necessary, it redefines the investment strategy, particularly in the event of significant changes on the market or to the structure of plan participants. The investment strategy takes account of the foundation's risk capacity as well as the plan's benefit obligations and is set out in the form of a target long-term asset structure (investment policy). The aim is to achieve a medium- and long-term balance of plan assets and obligations under the pension plan.

The last actuarial evaluation was prepared as at 31 December 2019. The assets of the pension schemes are invested in accordance with local investment regulations. Valora pays its contributions to pension schemes on the basis of the rules specified by the pension scheme.

Other employees in Germany and Austria are also insured by various, smaller unfunded pension plans.

Change in liabilities and assets in CHF 000	**2019**	2018
Present value of defined benefit obligation at the beginning of the year	487 870	516 717
Service cost	6 463	6 738
Employee contributions	4 680	4 903
Interest costs	2 559	2 799
Plan amendments, curtailments, settlements	–9 998	–8 839
Additions to the scope of consolidation	2 136	4 236
Benefits paid	–31 590	–29 029
Actuarial losses / (gains) from obligations	30 214	–9 644
Currency translation differences	–8	–11
Present value of defined benefit obligation at year-end	**492 325**	**487 870**
Market value of pension assets at the beginning of the year	558 878	577 568
Interest income	2 929	3 130
Employer contributions	6 363	6 963
Employee contributions	4 680	4 903
Plan amendments, curtailments, settlements	–7 177	–7 210
Additions to the scope of consolidation	2 060	4 141
Benefits paid	–31 538	–29 001
Actuarial (losses) / gains from assets	37 477	–828
Other pension costs	–715	–788
Market value of pension assets at year-end	**572 957**	**558 878**

The pension assets calculated at fair value all relate to the Swiss pension schemes.
The Group expects to pay employer contributions of CHF 6.9 million in 2020.

Balance sheet values in CHF 000	**2019**	2018
Present value of funded pension obligations	–492 110	–487 596
Fair value of pension assets	572 957	558 878
Excess / (shortfall) of fund-financed plans	**80 847**	**71 282**
Asset ceiling effect	–80 847	–71 282
Present value of unfunded pension obligations	–215	–274
Total net pension obligation	**–215**	**–274**

The weighted average duration of the defined benefit obligation is 12.7 years (2018: 12.4 years).

The net pension obligation developed as follows:

in CHF 000	**2019**	2018
1 January	–274	–307
Additions to the scope of consolidation	–76	–95
Pension expense, net in profit or loss	–4 359	–5 902
Employer contributions	6 415	6 991
Actuarial losses in other comprehensive income	–1 930	–972
Currency translation differences	8	11
31 December	**–215**	**–274**

Income statement in CHF 000	**2019**	2018
Service cost	–6 463	–6 738
Interest costs	–2 559	–2 799
Plan amendments, curtailments, settlements	2 821	1 629
Interest on effect of asset ceiling	–372	–336
Interest income	2 929	3 130
Other pension costs	–715	–788
Actuarial net pension expense	**–4 359**	**–5 902**

Income from plan amendments in the amount of CHF 2.8 million are primarily due to the reduction in the conversion rate.

Actuarial gains / losses in CHF 000	**2019**	2018
Changes in financial assumptions	–30 033	16 463
Experience adjustment on defined benefit obligation	–257	–6 914
Gain on pension assets (excluding interest based on the discount rate)	37 477	–828
Asset ceiling effect	–9 193	–9 788
Actuarial losses of the period	**–2 006**	**–1 067**

Total actuarial gains / losses recognised in other comprehensive income in CHF 000	**2019**	2018
1 January	–91 758	–90 904
Actuarial losses	–2 006	–1 067
Deferred taxes	401	213
31 December	**–93 363**	**–91 758**

Significant actuarial assumptions in CHF 000	**2019**	2018
Discount rate (Switzerland only)	0.20 %	0.75 %
Future salary increases (Switzerland only)	1.00 %	1.00 %

Calculations in Switzerland were carried out using the BVG 2015 mortality table (generation table).

Sensitivity analysis in CHF 000	**2019**	2018
Discount rate (+0.25 %)	–15 027	–13 622
Discount rate (–0.25 %)	13 954	12 915
Change in salaries (+0.50 %)	648	631
Change in salaries (–0.50 %)	–674	–630

Only one of the assumptions is adjusted in the analysis while all other parameters remain unchanged.

