FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and applicable law including Article 4 of the IAS Regulation. The Directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of Companies Act 2014.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website (www.dcc.ie). Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face. We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

On behalf of the Board

Mark Breuer
Non-executive Chairman

Donal Murphy
Chief Executive

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DCC PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DCC Plc ('the Company') and its consolidated undertakings ('the Group') for the year ended March 31, 2023 set out on pages 154 to 230, which comprise the Group and Company Balance Sheet, the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Cash Flows, the Group and Company Statements of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 5.9.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial statements' section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Director's assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and assessing management's viability statement, assessing the stress tests included and drawing conclusions from its results.
- Reviewing business performance, the Groups' increase in EBITA and the Group's Cash Flow Statement.
- Obtaining and inspecting Board minutes.
- Recalculating covenants compliance.
- Inquiring about any legal claims with those charged with Governance, Head of Legal, management, as well as local finance teams.
- Inquiring as to any subsequent events from those charged with Governance, management, and local finance teams.
- Reviewing the disclosures set out in the Annual Report for both going concern and viability.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- Inquiring with the Directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating, and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DCC PLC

CONTINUED

- Inquiring of Directors, the audit committee, internal audit and inspection of policy documentation as to the Group's policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of Directors, the Audit Committee, internal audit regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading Board and sub-committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors including the earnings per share target for management remuneration.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the Group to component audit teams of relevant laws and regulations and any fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation, taxation legislation and distributable profits legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant unusual transactions;
- Assessing significant accounting estimates for bias; and
- Assessing the disclosures in the financial statements.

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates in and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance and which were unchanged from 2022, were as follows:

Valuation of goodwill and intangible assets £2,958 million (2022: £2,634 million)
Refer to note 5.9 (accounting policy) and note 3.3 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group has significant goodwill and intangible assets arising from acquisitions. There is a risk that the carrying amounts of goodwill and intangible assets will be more that the estimated recoverable amount. The recoverable amount of goodwill and intangible assets is arrived at by forecasting and discounting future cash flows to determine value in use calculations for each Cash Generating Unit ('CGU'). These cash flows are inherently highly judgemental and rely on certain significant assumptions including future trading performance, future long term growth rates and CGU specific discount rates.	We have assessed the significant judgements made by the Directors in the cash flow forecasts used in the determinations of the values in use for each CGU. We also assessed the manner in which CGUs were identified. To assess the Group's cash flow forecast models' calculations we: – performed inquiries of Group management to develop an understanding of the process for goodwill impairment assessment and tested the design and implementation of key controls in this process; – evaluated the mathematical accuracy of the cash flow forecasts; – reviewed the accuracy of management's cash flow estimates in previous years by comparing historical forecasts to actual outturns; – assessed the appropriateness of the CGU specific discount rates applied in determining the value in use of each CGU with the assistance of an in-house valuation specialist; – evaluated and challenged the significant assumptions used to develop the projected financial information regarding future profitability and the long term economic growth rates applied; – assessed and challenged the significant assumptions used by management in relation to the possible impact of longer-term energy trends on the projected financial information of specific CGUs most sensitive to changes in these assumptions; – performed an overall evaluation of the individual CGU discounted cash flow models based on our knowledge of the Group and our reading of the Group's Three Year Plan combined with external data which we considered relevant; – compared the value in use for the Group as a whole to the Group's market capitalisation; – evaluated the sensitivity analysis carried out by management in relation to the significant assumptions used in developing the projections; and – read the description of the impairment testing of goodwill and intangible assets performed by the Directors, set out in note 3.3 to the financial statements to assess the accuracy of the Group's disclosures relating to estimation uncertainty, significant judgements and assumptions made. Our procedures in respect of this risk were performed as planned. We found that the assumptions applied in management's cash flow forecast models used in the determination of value in use were appropriate. We read the disclosures of significant judgements made and found them to be appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DCC PLC

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Acquisition accounting on business combinations total consideration £365 million (2022: £716 million)

Refer to note 5.9 (accounting policy) and note 5.2 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group made a number of acquisitions in the year ended 31 March 2023 including a number of individually significant transactions. Due to the overall level of acquisitions during the year we have included acquisition accounting as a key audit matter. The total cost of acquisitions completed during the year ended March 2023 totalled £365 million. Significant judgement has been exercised by management in establishing the initial purchase price allocation between intangible assets and goodwill for significant acquisitions. We determined that key assumptions including specific discount rates and projected recurring cashflows give rise to these significant judgements.	For significant acquisitions completed during the year, our audit engagement team supported by valuation specialists performed procedures which included but were not limited to the following: – We made inquiries of Group management to develop an understanding of the process for accounting for business combinations and tested the design and implementation of key controls in this process; – With the assistance of our valuation specialists, we assessed the appropriateness of the valuation methods used by comparing the methods to the methods most commonly used in valuing similar assets; – With the assistance of our valuation specialists, we compared the key discount rates and recurring cashflow projections to independent data when available and challenged management on these assumptions; – We read the underlying legal agreements and other transaction-related documents and assessed the appropriateness of the date of acquisition determined by management and if all potential accounting implications have been considered and appropriately accounted for. Based on the evidence obtained, we found management's judgements relating to the key assumptions used in the purchase price allocation to be appropriate.

Investment in subsidiary undertakings £1,174 million (2022: £1,130 million)

Refer to note 5.9 (accounting policy) and note 6.4 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The carrying amount of the Parent Company's investments in subsidiary undertakings represents 79% (2022: 83%) of the Parent Company's total assets. The investment in subsidiary undertakings is carried in the Balance Sheet of the Company at cost less impairment. At 31 March 2023, the investment carrying value was £1,174 million. There is a significant risk in respect of the carrying value of these investments if the future cash flows and trading performance of these subsidiaries are not sufficient to support the balance sheet value. We focus on this area due to the significance of the balance to the Company Balance Sheet and the inherent uncertainty involved in the key assumptions used including discount rates and forecasting future cash flows for the subsidiary businesses.	– We obtained and documented our understanding of the process surrounding impairment considerations and tested the design and implementation of the relevant control. – We reviewed management's assessment of impairment indicators across the Group; – We compared the carrying value of investments in the Company's Balance Sheet to the net assets of the subsidiary financial statements; – We assessed the audit work performed in respect of the current year results of subsidiaries and the valuation of goodwill and intangible assets which included consideration of the key assumptions used including discount rates and forecast future cashflows; and – We compared the carrying value of subsidiaries to the market capitalisation of the Company at 31 March 2023. Based on evidence obtained, we found management's assessment of the key assumptions used in assessing the carrying value of investments in subsidiary undertakings to be appropriate.

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £21.5 million. This has been calculated based on 5% of the Group profit before taxation of £431.6 million which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. The materiality for the prior year Group financial statements as a whole was set at £21.4 million. This was calculated based on 5% of the Group profit before taxation. In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors had the most significant impact:

- The Group has a high public profile and operates in a regulated environment.
- The stability of the business environment in which it operates.

Performance materiality for the Group financial statements was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £16.1m (2022: £16.0m). We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. In applying our judgement in determining performance materiality, we considered a number of factors including; the low number and value of misstatements detected and the low number and severity of deficiencies in control activities identified in the prior year financial statement audit.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of £1 million (2022: £1 million), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality for the Company financial statements as a whole was set at £12 million (2022: £12 million), determined with reference to a benchmark of Company total assets of which it represents 0.9% (2022: 0.9%). Our approach to audit scoping is consistent with that applied in previous years. In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors had the most significant impact:

- The Company has a high public profile and operates in a regulated environment.
- The stability of the business environment in which its underlying investments operate.

Performance materiality for the Company financial statements was set at 75% (2022: 75%) of materiality for the financial statements, which equates to £9 million (2022: £9 million).

The components subjected to full scope audit contributed 99.8% (2022: 99.9%) of total revenues and 99.5% (2022: 99.2%) of total assets.

We applied materiality to assist us determine what risks were significant risks and the Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for components, which ranged from £2.2 million to £6.0 million, having regard to the mix of size and risk profile of the Group across the components. The work on fifty-five in scope components was performed by the Group team and component auditors. Four component audits were performed by KPMG Dublin, twenty-four performed by KPMG overseas offices and nine performed by non-KPMG member firms. The remaining eighteen components including the audit of the parent company, was performed by the Group team.

The Group audit team liaised extensively with all significant component auditors in order to assess the audit risk and strategy and work undertaken. Video and telephone conference meetings were held with these component auditors, as well as with auditors of other components across the Group. At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

Other information

The Directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' report and the Strategic Report and Governance sections of the Annual Report and Supplemental Information.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DCC PLC

CONTINUED

Based solely on our work on the other information undertaken during the course of the audit, we report that, in those parts of the Directors' report specified for our consideration:

- we have not identified material misstatements in the Directors' report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements; and
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

Corporate governance statement
We have reviewed the Directors' statement in relation to going concern, longer-term viability, that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules of the UK Listing Authority.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 84;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 84;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 84;
- Directors' statement on fair, balanced and understandable and the information necessary for shareholders to assess the Group's position and performance, business model and strategy set out on page 84;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on pages 84;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 80; and;
- Section describing the work of the audit committee set out on page 110-111.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified
We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception
The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 March 2022 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities
As explained more fully in their statement set out on page 146, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the -audit-of-the-financial-statements/.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Patricia Carroll
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

15 May 2023

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

		2023			2022		
	Note	Pre-exceptionals £'000	Exceptionals (note 2.6) £'000	Total £'000	Pre-exceptionals £'000	Exceptionals (note 2.6) £'000	Total £'000
Revenue	2.1	22,204,846	–	22,204,846	17,732,020	–	17,732,020
Cost of sales		(19,800,114)	–	(19,800,114)	(15,694,347)	–	(15,694,347)
Gross profit		2,404,732	–	2,404,732	2,037,673	–	2,037,673
Administration expenses		(629,510)	–	(629,510)	(517,128)	–	(517,128)
Selling and distribution expenses		(1,157,642)	–	(1,157,642)	(965,489)	–	(965,489)
Other operating income/(expenses)	2.2	38,082	(32,528)	5,554	34,178	(46,534)	(12,356)
Adjusted operating profit	2.1	655,662	(32,528)	623,134	589,234	(46,534)	542,700
Amortisation of intangible assets	3.3	(111,146)	–	(111,146)	(84,340)	–	(84,340)
Operating profit		544,516	(32,528)	511,988	504,894	(46,534)	458,360
Finance costs	2.7	(96,735)	–	(96,735)	(77,205)	–	(77,205)
Finance income	2.7	16,111	892	17,003	23,075	1,192	24,267
Share of equity accounted investments' (loss)/profit after tax	2.8	(692)	–	(692)	314	–	314
Profit before tax		463,200	(31,636)	431,564	451,078	(45,342)	405,736
Income tax expense	2.9	(87,526)	2,764	(84,762)	(81,235)	1,501	(79,734)
Profit after tax for the financial year		375,674	(28,872)	346,802	369,843	(43,841)	326,002
Profit attributable to:							
Owners of the Parent Company		362,683	(28,661)	334,022	356,214	(43,841)	312,373
Non-controlling interests		12,991	(211)	12,780	13,629	–	13,629
		375,674	(28,872)	346,802	369,843	(43,841)	326,002
Earnings per ordinary share							
Basic earnings per share	2.11			338.40p			316.78p
Diluted earnings per share	2.11			338.04p			316.36p

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Group profit for the financial year		346,802	326,002
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation		43,280	26,549
Movements relating to cash flow hedges		(164,422)	88,776
Movement in deferred tax liability on cash flow hedges	2.9	30,374	(16,138)
		(90,768)	99,187
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
– remeasurements	3.15	2,811	(748)
– movement in deferred tax asset	2.9	(800)	210
		2,011	(538)
Other comprehensive income for the financial year, net of tax		(88,757)	98,649
Total comprehensive income for the financial year		258,045	424,651
Attributable to:			
Owners of the Parent Company		243,242	411,485
Non-controlling interests		14,803	13,166
		258,045	424,651

GROUP BALANCE SHEET

AS AT 31 MARCH 2023

	Note	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	**1,354,806**	1,253,349
Right-of-use leased assets	3.2	**336,221**	327,551
Goodwill	3.3	**2,029,620**	1,765,961
Intangible assets	3.3	**928,009**	868,488
Equity accounted investments	3.4	**47,789**	26,843
Deferred income tax assets	3.14	**69,053**	54,494
Derivative financial instruments	3.10	**89,199**	118,578
		4,854,697	4,415,264
Current assets			
Inventories	3.5	**1,192,803**	1,133,666
Trade and other receivables	3.6	**2,312,269**	2,508,613
Derivative financial instruments	3.10	**59,258**	107,361
Cash and cash equivalents	3.9	**1,421,749**	1,394,272
		4,986,079	5,143,912
Total assets		**9,840,776**	9,559,176
EQUITY			
Capital and reserves attributable to owners of the Parent Company			
Share capital	4.1	**17,422**	17,422
Share premium	4.1	**883,669**	883,321
Share based payment reserve	4.2	**54,596**	47,436
Cash flow hedge reserve	4.2	**(48,280)**	85,768
Foreign currency translation reserve	4.2	**128,529**	87,272
Other reserves	4.2	**932**	932
Retained earnings	4.3	**1,941,223**	1,783,033
Equity attributable to owners of the Parent Company		**2,978,091**	2,905,184
Non-controlling interests	4.4	**80,219**	65,379
Total equity		**3,058,310**	2,970,563
LIABILITIES			
Non-current liabilities			
Borrowings	3.11	**1,933,759**	1,933,482
Lease creditors	3.12	**275,388**	273,164
Derivative financial instruments	3.10	**40,585**	10,330
Deferred income tax liabilities	3.14	**263,623**	259,796
Post-employment benefit obligations	3.15	**(11,721)**	(7,745)
Provisions for liabilities	3.17	**301,067**	284,191
Acquisition related liabilities	3.16	**86,172**	72,650
Government grants	3.18	**446**	356
		2,889,319	2,826,224
Current liabilities			
Trade and other payables	3.7	**3,279,898**	3,468,705
Current income tax liabilities		**85,324**	59,963
Borrowings	3.11	**320,856**	67,668
Lease creditors	3.12	**71,158**	63,538
Derivative financial instruments	3.10	**42,341**	28,634
Provisions for liabilities	3.17	**52,349**	50,279
Acquisition related liabilities	3.16	**41,221**	23,602
		3,893,147	3,762,389
Total liabilities		**6,782,466**	6,588,613
Total equity and liabilities		**9,840,776**	9,559,176

Mark Breuer, Donal Murphy
Directors

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Attributable to owners of the Parent Company						
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total £'000	Non-controlling interests (note 4.4) £'000	Total equity £'000
At 1 April 2022	17,422	883,321	1,783,033	221,408	2,905,184	65,379	2,970,563
Profit for the financial year	–	–	334,022	–	334,022	12,780	346,802
Other comprehensive income:							
Currency translation	–	–	–	41,257	41,257	2,023	43,280
Group defined benefit pension obligations:							
– remeasurements	–	–	2,811	–	2,811	–	2,811
– movement in deferred tax asset	–	–	(800)	–	(800)	–	(800)
Movements relating to cash flow hedges	–	–	–	(164,422)	(164,422)	–	(164,422)
Movement in deferred tax liability on cash flow hedges	–	–	–	30,374	30,374	–	30,374
Total comprehensive income	–	–	336,033	(92,791)	243,242	14,803	258,045
Re-issue of treasury shares	–	348	–	–	348	–	348
Share based payment	–	–	–	7,160	7,160	–	7,160
Dividends	–	–	(177,843)	–	(177,843)	(129)	(177,972)
Non-controlling interest arising on acquisition	–	–	–	–	–	166	166
At 31 March 2023	17,422	883,669	1,941,223	135,777	2,978,091	80,219	3,058,310

FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Parent Company						
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total £'000	Non-controlling interests (note 4.4) £'000	Total equity £'000
At 1 April 2021	17,422	882,924	1,631,797	115,291	2,647,434	58,210	2,705,644
Profit for the financial year	–	–	312,373	–	312,373	13,629	326,002
Other comprehensive income:							
Currency translation	–	–	–	27,012	27,012	(463)	26,549
Group defined benefit pension obligations:							
– remeasurements	–	–	(748)	–	(748)	–	(748)
– movement in deferred tax asset	–	–	210	–	210	–	210
Movements relating to cash flow hedges	–	–	–	88,776	88,776	–	88,776
Movement in deferred tax liability on cash flow hedges	–	–	–	(16,138)	(16,138)	–	(16,138)
Total comprehensive income	–	–	311,835	99,650	411,485	13,166	424,651
Re-issue of treasury shares	–	397	–	–	397	–	397
Share based payment	–	–	–	6,467	6,467	–	6,467
Dividends	–	–	(160,599)	–	(160,599)	(6,909)	(167,508)
Non-controlling interest arising on acquisition	–	–	–	–	–	912	912
At 31 March 2022	17,422	883,321	1,783,033	221,408	2,905,184	65,379	2,970,563

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Operating activities			
Cash generated from operations before exceptionals	5.3	860,746	628,433
Exceptionals		(23,780)	(30,270)
Cash generated from operations		836,966	598,163
Interest paid (including lease interest)		(82,576)	(70,103)
Income tax paid		(97,485)	(76,292)
Net cash flow from operating activities		656,905	451,768
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		22,643	23,524
Government grants received in relation to property, plant and equipment	3.18	216	–
Disposal of equity accounted investments		–	772
Interest received		15,535	22,759
		38,394	47,055
Outflows:			
Purchase of property, plant and equipment		(229,440)	(194,353)
Acquisition of subsidiaries	5.2	(318,486)	(668,123)
Payment of accrued acquisition related liabilities	3.16	(21,987)	(52,006)
		(569,913)	(914,482)
Net cash flow from investing activities		(531,519)	(867,427)
Financing activities			
Inflows:			
Proceeds from issue of shares	4.1	348	397
Net cash inflow on derivative financial instruments		–	30,936
Increase in interest-bearing loans and borrowings		603,054	372,426
		603,402	403,759
Outflows:			
Repayment of interest-bearing loans and borrowings		(393,469)	(149,182)
Net cash outflow on derivative financial instruments		(57,902)	–
Repayment of lease creditors (principal)		(74,219)	(65,580)
Dividends paid to owners of the Parent Company	2.10	(177,843)	(160,599)
Dividends paid to non-controlling interests	4.4	(129)	(6,909)
		(703,562)	(382,270)
Net cash flow from financing activities		(100,160)	21,489
Change in cash and cash equivalents		25,226	(394,170)
Translation adjustment		19,376	3,878
Cash and cash equivalents at beginning of year		1,326,604	1,716,896
Cash and cash equivalents at end of year	3.9	1,371,206	1,326,604
Cash and cash equivalents consist of:			
Cash and short-term bank deposits	3.9	1,421,749	1,394,272
Overdrafts	3.9	(50,543)	(67,668)
		1,371,206	1,326,604

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements provide additional information required by statute, accounting standards or Listing Rules. For clarity, each note begins with a simple introduction outlining the purpose of the note.