Asset allocation in CHF 000	**2019**	2018
Cash and cash equivalents	5.30 %	5.70 %
Bonds	31.80 %	32.90 %
Equities	29.00 %	27.10 %
Real estate	30.50 %	31.30 %
Other	3.40 %	3.00 %
Total	**100.00 %**	**100.00 %**

With the exception of real estate and cash and cash equivalents, all assets have quoted prices in active markets.

The effective income from plan assets is CHF 39.7 million (2018: CHF 1.5 million). The effective return for 2019 was 7.1 % (2018: 0.3 %). The pension schemes do not hold any Valora Holding AG securities and do not let significant portions of their real estate to the Valora Group.

29 SHARE-BASED REMUNERATION

The following share-based remuneration programmes are available for the Board of Directors, management and employees:

Share participation programme for the Board of Directors. Generally, 20 % of the individual total compensation of members of the Board of Directors is paid out in blocked registered shares. In justified cases, the Board of Directors may decide to pay a higher or lower percentage of the total compensation in shares. The shares are generally subject to a blocking period of three years. The shares remain in a Valora securities account during the blocking period. Board members are prohibited from selling, pledging or otherwise transferring the shares. After the end of the blocking period, members can freely dispose of the shares.

During the reporting year, the members of the Board of Directors received 20 % of their total compensation in shares in the quarter following the Ordinary General Meeting.

Share participation programme (SPP) for Group Executive Management. The share participation programme (SPP) for members of Group Executive Management and selected members of Extended Group Executive Management ended on 31 December 2018.

Under the SPP, shares were granted as a component of compensation in accordance with the relevant employment contract. Participants received shares of Valora Holding AG with all shareholder rights but subject to a three-year lock-up period (post-vesting transfer restriction). The allocation of shares was not subject to any service conditions. The fair value of the compensation was the share price on the grant date multiplied by the number of allocated shares.

An amount of CHF 2.1 million was recognised as expense in the prior year.

Long term incentive plan (LTIP) for Group Executive Management. With effect from 1 January 2019 a long-term incentive plan was introduced which is a performance share unit plan. PSUs granted in 2019 were subject to a service period ending on 31 December 2019 and are converted into Valora shares after a two year period ending 2021, which is then followed by a further two year blocking period during which transfer restrictions apply. The number of shares that the plan participants will eventually receive is determined by multiplying the PSUs that vested on 31 December 2019 with a conversion multiple. This multiple is based on the achievement of performance targets related to the Group's return on capital employed ("ROCE") and earnings per Share ("EPS"), equally weighted at 50%, over the performance period 2019 to 2021. The fair value per PSU reflects Valora's share price at the grant date and the probability of goal achievement. In the current year for the Group Executive Management 4,815 PSUs were granted at a fair value of CHF 270.45. In 2019, CHF 1.4 million personnel expense was recognised in the income statement.

Share participation programme for employees. Employees in Switzerland (members of Group Executive Management are excluded from the programme) are entitled to acquire shares of Valora Holding AG at a preferential price at the beginning of the following year based on certain criteria and function / management level. The price is 60% of the average market price in November of the previous year. The shares are acquired with all rights, but subject to a blocking period of three years.

The proceeds of these sales to employees are credited directly to equity.

Recognised personnel expense for share-based remuneration for personnel and the Board of Directors in CHF 000	**2019**	2018
Expenses for Valora Group employees and management share participation plans (equity settled)	2 664	3 187
Total expense recognised for share-based remuneration	**2 664**	**3 187**

30 CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

Contingent liabilities in CHF 000	**2019**	2018
Guarantees	4 786	6 255
Total contingent liabilities	**4 786**	**6 255**

Future obligations from other agreements

in CHF 000	**2019**	2018
Due dates of future obligations from other agreements		
Within one year	34 033	23 780
Within 1 – 2 years	5 313	7 374
Within 2 – 3 years	4 769	5 608
Within 3 – 4 years	3 596	5 350
Within 4 – 5 years	2 700	4 428
After more than 5 years	984	3 321
Total future obligations from other agreements	**51 395**	**49 861**

The future obligations from other agreements relate to commodity contracts and IT outsourcing agreements.

31 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

By virtue of the nature of its business operations and its financing structure, the Valora Group is exposed to financial risks. These not only include market risks such as foreign exchange and interest rate risks, but also liquidity and credit risks. Valora's financial risk management activities aim to limit these risks. The financial risk policy is determined by Group Executive Management and monitored by the Board of Directors. Responsibility for implementation of the financial policy as well as for financial risk management rests with the central Corporate Treasury.

Sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on earnings before income taxes and other comprehensive income are used to present market risks. These effects are determined by assuming hypothetical changes in the risk variables and assessing their impact on their financial instruments. The hypothetical changes in interest rates relate to the differences between the expected interest rates at the end of the following year and the current values on the balance sheet date. The hypothetical changes in currencies correspond to the one-year volatility as at the balance sheet date.

Foreign currency risks. Transaction risks arise when the value of foreign currency transactions fluctuates as a result of changes in the exchange rate of the functional currency. For Valora, transaction risks arise when it obtains goods and services in a currency other than the functional currency and as a result of intra-group transactions. Most Group companies mainly carry out the transactions in their functional currency. According to IFRS currency risks do not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency. In order to limit the transaction risks, currency derivatives are used selectively.

Translation risks arise when translating the balance sheets and income of foreign Group companies as part of consolidation and the resulting change in equity.

Net investments in foreign Group companies are from time to time analysed and the risks are measured using the volatilities of the corresponding currencies. These analyses show that the translation risks are acceptable compared to consolidated equity. The translation risks are not hedged and are not included in the currency sensitivities presented below.

The following table shows the material effects on earnings before income taxes and other comprehensive income as a result of hypothetical changes to the relevant foreign exchange rates of the financial instruments.

Currency sensitivity analysis in CHF 000	**Hypothetical change (percent) 2019**	**Impact on earnings before income tax 2019**	**Impact on other comprehensive income 2019**	Hypothetical change (percent) 2018	Impact on earnings before income tax 2018	Impact on other comprehensive income 2018
CHF/EUR	+/–4.0%	+/–1 815	+/–7 603	+/–5.1%	+/–1 347	+/–9 549

Interest rate risks. The Group's interest-bearing assets mainly comprise cash and cash equivalents. Due to the variable interest rate on cash and cash equivalents, the amount of income is influenced by the development of market interest rates. The Group's interest rate risk normally arises in connection with financial liabilities. Financial liabilities with variable interest rates result in a cash flow interest rate risk for the Group. In order to achieve the desired balance of fixed and variable interest rates, the Group enters from time to time into interest rate hedges where needed. Interest-bearing liabilities consist mainly of a promissory note (see Note 25).

The sensitivity analysis of the interest rate risk only includes items with variable interest rates. The following table shows the material effects on earnings before income taxes as a result of hypothetical changes to the relevant market interest rates.

Interest rate sensitivity analysis in CHF 000	**Hypothetical change (basis points) 2019**	**Impact on earnings before income tax 2019**	Hypothetical change (basis points) 2018	Impact on earnings before income tax 2018
CHF	+/–6	+/–417	+/–27	+/–86
EUR	+/–6	+/–194	+/–21	+/–132

Liquidity risks. Liquidity risk management refers to the Group's ability to meet its payment obligations in full and in a timely manner at all times. Valora's Group liquidity is monitored on an ongoing basis and optimised through cash pool arrangements. Liquidity reserves in the form of credit limits and cash are designed to ensure constant solvency and financial flexibility.

The following table shows the undiscounted interest and principal payments of the Group's non-derivate financial liabilities. All instruments in the portfolio at the end of the year are included. The closing interest rates are used to calculate variable interest payments.

in CHF 000	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
As at 31 December 2019					
Current financial liabilities	150	0	0	0	0
Current lease liabilities	11 741	44 155	123 395	0	0
Trade accounts payable	138 639	3 113	3 635	0	0
Other current liabilities (financial instruments only)	33 690	30 442	17 985	0	0
Non-current lease liabilities	0	0	0	568 233	384 893
Non-current financial liabilities	2 868	0	1 605	446 250	9 406
Total	**187 088**	**77 710**	**146 620**	**1 014 483**	**394 299**
As at 31 December 2018					
Current financial liabilities	97 494	0	88 966	0	0
Trade accounts payable	129 560	6 947	38	0	0
Other current liabilities (financial instruments only)	43 600	8 828	9 793	0	0
Non-current financial liabilities	1 778	0	1 276	282 270	5 906
Total	**272 432**	**15 775**	**100 073**	**282 270**	**5 906**

In order to optimise its ability to manage liquidity, the Valora Group has several different credit facilities in place, both at fixed and floating rates of interests, which have not been fully drawn.