SECTION 1 BASIS OF PREPARATION

1.1 STATEMENT OF COMPLIANCE

International Financial Reporting Standards ('IFRS') require an entity whose financial statements comply with IFRS to make an explicit and unreserved statement of such compliance in the notes to the financial statements.

The consolidated financial statements of DCC plc have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations approved by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU') and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. Both the Parent Company and the Group financial statements have been prepared in accordance with IFRS as adopted by the EU and references to IFRS hereafter should be construed as references to IFRS as adopted by the EU. In presenting the Parent Company financial statements together with the Group financial statements, the Parent Company has availed of the exemption in Section 304(2) of the Companies Act, 2014 not to present its individual Income Statement and related notes that form part of the approved Parent Company financial statements. The Parent Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

The Going Concern Statement on page 84 forms part of the Group financial statements. The Directors acknowledge that based on their review of the Group's activities, cash flows, liquidity position and borrowing facilities for the financial year ended 31 March 2023, and having assessed the principal risks facing the Group, the Board of Directors has a reasonable expectation that DCC plc, and the Group as a whole, has adequate financial and other resources to continue in operational existence and will be able to meet its liabilities as they fall due over the 12-month going concern period.

DCC plc, the ultimate Parent Company, is a publicly traded limited company incorporated and domiciled in the Republic of Ireland. DCC plc's shares have a Premium Listing on the Official List of the United Kingdom Listing Authority and are traded solely on the London Stock Exchange.

1.2 BASIS OF PREPARATION

This section includes information on new accounting standards, amendments and interpretations, whether they are effective for the current year or in later years, and how they are expected to impact the financial position and performance of the Group.

The consolidated financial statements, which are presented in sterling, rounded to the nearest thousand, have been prepared on a going concern basis under the historical cost convention, as modified by the measurement at fair value of share-based payments at the date of grant, post-employment benefit obligations and certain financial assets and liabilities including derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged via fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2023 are set out in note 5.9. These policies have been applied consistently by the Group's subsidiaries and equity accounted investments for all periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are detailed in note 1.4.

Adoption of IFRS and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations
The following changes to IFRS became effective for the Group during the year but did not result in a material change to the Group's financial statements:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020
- Reference to the Conceptual Framework - Amendments to IFRS 3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1.2 BASIS OF PREPARATION continued

Standards, interpretations and amendments to published standards that are not yet effective
The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective. These include:

- Presentation of Financial Statements - Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates & Errors)
- Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Leases - lease liability in a sale and leaseback (Amendments to IFRS 16)
- Initial Application of IFRS 17 and IFRS 9 (Amendments to IFRS 17 Insurance Contracts)
- IFRS 17 Insurance Contracts

The impact of these new standards is not expected to result in a net material change to the Group's financial statements.

1.3 BASIS OF CONSOLIDATION

This section details how the Group accounts for the different types of interests it has in subsidiaries and equity accounted investments.

SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over its relevant activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiary undertakings acquired or disposed of during the year are included in the Group Income Statement from the date of their acquisition or up to the date of their disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

EQUITY ACCOUNTED INVESTMENTS

The Group's interests in equity accounted investments comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investments, until the date on which significant influence ceases.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

This section sets out the key areas of judgement and estimation that management has identified as having a potentially material impact on the Group's consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Group's main accounting policies affecting its results of operations and financial condition are set out in note 5.9. The Group has considered the impact of climate change on the financial statements including impairment of non-financial and financial assets, the useful lives of assets, and provisions. Further details are included in note 3.1 Property, Plant and Equipment and note 3.3 Intangible Assets and Goodwill. The Group also considers the impact of climate change as part of the annual budget and strategic plans to ensure consistency with achieving the Group's carbon reduction targets.

We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and management has discussed its critical accounting estimates and associated disclosures with the Audit Committee. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates ('E') and judgements ('J'):

1.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS continued

GOODWILL (E, J)

The Group has capitalised goodwill of £2,029.6 million at 31 March 2023. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. The Group uses the present value of future cash flows to determine recoverable amount. In calculating the value in use, management judgement and estimation is required in forecasting cash flows of cash-generating units, in determining terminal growth values and in selecting an appropriate discount rate. Sensitivities to changes in assumptions are detailed in note 3.3.

BUSINESS COMBINATIONS (E)

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates and revenue forecasts as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired. The Group engages a specialist valuation expert to assist with this process where appropriate.

TAXATION (E, J)

The Group is subject to income taxes in a number of jurisdictions. Provisions for tax liabilities require management to make judgements and estimates in relation to tax issues and exposures. Amounts provided are based on management's interpretation of country specific tax laws and the likelihood or probability of settlement. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and/or deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into account applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

USEFUL LIVES FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (E, J)

Long-lived assets comprising primarily of property, plant and equipment and intangible assets represent a significant portion of the Group's total assets. The annual depreciation and amortisation charge depend primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these useful lives and residual values and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, the impact of climate change, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 2 RESULTS FOR THE YEAR

2.1 SEGMENT INFORMATION

The Group is organised into three operating segments. This section provides information on the financial performance for the year on both a segmental and geographic basis.

SEGMENTAL ANALYSIS

DCC is a leading international sales, marketing and support services group headquartered in Dublin, Ireland. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM'). The CODM has been identified as Mr. Donal Murphy, Chief Executive and his executive management team.

As disclosed on pages 22 to 27 of the Group's 2022 Annual Report, the Group has organised all its energy activities (previously DCC LPG and DCC Retail & Oil) into one division, DCC Energy, with effect from 1 April 2022. The CODM assesses performance and makes decisions on the allocation of resources based on the financial information of DCC Energy which is considered one segment based on the Group's management structure and the internal reporting of financial information. Consequently, the Group now reports DCC Energy as a separate segment and comparative segmental data has been restated. The adjusted operating profit of Energy Solutions represents approximately 73% of this segment's adjusted operating profit in the current year and Energy Mobility represents approximately 27%.

The Group is organised into three operating segments (as identified under IFRS 8 Operating Segments) and generates revenue through the following activities:

DCC Energy comprises Energy Solutions and Energy Mobility. The Energy Solutions business is focused on reducing the complexity of energy transition and delivering affordable energy solutions. The Energy Mobility business is focused on developing multi-energy networks and services for people and businesses on the move. DCC Energy is accelerating the net zero journey of energy consumers by leading the sales, marketing and distribution of low carbon energy solutions.

DCC Healthcare is a leading healthcare business, providing products and services to health and beauty brand owners and healthcare providers.

DCC Technology is a leading route-to-market and supply chain partner for global technology brands and customers. DCC Technology provides a broad range of consumer, business and enterprise technology products and services to retailers, resellers and integrators and domestic appliances and lifestyle products to retailers and consumers.

The chief operating decision maker monitors the operating results of segments separately to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before amortisation of intangible assets and net operating exceptional items ('adjusted operating profit') and return on capital employed. Net finance costs and income tax are managed on a centralised basis and therefore these items are not allocated between operating segments for the purpose of presenting information to the chief operating decision maker and accordingly are not included in the detailed segmental analysis.

Intersegment revenue is not material and thus not subject to separate disclosure.

2.1 SEGMENT INFORMATION continued

The segment results for the year ended 31 March 2023 are as follows:

INCOME STATEMENT ITEMS

	Year ended 31 March 2023			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	16,119,452	821,527	5,263,867	22,204,846
Adjusted operating profit	457,815	91,742	106,105	655,662
Amortisation of intangible assets	(68,731)	(9,318)	(33,097)	(111,146)
Net operating exceptionals (note 2.6)	(21,603)	(4,367)	(6,558)	(32,528)
Operating profit	367,481	78,057	66,450	511,988
Finance costs				(96,735)
Finance income				17,003
Share of equity accounted investments' loss after tax				(692)
Profit before income tax				431,564
Income tax expense				(84,762)
Profit for the year				346,802

	Year ended 31 March 2022 (Restated)			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	12,322,589	765,213	4,644,218	17,732,020
Adjusted operating profit	407,132	100,415	81,687	589,234
Amortisation of intangible assets	(55,667)	(6,092)	(22,581)	(84,340)
Net operating exceptionals (note 2.6)	(16,687)	(6,540)	(23,307)	(46,534)
Operating profit	334,778	87,783	35,799	458,360
Finance costs				(77,205)
Finance income				24,267
Share of equity accounted investments' profit after tax				314
Profit before income tax				405,736
Income tax expense				(79,734)
Profit for the year				326,002

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.1 SEGMENT INFORMATION continued

BALANCE SHEET ITEMS

	As at 31 March 2023			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment assets	4,960,699	1,044,881	2,148,148	8,153,728
Reconciliation to total assets as reported in the Group Balance Sheet:				
Equity accounted investments				47,789
Derivative financial instruments (current and non-current)				148,457
Deferred income tax assets				69,053
Cash and cash equivalents				1,421,749
Total assets as reported in the Group Balance Sheet				9,840,776
Segment liabilities	2,491,227	173,370	956,965	3,621,562
Reconciliation to total liabilities as reported in the Group Balance Sheet:				
Borrowings (current and non-current)				2,254,615
Lease creditors (current and non-current)				346,546
Derivative financial instruments (current and non-current)				82,926
Income tax liabilities (current and deferred)				348,947
Acquisition related liabilities (current and non-current)				127,393
Government grants (current and non-current)				477
Total liabilities as reported in the Group Balance Sheet				6,782,466

	As at 31 March 2022 (Restated)			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment assets	4,812,077	706,152	2,339,399	7,857,628
Reconciliation to total assets as reported in the Group Balance Sheet:				
Equity accounted investments				26,843
Derivative financial instruments (current and non-current)				225,939
Deferred income tax assets				54,494
Cash and cash equivalents				1,394,272
Total assets as reported in the Group Balance Sheet				9,559,176
Segment liabilities	2,554,862	143,695	1,096,857	3,795,414
Reconciliation to total liabilities as reported in the Group Balance Sheet:				
Borrowings (current and non-current)				2,001,150
Lease creditors (current and non-current)				336,702
Derivative financial instruments (current and non-current)				38,964
Income tax liabilities (current and deferred)				319,759
Acquisition related liabilities (current and non-current)				96,252
Government grants (current and non-current)				372
Total liabilities as reported in the Group Balance Sheet				6,588,613

2.1 SEGMENT INFORMATION continued

OTHER SEGMENT INFORMATION

	Year ended 31 March 2023			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Capital expenditure – additions (note 3.1)	195,862	30,016	9,390	235,268
Capital expenditure – business combinations (note 3.1)	855	5,418	–	6,273
Depreciation (excluding right-of-use assets) (note 3.1)	112,321	14,430	17,692	144,443
Total consideration on business combinations (note 5.2)	136,595	228,522	23	365,140
Goodwill and intangible assets acquired (note 3.3)	107,185	240,144	14,878	362,207

	Year ended 31 March 2022 (Restated)			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Capital expenditure – additions (note 3.1)	159,657	27,793	11,781	199,231
Capital expenditure – business combinations (note 3.1)	32,321	1,704	29,148	63,173
Depreciation (excluding right-of-use assets) (note 3.1)	109,970	12,564	15,442	137,976
Total consideration on business combinations (note 5.2)	124,246	79,692	511,566	715,504
Goodwill and intangible assets acquired (note 3.3)	133,402	87,733	260,175	481,310

GEOGRAPHICAL ANALYSIS

The Group has a presence in 22 countries worldwide. The following represents a geographical analysis of revenue and non-current assets in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets. Revenue from operations is derived almost entirely from the sale of goods and is disclosed based on the location of the entity selling the goods. The analysis of non-current assets is based on the location of the assets. There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8.

	Revenue		Non-current assets*	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Republic of Ireland (country of domicile)	2,255,595	1,609,797	230,304	254,453
United Kingdom	7,562,103	6,632,084	1,319,398	1,264,586
France	3,706,272	3,251,238	981,757	950,929
United States	2,189,358	1,301,893	939,232	871,143
Rest of World	6,491,518	4,937,008	1,225,754	901,081
	22,204,846	17,732,020	4,696,445	4,242,192

* Non-current assets comprise property, plant and equipment, right-of-use leased assets, intangible assets, goodwill and equity accounted investments.

DISAGGREGATION OF REVENUE

The following table disaggregates revenue by primary geographical market, major revenue lines and timing of revenue recognition. The use of revenue as a metric of performance in the Group's Energy segment is of limited relevance due to the influence of changes in underlying energy product costs on absolute revenues. Whilst changes in underlying energy product costs will change percentage operating margins, this has little relevance in the downstream energy distribution market in which this segment operates where profitability is driven by absolute contribution per tonne/litre of product sold, and not a percentage margin. Accordingly, management review geographic volume performance rather than geographic revenue performance for this segment as country-specific GDP and weather patterns can influence volumes. The disaggregated revenue information presented below for DCC Healthcare and DCC Technology, which can also be influenced by country-specific GDP movements, is consistent with how revenue is reported and reviewed internally.

As mentioned above, the Group has organised all of its energy activities (previously DCC LPG and DCC Retail & Oil) into one reportable segment, DCC Energy, with effect from 1 April 2022. The Group will now report disaggregated revenue across DCC Energy's two major revenue lines, energy solutions and energy mobility. Comparative data has been restated accordingly.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.1 SEGMENT INFORMATION continued

	Year ended 31 March 2023			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Republic of Ireland (country of domicile)	1,688,901	110,766	455,928	2,255,595
United Kingdom	5,358,282	399,599	1,804,222	7,562,103
France	3,360,372	24,173	321,727	3,706,272
North America	311,521	175,757	1,875,842	2,363,120
Rest of World	5,400,376	111,232	806,148	6,317,756
	16,119,452	821,527	5,263,867	22,204,846
Products transferred at point in time	16,119,452	821,527	5,263,867	22,204,846
Energy solutions products and services (restated)	9,996,896	–	–	9,996,896
Energy mobility products and services (restated)	6,122,556	–	–	6,122,556
Medical and pharmaceutical products	–	448,931	–	448,931
Nutrition and health & beauty products	–	372,596	–	372,596
Technology products and services	–	–	5,263,867	5,263,867
	16,119,452	821,527	5,263,867	22,204,846

	Year ended 31 March 2022 (Restated)			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Republic of Ireland (country of domicile)	1,094,400	117,405	397,992	1,609,797
United Kingdom	4,229,986	419,088	1,983,010	6,632,084
France	2,900,787	–	350,451	3,251,238
North America	261,559	148,318	1,035,055	1,444,932
Rest of World	3,835,857	80,402	877,710	4,793,969
	12,322,589	765,213	4,644,218	17,732,020
Products transferred at point in time	12,322,589	765,213	4,644,218	17,732,020
Energy solutions products and services (restated)	7,306,762	–	–	7,306,762
Energy mobility products and services (restated)	5,015,827	–	–	5,015,827
Medical and pharmaceutical products	–	407,672	–	407,672
Nutrition and health & beauty products	–	357,541	–	357,541
Technology products and services	–	–	4,644,218	4,644,218
	12,322,589	765,213	4,644,218	17,732,020

2.2 OTHER OPERATING INCOME/(EXPENSES)

This note provides an analysis of the amounts included in other operating income and expenses presented in the Group Income Statement.

Other operating income/(expenses) comprise the following credits/(charges):

	2023 £'000	2022 £'000
Other operating income/(expenses)		
Fair value gains on non-hedge accounted derivative financial instruments – commodities	5,721	30,762
Fair value gains on non-hedge accounted derivative financial instruments – forward exchange contracts	1,065	905
Property and tank rental income	21,222	21,496
Net profit on disposal of property, plant and equipment	12,346	7,281
Throughput	4,945	6,092
Haulage	5,113	4,222
Fair value losses on non-hedge accounted derivative financial instruments – commodities	(5,721)	(30,762)
Fair value losses on non-hedge accounted derivative financial instruments – forward exchange contracts	(1,363)	(779)
Expensing of employee share options and awards (note 2.5)	(7,160)	(6,467)
Other net operating income	1,914	1,428
Net other operating income before exceptional items	38,082	34,178
Other operating income included in net exceptional items	404	1,219
Other operating expenses included in net exceptional items	(32,932)	(47,753)
Total net other operating income/(expenses)	5,554	(12,356)

2.3 GROUP PROFIT FOR THE YEAR

The Group profit for the year includes some key amounts which are presented separately below.

Group profit for the year has been arrived at after charging/(crediting) the following amounts:

	2023 £'000	2022 £'000
Depreciation on property, plant and equipment (note 3.1)	144,443	137,976
Depreciation on right-of-use assets (note 3.2)	75,238	67,804
Amortisation of intangible assets (note 3.3)	111,146	84,340
Amortisation of government grants (note 3.18)	(114)	(20)
Foreign exchange (gain)/loss	(182)	566

During the year the Group obtained the following services from the Group's auditors (KPMG):

	2023 £'000	2022 £'000
KPMG Ireland (statutory auditor):		
Audit fees	1,832	1,831
Other including non-audit, audit related and assurance services	23	31
	1,855	1,862
Other KPMG network firms:		
Audit fees	1,839	1,763
Other including non-audit, audit related and assurance services	136	109
	1,975	1,872

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.4 EMPLOYMENT

This section provides an analysis of the average number of employees in the Group by segment together with their related payroll expense for the year. Further information on the compensation of key management personnel is included in note 5.6, Related Party Transactions.

The average number of persons (including executive Directors) employed by the Group during the year, analysed by class of business, was:

	2023 Number	2022 Number
DCC Energy	7,591	7,316
DCC Healthcare	3,181	2,816
DCC Technology	4,883	4,374
	15,655	14,506

The employee benefit expense (excluding termination payments – note 2.6) for the above were:

	2023 £'000	2022 £'000
Wages and salaries	759,712	650,473
Social welfare costs	89,207	85,006
Share based payment expense (note 2.5)	7,160	6,467
Pension costs – defined contribution plans	21,957	18,992
Pension costs – defined benefit plans (note 3.15)	439	318
	878,475	761,256

Directors' emoluments (which are included in operating costs) and interests are presented in the Remuneration Report on pages 118 to 141. Details of the compensation of key management personnel for the purposes of the disclosure requirements under IAS 24 are provided in note 5.6.

2.5 EMPLOYEE SHARE OPTIONS AND AWARDS

Share options and awards are used to incentivise Directors and employees of the Group. A charge is recognised over the vesting period in the Consolidated Income Statement to record the cost of these share options and awards, based on the fair value of the share option/award at the grant date.

The Group's employee share options and awards are equity-settled share-based payments as defined in IFRS 2 Share-based Payment. The IFRS requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The expense reported in the Income Statement of £7.160 million (2022: £6.467 million) has been arrived at by applying a Monte Carlo simulation technique for share awards issued under the DCC plc Long Term Incentive Plans.

IMPACT ON INCOME STATEMENT

The total share option expense is analysed as follows:

Date of grant	Share price at date of grant	Minimum duration of vesting period	Number of share awards/ options granted	Weighted average fair value	Expense in Income Statement 2023 £'000	Expense in Income Statement 2022 £'000
10 February 2017	£67.75	5 years	137,269	£54.17	–	1,159
16 November 2017	£70.95	5 years	128,451	£56.52	724	1,073
15 November 2018	£60.65	5 years	167,567	£46.13	1,146	405
14 November 2019	£68.80	5 years	147,939	£53.32	170	1,499
12 November 2020	£57.08	5 years	170,152	£44.63	1,465	1,446
11 November 2021	£61.42	3 years	171,974	£46.39	2,694	885
10 November 2022	£45.53	3 years	271,759	£31.82	961	–
Total expense					7,160	6,467

2.5 EMPLOYEE SHARE OPTIONS AND AWARDS continued

SHARE OPTIONS AND AWARDS

DCC plc Long Term Incentive Plans

At 31 March 2023, Group employees hold awards to subscribe for 842,638 ordinary shares under the DCC plc Long Term Incentive Plans.

The general terms of the DCC plc Long Term Incentive Plans are set out in the Remuneration Report on page 137.

The DCC plc Long Term Incentive Plans contain both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 Share-based Payment is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

A summary of activity under the DCC plc Long Term Incentive Plans during the year is as follows:

	2023 Number of share awards	2022 Number of share awards
At 1 April	730,042	702,329
Granted	271,759	171,974
Exercised	(95,658)	(76,274)
Expired and forfeited	(63,505)	(67,987)
At 31 March	842,638	730,042

The weighted average share price at the dates of exercise for share awards exercised during the year under the DCC plc Long Term Incentive Plans was £50.16 (2022: £60.75). The share awards outstanding at the year end have a weighted average remaining contractual life of 4.9 years (2022: 4.6 years).

The weighted average fair values assigned to share awards granted under the DCC plc Long Term Incentive Plan, which were computed in accordance with the Monte Carlo valuation methodology, were as follows:

Granted during the year ended 31 March 2023	£31.82
Granted during the year ended 31 March 2022	£46.39

The fair values of share awards granted under the DCC plc Long Term Incentive Plan were determined taking account of peer group total share return volatilities and correlations together with the following assumptions:

	2023	2022
Risk-free interest rate (%)	3.19	0.65
Dividend yield (%)	3.9	2.7
Expected volatility (%)	30.0	29.0
Expected life in years	5.0	5.0
Share price at date of grant	£45.53	£61.42

The risk free rate of return is the yield on government bonds of a term consistent with the assumed option life. The dividend yield is based on historic dividend rates. The expected volatility is based on historic volatility over the past three years. The expected life is the average expected period to exercise.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.5 EMPLOYEE SHARE OPTIONS AND AWARDS continued

Analysis of closing balance:

Date of grant	Date of expiry	2023 Number of share awards	2022 Number of share awards
17 November 2015	17 November 2022	–	38,028
10 February 2017	10 February 2024	27,243	57,226
16 November 2017	16 November 2024	37,760	62,541
15 November 2018	15 November 2025	86,051	86,051
14 November 2019	14 November 2026	77,699	144,070
12 November 2020	12 November 2027	170,152	170,152
11 November 2021	11 November 2028	171,974	171,974
10 November 2022	10 November 2029	271,759	–
Total outstanding at 31 March		842,638	730,042
Total exercisable at 31 March		65,003	95,254

2.6 EXCEPTIONALS

Exceptional items are those items which, in the judgement of the Directors, need to be disclosed separately by virtue of their scale and nature. These exceptional items, detailed below, could distort the understanding of our underlying performance for the year and comparability between periods and are therefore presented separately.

	2023 £'000	2022 £'000
Adjustments to contingent acquisition consideration (note 3.16)	(8,523)	(19,864)
Restructuring and integration costs and other	(13,401)	(16,736)
Acquisition and related costs	(10,604)	(9,934)
Net operating exceptional items	(32,528)	(46,534)
Mark-to-market of swaps and related debt (note 2.7)	892	1,192
Net exceptional items before taxation	(31,636)	(45,342)
Income tax and deferred tax attaching to exceptional items	2,764	1,501
Net exceptional items after taxation	(28,872)	(43,841)
Non-controlling interest share of net exceptional items after taxation	211	–
Net exceptional items attributable to owners of the Parent Company	(28,661)	(43,841)

Adjustments to contingent acquisition consideration of £8.523 million reflects movements in provisions associated with the expected earn-out or other deferred arrangements that arise through the Group's corporate development activity. The charge in the year primarily reflects an increase in contingent consideration payable in respect of an acquisition in DCC Energy where the trading performance has been very strong and ahead of expectations. The charge in the prior year of £19.864 million reflected increases in contingent consideration payable in respect of acquisitions in DCC Technology where the trading performance of acquisitions in North America was very strong and ahead of expectations and also in respect of an acquisition in DCC Energy where performance was also ahead of expectations.

Restructuring and integration costs and other of £13.401 million relates to the restructuring and integration of operations across a number of businesses and acquisitions. The significant items during the year were primarily within DCC Energy and include costs related to a realignment of the organisation structures in the UK and France to reflect acquisitions and the changing operational environment. The charge in the prior year of £16.736 million included the integration of Primagaz in the Netherlands and the integration of Almo with DCC Technology's AV business in North America. It also included the final stage of the consolidation of the UK infrastructure in DCC Technology and a project in France to enhance the efficiency of the LPG operating infrastructure.

Acquisition and related costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £10.604 million (2022: £9.934 million).

The level of ineffectiveness calculated under IAS 39 on the hedging instruments related to the Group's US private placement debt is charged or credited as an exceptional item. In the year ended 31 March 2023, this amounted to an exceptional non-cash gain of £0.892 million (2022: non-cash gain of £1.192 million). The cumulative net exceptional credit taken in respect IAS 39 ineffectiveness is £1.429 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

2.6 EXCEPTIONALS continued

There was a related income tax credit of £2.764 million (2022: credit of £1.501 million) and non-controlling interest credit of £0.211 million (2022: nil) in relation to certain exceptional charges.

The net cash flow impact in the current year for exceptional items was an outflow of £23.370 million (2022: an outflow of £29.498 million).

2.7 FINANCE COSTS AND FINANCE INCOME

This note details the interest income generated by our financial assets and the interest expense incurred on our financial liabilities. Finance income principally comprises interest on cash and term deposits and net income on interest rate and currency swaps whilst finance costs mainly comprise interest on Unsecured Notes, bank borrowings and lease creditors.

	2023 £'000	2022 £'000
Finance costs		
On bank loans, overdrafts and Unsecured Notes	(80,030)	(58,302)
Lease interest (note 3.12)	(9,577)	(9,473)
Unwinding of discount applicable to acquisition related liabilities (note 3.16)	(2,264)	(969)
Unwinding of discount applicable to provisions for liabilities (note 3.17)	(1,279)	(1,676)
Facility fees	(1,678)	(1,244)
Other interest	(1,907)	(5,541)
	(96,735)	(77,205)
Finance income		
Interest on cash and term deposits	4,468	1,024
Net income on interest rate and currency swaps	11,445	21,890
Net interest income on defined benefit pension schemes (note 3.15)	198	161
	16,111	23,075
Mark-to-market of swaps and related debt*	892	1,192
	17,003	24,267
Net finance cost	(79,732)	(52,938)
* Mark-to-market of swaps and related debt:		
Interest rate swaps designated as fair value hedges	(28,790)	(28,201)
Cross currency interest rate swaps designated as fair value hedges	10,864	(240)
Adjusted hedged fixed rate debt	18,818	29,633
Mark-to-market of swaps designated as fair value hedges and related debt	892	1,192
Movement on cross currency interest rate swaps designated as cash flow hedges	12,418	9,401
Transferred to cash flow hedge reserve	(12,418)	(9,401)
	–	–
Total mark-to-market of swaps and related debt	892	1,192

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.8 SHARE OF EQUITY ACCOUNTED INVESTMENTS' PROFIT/(LOSS) AFTER TAX

Share of equity accounted investments' profit/(loss) after tax represents the results of businesses we do not control, but instead exercise significant influence and generally have an equity holding of up to 50%.

The Group's share of equity accounted investments' (i.e. associates) (profit/(loss) after tax is equity accounted and presented as a single line item in the Group Income Statement. The profit/(loss) after tax generated by the Group's equity accounted investments is analysed as follows under the principal Group Income Statement captions:

Group share of:	2023 £'000	2022 £'000
Revenue	32,638	13,267
Operating (loss)/profit before tax	(907)	370
Income tax expense	215	(56)
(Loss)/profit after tax	(692)	314

2.9 INCOME TAX EXPENSE

Tax is payable in the territories in which we operate. This note details the current tax charge which is the tax payable on this year's taxable profits and the deferred tax charge which represents the tax expected to arise in the future due to differences in the accounting and tax bases of assets and liabilities.

(I) INCOME TAX EXPENSE RECOGNISED IN THE INCOME STATEMENT

	2023 £'000	2022 £'000
Current taxation		
Irish corporation tax at 12.5%	14,650	9,365
United Kingdom corporation tax at 19%	13,972	15,470
Other overseas tax	87,354	75,351
Income tax credit attaching to exceptional items	(2,945)	(1,726)
Over provision in respect of prior years	(4,372)	(4,884)
Total current taxation	108,659	93,576
Deferred tax		
Irish at 12.5%	(903)	(2,992)
United Kingdom at 25%	(2,964)	5,933
Other overseas deferred tax	(22,473)	(13,536)
Deferred tax credit attaching to exceptional items	181	225
Over provision in respect of prior years	2,262	(3,472)
Total deferred tax	(23,897)	(13,842)
Total income tax expense	84,762	79,734

(II) DEFERRED TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2023 £'000	2022 £'000
Deferred tax relating to defined benefit pension obligations	800	(210)
Deferred tax relating to cash flow hedges	(30,374)	16,138
Total deferred tax charge recognised in Other Comprehensive Income	(29,574)	15,928

2.9 INCOME TAX EXPENSE continued

(III) RECONCILIATION OF EFFECTIVE TAX RATE

	2023 £'000	2022 £'000
Profit before taxation	431,564	405,736
Add back: share of equity accounted investments' loss/(profit) after tax	692	(314)
Add back: amortisation of intangible assets	111,146	84,340
Profit before share of equity accounted investments' profit after tax and amortisation of intangible assets	543,402	489,762
Add back: net exceptional items before tax	31,636	45,342
Profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	575,038	535,104

Profit before taxation	431,564	405,736
At the standard rate of corporation tax in Ireland of 12.5%	53,946	50,717
Amortisation and share of equity accounted investments at the standard rate of corporation tax in Ireland of 12.5%	13,980	10,503
Adjustments in respect of prior years	(2,110)	(8,356)
Effect of earnings taxed at higher rates	42,721	42,176
Other differences	2,445	2,616
Income tax expense	110,982	97,656
Income tax and deferred tax attaching to exceptional items	(2,764)	(1,501)
Deferred tax attaching to amortisation of intangible assets	(23,456)	(16,421)
Total income tax expense	84,762	79,734

	2023 %	2022 %
Income tax expense as a percentage of profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	19.3%	18.3%
Impact of share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	0.3%	1.4%
Total income tax expense as a percentage of profit before tax	19.6%	19.7%

(IV) FACTORS THAT MAY AFFECT FUTURE TAX RATES AND OTHER DISCLOSURES

No change has been enacted to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%. The standard rate of corporation tax in the UK is 19% and will increase to 25% with effect from 1 April 2023. This rate change has been taken into account in these financial statements.

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries and equity accounted investments on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. No provision has been recognised in respect of deferred tax relating to unremitted earnings of subsidiaries as there is no commitment or intention to remit earnings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.10 DIVIDENDS

Dividends represent one type of shareholder return and are paid as an amount per ordinary share held. The Group retains part of the profits generated in the year to meet future growth plans.

Dividends paid per ordinary share are as follows:	2023 £'000	2022 £'000
Final: paid 119.93 pence per share on 21 July 2022 (2022: paid 107.85 pence per share on 22 July 2021)	118,715	105,417
Interim: paid 60.04 pence per share on 9 December 2022 (2022: paid 55.85 pence per share on 10 December 2021)	59,128	55,182
	177,843	160,599

The Directors are proposing a final dividend in respect of the year ended 31 March 2023 of 127.17 pence per ordinary share (£125.577 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

2.11 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share ('EPS') is the amount of post-tax profit attributable to each ordinary share. Basic EPS is the amount of profit for the year divided by the weighted average number of shares in issue during the year. Diluted EPS shows what the impact would be if all outstanding and exercisable options were exercised and treated as ordinary shares at year end.

	2023 £'000	2022 £'000
Profit attributable to owners of the Parent Company	334,022	312,373
Amortisation of intangible assets after tax	87,690	67,919
Exceptionals after tax (note 2.6)	28,661	43,841
Adjusted profit after taxation and non-controlling interests	450,373	424,133

Basic earnings per ordinary share	2023 pence	2022 pence
Basic earnings per ordinary share	338.40p	316.78p
Amortisation of intangible assets after tax	88.84p	68.88p
Exceptionals after tax	29.03p	44.45p
Adjusted basic earnings per ordinary share	456.27p	430.11p
Weighted average number of ordinary shares in issue (thousands)	98,707	98,610

Basic earnings per ordinary share is calculated by dividing the profit attributable to owners of the Parent Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. The adjusted figures for basic earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Diluted earnings per ordinary share	2023 pence	2022 pence
Diluted earnings per ordinary share	338.04p	316.36p
Amortisation of intangible assets after tax	88.74p	68.79p
Exceptionals after tax	29.01p	44.40p
Adjusted diluted earnings per ordinary share	455.79p	429.55p
Weighted average number of ordinary shares in issue (thousands)	98,811	98,739

The earnings used for the purposes of the diluted earnings per ordinary share calculations were £334.022 million (2022: £312.373 million) and £450.373 million (2022: £424.133 million) for the purposes of the adjusted diluted earnings per ordinary share calculations.

2.11 EARNINGS PER ORDINARY SHARE continued

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2023 was 98.811 million (2022: 98.739 million). A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earnings per ordinary share amounts is as follows:

	2023 '000	2022 '000
Weighted average number of ordinary shares in issue	98,707	98,610
Dilutive effect of options and awards	104	129
Weighted average number of ordinary shares for diluted earnings per share	98,811	98,739

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and awards are the Company's only category of dilutive potential ordinary shares. The adjusted figures for diluted earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Employee share options and awards, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability would not have been satisfied as at the end of the reporting period if that were the end of the vesting period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 3 ASSETS AND LIABILITIES

3.1 PROPERTY, PLANT AND EQUIPMENT

This note details the tangible assets utilised by the Group to generate revenues and profits. The cost of these assets primarily represents the amounts originally paid for them. All assets are depreciated over their useful economic lives.

	Land & buildings £'000	Plant & machinery & cylinders £'000	Fixtures, fittings & office equipment £'000	Motor vehicles £'000	Capital work in progress £'000	Total £'000
Year ended 31 March 2023						
Opening net book amount	379,855	575,462	152,621	64,334	81,077	1,253,349
Exchange differences	3,206	8,748	1,036	531	1,135	14,656
Arising on acquisition (note 5.2)	4,187	414	243	1,107	322	6,273
Additions	17,379	105,407	30,292	13,048	69,142	235,268
Disposals	(6,360)	(2,294)	(885)	(758)	–	(10,297)
Depreciation charge	(17,170)	(83,505)	(29,718)	(14,050)	–	(144,443)
Reclassification	24,592	(2,826)	11,756	1,428	(34,950)	–
Closing net book amount	405,689	601,406	165,345	65,640	116,726	1,354,806
At 31 March 2023						
Cost	508,224	1,410,353	348,407	183,573	116,726	2,567,283
Accumulated depreciation and impairment losses	(102,535)	(808,947)	(183,062)	(117,933)	–	(1,212,477)
Net book amount	405,689	601,406	165,345	65,640	116,726	1,354,806

	Land & buildings £'000	Plant & machinery & cylinders £'000	Fixtures, fittings & office equipment £'000	Motor vehicles £'000	Capital work in progress £'000	Total £'000
Year ended 31 March 2022						
Opening net book amount	342,040	534,990	135,397	65,971	59,236	1,137,634
Exchange differences	2,107	2,633	345	764	368	6,217
Arising on acquisition (note 5.2)	36,557	19,376	4,354	2,740	146	63,173
Additions	16,655	104,171	24,135	9,342	44,928	199,231
Disposals	(6,341)	(6,227)	(1,361)	(679)	–	(14,608)
Depreciation charge	(16,353)	(80,719)	(27,111)	(13,793)	–	(137,976)
Impairment charge	(105)	(75)	(142)	–	–	(322)
Reclassification	5,295	1,313	17,004	(11)	(23,601)	–
Closing net book amount	379,855	575,462	152,621	64,334	81,077	1,253,349
At 31 March 2022						
Cost	463,239	1,261,065	310,716	165,104	81,077	2,281,201
Accumulated depreciation and impairment losses	(83,384)	(685,603)	(158,095)	(100,770)	–	(1,027,852)
Net book amount	379,855	575,462	152,621	64,334	81,077	1,253,349

3.1 PROPERTY, PLANT AND EQUIPMENT continued

USEFUL ECONOMIC LIVES OF ASSETS

The Group updated its energy strategy in the prior year to ensure the Group remains well placed to support customers as they transition to lower carbon forms of energy. This process took account of the Group's assessment of the risks and opportunities created by climate-change to its existing and future operations, which is outlined in more detail in the Risk Report on pages 77 to 84. The Group's energy strategy has, in turn, allowed the Group to commit to reducing its carbon emissions from its own activities (Scope 1 and 2) and from the energy it sells (Scope 3) to net zero by 2050 or sooner. Due consideration is given to these factors when determining the useful lives of the Group's assets. Importantly, many of the Group's existing assets, such as depots, storage equipment and trucks will continue to be used for the distribution of lower carbon forms of fuel, such as biofuels. Capital expenditure will continue to be required in relation to these assets in the short and medium term. The Group therefore considers that these assets will continue to be an integral part of the total asset portfolio of the Group in the short and medium term. Further information is included in note 3.3 Intangible Assets and Goodwill on page 179.