Credit risks. Credit risks arise when contractual parties are unable to fulfil their obligations as agreed. Valora's receivables are reviewed on an ongoing basis and managed so that no significant credit and concentration risks arise. As at the end of 2019 and 2018, the Valora Group had no receivables from individual customers representing more than 6 % of total trade accounts receivable.

The Group works with a selected number of reputable banking institutions. Specific situations may require subsidiaries to transact business with other banks. New banking relationships are established and existing ones terminated in consultation with Corporate Treasury. Corporate Treasury reviews the banking relationships on a regular basis using external ratings and defines credit limits for all counterparties.

The maximum default risk of the financial assets of CHF 353 million (2018: CHF 241 million) corresponds to the carrying amounts (see Note 32).

In addition, there is a default risk in connection with accounts receivables sold to a bank (Note 4), the maximum default risk corresponds to the entire amount derecognized.

The following table shows the Group's demand deposits and fixed term deposits with maturities of 3 months or less by bank counterparty rating. The table uses Standard & Poor's rating codes.

Demand deposits and fixed term deposits with maturities of less than three months in CHF 000	**2019**	2018
AAA and / or state guarantee (AAA countries)	137	54
AA	3 349	4 372
A	78 816	56 033
BBB	5 571	3 750
No Rating	2 703	1 952
Total demand deposits and fixed term deposits with maturities of less than three months [1]	**90 576**	**66 161**

[1] The other components of the balance sheet item cash and cash equivalents is comprised of cash holdings (including cash in transit).

Risk management instruments (hedging). The Valora Group uses forward contracts to mitigate foreign currency risks. In addition, interest rate swaps are used to hedge interest rate risks. Exposure arising from existing asset and liability items, as well as from future commitments, is managed centrally.

As at 31 December 2019 and 2018 no derivative financial instruments were held.

Capital management. The primary goal of capital management at the Valora Group is to achieve a high credit rating and a good equity ratio. This serves to support the Group's business activities and maximise shareholder value.

The Valora Group manages its capital structure and makes adjustments in response to changes in the economic circumstances. The Valora Group can undertake various measures to maintain or adjust its capital structure, such as modifying dividend payments to shareholders, repaying capital to shareholders or issuing new shares.
Capital is monitored with the help of the equity ratio, which is calculated as the percentage of equity to total assets. The Group's capital and equity ratio are listed in the following table:

in CHF 000	**2019**	2018
Total assets	2 392 837	1 326 229
Total equity	**626 119**	**613 781**
Equity ratio	**26.2 %**	**46.3 %**

With the exception of bob Finance AG, Zurich, the Valora Group is not subject to external capital requirements, such as those that apply in the financial services sector. The minimum equity ratio requirements are based on the financial covenants in the bank loan agreements.

bob Finance AG is subject to the shareholders' equity requirements set out in Art. 5 of Switzerland's Ordinance relative to the Federal Law on Consumer Credit (VKKG). The equity of bob Finance AG must amount to at least CHF 250 000 or 8 % of outstanding consumer loans.