There remains a risk that the useful lives of the assets created by future capital expenditure may differ from current assumptions. For instance, governments in some of the Group's operating locations could take measures to restrict the use of certain fossil-based assets which could affect the estimated useful lives of those assets. However, for the reasons stated, there were no significant changes in the estimates of useful lives during the current financial year.

3.2 RIGHT-OF-USE LEASED ASSETS

This note details the right-of-use leased assets utilised by the Group to generate revenues and profits. All assets are depreciated over their lease term.

	Land & buildings £'000	Plant & machinery & cylinders £'000	Fixtures, fittings & office equipment £'000	Motor vehicles £'000	Total £'000
Year ended 31 March 2023					
Opening net book amount	**282,344**	**4,083**	**544**	**40,580**	**327,551**
Exchange differences and other	**4,455**	**(150)**	**28**	**336**	**4,669**
Arising on acquisition (note 5.2)	**2,278**	**54**	**565**	**2,959**	**5,856**
Additions (note 3.12)	**52,955**	**1,443**	**73**	**23,639**	**78,110**
Terminations	**(3,774)**	**–**	**(8)**	**(945)**	**(4,727)**
Depreciation charge	**(53,139)**	**(1,131)**	**(244)**	**(20,724)**	**(75,238)**
Closing net book amount	**285,119**	**4,299**	**958**	**45,845**	**336,221**
Year ended 31 March 2022					
Opening net book amount	256,576	3,677	456	48,154	308,863
Exchange differences	476	(199)	2	(128)	151
Arising on acquisition (note 5.2)	30,684	543	–	833	32,060
Additions (note 3.12)	42,938	1,371	244	11,380	55,933
Terminations	(1,407)	(3)	3	(245)	(1,652)
Depreciation charge	(46,923)	(1,306)	(161)	(19,414)	(67,804)
Closing net book amount	282,344	4,083	544	40,580	327,551

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.3 INTANGIBLE ASSETS AND GOODWILL

The Group Balance Sheet contains significant intangible assets and goodwill. Goodwill, customer and supplier relationships and brands can arise on the acquisition of a business. Goodwill arises when we pay an amount which is higher than the fair value of the net assets acquired (primarily due to expected synergies). This goodwill is not amortised but is subject to annual impairment reviews whereas customer and supplier relationships and brands are amortised over their useful economic lives.

	Goodwill £'000	Customer & supplier related intangibles £'000	Brand related intangibles £'000	Total £'000
Year ended 31 March 2023				
Opening net book amount	1,765,961	685,902	182,586	2,634,449
Exchange differences	41,413	31,071	8,143	80,627
Arising on acquisition (note 5.2)	230,754	112,313	19,140	362,207
Adjustments to contingent consideration (note 3.16)	(8,508)	–	–	(8,508)
Amortisation charge	–	(101,921)	(9,225)	(111,146)
Closing net book amount	2,029,620	727,365	200,644	2,957,629
At 31 March 2023				
Cost	2,068,871	1,252,108	251,088	3,572,067
Accumulated amortisation and impairment losses	(39,251)	(524,743)	(50,444)	(614,438)
Net book amount	2,029,620	727,365	200,644	2,957,629

	Goodwill £'000	Customer & supplier related intangibles £'000	Brand related intangibles £'000	Total £'000
Year ended 31 March 2022				
Opening net book amount	1,527,598	497,230	181,907	2,206,735
Exchange differences	14,705	15,848	553	31,106
Arising on acquisition (note 5.2)	224,020	248,787	8,503	481,310
Adjustments to contingent consideration (note 3.16)	(362)	–	–	(362)
Amortisation charge	–	(75,963)	(8,377)	(84,340)
Closing net book amount	1,765,961	685,902	182,586	2,634,449
At 31 March 2022				
Cost	1,804,232	1,099,417	222,416	3,126,065
Accumulated amortisation and impairment losses	(38,271)	(413,515)	(39,830)	(491,616)
Net book amount	1,765,961	685,902	182,586	2,634,449

Customer and supplier related intangible assets principally comprise contractual and non-contractual customer and supplier relationships arising from business combinations and are amortised over their estimated useful lives. The weighted average remaining amortisation period for customer related intangibles is 11.1 years (2022: 11.8 years). Brand related intangible assets comprise registered trade names and logos which are well established and recognised within the industries in which the Group operates. The weighted average remaining amortisation period for brand related intangibles is 25.1 years (2022: 26.5 years). There are no internally generated brand related intangibles recognised on the Group Balance Sheet.

3.3 INTANGIBLE ASSETS AND GOODWILL continued

In accordance with IAS 38 Intangible Assets, details of individually significant intangible assets and their remaining amortisation periods as at 31 March 2023 are as follows:

	Segment	Customer & supplier related intangibles £'000	Remaining amortisation period in years	Brand related intangibles £'000	Remaining amortisation period in years
Almo	DCC Technology	149,892	8.5 years	–	–
DCC Vital	DCC Healthcare	113,475	18.6 years	19,027	19.5 years
Butagaz	DCC Energy	93,576	7.2 years	119,877	31.5 years
DCC Propane	DCC Energy	91,726	9.4 years	33,083	15.1 years
DSG Hong Kong & Macau	DCC Energy	61,348	19.8 years	–	–
Others		217,348		28,657	
Closing net book amount		727,365		200,644	

In accordance with IAS 38 Intangible Assets, details of individually significant intangible assets and their remaining amortisation periods as at 31 March 2022 are as follows:

	Segment	Customer & supplier related intangibles £'000	Remaining amortisation period in years	Brand related intangibles £'000	Remaining amortisation period in years
Butagaz	DCC Energy	104,894	8.1 years	119,088	32.5 years
Almo	DCC Technology	151,019	9.7 years	–	–
DCC Propane	DCC Energy	100,419	10.3 years	33,282	16.2 years
DSG Hong Kong & Macau	DCC Energy	60,913	20.8 years	–	–
Mobility Continental Europe	DCC Energy	52,319	14.3 years	–	–
DCC Vital	DCC Healthcare	45,811	19.0 years	–	–
Others		170,527		30,216	
Closing net book amount		685,902		182,586	

CASH-GENERATING UNITS

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units ('CGUs') that are expected to benefit from that business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 Operating Segments.

A total of 32 CGUs (2022: 32 CGUs) have been identified and these are analysed between the Group's operating segments below together with a summary of the allocation of the carrying value of goodwill by segment.

	Cash-generating units		Goodwill	
	2023 number	2022 number	2023 £'000	2022 £'000
DCC Energy	17	16	1,247,802	1,166,670
DCC Healthcare	6	7	436,049	267,922
DCC Technology	9	9	345,769	331,369
	32	32	2,029,620	1,765,961

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.3 INTANGIBLE ASSETS AND GOODWILL continued

In accordance with IAS 36 Impairment of Assets, the CGUs to which significant amounts of goodwill have been allocated are as follows:

CGU	Segment	2023 £'000	2022 £'000
DCC Vital Group	DCC Healthcare	338,573	174,264
Certas Energy UK Group	DCC Energy	294,540	290,255
Butagaz	DCC Energy	234,335	208,151
Mobility Continental Europe	DCC Energy	164,926	166,595
Almo	DCC Technology	147,101	136,390
DCC Propane	DCC Energy	124,460	117,317
Exertis UK Group	DCC Technology	101,603	101,598
Others		624,082	571,391
Closing net book amount		2,029,620	1,765,961

For the purpose of impairment testing, the before-tax discount rates applied to these CGUs to which significant amounts of goodwill have been allocated were 11.1% (2022: 11.0%) for the DCC Vital Group, 9.8% (2022: 9.8%) for the Certas Energy UK Group, Butagaz, Mobility Continental Europe and DCC Propane, and 11.2% (2022: 11.2%) for Almo and the Exertis UK Group. The long-term growth rates assumed for the Certas Energy UK, DCC Vital and Exertis UK Groups was 1.5%, a long-term growth rate of 1.9% was assumed for Almo and DCC Propane and a long-term growth rate of 1.3% was assumed for Mobility Continental Europe. No growth was assumed for Butagaz. The remaining goodwill balance of £624.082 million is allocated across 25 CGUs (2022: £571.391 million across 25 CGUs), none of which are individually significant, and the before-tax discount rates applied to these CGUs were in the range 9.8% to 11.2% (2022: 9.8% to 11.2%).

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations has been allocated to CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of a CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

The recoverable amount of each CGU is based on a value in use computation. The cash flow forecasts employed for this computation are based on the Three Year Plan that has been formally approved by the Board of Directors and specifically excludes future acquisition activity. These cash flow forecasts are consistent with those used for the Group's going concern and viability assessments. Cash flows for a further two years are based on the assumptions underlying the Three Year Plan. Cash flow forecasts include consideration of past performance along with reflecting management's best estimates of future developments in each of the Group's markets. Net cash flows include consideration of the estimated capital expenditure required to achieve the Group's 2030 and 2050 emissions commitments. A long-term growth rate reflecting the lower of the extrapolated cash flow projections and the long-term GDP rate for the country of operation is applied to the year five cash flows. The weighted average long-term growth rate used in the impairment testing was 1.4% (2022: 1.5%).

The assumptions behind the cash flow projections also take account of the Sustainability Review on page 66. The Group's climate change risk assessment considered the transitional impacts of climate change on our energy activities in a scenario consistent with 1.5°C warming by 2050. While there will be evolution in the legal environment, the pace of technological change and the introduction of new forms of energy will likely see a reduction in demand for fossil fuels over the medium to long-term, the Group concluded that there is a significant opportunity available to our energy businesses to support existing and new customers as they reduce their use of fossil fuels over the coming decades. In particular, our energy businesses can add to the range of products and services that we offer while continuing to use the assets that we currently own.

The Group's climate change risk assessment also considered the physical impacts of climate change on certain of the Group's assets in a scenario consistent with 4.0°C warming by 2050. This risk assessment considered both the risk of physical damage to assets and the potential disruption to our wider operations that would be caused if these sites were inoperable for a certain period because of more frequent adverse weather conditions. The Group concluded that whilst there is a risk in the medium term to these assets, these risks can be fully mitigated through increased physical mitigation measures and business continuity planning. In addition, the Group maintains insurance cover against physical damage and/or business interruption. The geographical diversity of the Group and potential alternative sources of supply also means that the risk to the Group as a whole is unlikely to be material.

Having assessed these scenarios the Group has concluded that, while climate change is an existing and evolving risk, it does not warrant any amendments to the assumptions used in the Group's impairment testing.

3.3 INTANGIBLE ASSETS AND GOODWILL continued

A present value of the future cash flows is calculated using a before-tax discount rate representing the Group's estimated before-tax weighted average cost of capital, adjusted to reflect risks associated with each CGU. The range of discount rates applied ranged from 9.8% to 11.2% (2022: 9.8% to 11.2%).

Key assumptions include management's estimates of future profitability, working capital movements and capital expenditure and disposal proceeds on property, plant and equipment. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business.

Applying these techniques, no impairment charge arose in 2023 (2022: nil).

SENSITIVITY ANALYSIS

Sensitivity analysis was performed by increasing the discount rate by 1%, reducing the long-term growth rate by 0.3% and decreasing cash flows by 10% which resulted in an excess in the recoverable amount of all 32 CGUs over their carrying amount under each approach. Management believes that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount.

3.4 EQUITY ACCOUNTED INVESTMENTS

Equity accounted investments represent the Group's interests in certain entities where we exercise significant influence and generally have an equity holding of up to 50%.

	2023 £'000	2022 £'000
At 1 April	26,843	27,134
Share of (loss)/profit after tax	(692)	314
Acquisition of equity accounted investments (note 5.2)	18,909	-
Disposals	-	(935)
Exchange and other	2,729	330
At 31 March	47,789	26,843

Investments in associates at 31 March 2023 include goodwill and intangible assets of £31.701 million (2022: £19.107 million).

Summarised financial information for the Group's share of its investment in associates which are accounted for using the equity method is as follows:

	2023 £'000	2022 £'000
Non-current assets	59,570	34,999
Current assets	13,979	8,174
Non-current liabilities	(6,855)	(1,468)
Current liabilities	(18,905)	(14,862)
	47,789	26,843

Details of the Group's principal associates are included in the Group Directory on page 232.

3.5 INVENTORIES

Inventories represent assets that we intend to convert or sell in order to generate revenue in the short term. The Group's inventory consists primarily of finished goods, net of an allowance for obsolescence.

	2023 £'000	2022 £'000
Raw materials	73,626	66,258
Work in progress	6,003	5,844
Finished goods	1,113,174	1,061,564
	1,192,803	1,133,666

Write-downs of inventories recognised as an expense within cost of sales amounted to £16.385 million (2022: £21.523 million) and arose in the normal course of activities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.6 TRADE AND OTHER RECEIVABLES

Trade and other receivables mainly consist of amounts owed to the Group by customers, net of an allowance for bad and doubtful debts, together with prepayments and accrued income.

	2023 £'000	2022 £'000
Trade receivables	1,939,528	2,086,578
Allowance for impairment of trade receivables	(73,310)	(54,929)
Prepayments and accrued income	296,352	313,648
Value-added tax recoverable	24,800	43,711
Other debtors	124,899	119,605
	2,312,269	2,508,613

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 5.7. The aged analysis of these balances is as follows:

	Gross trade receivables		Trade receivables net of allowance for impairment	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Not overdue	1,601,048	1,760,825	1,590,852	1,755,430
Less than 1 month overdue	193,373	194,240	186,806	188,461
1 – 3 months overdue	83,377	71,294	70,768	66,269
3 – 6 months overdue	28,985	26,625	16,496	19,893
Over 6 months overdue	32,745	33,594	1,296	1,596
	1,939,528	2,086,578	1,866,218	2,031,649

The movement in the allowance for impairment of trade receivables during the year is as follows:

	2023 £'000	2022 £'000
At 1 April	54,929	40,360
Allowance for impairment recognised in the year	23,808	17,556
Subsequent recovery of amounts previously provided for	(480)	(832)
Amounts written off during the year	(10,525)	(5,884)
Arising on acquisition	4,199	3,619
Exchange	1,379	110
At 31 March	73,310	54,929

The allowance for impairment mainly relates to trade and other receivables balances which are over six months overdue.

3.7 TRADE AND OTHER PAYABLES

The Group's trade and other payables mainly consist of amounts we owe to our suppliers that have been either invoiced or accrued and are due to be settled within 12 months.

	2023 £'000	2022 £'000
Trade payables	2,170,896	2,402,935
Other creditors and accruals	927,423	895,758
PAYE and National Insurance or equivalent	23,192	23,425
Value-added tax	108,633	113,740
Government grants (note 3.18)	31	16
Interest payable	25,231	13,981
Amounts due in respect of property, plant and equipment	24,492	18,850
	3,279,898	3,468,705

3.8 MOVEMENT IN WORKING CAPITAL

Working capital represents the net of inventories, trade and other receivables and trade and other payables. This note details the overall movement in the year under each of these headings.

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2023				
At 1 April 2022	1,133,666	2,508,613	(3,468,705)	173,574
Translation adjustment	35,926	49,742	(56,251)	29,417
Arising on acquisition (note 5.2)	53,329	36,760	(65,775)	24,314
Exceptional items, interest accruals, capital accruals and other	–	378	(16,460)	(16,082)
(Decrease)/increase in working capital (note 5.3)	(30,118)	(283,224)	327,293	13,951
At 31 March 2023	1,192,803	2,312,269	(3,279,898)	225,174
Year ended 31 March 2022				
At 1 April 2021	685,950	1,689,372	(2,604,177)	(228,855)
Translation adjustment	15,299	4,383	(2,471)	17,211
Arising on acquisition (note 5.2)	254,522	200,443	(229,336)	225,629
Exceptional items, interest accruals, capital accruals and other	–	155	(9,292)	(9,137)
Increase/(decrease) in working capital (note 5.3)	177,895	614,260	(623,429)	168,726
At 31 March 2022	1,133,666	2,508,613	(3,468,705)	173,574

3.9 CASH AND CASH EQUIVALENTS

The majority of the Group's cash and cash equivalents are held in current accounts and deposit accounts with maturities of up to three months.

	2023 £'000	2022 £'000
Cash at bank and in hand	603,699	904,036
Short-term deposits	818,050	490,236
	1,421,749	1,394,272

Cash at bank earns interest at floating rates based on daily bank deposit rates. The short-term deposits, which include bank and money market deposits, are for periods up to three months and earn interest at the respective short-term deposit rates. Cash and cash equivalents include the following for the purposes of the Group Cash Flow Statement:

	2023 £'000	2022 £'000
Cash and short-term deposits	1,421,749	1,394,272
Bank overdrafts	(50,543)	(67,668)
	1,371,206	1,326,604

Bank overdrafts are included within current borrowings (note 3.11) in the Group Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.10 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are financial instruments that derive their value from the price of underlying items such as interest rates, foreign exchange rates, commodities or other indices. This note details the derivative financial instruments used by the Group to hedge certain risk exposures arising from operational, financing and investment activities. These derivatives are held at fair value.