32 FINANCIAL INSTRUMENTS

Carrying amounts, fair value and measurement categories under IFRS 9 in CHF 000	Measurement category IFRS 9	**Carrying amount 2019**	**Fair Value 2019**	Carrying amount 2018	Fair Value 2018
Assets					
Cash and cash equivalents	At amortised cost	122 651	122 651	104 776	104 776
Trade accounts receivable	At amortised cost	77 080	77 080	80 235	80 235
Current lease receivables	At amortised cost	23 407	n.a.	0	0
Other current receivables (financial instruments only)	At amortised cost	51 852	51 852	44 947	44 947
Non-current lease receivables	At amortised cost	68 207	n.a.	0	0
Non-current interest-bearing financial assets	At amortised cost	4 112	4 112	5 080	5 080
Other non-current receivables	At amortised cost	5 468	5 468	5 044	5 044
Total at amortised cost		**352 777**	**n.a.**	**240 081**	**240 081**
Other non-current financial assets (hierarchy level 3)	**At fair value through profit or loss**	**649**	**649**	**649**	**649**
Liabilities					
Current financial liabilities	At amortised cost	153	153	185 133	185 133
Current lease liabilities	At amortised cost	160 749	n.a.	0	0
Trade accounts payable	At amortised cost	145 387	145 387	136 546	136 546
Other current liabilities (financial instruments only)	At amortised cost	82 097	82 097	61 822	61 822
Non-current financial liabilities	At amortised cost	443 377	443 377	278 221	278 221
Non-current lease liabilities	At amortised cost	887 491	n.a.	0	0
Total at amortised cost		**1 719 256**	**n.a.**	**661 722**	**661 722**
Other current liabilities (financial instruments only)	**At fair value through profit or loss**	**0**	**0**	**382**	**382**

For all current financial instruments measured at amortised cost, the carrying amounts represent a reasonable approximation of their fair value. Any discounting effects are immaterial. The bond of CHF 200.0 million was repaid in March 2018. Information on the measurement of other non-current financial assets can be found in Notes 4, 24 and 33. The fair values of other non-current fixed-income financial instruments were determined by discounting the expected future cash flows using standard market interest rates.

33 FAIR VALUES

Hierarchy levels applied to fair values. Fair values are allocated to one of the following three hierarchy levels:

- Level 1: Price quotations on active markets for identical assets and liabilities;
- Level 2: Fair values determined on the basis of observable market data. For this purpose, either quoted prices on non-active markets or unquoted prices are used. These fair values can also be derived indirectly from prices;
- Level 3: Fair values determined on the basis of unobservable inputs and thus based on estimates.

Level 3. Other non-current financial assets as per 31 December 2019 were CHF 649 thousand (2018: CHF 649 thousand).

The contingent consideration in the amount of CHF 382 thousand reported as per 31 December 2018 related to the acquisition of Presse+Buch Grauert and was paid in March 2019:

Level 3 fair value. The following table shows the change in level 3 fair values from the opening balances to the closing balances:

in CHF 000	**2019**	2018
Contingent consideration - Asset		
Balance on 1 January	**0**	**7 608**
Fair value adjustment recorded in discontinued operations	0	– 7 608
Balance on 31 December	**0**	**0**

in CHF 000	**2019**	2018
Other non-current financial assets - Asset		
Balance on 1 January	**649**	**649**
Balance on 31 December	**649**	**649**

in CHF 000	**2019**	2018
Contingent consideration - Liability		
Balance on 1 January	**382**	**2 077**
Addition	0	382
Payments	– 382	– 2 077
Balance on 31 December	**0**	**382**

Contingent considerations. The contingent consideration in the amount of CHF 382 thousand reported as per 31 December 2018 related to the acquisition of Presse + Buch Grauert and was paid in March 2019.

34 TRANSACTIONS AND BALANCES OUTSTANDING WITH RELATED PARTIES

The consolidated financial statements comprise Valora Holding AG as the parent company and the Group companies controlled by it, either directly or indirectly, which are listed in Note 37.

Transactions. The following transactions were conducted with related parties:

Goods and services sold to related parties in CHF 000	**2019**	2018
Services sold to		
Associates and joint ventures	0	43
Other related parties	152	158
Total goods and services sold	**152**	**201**

Goods and services purchased from related parties in CHF 000	**2019**	2018
Services purchased from		
Associates and Joint Ventures	451	1 495
Other related parties	196	65
Total goods and services purchased	**647**	**1 560**

Remuneration to management and the Board of Directors. Remuneration to management and the Board of Directors includes all expenses recognised in the consolidated financial statements which are directly connected with members of Group Executive Management and the Board of Directors.

Remuneration to management and the Board of Directors in CHF 000	**2019**	2018
Salaries and other short-term benefits	5 515	4 528
Pension plans	490	342
Share participation plans	1 681	1 935
Total remuneration to management and the Board of Directors	**7 686**	**6 805**

Receivables and liabilities. The terms for receivables and liabilities are in line with the standard terms for transactions by the relevant companies. The Valora Group has not received any collateral for receivables nor has it issued any guarantees for liabilities.