	2023 £'000	2022 £'000
Non-current assets		
Cross currency interest rate swaps – fair value hedges	38,528	72,122
Cross currency interest rate swaps – cash flow hedges	49,615	38,606
Interest rate swaps – fair value hedges	–	1,737
Commodity forward contracts – cash flow hedges	1,056	6,113
	89,199	118,578
Current assets		
Cross currency interest rate swaps – fair value hedges	44,458	–
Cross currency interest rate swaps – cash flow hedges	2,574	–
Currency swaps – not designated as hedges	880	554
Foreign exchange forward contracts – cash flow hedges	502	765
Foreign exchange forward contracts – not designated as hedges	14	19
Commodity forward contracts – cash flow hedges	4,705	94,152
Commodity forward contracts – not designated as hedges	6,125	11,871
	59,258	107,361
Total assets	148,457	225,939
Non-current liabilities		
Interest rate swaps – fair value hedges	(35,451)	(8,398)
Commodity forward contracts – cash flow hedges	(5,134)	(1,932)
	(40,585)	(10,330)
Current liabilities		
Currency swaps – not designated as hedges	(517)	(558)
Foreign exchange forward contracts – cash flow hedges	(1,063)	(1,094)
Foreign exchange forward contracts – not designated as hedges	(16)	(49)
Commodity forward contracts – cash flow hedges	(34,505)	(6,101)
Commodity forward contracts – not designated as hedges	(6,240)	(20,832)
	(42,341)	(28,634)
Total liabilities	(82,926)	(38,964)
Net asset arising on derivative financial instruments	65,531	186,975

The full fair value of a hedging derivative is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or current liability if the maturity of the hedged item is less than 12 months.

INTEREST RATE SWAPS

The notional principal amounts of the outstanding interest rate swap contracts designated as fair value hedges under IAS 39 at 31 March 2023 total £192.5 million and €260.0 million. At 31 March 2023, the fixed interest rates vary from 1.96% to 4.49% and the floating rates are based on sterling SONIA and EURIBOR.

CROSS CURRENCY INTEREST RATE SWAPS

The Group utilises cross currency interest rate swaps to swap fixed rate US dollar denominated debt of $554.0 million into floating rate sterling debt of £128.662 million and floating rate euro debt of €263.839 million, which are based on sterling SONIA and EURIBOR respectively. At 31 March 2023 the fixed interest rates vary from 4.04% to 4.53%. These swaps are designated as fair value hedges under IAS 39.

3.10 DERIVATIVE FINANCIAL INSTRUMENTS continued

The Group utilises cross currency interest rate swaps to swap fixed rate US dollar denominated debt of $317.0 million into fixed rate sterling debt of £61.189 million and fixed rate euro debt of €163.045 million. At 31 March 2023 the fixed US dollar interest rates vary from 4.04% to 4.98% and the average swapped fixed rates for sterling and euro were 4.47% and 3.74% respectively. These swaps are designated as cash flow hedges under IAS 39.

CURRENCY SWAPS

During the year ended 31 March 2023, the Group entered into currency swaps to manage currency risk related to the funding of certain acquisitions. The principal amounts of outstanding currency swaps at 31 March 2023 total £50.033 million (2022: £180.570 million).

FORWARD FOREIGN EXCHANGE CONTRACTS

The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2023 total £114.686 million (2022: £142.703 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2023 on forward foreign exchange contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to 12 months after the reporting date.

COMMODITY PRICE FORWARD CONTRACTS

The notional principal amounts of outstanding forward commodity contracts at 31 March 2023 total £498.587 million (2022: £267.184 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2023 on forward commodity contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to 5 years after the reporting date.

3.11 BORROWINGS AND LEASE CREDITORS

The Group utilises long-term debt funding together with committed credit lines with our relationship banks. We use derivatives to manage risks associated with interest rates and foreign exchange.

	2023 £'000	2022 £'000
Non-current		
Unsecured Notes	1,898,591	1,544,822
Bank borrowings	35,168	388,660
Total borrowings	1,933,759	1,933,482
Lease creditors (note 3.12)	275,388	273,164
Total non-current borrowings and lease creditors	2,209,147	2,206,646
Current		
Unsecured Notes	270,313	–
Bank borrowings	50,543	67,668
Total borrowings	320,856	67,668
Lease creditors (note 3.12)	71,158	63,538
Total current borrowings and lease creditors	392,014	131,206
Total borrowings and lease creditors	2,601,161	2,337,852

The maturity of non-current borrowings is as follows:

	2023 £'000	2022 £'000
Between 1 and 2 years	390,882	310,955
Between 2 and 5 years	754,802	1,111,059
Over 5 years	1,063,463	784,632
	2,209,147	2,206,646

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.11 BORROWINGS AND LEASE CREDITORS continued

BANK BORROWINGS

Interest on bank borrowings is at floating rates set in advance for periods ranging from overnight to six months by reference to inter-bank interest rates (EURIBOR, sterling SONIA and US$ SOFR) and consequently fair value approximates carrying amounts.

The Group has a £800 million five-year committed revolving credit facility with ten relationship banks: Barclays, BNP Paribas, Danske Bank, HSBC, ING, J.P. Morgan, National Westminster Bank, Bank of Ireland, Citibank and Toronto Dominion. The facility matures in March 2027 and £765 million remained undrawn at 31 March 2023. The drawing at that date was at a floating rate of 3.54%. The Group had various other uncommitted bank facilities available at 31 March 2023.

UNSECURED NOTES

The Group's Unsecured Notes which fall due between 2023 and 2034 are comprised of fixed rate debt of US$446.0 million issued in 2013 and maturing in 2023 and 2025 (the '2023/25 Notes'), fixed rate debt of US$425.0 million, €45.0 million and £65.0 million issued in 2014 and maturing in 2024, 2026 and 2029 (the '2024/26/29 Notes'), fixed rate debt of £127.5 million and €215.0 million issued in September 2017 and maturing in 2027 and 2029 (the '2027/29 Notes'), floating rate debt of €145.0 million issued in September 2017 and maturing in 2024, 2027 and 2029 (the '2024/27/29 Notes'), fixed rate debt of US$350.0 million and €100.0 million issued in April 2019 and maturing in 2026, 2029, 2031 and 2034 (the '2026/29/31/34 Notes'), fixed rate debt of US$563.5 million and £50.0 million issued in December 2022 and maturing in 2028, 2030, and 2032 (the '2028/30/32 Notes'), and floating rate debt of US$100.0 million issued in December 2022 and maturing in 2028 and 2032 (the '2028/32 Notes').

Of the 2023/25 Notes denominated in US dollars, $176.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR, $140.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling SONIA, $85.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed euro rates and $45.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed sterling rates.

Of the 2024/26/29 Notes denominated in US dollars, $178.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR, $60.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling SONIA, $135.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed euro rates, $52.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed sterling rates. The 2024/26/29 Notes denominated in euro have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed euro to floating euro rates, repricing quarterly based on EURIBOR. The 2024/26/29 Notes denominated in sterling have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed sterling to floating sterling rates, repricing quarterly based on sterling SONIA.

The 2027/29 Notes denominated in sterling have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) to floating sterling rates, repricing half yearly based on sterling SONIA. The 2027/29 Notes denominated in euro have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) to floating euro rates, repricing half yearly based on EURIBOR.

The 2024/27/29 Notes are at floating euro rates, repricing half yearly based on EURIBOR.

The 2026/29/31/34 Notes and 2028/30/32 Notes have not been swapped.

The 2028/32 Notes are at floating US rates, repricing quarterly based on SOFR.

The maturity and interest profile of the Unsecured Notes is as follows:

	2023	2022
Average maturity	5 years	4.7 years
Average fixed interest rates*:		
– US$ denominated	4.95%	4.45%
– sterling denominated	4.04%	3.34%
– euro denominated	2.26%	2.26%
Average floating rate including swaps:		
– US$ denominated	6.84%	–
– sterling denominated	5.68%	2.34%
– euro denominated	4.55%	1.04%

* Issued and repayable at par.

3.12 LEASE CREDITORS

Lease creditors represent the present value of the Group's lease commitments. Lease creditors are initially measured at the present value of the future minimum lease payments, discounted using the incremental borrowing rate over the remaining lease term.

The movement in the Group's lease creditors during the year ended 31 March 2023 is as follows:

	2023 £'000	2022 £'000
At 1 April	336,702	315,224
Exchange differences	4,699	934
Additions of right-of-use assets (note 3.2)	78,110	55,933
Terminations	(4,845)	(1,627)
Arising on acquisition (note 5.2)	6,099	31,818
Lease repayments	(83,796)	(75,053)
Lease interest (note 2.7)	9,577	9,473
At 31 March	346,546	336,702

An analysis of the maturity profile of the discounted lease creditor arising from the Group's leasing activities as at 31 March 2023 is as follows:

	2023 £'000	2022 £'000
Within one year	71,158	63,538
Between one and two years	57,675	55,478
Between two and five years	103,126	98,564
Over five years	114,587	119,122
At 31 March	346,546	336,702
Analysed as:		
Non-current liabilities	275,388	273,164
Current liabilities	71,158	63,538
	346,546	336,702

The Group has availed of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. Wholly variable lease payments directly linked to sales or usage are also expensed as incurred. The following lease costs have been charged to the Income Statement as incurred:

	2023 £'000	2022 £'000
Short-term leases	7,971	6,365
Leases of low-value assets	663	562
Wholly variable lease payments	65,101	59,033
Total	73,735	65,960

The total cash outflow for lease payments during the period was as follows:

	2023 £'000	2022 £'000
Cash outflow for short-term leases, leases of low value assets and wholly variable lease payments	73,735	65,960
Lease payments relating to capitalised right-of-use leased assets	83,796	75,053
Total cash outflow for lease payments	157,531	141,013

Lease commitments for short-term leases at the Balance Sheet date are not materially different to the short-term lease costs expensed during the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.12 LEASE CREDITORS continued

The Group's business model is that of a distributor and, therefore, maintaining flexibility in the Group's cost base is of significant importance. Substantially all of the Group's variable lease payments arise from two types of contracts which give rise to the following costs:

(i) transport costs (primarily for the transport of LPG) which vary depending on kilometres and hours of truck travel (i.e. deliveries outside of normal working hours can incur a premium). Given that the variable costs arising on LPG transport contracts are linked to hours and distance travelled by the trucks, these costs will vary in line with demand patterns.

(ii) third party petrol forecourts costs which vary based primarily on volume of fuel sold and margin achieved. These costs will vary in line with demand patterns.

There are no other significant factors that can influence the variability of the Group's variable lease payments other than those mentioned above.

The effect of excluding future cash outflows arising from termination options and leases not yet commenced from lease creditors was not material for the Group. Income from subleasing and gains/losses on sales and leaseback transactions were not material for the Group.

3.13 ANALYSIS OF NET DEBT

Net debt is a key metric of the Group and represents cash and cash equivalents less borrowings, derivative financial instruments and lease creditors.

RECONCILIATION OF OPENING TO CLOSING NET DEBT

The reconciliation of opening to closing net debt for the year ended 31 March 2023 is as follows:

			Fair value adjustment			
	At 1 April 2022 £'000	Cash/debt movements £'000	Income Statement £'000	Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2023 £'000
Cash and short-term deposits	1,394,272	8,488	–	–	18,989	1,421,749
Overdrafts	(67,668)	16,738	–	–	387	(50,543)
	1,326,604	25,226	–	–	19,376	1,371,206
Bank loans and loan notes	(388,660)	393,469	–	–	(39,977)	(35,168)
Unsecured Notes	(1,544,822)	(603,054)	18,818	–	(39,846)	(2,168,904)
Derivative financial instruments (net)	186,975	55,095	(17,926)	(160,528)	1,915	65,531
Group net debt (excl. lease creditors)	(419,903)	(129,264)	892	(160,528)	(58,532)	(767,335)
Lease creditors	(336,702)	(5,246)	–	–	(4,598)	(346,546)
Group net debt (incl. lease creditors)	(756,605)	(134,510)	892	(160,528)	(63,130)	(1,113,881)

The reconciliation of opening to closing net debt for the year ended 31 March 2022 is as follows:

			Fair value adjustment			
	At 1 April 2021 £'000	Cash/debt movements £'000	Income Statement £'000	Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2022 £'000
Cash and short-term deposits	1,786,556	(396,266)	–	–	3,982	1,394,272
Overdrafts	(69,660)	2,096	–	–	(104)	(67,668)
	1,716,896	(394,170)	–	–	3,878	1,326,604
Bank loans and loan notes	–	(372,426)	–	–	(16,234)	(388,660)
Unsecured Notes	(1,703,199)	149,182	29,633	–	(20,438)	(1,544,822)
Derivative financial instruments (net)	151,357	(36,999)	(28,441)	101,198	(140)	186,975
Group net cash/(debt) (excl. lease creditors)	165,054	(654,413)	1,192	101,198	(32,934)	(419,903)
Lease creditors	(315,224)	(20,544)	–	–	(934)	(336,702)
Group net debt (incl. lease creditors)	(150,170)	(674,957)	1,192	101,198	(33,868)	(756,605)

3.13 ANALYSIS OF NET DEBT continued

CURRENCY PROFILE

The currency profile of net debt at 31 March 2023 and 31 March 2022 is as follows:

	Cash and cash equivalents £'000	Borrowings and lease creditors* £'000	Derivatives £'000	Total £'000
As at 31 March 2023				
Euro	**487,858**	**(1,060,933)**	**47,553**	**(525,522)**
Sterling	**489,610**	**(617,578)**	**23,865**	**(104,103)**
US dollar	**238,074**	**(867,067)**	**(3,857)**	**(632,850)**
Danish krone	**79,800**	**(13,024)**	**(2,029)**	**64,747**
Swedish krona	**57,536**	**(13,644)**	**–**	**43,892**
Norwegian krone	**33,250**	**(19,046)**	**(1)**	**14,203**
Hong Kong dollar	**21,107**	**(4,911)**	**–**	**16,196**
Other	**14,514**	**(4,958)**	**–**	**9,556**
At 31 March 2023	**1,421,749**	**(2,601,161)**	**65,531**	**(1,113,881)**
As at 31 March 2022				
Euro	364,412	(1,012,373)	114,766	(533,195)
Sterling	594,877	(592,309)	77,238	79,806
US dollar	131,206	(681,565)	5,339	(545,020)
Danish krone	162,805	(10,033)	(10,353)	142,419
Swedish krona	71,293	(16,753)	–	54,540
Norwegian krone	38,004	(16,766)	(15)	21,223
Hong Kong dollar	15,574	(2,694)	–	12,880
Other	16,101	(5,359)	–	10,742
At 31 March 2022	1,394,272	(2,337,852)	186,975	(756,605)

* Euro, sterling and US dollar borrowings reflect the cross currency interest rate swaps referred to in note 3.10.

INTEREST RATE PROFILE

Cash and cash equivalents at 31 March 2023 and 31 March 2022 have maturity periods up to three months (note 3.9).

Bank borrowings are at floating interest rates for periods up to six months while the Group's Unsecured Notes due 2023 to 2034 comprises debt swapped to a combination of fixed rates and floating rates which reset on a quarterly and semi-annual basis, and debt which has not been swapped.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.14 DEFERRED INCOME TAX

Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future as a result of differences in the accounting and tax bases of assets and liabilities.

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2023:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2022	34,372	183,893	(11,387)	538	18,924	(21,038)	205,302
Consolidated Income Statement	2,445	(24,032)	89	321	181	(2,901)	(23,897)
Recognised in Other Comprehensive Income	–	–	–	800	(30,374)	–	(29,574)
Arising on acquisition (note 5.2)	(208)	38,465	–	–	–	(2,436)	35,821
Exchange differences and other	371	7,646	(462)	(8)	–	(629)	6,918
At 31 March 2023	36,980	205,972	(11,760)	1,651	(11,269)	(27,004)	194,570
Analysed as:							
Deferred tax asset	(5,298)	(234)	(11,785)	(1,245)	(11,269)	(39,222)	(69,053)
Deferred tax liability	42,278	206,206	25	2,896	–	12,218	263,623
	36,980	205,972	(11,760)	1,651	(11,269)	(27,004)	194,570

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2022:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2021	28,452	132,420	(902)	554	2,561	(10,571)	152,514
Consolidated Income Statement	4,333	(15,185)	707	469	225	(4,389)	(13,840)
Recognised in Other Comprehensive Income	–	–	–	(207)	16,138	(3)	15,928
Arising on acquisition (note 5.2)	1,603	64,648	(10,740)	(285)	–	(6,176)	49,050
Exchange differences and other	(16)	2,010	(452)	7	–	101	1,650
At 31 March 2022	34,372	183,893	(11,387)	538	18,924	(21,038)	205,302
Analysed as:							
Deferred tax asset	(5,630)	(71)	(11,387)	(2,238)	–	(35,168)	(54,494)
Deferred tax liability	40,002	183,964	–	2,776	18,924	14,130	259,796
	34,372	183,893	(11,387)	538	18,924	(21,038)	205,302

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant jurisdiction. The majority of the deferred tax asset at 31 March 2023 of £69.053 million is expected to be settled/recovered more than 12 months after the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax has not been recognised for withholding and other taxes that may be payable on the unremitted earnings of certain subsidiaries and equity accounted investments as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.

3.15 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit and defined contribution pension schemes for our employees. All of the Group's defined benefit pension schemes are closed to new members.

The Group operates defined benefit and defined contribution schemes. The pension scheme assets are held in separate trustee administered funds.

The Group operates five defined benefit pension schemes in the Republic of Ireland ('ROI'), four in the UK and four in Germany. The projected unit credit method has been employed in determining the present value of the defined benefit obligation arising, the related current service cost and, where applicable, past service cost.

Full actuarial valuations were carried out between 1 January 2019 and 1 May 2022. In general, actuarial valuations are not available for public inspection, although the results of valuations are advised to the members of the various pension schemes. Actuarial valuations have been updated to 31 March 2023 for IAS 19 by a qualified actuary.

The schemes expose the Group to a number of risks, the most significant of which are as follows:

DISCOUNT RATES
The calculation of the present value of the defined benefit obligation is sensitive to changes in the discount rate. The discount rate is based on the interest yield at the reporting date on high-quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligation. Changes in the discount rate can lead to volatility in the Group's Balance Sheet, Income Statement and Statement of Comprehensive Income.

ASSET VOLATILITY
The scheme assets are reported at fair value using bid prices where relevant. The majority of the Group's scheme assets comprise of bonds. A decrease in corporate bond yields will increase the value of the Group's bond holdings although this will be partially offset by an increase in the value of the scheme's liabilities. The Group also holds a significant proportion of equities which are expected to outperform corporate bonds in the long-term while providing some volatility and risk in the short term. External consultants periodically conduct investment reviews to determine the most appropriate asset allocation, taking account of asset valuations, funding requirements, liability duration and the achievement of appropriate returns.

INFLATION RISK
The majority of the Group's defined benefit obligations are linked to inflation and higher inflation will lead to higher scheme liabilities although caps are in place to protect the schemes against extreme inflation.

MORTALITY RISK
The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.15 POST-EMPLOYMENT BENEFIT OBLIGATIONS continued

The principal actuarial assumptions used were as follows:

	2023	2022
Republic of Ireland schemes		
Rate of increase in salaries	n/a*	n/a*
Rate of increase in pensions in payment	1.25% – 2.60%	1.25% – 2.60%
Discount rate	4.10%	2.10%
Inflation assumption	2.60%	2.60%
UK schemes		
Rate of increase in salaries	0.00% – 3.30%	0.00% – 3.60%
Rate of increase in pensions in payment	1.65% – 4.00%	1.80% – 4.00%
Discount rate	4.85%	2.75%
Inflation assumption	3.30%	3.60%
German schemes		
Rate of increase in salaries	3.60%	3.60%
Rate of increase in pensions in payment	2.60%	2.60%
Discount rate	4.10%	2.10%
Inflation assumption	2.60%	2.60%

* There is no future service accrual for the Irish schemes.

The post-retirement mortality assumptions employed in determining the present value of scheme liabilities under IAS 19 are set based on advice from published statistics and experience in the relevant geographic regions and are in accordance with the underlying funding valuations.

The mortality assumptions disclosed for 'current retirees' relate to assumptions based on longevity, in years, following retirement at the balance sheet date, with 'future retirees' being that relating to an employee retiring in 25 years' time. The mortality assumptions are as follows:

	2023 Years	2022 Years
Current retirees		
Male	23.3	23.3
Female	25.4	25.3
Future retirees		
Male	25.7	25.6
Female	27.7	27.6

The Group does not operate any post-employment medical benefit schemes.

3.15 POST-EMPLOYMENT BENEFIT OBLIGATIONS continued

The net pension asset recognised in the Balance Sheet is analysed as follows:

	2023			
	ROI £'000	UK £'000	Germany £'000	Total £'000
Equities	9,747	1,431	–	11,178
Bonds	33,641	13,395	–	47,036
Property	33	–	–	33
Investment funds	1,974	–	–	1,974
Cash	1,986	2,428	934	5,348
Total fair value at 31 March 2023	47,381	17,254	934	65,569
Present value of scheme liabilities	(33,675)	(11,447)	(8,726)	(53,848)
Net pension asset/(liability) at 31 March 2023	13,706	5,807	(7,792)	11,721

	2022			
	ROI £'000	UK £'000	Germany £'000	Total £'000
Equities	11,494	1,546	–	13,040
Bonds	37,835	15,233	–	53,068
Property	31	–	–	31
Investment funds	2,734	12,323	–	15,057
Cash	4,771	720	876	6,367
Total fair value at 31 March 2022	56,865	29,822	876	87,563
Present value of scheme liabilities	(44,147)	(24,406)	(11,265)	(79,818)
Net pension asset/(liability) at 31 March 2022	12,718	5,416	(10,389)	7,745

The amounts recognised in the Group Income Statement in respect of defined benefit pension schemes are as follows:

	2023 £'000	2022 £'000
Current service cost	(328)	(263)
Administration expenses	(111)	(55)
Total, included in employee benefit expense (note 2.4)	(439)	(318)
Interest cost on scheme liabilities	(1,823)	(1,391)
Interest income on scheme assets	2,021	1,552
Net interest income, included in net finance costs (note 2.7)	198	161

Based on the assumptions employed for the valuation of assets and liabilities at 31 March 2023, the net charge in the Group Income Statement in the year ending 31 March 2024 is expected to be broadly in line with the current year figures.

Remeasurements recognised in Other Comprehensive Income are as follows:

	2023 £'000	2022 £'000
Return on scheme assets excluding interest income	(17,830)	(1,753)
Experience variations	(1,867)	(900)
Actuarial gain from changes in demographic assumptions	–	441
Actuarial gain from changes in financial assumptions	22,508	1,464
Total, included in Other Comprehensive Income	2,811	(748)

Cumulatively since transition to IFRS on 1 April 2004, £46.050 million has been recognised as a charge in the Group Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.15 POST-EMPLOYMENT BENEFIT OBLIGATIONS continued

The movement in the fair value of plan assets is as follows:

	2023 £'000	2022 £'000
At 1 April	87,563	90,200
Interest income on scheme assets	2,021	1,552
Remeasurements:		
– return on scheme assets excluding interest income	(17,830)	(1,753)
Contributions by employers	1,231	643
Contributions by members	45	40
Administration expenses	(111)	(55)
Benefit and settlement payments	(9,394)	(2,649)
Exchange	2,044	(415)
At 31 March	65,569	87,563

The actual return on plan assets was a loss of £15.809 million (2022: loss of £0.201 million).

The movement in the present value of defined benefit obligations is as follows:

	2023 £'000	2022 £'000
At 1 April	79,818	82,176
Current service cost	328	263
Interest cost	1,823	1,391
Remeasurements:		
– experience variations	1,867	900
– actuarial gain from changes in demographic assumptions	–	(441)
– actuarial gain from changes in financial assumptions	(22,508)	(1,464)
Contributions by members	45	40
Benefit and settlement payments	(9,394)	(2,649)
Exchange	1,869	(398)
At 31 March	53,848	79,818

The weighted average duration of the defined benefit obligation at 31 March 2023 was 14.5 years (2022: 17.7 years).

Employer contributions for the forthcoming financial year are estimated at £0.5 million. The difference between the actual employer contributions paid in the current year of £1.2 million and the expectation of £0.5 million included in the 2022 Annual Report was primarily due to the timing of contributions in certain of the Group's pension schemes which could not have been anticipated at the time of preparation of the 2022 financial statements.

SENSITIVITY ANALYSIS FOR PRINCIPAL ASSUMPTIONS USED TO MEASURE SCHEME LIABILITIES

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analyses, for the Group's Irish, UK and German pension schemes, the estimated impact on plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on Irish plan liabilities	Impact on UK plan liabilities	Impact on German plan liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 3.5%	Decrease/increase by 4.0%	Decrease/increase by 3.5%
Price inflation	Increase/decrease by 0.25%	Increase/decrease by 1.8%	Increase/decrease by 2.9%	Increase/decrease by 2.5%
Mortality	Increase/decrease by 1 year	Increase/decrease by 3.0%	Increase/decrease by 3.0%	Increase/decrease by 3.2%

3.15 POST-EMPLOYMENT BENEFIT OBLIGATIONS continued

SPLIT OF SCHEME ASSETS

	Republic of Ireland		UK		Germany		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Investments quoted in active markets:								
Equity instruments:								
– developed markets	9,225	11,266	1,431	1,546	–	–	10,656	12,812
– emerging markets	522	228	–	–	–	–	522	228
Debt instruments:								
– non government debt instruments	3,574	3,646	2,950	4,387	–	–	6,524	8,033
– government debt instruments	30,067	34,189	10,445	10,846	–	–	40,512	45,035
Investment funds	1,974	2,734	–	12,323	–	–	1,974	15,057
Cash and cash equivalents	1,986	4,771	2,428	720	934	876	5,348	6,367
Unquoted investments:								
Property	33	31	–	–	–	–	33	31
	47,381	56,865	17,254	29,822	934	876	65,569	87,563

3.16 ACQUISITION RELATED LIABILITIES

Acquisition related liabilities arising on business combinations comprise debt like items and contingent consideration. Contingent consideration arises when a portion of the purchase price is deferred into the future and represents the fair value of the estimate of amounts payable to acquire the remaining shareholding.

The Group's acquisition related liabilities of £127.393 million (2022: £96.252 million) as stated on the Balance Sheet are payable as follows:

	2023 £'000	2022 £'000
Within one year	41,221	23,602
Between one and two years	28,903	25,368
Between two and five years	57,269	47,282
	127,393	96,252
Analysed as:		
Non-current liabilities	86,172	72,650
Current liabilities	41,221	23,602
	127,393	96,252

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.16 ACQUISITION RELATED LIABILITIES continued

The currency profile of the Group's acquisition related liabilities, which are stated at fair value, is as follows:

	2023 £'000	2022 £'000
Euro	82,816	49,037
Sterling	20,675	7,048
US dollar	16,303	33,351
Hong Kong dollar	6,594	6,345
Other	1,005	471
	127,393	96,252

The movement in the Group's acquisition related liabilities is as follows:

	2023 £'000	2022 £'000
At 1 April	96,252	84,402
Arising on acquisition (note 5.2)	46,654	47,381
Unwinding of discount applicable to acquisition related liabilities (note 2.7)	2,264	969
Adjustments to contingent consideration (adjustment to goodwill) (note 3.3)	(8,508)	(362)
Adjustments to contingent consideration (recognised in the Income Statement) (note 2.6)	8,523	19,864
Paid during the year	(21,987)	(52,006)
Exchange and other	4,195	(3,996)
At 31 March	127,393	96,252

3.17 PROVISIONS FOR LIABILITIES

A provision is recorded when an obligation exists, resulting from a past event and it is probable that cash will be paid to settle it but there is uncertainty over either the amount or timing of the outflow. The main provisions held by the Group are in relation to reorganisation programmes, environmental obligations, cylinder and tank deposits and insurance liabilities.

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2023 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2022	26,707	92,669	168,442	46,652	334,470
Provided during the year	10,874	2,564	13,542	12,624	39,604
Unwinding of discount applicable to provisions for liabilities (note 2.7)	–	377	902	–	1,279
Utilised during the year	(8,085)	(3,961)	(4,039)	(5,899)	(21,984)
Unutilised/reversed during the year	(761)	(5,758)	(4,169)	(1,165)	(11,853)
Arising on acquisition (note 5.2)	–	–	–	310	310
Exchange and other	(219)	2,904	7,839	1,066	11,590
At 31 March 2023	28,516	88,795	182,517	53,588	353,416
Analysed as:					
Non-current liabilities	14,334	81,475	173,424	31,834	301,067
Current liabilities	14,182	7,320	9,093	21,754	52,349
	28,516	88,795	182,517	53,588	353,416

3.17 PROVISIONS FOR LIABILITIES continued

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2022 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2021	31,328	88,676	158,947	43,400	322,351
Provided during the year	11,433	8,148	10,767	12,590	42,938
Unwinding of discount applicable to provisions for liabilities (note 2.7)	–	367	1,306	3	1,676
Utilised during the year	(15,593)	(3,912)	(1,774)	(8,870)	(30,149)
Unutilised/reversed during the year	(1,087)	(66)	(5,260)	(1,351)	(7,764)
Arising on acquisition (note 5.2)	1,053	–	5,336	1,038	7,427
Exchange and other	(427)	(544)	(880)	(158)	(2,009)
At 31 March 2022	26,707	92,669	168,442	46,652	334,470
Analysed as:					
Non-current liabilities	14,265	84,584	158,697	26,645	284,191
Current liabilities	12,442	8,085	9,745	20,007	50,279
	26,707	92,669	168,442	46,652	334,470

RATIONALISATION, RESTRUCTURING AND REDUNDANCY

This provision relates to various rationalisation and restructuring programmes across the Group. The Group expects that the majority of this provision will be utilised within two years.

ENVIRONMENTAL AND REMEDIATION

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations together with the costs associated with removing LPG tanks from customer sites. The net present value of the estimated costs is capitalised as property, plant and equipment. The unwinding of the discount element on the provision is reflected in the Income Statement. Ongoing costs incurred during the operating life of the sites are written off directly to the Income Statement and are not charged to the provision. The majority of the obligations will unwind over a 30-year timeframe but the exact timing of settlement of these provisions is not certain.

CYLINDER AND TANK DEPOSITS

This provision relates to DCC Energy's operations where an obligation arises from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. Cylinder and tank deposits acquired through business combinations are measured initially at their fair value at the acquisition date (i.e. net present value) and the unwinding of the discount element is reflected in the Income Statement. The majority of this obligation will unwind over a 25-year timeframe but the exact timing of settlement of this provision is not certain.

INSURANCE AND OTHER

The Group operates a level of self-insurance for motor liability and public and products liability. Under these arrangements the Group retains certain insurance exposure up to pre-determined self-insurance thresholds. This provision reflects an estimation of claims that are classified as incurred but not reported and also the outstanding loss reserve. A significant element of the provision is subject to external assessments. The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. Historically, the average time for settlement of outstanding claims ranges from one to three years from the date of the claim.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3.18 GOVERNMENT GRANTS

Government grants relate to capital grants received by the Group and are amortised to the Income Statement over the estimated useful lives of the related capital assets.

	2023 £'000	2022 £'000
At 1 April	372	393
Government grants received in year	216	–
Amortisation in year	(114)	(20)
Exchange	3	(1)
At 31 March	477	372
Analysed as:		
Non-current liabilities	446	356
Current liabilities (note 3.7)	31	16
	477	372

SECTION 4 EQUITY

4.1 SHARE CAPITAL AND SHARE PREMIUM

The ordinary shareholders of DCC plc own the Company. This note details how the total number of ordinary shares in issue has changed during the year and how many of these ordinary shares are held as treasury shares.

	2023 £'000	2022 £'000
Authorised		
152,368,568 ordinary shares of €0.25 each	25,365	25,365

Issued

Year ended 31 March 2023	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 31 March 2022 (including 2,688,004 ordinary shares held as treasury shares)	101,333,904	17,422	883,321	900,743
Premium arising on re-issue of treasury shares	–	–	348	348
At 31 March 2023 (including 2,586,698 ordinary shares held as treasury shares)	101,333,904	17,422	883,669	901,091

Year ended 31 March 2022	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 31 March 2021 (including 2,768,690 ordinary shares held as treasury shares)	101,333,904	17,422	882,924	900,346
Premium arising on re-issue of treasury shares	–	–	397	397
At 31 March 2022 (including 2,688,004 ordinary shares held as treasury shares)	101,333,904	17,422	883,321	900,743

As at 31 March 2023, the total authorised number of ordinary shares is 152,368,568 shares (2022: 152,368,568 shares) with a par value of €0.25 per share (2022: €0.25 per share). Share premium relates to the share premium arising on the issue of shares.

During the year the Company re-issued 101,306 treasury shares for a consideration of £0.348 million.

All shares, with the exception of ordinary shares held as treasury shares, whether fully or partly paid, carry equal voting rights and rank for dividends to the extent to which the total amount payable on each share is paid up.

Details of share options and awards granted under the Company's share option and award schemes and the terms attaching thereto are provided in note 2.5 to the financial statements and in the Remuneration Report on pages 118 to 141.

RESTRICTION ON TRANSFER OF SHARES

The Directors may, at their absolute discretion and without giving any reason, refuse to register the transfer of a share, or any renunciation of any allotment made in respect of a share, which is not fully paid, or any transfer of a share to a minor or a person of unsound mind.

The Directors may also refuse to register any transfer (whether or not it is in respect of a fully paid share) unless (i) it is lodged at the Company's Registered Office or at such other place as the Directors may appoint and is accompanied by the certificate (if any) for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (ii) it is in respect of only one class of shares and (iii) it is in favour of not more than four transferees.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4.1 SHARE CAPITAL AND SHARE PREMIUM continued

RESTRICTION OF VOTING RIGHTS

If at any time the Directors determine that a 'Specified Event' as defined in the Articles of Association of DCC plc has occurred in relation to any share or shares, the Directors may serve a notice to such effect on the holder or holders thereof. Upon the expiry of 14 days from the service of any such notice, for so long as such notice shall remain in force, no holder or holders of the share or shares specified in such notice shall be entitled to attend, speak or vote either personally, by representative or by proxy at any general meeting of the Company or at any separate general meeting of the holders of the class of shares concerned or to exercise any other right conferred by membership in relation to any such meeting. The Directors shall, where the specified shares represent not less than 0.25% of the class of shares concerned, be entitled to withhold payment of any dividend or other amount payable (including shares issuable in lieu of dividends) in respect of the shares specified in such notice and/or, in certain circumstances, to refuse to register any transfer of the specified shares or any renunciation of any allotment of new shares or debentures made in respect thereof unless such transfer or renunciation is shown to the satisfaction of the Directors to be an arm's length transfer or a renunciation to another beneficial owner unconnected with the holder or any person appearing to have an interest in the specified shares.

4.2 OTHER RESERVES

This note details the movement in the Group's other reserves which are treated as different categories of equity as required by accounting standards.

	Share based payment reserve[1] £'000	Cash flow hedge reserve[2] £'000	Foreign currency translation reserve[3] £'000	Other reserves[4] £'000	Total £'000
At 31 March 2021	40,969	13,130	60,260	932	115,291
Currency translation	–	–	27,012	–	27,012
Cash flow hedges:					
– fair value gain in year – private placement debt	–	9,402	–	–	9,402
– fair value gain in year – other	–	247,305	–	–	247,305
– tax on fair value net gains	–	(46,365)	–	–	(46,365)
– transfers to sales	–	374	–	–	374
– transfers to cost of sales	–	(155,913)	–	–	(155,913)
– transfers to operating expenses	–	(12,392)	–	–	(12,392)
– tax on transfers	–	30,227	–	–	30,227
Share based payment	6,467	–	–	–	6,467
At 31 March 2022	**47,436**	**85,768**	**87,272**	**932**	**221,408**
Currency translation	**–**	**–**	**41,257**	**–**	**41,257**
Cash flow hedges:					
– fair value gain in year – private placement debt	**–**	**12,418**	**–**	**–**	**12,418**
– fair value loss in year – other	**–**	**(219,369)**	**–**	**–**	**(219,369)**
– tax on fair value net loss	**–**	**38,582**	**–**	**–**	**38,582**
– transfers to sales	**–**	**336**	**–**	**–**	**336**
– transfers to cost of sales	**–**	**50,254**	**–**	**–**	**50,254**
– transfers to operating expenses	**–**	**(8,061)**	**–**	**–**	**(8,061)**
– tax on transfers	**–**	**(8,208)**	**–**	**–**	**(8,208)**
Share based payment	**7,160**	**–**	**–**	**–**	**7,160**
At 31 March 2023	**54,596**	**(48,280)**	**128,529**	**932**	**135,777**

1. The share based payment reserve comprises the amounts expensed in the Income Statement in connection with share based payments.
2. The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
3. The Group's foreign currency translation reserve represents foreign exchange differences arising from the translation of the net assets of the Group's non-sterling denominated operations, including the translation of the profits and losses of such operations from the average rate for the year to the closing rate at the reporting date.
4. The Group's other reserves principally comprises a capital conversion reserve fund.