Receivables from related parties in CHF 000	**2019**	2018
Receivables from associates	964	964
Receivables from other related parties	0	28
Total receivables	**964**	**992**

Liabilities to related parties in CHF 000	**2019**	2018
Liabilities towards other related parties	947	805
Total liabilities	**947**	**805**

Contingent liabilities and guarantees. There are no guarantees or other contingent liabilities to related parties.

35 EQUITY

Outstanding shares in number of shares	**2019**	2018
Total registered shares	**3 990 000**	**3 990 000**
Of which treasury shares		
Position as at 1 January	53 615	61 495
Additions	57 099	53 348
Disposals	–63 252	–61 228
Total treasury shares as at 31 December	**47 462**	**53 615**
Total outstanding shares (after deduction of treasury shares) as at 31 December	**3 942 538**	**3 936 385**
Average number of outstanding shares (after deduction of treasury shares)	**3 940 440**	**3 932 706**

In 2019, a dividend of CHF 12.50 per share was paid for the financial year 2018 (2018: CHF 12.50 per share for financial year 2017). The dividend distribution is based on the annual profit and the profit carried forward of Valora Holding AG.

The share capital comprises 3 990 000 shares with a par value of CHF 1.00 each.

At the Ordinary General Meeting of Valora Holding AG on 13 April 2018, shareholders approved the creation of authorised share capital of up to CHF 400 000 by issuing a maximum of 400 000 registered shares with a nominal value of CHF 1 by no later than 13 April 2020.

There is contingent capital of 84 000 shares that the Board of Directors may issue to secure existing and future management share participation plans. As of 31 December 2019, no corresponding shares had been issued.

36 SUBSEQUENT EVENTS

There are no subsequent events after the balance sheet date.

37 KEY COMPANIES OF THE VALORA GROUP

	Currency	Share capital in million	Shareholding in %	Corporate	Valora Retail	Food Service
Switzerland						
Valora Management AG, Muttenz	CHF	0.5	100.0	•		
Valora International AG, Muttenz	CHF	20.0	100.0	•	•	
Valora Schweiz AG, Muttenz	CHF	5.2	100.0	•	•	•
Brezelkönig AG, Emmen	CHF	1.0	100.0			•
Alimarca AG, Muttenz	CHF	0.1	100.0			•
bob Finance AG, Zürich	CHF	9.1	100.0	•		
Valora Lab AG, Muttenz	CHF	0.1	100.0	•		
Brezelkönig International AG, Muttenz	CHF	0.1	100.0			•
BackWerk CH AG, Emmen	CHF	1.0	100.0			•
Germany						
Valora Holding Germany GmbH, Hamburg	EUR	0.4	100.0	•	•	
Stilke Buch & Zeitschriftenhandels GmbH, Hamburg	EUR	3.8	100.0		•	
Convenience Concept GmbH, Hamburg	EUR	0.1	100.0		•	
Brezelbäckerei Ditsch GmbH, Mainz	EUR	0.1	100.0			•
Prisma Backwaren GmbH, Oranienbaum-Wörlitz	EUR	0.1	100.0			•
Valora Food Service Deutschland GmbH, Essen	EUR	0.1	100.0			•
Luxembourg						
Valora Europe Holding S.A., Luxembourg	EUR	0.1	100.0	•		
Valora Luxembourg S.à r.l., Luxembourg	EUR	7.0	100.0		•	

	Currency	Share capital in million	Share-holding in %	Corporate	Valora Retail	Food Service
Austria						
Valora Holding Austria AG, Linz	EUR	1.1	100.0	•		
Brezelkönig GmbH, St. Pölten	EUR	0.1	100.0			•
Valora Retail Austria GmbH + Co. KG, St. Pölten	EUR	0.1	100.0		•	
BackWerk AT GmbH, Baden	EUR	0.1	100.0			•
The Netherlands						
BackWerk NL B.V., Huizen	EUR	0.1	100.0			•
USA						
Valora Holding USA Inc., Wilmington, Delaware	USD	0.1	100.0	•		
Ditsch USA LLC, Cincinnati, Ohio	USD	–	100.0			•