4.3 RETAINED EARNINGS

Retained Earnings represents the accumulated earnings of the Group not distributed to shareholders and is shown net of the cost to the Group of acquiring shares held as treasury shares.

	2023 £'000	2022 £'000
At 1 April	1,783,033	1,631,797
Net income recognised in Income Statement	334,022	312,373
Net income recognised in Other Comprehensive Income:		
– remeasurements of defined benefit pension obligations	2,811	(748)
– deferred tax on remeasurements	(800)	210
Dividends	(177,843)	(160,599)
At 31 March	1,941,223	1,783,033

The cost to the Group and the Company of €38.405 million (2022: €39.702 million) to acquire the 2,586,698 shares (2022: 2,688,004 shares) held in Treasury has been deducted from the Group and Company Retained Earnings. These shares were acquired at prices ranging from €12.80 to €17.90 each (average: €14.77) between 17 May 2004 and 19 June 2006 and are primarily held to satisfy exercises under the Group's share options and awards schemes.

4.4 NON-CONTROLLING INTERESTS

Non-controlling interests principally comprises the 40% equity interest in our Danish subsidiary DCC Holding A/S which is not owned by the Group.

	2023 £'000	2022 £'000
At 1 April	65,379	58,210
Share of profit for the financial year	12,780	13,629
Dividends to non-controlling interests	(129)	(6,909)
Non-controlling interest arising on acquisition (note 5.2)	166	912
Exchange and other	2,023	(463)
At 31 March	80,219	65,379

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SECTION 5 ADDITIONAL DISCLOSURES

5.1 FOREIGN CURRENCY

This note details the exchange rates used to translate non-sterling Income Statement and Balance Sheet amounts into sterling, which is the Group's presentation currency.

The Group's financial statements are presented in sterling, denoted by the symbol '£'. Results and cash flows of operations based in non-sterling countries have been translated into sterling at average rates for the year, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. The principal exchange rates used for translation of results and balance sheets into sterling were as follows:

	Average rate		Closing rate	
	2023 Stg£1=	2022 Stg£1=	2023 Stg£1=	2022 Stg£1=
Euro	1.1597	1.1750	1.1374	1.1820
Danish krone	8.6304	8.7400	8.4719	8.7918
Swedish krona	12.4772	12.0190	12.8304	12.2187
Norwegian krone	11.8985	11.8654	12.9595	11.4787
US dollar	1.2101	1.3694	1.2369	1.3122
Hong Kong dollar	9.4837	10.6580	9.7096	10.2740

5.2 BUSINESS COMBINATIONS

The Group acquired a number of businesses during the year. This note provides details on the consideration paid and/or payable as well as the provisional fair values of the net assets acquired.

A key strategy of the Group is to create and sustain market leadership positions through acquisitions in markets it currently operates in, together with extending the Group's footprint into new geographic markets. In line with this strategy, the principal acquisitions completed by the Group during the year, together with percentages acquired were as follows:

- The acquisition by DCC Energy of 100% of Protech Group in June 2022. Established in 2008, Protech Group provides a wide range of renewable and energy efficient heating solutions to commercial and industrial customers across the UK. The acquisition of Protech strengthens the range of low carbon and renewable technologies for customers in the UK, as well as market leading maintenance and services offerings; and
- The acquisition by DCC Healthcare in October 2022 of 100% of Medi-Globe Technologies GmbH ("Medi-Globe"), an international medical devices business focused on minimally invasive procedures. Medi-Globe, founded in 1990, is involved in the development, manufacture and distribution of single-use devices for endoscopy in diagnostic and therapeutic procedures. The business has grown organically and through bolt-on acquisitions to become a leading global player in its focus areas of gastroenterology and urology. These are large and growing therapeutic areas, benefiting from strong demographic and treatment trends. Its products are sold to hospitals and procurement organisations in over 120 countries through direct sales operations in Germany, France, Austria, Netherlands, Czechia and Brazil, and an international network of distributors.

DCC Energy also completed a number of small complementary bolt-on acquisitions in the period in the UK, France, Ireland, Norway, Denmark, Germany and Sweden.

5.2 BUSINESS COMBINATIONS continued

The acquisition data presented below reflects the fair value of the identifiable net assets acquired (excluding net cash/debt acquired) in respect of acquisitions completed during the year.

	Total 2023 £'000	Total 2022 £'000
Assets		
Non-current assets		
Property, plant and equipment (note 3.1)	6,273	63,173
Right-of-use leased assets (note 3.2)	5,856	32,060
Intangible assets (note 3.3)	131,453	257,290
Equity accounted investments (note 3.4)	18,909	–
Deferred income tax assets	2,291	15,644
Total non-current assets	164,782	368,167
Current assets		
Inventories (note 3.8)	53,329	254,522
Trade and other receivables (note 3.8)	36,760	200,443
Total current assets	90,089	454,965
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	(38,112)	(64,694)
Provisions for liabilities	(161)	(7,336)
Lease creditors	(3,933)	(24,255)
Total non-current liabilities	(42,206)	(96,285)
Current liabilities		
Trade and other payables (note 3.8)	(65,775)	(229,336)
Provisions for liabilities	(149)	(91)
Current income tax (liabilities)/assets	(10,023)	2,539
Lease creditors	(2,166)	(7,563)
Total current liabilities	(78,113)	(234,451)
Identifiable net assets acquired	134,552	492,396
Non-controlling interest arising on acquisition (note 4.4)	(166)	(912)
Goodwill (note 3.3)	230,754	224,020
Total consideration	365,140	715,504
Satisfied by:		
Cash	319,463	681,456
Net cash and cash equivalents acquired	(977)	(13,333)
Net cash outflow	318,486	668,123
Acquisition related liabilities (note 3.16)	46,654	47,381
Total consideration	365,140	715,504

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.2 BUSINESS COMBINATIONS continued

None of the business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations. The carrying amounts of the assets and liabilities acquired, determined in accordance with IFRS, before completion of the combination together with the adjustments made to those carrying values disclosed above were as follows:

Total	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	31,696	133,086	164,782
Current assets	99,625	(9,536)	90,089
Non-current liabilities	(4,195)	(38,011)	(42,206)
Current liabilities	(75,941)	(2,172)	(78,113)
Identifiable net assets acquired	51,185	83,367	134,552
Non-controlling interest arising on acquisition	(166)	–	(166)
Goodwill arising on acquisition	314,121	(83,367)	230,754
Total consideration	365,140	–	365,140

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of a number of the business combinations above given the timing of closure of these transactions. Any amendments to fair values within the 12 month timeframe from the date of acquisition will be disclosable in the 2024 Annual Report as stipulated by IFRS 3.

The principal factors contributing to the recognition of goodwill on business combinations entered into by the Group are the expected profitability of the acquired business and the realisation of cost savings and synergies with existing Group entities.

None of the goodwill recognised in respect of acquisitions completed during the financial year is expected to be deductible for tax purposes.

Acquisition and related costs included in other operating expenses in the Group Income Statement amounted to £10.604 million (note 2.6).

No contingent liabilities were recognised on the acquisitions completed during the financial year or the prior financial years.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £40.959 million. The fair value of these receivables is £36.760 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £4.199 million.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable for acquisitions in the current year range from nil to £91.1 million.

The post-acquisition impact of business combinations completed during the year on the Group's revenue and profit for the financial year was as follows:

	2023 £'000
Revenue	168,918
Profit for the financial year attributable to Owners of the Parent Company	8,874

The revenue and profit of the Group for the financial year determined in accordance with IFRS as though the acquisition date for all business combinations effected during the year had been the beginning of that year would be as follows:

	2023 £'000
Revenue	22,409,482
Profit for the financial year attributable to Owners of the Parent Company	347,089

5.3 CASH GENERATED FROM OPERATIONS

This note reconciles how the Group's profit for the year translates into cash flows generated from operating activities.

	2023 £'000	2022 £'000
Profit for the financial year	346,802	326,002
Add back non-operating expenses/(income):		
– tax	84,762	79,734
– share of equity accounted investments' loss/(profit)	692	(314)
– net operating exceptionals	32,528	46,534
– net finance costs	79,732	52,938
Operating profit before exceptionals	544,516	504,894
– share-based payments expense (note 2.5)	7,160	6,467
– depreciation (including right-of-use leased assets)	219,681	205,780
– amortisation of intangible assets (note 3.3)	111,146	84,340
– profit on disposal of property, plant and equipment	(12,346)	(8,916)
– amortisation of government grants (note 3.18)	(114)	(20)
– other	4,654	4,614
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– inventories (note 3.8)	30,118	(177,895)
– trade and other receivables (note 3.8)	283,224	(614,260)
– trade and other payables (note 3.8)	(327,293)	623,429
Cash generated from operations before exceptionals	860,746	628,433

5.4 COMMITMENTS

A commitment represents an obligation to make a payment in the future as long as the counterparty meets its obligations, and mainly relates to agreements to buy capital assets. These amounts are not included in the Group's Balance Sheet as we have not yet received the goods or services from the supplier.

CAPITAL EXPENDITURE COMMITMENTS

	2023 £'000	2022 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the financial statements	57,996	58,102
Capital expenditure on property, plant and equipment that has been authorised by the Directors but has not yet been contracted for	138,536	146,263
	196,532	204,365

5.5 CONTINGENCIES

Contingent liabilities include guarantees given in respect of borrowings and other obligations arising in the ordinary course of business.

GUARANTEES

The Company has given guarantees of £2,433.872 million (2022: £2,411.237 million) in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings.

OTHER

Pursuant to the provisions of Section 357 of the Companies Act, 2014, the Company has guaranteed the commitments of the following Irish subsidiaries and, as a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014:

Alvabay Limited, Budget Energy Limited, Budget Energy Holdings Limited, Campus Oil Limited, CC Lubricants Limited, Certa Ireland Limited (formerly Emo Oil Limited), Certas Energy Ireland Limited, DCC Corporate Funding Unlimited Company, DCC Corporate Partners Unlimited Company, DCC Corporate 2007 dac, DCC Corporate Services dac, DCC Energy Limited, DCC

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.5 CONTINGENCIES continued

Finance Limited, DCC Finance Holdings Limited (formerly DCC Technology Limited), DCC Finance & Treasury dac, DCC Financial Services Unlimited Company, DCC Financial Services Holdings Unlimited Company, DCC Financial Services International dac, DCC Financial Services International Holdings Limited, DCC Financial Services Investments CLG, DCC Financial Services Ireland Unlimited Company, DCC Financial Services Management dac, DCC Funding 2007 dac, DCC Fund Services Unlimited Company, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Unlimited Company, DCC Technology Limited, DCC Treasury 2010 dac, DCC Treasury Ireland 2013 dac, DCC Treasury Management Unlimited Company, DCC Treasury Services Unlimited Company, DCC Treasury Solutions Unlimited Company, Energy Procurement Limited, Energy Procurement Ireland 2013 Limited, Exertis Arc Telecom Limited, Exertis Ireland Limited, Fannin Limited, Flogas Enterprise Solutions Limited (formerly Naturgy Limited), Flogas Ireland Limited, Flogas Natural Gas Limited, Jones Oil Limited, Medisource Ireland Limited, Mullet Investment Company Unlimited Company, SerCom (Holdings) Limited, SerCom Property Limited, Source LS Global Limited and Starata Limited.

Three of the Group's German subsidiaries, EnergieDirect GmbH & Co. KG, TEGA-Technische Gase und Gasetechnik GmbH and DCC Germany Holding GmbH availed of disclosure exemptions pursuant to Section 264 of the German Commercial Code (HGB) and are therefore exempted from the obligations to prepare and disclose audited financial statements.

5.6 RELATED PARTY TRANSACTIONS

The Group's principal related parties are the Group's subsidiaries, associates and key management personnel of the Group.

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 Related Party Disclosures relate to the existence of subsidiaries and associates and transactions with these entities entered into by the Group and the identification and compensation of key management personnel as addressed in more detail below.

SUBSIDIARIES AND ASSOCIATES

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries and associates as documented in the accounting policies in note 5.9 and the basis of consolidation in note 1.3. A listing of the principal subsidiaries and associates is provided in the Group Directory on pages 232 to 235 of this Annual Report.

Transactions are entered into in the normal course of business on an arm's length basis. Sales to and purchases from, together with outstanding payables and receivables to and from subsidiaries are eliminated in the preparation of the consolidated financial statements.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

For the purposes of the disclosure requirements under IAS 24, the term 'key management personnel' (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Company) comprises the Board of Directors which manages the business and affairs of the Company. Key management remuneration amounted to:

	2023 £'000	2022 £'000
Short-term benefits	3,437	4,197
Post-employment benefits	179	169
Share-based payment (calculated in accordance with the principles disclosed in note 2.5)	1,363	1,060
	4,979	5,426

5.7 FINANCIAL RISK AND CAPITAL MANAGEMENT

This note details the Group's treasury management and financial risk management objectives and policies. Information is also provided regarding the Group's exposure and sensitivity to capital risk, credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price risk, and the policies in place to monitor and manage these risks.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing its capital structure are to safeguard the Group's ability to continue as a going concern to provide returns to shareholders and benefits for other stakeholders, while maintaining a strong balance sheet to support the continued organic and acquisitive growth of its businesses and to maintain investor, creditor and market confidence. Return on capital employed ('ROCE') is a key performance indicator for the Group.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or buy back existing shares, increase or reduce debt or sell assets.

The Group includes borrowings in its measure of capital. The Group's borrowings are subject to covenants. Further details on this are outlined in the 'liquidity risk management' section of this note.

5.7 FINANCIAL RISK AND CAPITAL MANAGEMENT continued

The policy for net debt/cash is to ensure a structure of longer-term debt funding and cash balances with deposit maturities up to three months.

The capital structure of the Group, which comprises capital and reserves attributable to the owners of the Parent Company, net debt, lease creditors and acquisition related liabilities, may be summarised as follows:

	2023 £'000	2022 £'000
Capital and reserves attributable to the owners of the Parent Company	2,978,091	2,905,184
Net debt (excl. lease creditors) (note 3.13)	767,335	419,903
Lease creditors (note 3.12)	346,546	336,702
Acquisition related liabilities (note 3.16)	127,393	96,252
At 31 March	4,219,365	3,758,041

FINANCIAL RISK MANAGEMENT

Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board of Directors, most recently in April 2023. These policies and guidelines primarily cover credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price risk. The principal objective of these policies and guidelines is the minimisation of financial risk at reasonable cost. The Group does not trade in financial instruments, nor does it enter into any leveraged derivative transactions. DCC's Group Treasury function centrally manages the Group's funding and liquidity requirements. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign exchange, and, in conjunction with Group Commodity Risk Management, manage commodity price exposures, within approved policies and guidelines. Compliance with the policies and guidelines is reviewed by the Group Internal Audit function.

The Group has a consistent focus on maintaining financial strength through a disciplined approach to balance sheet management and maintaining relatively low levels of financial risk. At 31 March 2023, the Group had cash and cash equivalents of £1,421.749 million (note 3.9) and £765 million undrawn under its committed revolving credit facility (note 3.11). At 31 March 2023, the capital structure, as summarised above had net debt excluding lease creditors of £767.335 million.

(i) Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from credit exposure to trade receivables, cash and cash equivalents including deposits with banks and financial institutions and derivative financial instruments.

The Group's trade receivables are generally unsecured and non-interest bearing and arise from a wide and varied customer base spread throughout the Group's operations and, as such, there is no significant concentration of credit risk. The Group allocates each exposure to a credit risk grade, based on data that is determined to be predictive of risk of loss. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, considering their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored, and a significant element of credit risk is covered by credit insurance.

The Group applies the simplified approach to providing for expected credit losses ('ECL') permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The Group uses an allowance matrix to measure the ECL's of trade receivables, which comprises a very large number of small balances. Loss rates are based on actual credit loss experience.

As detailed in note 3.6, the Group's trade receivables at 31 March 2023 amount to £1,939,528 million (2022: £2,086.578 million). Customer credit risk arising in the context of the Group's operations is not significant and the total allowance for impairment of trade receivables amounts to 3.8% of the Group's gross trade receivables (2022: 2.6%). The allowance for impairment mainly relates to trade and other receivables balances which are over six months overdue.

Where appropriate, certain of the Group's operations selectively utilise supply chain financing solutions to sell, on a non-recourse basis, a portion of their receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2023 was £151.097 million (2022: £168.037 million) and has been derecognised from 'Trade and other receivables' in accordance with the Group's accounting policy. Revenues relating to the non-recourse sale of receivables included in overall Group revenues in the year ended 31 March 2023 amounted to £1,167.725 million (2022: £1,305.432 million).

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled within a framework of dealing with high-quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. DCC transacts with a variety of high credit quality financial institutions for the purpose of placing deposits and entering into derivative contracts. Deposits are also placed with AAA money market funds. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.7 FINANCIAL RISK AND CAPITAL MANAGEMENT continued

policy. Of the total cash and cash equivalents at 31 March 2023 of £1,421.749 million, 17.2% (£244.878 million) was with money market funds, 98.0% (£1,393.644 million) was with money market funds or financial institutions with minimum short-term ratings of A-1 (Standard and Poor's) or P-1 (Moody's) and 98.2% (£1,396.268 million) was with money market funds or financial institutions with minimum short-term ratings of A-2 (Standard and Poor's) or P-2 (Moody's). In the normal course of business, the Group operates notional cash pooling systems, where a legal right of set-off applies. As at 31 March 2023, derivative transactions were with counterparties with ratings ranging from A+ to A- (long-term) with Standard and Poor's or Aa1 to A1 (long-term) with Moody's. The Group accordingly does not expect any loss in relation to its cash and cash equivalents or its derivative balances at 31 March 2023.

Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

(ii) Liquidity risk management

The Group maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to three months. Wherever possible, surplus funds in the Group are transferred to the centralised treasury department through the repayment of borrowings, deposits and dividends. These are then lent to Group companies, contributed as equity to fund Group operations, used to retire external debt or invested externally. The Group does not use off-balance sheet special purpose entities as a source of liquidity or for other financing purposes. In addition, the Group maintains significant committed and uncommitted credit lines with its relationship banks. Compliance with the Group's debt covenants is monitored continually based on management accounts. Sensitivity analysis using various scenarios are applied to forecasts to assess their impact on covenants and net debt/cash. During the year to 31 March 2023, all covenants have been complied with and based on current forecasts, it is expected that all covenants will continue to be complied with for the foreseeable future. Further analysis of the Group's debt covenants is included in the Financial Review.

The tables below show the projected contractual undiscounted total cash outflows (principal and interest) arising from the Group's trade and other payables, gross debt and derivative financial instruments. The tables also include the gross cash inflows projected to arise from derivative financial instruments. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2023	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(3,411,684)	–	–	–	(3,411,684)
Interest bearing loans and borrowings	(321,381)	(339,526)	(679,945)	(954,922)	(2,295,774)
Interest payments on interest bearing loans and borrowings	(88,518)	(74,915)	(182,481)	(157,919)	(503,833)
Lease creditors	(71,158)	(57,675)	(103,126)	(114,587)	(346,546)
Interest payments on lease creditors	(9,227)	(7,642)	(15,712)	(40,180)	(72,761)
Acquisition related liabilities	(41,221)	(28,903)	(48,998)	(8,271)	(127,393)
Cross currency swaps – gross cash outflows	(239,597)	(171,258)	(168,028)	(18,942)	(597,825)
Other derivative financial instruments	(42,341)	(3,803)	(1,331)	–	(47,475)
Interest rate swaps – net cash inflows	(11,062)	(9,821)	(24,414)	(2,348)	(47,645)
	(4,236,189)	(693,543)	(1,224,035)	(1,297,169)	(7,450,936)
Derivative financial instruments – cash inflows					
Cross currency swaps – gross cash inflows	291,277	220,095	212,491	24,308	748,171
Other derivative financial instruments	12,227	1,045	10	–	13,282
	303,504	221,140	212,501	24,308	761,453

5.7 FINANCIAL RISK AND CAPITAL MANAGEMENT continued

As at 31 March 2022	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(3,468,705)	–	–	–	(3,468,705)
Interest bearing loans and borrowings	(67,668)	(255,296)	(1,009,186)	(674,406)	(2,006,556)
Interest payments on interest bearing loans and borrowings	(62,252)	(52,533)	(102,859)	(56,701)	(274,345)
Lease creditors	(63,538)	(55,478)	(98,564)	(119,122)	(336,702)
Interest payments on lease creditors	(8,376)	(7,075)	(15,155)	(40,825)	(71,431)
Acquisition related liabilities	(23,602)	(25,368)	(47,282)	–	(96,252)
Cross currency swaps – gross cash outflows	(13,423)	(228,135)	(327,540)	(18,717)	(587,815)
Other derivative financial instruments	(28,634)	(252)	(1,680)	–	(30,566)
	(3,736,198)	(624,137)	(1,602,266)	(909,771)	(6,872,372)
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	4,357	4,322	5,367	1,704	15,750
Cross currency swaps – gross cash inflows	28,826	274,514	406,747	23,979	734,066
Other derivative financial instruments	107,361	5,461	652	–	113,474
	140,544	284,297	412,766	25,683	863,290

The Group has sufficient cash resources and liquid assets to enable it to meet its current borrowing obligations and trade and other payables. The Group has a well balanced profile of debt maturities over the coming years which will be serviced through a combination of cash and cash equivalents, cash flows, committed bank facilities and the raising of additional long-term debt.

(iii) Market risk management

Foreign exchange risk management

DCC's presentation currency is sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations giving rise to exposure to other currencies, primarily the euro and the US dollar.

Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign currency exposures within approved policies and guidelines using forward currency contracts.

The Group does not hedge translation exposure on the translation of the profits of foreign currency subsidiaries on the basis that there is no commitment or intention to remit earnings.

The Group has investments in non-sterling, primarily euro and US dollar denominated, operations which are cash generative and a significant proportion of cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in (or swapped utilising cross currency interest rate swaps into) the relevant currency or through currency swaps related to intercompany funding, although these hedges are offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The gain of £43.3 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2023 as set out in the Group Statement of Comprehensive Income mainly reflects the weakening in the value of sterling against the US dollar, with the impact of movements against other currencies largely offsetting each other.

The Group has a moderate level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies. Where sales or purchases are invoiced in currencies other than the local currency and there is not a natural hedge with other activities within the Group, DCC generally hedges between 50% and 90% of those transactions for the subsequent two months. The Group also hedges a proportion of anticipated transactions in certain subsidiaries for periods ranging up to 18 months with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes.

Sensitivity to currency movements

A change in the value of other currencies by 10% against sterling would have a £28.2 million (2022: £28.6 million) impact on the Group's profit before tax and exceptional items, would change the Group's equity by £210.2 million and change the Group's net debt by £102 million (2022: £188.4 million and £84.5 million respectively). These amounts include an insignificant amount of transactional currency exposure.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.7 FINANCIAL RISK AND CAPITAL MANAGEMENT continued

Interest rate risk management

On a net debt/cash basis, the Group is exposed to changes in interest rates, primarily changes in EURIBOR and sterling SONIA. Having borrowed at both fixed and floating rates of interest, DCC has swapped its fixed rate borrowings to a combination of fixed and floating interest rates, using interest rate and cross currency interest rate swaps. Overall interest rate risk on gross borrowings is mitigated by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings, and with interest income on deposits.

Sensitivity of interest charges to interest rate movements

Based on the composition of net debt at 31 March 2023 a one percentage point (100 basis points) change in average floating interest rates would have a £4.7 million (2022: £3.8 million) impact on the Group's profit before tax.

Further information on Group borrowings and the management of related interest rate risk is set out in notes 3.10 and 3.11.

Commodity price risk management

DCC, through its activities in the energy sector, procures, markets and sells LPG, natural gas, electricity and oil products and, as such, is exposed to changes in commodity cost prices. In general, market dynamics are such that commodity cost price movements are promptly reflected in sales prices. In certain markets, short-term or seasonal price stability is preferred by certain customer segments which requires hedging a proportion of forecasted transactions, with such transactions qualifying as 'highly probable' for IAS 39 hedge accounting purposes. DCC uses both forward purchase contracts and derivative commodity instruments to support its pricing strategy for a portion of expected future sales, typically for periods of less than 12 months.

Fixed price supply contracts may be provided to certain customers for periods typically less than 12 months in duration. DCC fixes its cost of sales on contracted future volumes where the customer contract contains a take-or-pay arrangement that permits the customer to purchase a fixed amount of product for a fixed price during a specified period and requires payment even if the customer does not take delivery of the product. Where a take-or-pay clause is not included in the customer contract, DCC hedges a portion of forecasted sales volume recognising that certain sales, such as natural gas and electricity, are exposed to volumetric risk in the form of an uncertain consumption profile arising from a range of factors, including supply dynamics and the weather.

DCC does not hold significant amounts of commodity inventory relative to purchases and sales; however, for certain inventory, such as fuel oil and natural gas, DCC may enter hedge contracts to manage price exposures.

Across its energy activities, DCC enters into commodity hedges to fix a portion of own fuel costs.

Certain activities of individual businesses are centralised under the supervision of the DCC Group Commodity Risk Management function. Divisional and subsidiary management, in conjunction with the Group's Commodity Risk Management function, manage commodity price exposures within approved policies and guidelines.

All commodity hedging counterparties are approved by the Chief Executive and the Chief Financial Officer and are reviewed by the Board.

Sensitivity to commodity price movements

Due to pricing dynamics in the oil distribution market, an increase or decrease of 10% in the commodity cost price of oil would have an immaterial impact on the Group's profit before tax (2022: immaterial) and an immaterial impact on the Group's equity (2022: immaterial).

The impact on the Group's profit before tax and on the Group's equity of an increase or decrease of 10% in the commodity cost price of LPG, natural gas or electricity would be dependent on seasonal variations, competitive pressures and the underlying absolute cost of the commodity at the time and, as such, is difficult to quantify but would not be material.

5.7 FINANCIAL RISK AND CAPITAL MANAGEMENT continued

Fair values of financial assets and financial liabilities

The fair values of borrowings (none of which are listed) and derivative financial instruments are measured by discounting cash flows at prevailing interest and exchange rates. The fair values of expected future payments under contingent consideration arrangements are determined by applying a risk-adjusted discount rate to the future payments which are based on forecasted operating profits of the acquired entity over the relevant period. The carrying value of non-interest-bearing financial assets, financial liabilities and cash and cash equivalents approximates their fair values, largely due to their short-term maturities. The nominal value less impairment allowance of trade receivables and payables approximate to their fair values, largely due to their short-term maturities. The following is a comparison by category of book values and fair values of the Group's financial assets and financial liabilities:

	2023		2022	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Financial assets				
Derivative financial instruments	148,457	148,457	225,939	225,939
Trade and other receivables	2,312,269	2,312,269	2,508,613	2,508,613
Cash and cash equivalents	1,421,749	1,421,749	1,394,272	1,394,272
	3,882,475	3,882,475	4,128,824	4,128,824
Financial liabilities				
Borrowings (excluding lease creditors)	2,254,615	2,292,098	2,001,150	2,052,844
Derivative financial instruments	82,926	82,926	38,964	38,964
Acquisition related liabilities	127,393	127,393	96,252	96,252
Trade and other payables	3,279,898	3,279,898	3,468,705	3,468,705
	5,744,832	5,782,315	5,605,071	5,656,765

The Group has adopted the following fair value measurement hierarchy in relation to its financial assets and financial liabilities that are carried in the Balance Sheet at fair value as at the year end:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement as at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.10)	–	148,457	–	148,457
	–	148,457	–	148,457
Financial liabilities				
Acquisition related liabilities (note 3.16)	–	–	127,393	127,393
Derivative financial instruments (note 3.10)	–	82,926	–	82,926
	–	82,926	127,393	210,319

Fair value measurement as at 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.10)	–	225,939	–	225,939
	–	225,939	–	225,939
Financial liabilities				
Acquisition related liabilities (note 3.16)	–	–	96,252	96,252
Derivative financial instruments (note 3.10)	–	38,964	–	38,964
	–	38,964	96,252	135,216

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.7 FINANCIAL RISK AND CAPITAL MANAGEMENT continued

Level 2 fair value measurement:

The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 valuation techniques are:

- the fair value of interest rate, currency and cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date with the resulting value discounted back to present value; and
- the fair value of forward commodity contracts is determined using quoted forward commodity prices at the reporting date with the resulting value discounted back to present value.

Level 3 fair value measurement:

Acquisition related liabilities are included in level 3 of the fair value hierarchy. Details of the movement in the year are included in note 3.16. The specific valuation techniques used to value contingent consideration that is carried at fair value using level 3 valuation techniques are:

- the expected future payments are determined by forecasting the acquiree's relevant basis for the contingent consideration (i.e. valuations based on EBITDA or EBIT multiples) as appropriate to the specific contractual earn out arrangement; and
- the present value of the estimated future expected payments are discounted using a risk-adjusted discount rate where the time value of money is material.

The significant unobservable inputs are as follows:

- forecasted average adjusted operating profit growth rate 10.0% to 20.0% (2022: 5.0% to 18.0%);
- forecasted average outflow on Butagaz acquisition related liabilities £3.5 million per annum (2022: £4.3 million per annum); and
- risk adjusted discount rate 3.0% to 8.9% (2022: 1.0% to 2.0%).

The estimated fair value of contingent consideration would increase/(decrease) if EBITDA/EBIT growth was higher/(lower) if the forecasted outflow on Butagaz acquisition related liabilities was higher/(lower) or if the risk-adjusted discount rate was lower/(higher). For the fair value of contingent consideration, a reasonably possible change to one of the significant unobservable inputs at 31 March 2023, holding the other inputs constant, would have the following effects:

Impact on the carrying value of contingent consideration	2023 £'000	2022 £'000
Forecasted average adjusted operating profit growth rate (1% movement)	1,522	2,289
Forecasted outflow on Butagaz acquisition related liabilities (5% movement)	682	698
Risk adjusted discount rate (0.5% movement)	901	793

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements or similar agreements:

				Related amounts not set off in the Balance Sheet		
As at 31 March 2023	Gross amounts of recognised financial assets £'000	Gross amounts of recognised financial liabilities set off in the Balance Sheet £'000	Net amounts of financial assets presented in the Balance Sheet £'000	Financial liabilities £'000	Cash collateral received £'000	Net amount £'000
Derivative financial instruments	135,175	–	135,175	(28,860)	–	106,315
Cash and cash equivalents	389,669	–	389,669	(46,328)	–	343,341
	524,844	–	524,844	(75,188)	–	449,656

				Related amounts not set off in the Balance Sheet		
As at 31 March 2022	Gross amounts of recognised financial assets £'000	Gross amounts of recognised financial liabilities set off in the Balance Sheet £'000	Net amounts of financial assets presented in the Balance Sheet £'000	Financial liabilities £'000	Cash collateral received £'000	Net amount £'000
Derivative financial instruments	112,465	–	112,465	(8,084)	–	104,381
Cash and cash equivalents	467,047	–	467,047	(65,287)	–	401,760
	579,512	–	579,512	(73,371)	–	506,141

5.7 FINANCIAL RISK AND CAPITAL MANAGEMENT continued

(ii) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements:

As at 31 March 2023	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial assets £'000	Related amounts not set off in the Balance Sheet: Cash collateral provided £'000	Net amount £'000
Derivative financial instruments	35,451	–	35,451	(28,860)	–	6,591
Bank borrowings	46,328	–	46,328	(46,328)	–	–
	81,779	–	81,779	(75,188)	–	6,591

As at 31 March 2022	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial assets £'000	Related amounts not set off in the Balance Sheet: Cash collateral provided £'000	Net amount £'000
Derivative financial instruments	8,398	–	8,398	(8,084)	–	314
Bank borrowings	65,287	–	65,287	(65,287)	–	–
	73,685	–	73,685	(73,371)	–	314

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such a failure is not remedied within periods of 15 to 30 days after notice of such failure is given to the party, or bankruptcy.

5.8 EVENTS AFTER THE BALANCE SHEET DATE

This note provides details on material events which have occurred between the year end date of 31 March and the date of approval of the financial statements.

There have been no material events subsequent to 31 March 2023 which would require disclosure in this Report.

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This section sets out the Group's accounting policies which are applied in recognising and measuring transactions and balances arising in the year.

REVENUE RECOGNITION

Revenue comprises the fair value of the sale of goods and services to external customers net of applicable sales taxes, volume and promotional rebates, allowances and discounts. Revenue is generally recognised on a duty inclusive basis where applicable. The Group is deemed to be a principal in an arrangement when it controls a promised good or service before transferring them to a customer, and accordingly recognises revenue on a gross basis. Where the Group is determined to be an agent in a transaction, based on the principle of control, the net amount retained after the deduction of any costs to the principal is recognised as revenue.

The Group operates across a wide range of business segments and jurisdictions with varying customer credit terms which are in line with normal credit terms offered in that business segment and/or country of operation. Given the short-term nature of these credit terms, no element of financing is deemed present. Group revenues do not include any significant level of variable consideration.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue is recorded when the collection of the amount is reasonably assured and when specific criteria have been met for each of the Group's activities as detailed below.

Sales of goods

Revenue from the sale of goods is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control over a good or service to a customer. This generally arises on delivery or in accordance with specific terms and conditions agreed with individual customers. In the case of consignment stock arrangements, revenue is recognised on the date that legal title passes. Rebates, allowances, and discounts are recorded in the same period as the original revenue.

DCC Energy derives most of its revenue from the sale of transport and commercial fuels, heating oils and related products, LPG, refrigerants, electricity and natural gas. The customer obtains control when the goods are delivered to the customer. The performance is satisfied once the customer accepts the delivery. Products can be sold under short or long-term agreements at prevailing market prices or at fixed prices for which DCC Energy will have fixed supply prices.

DCC Healthcare derives its revenue from the sale of a broad range of third-party and own-branded medical devices and pharmaceuticals. Revenue is also generated from the manufacture of products for health and beauty brand owners. The customer obtains control when the products are delivered to the customer and the performance is satisfied once the customer accepts the products. Revenue is recognised at this point in the majority of cases.

DCC Technology derives most of its revenue from the sale of consumer and SME focused technology products. The Group recognises the revenue, generally, when dispatch occurs. The performance obligation is then deemed to have been satisfied. Should volume and promotional rebates be granted to customers they are recognised as a reduction in sales revenue at the time of the sale based on managements' estimate of the likely rebate to be awarded to customers. Estimates are based on historical results, taking into consideration the type of customer, the type of transaction and the specific facts of each arrangement.

Sales of services

Revenue from the rendering of services is recognised in the period in which the services are rendered. Contracts do not contain multiple performance obligations as defined by IFRS 15.

Service revenue in DCC Energy is generated from a variety of value-added services provided to customers. Revenue is recognised when the performance obligation is met which is as the service is provided.

DCC Healthcare generates service revenue from a variety of sources such as logistics services including stock management, distribution services to hospitals and healthcare manufacturers as well as engineering and preventative maintenance services. Revenue is recognised as the service is rendered and completed, when the performance obligation is deemed to be met.

DCC Technology generates service revenue from providing a range of value-added services to both its customers and suppliers including third party logistics, web site development and management, outsourced managed services, training and certain supply chain management services such as quality assurance and compliance. Revenue relating to these services is recognised when the performance obligation is deemed to be met which is as the service is provided.

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

Rental income

Rental income principally comprises property and LPG tank rental income and rental income from operating leases is recognised on a straight-line basis over the term of the lease. The related assets are recorded within property, plant and equipment and are depreciated on a straight-line basis over the useful lives of the assets.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The Group has determined that it has three reportable operating segments: DCC Energy, DCC Healthcare and DCC Technology.

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of the Company is euro. The consolidated financial statements are presented in sterling which is the Company's and the Group's presentation currency, and a significant portion of the Group's revenue and operating profit is generated in sterling. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

Transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Currency translation differences on monetary assets and liabilities are taken to the Group Income Statement except when cash flow or net investment hedge accounting is applied.

Group companies

Results and cash flows of the parent and its subsidiaries and associates which do not have sterling as their functional currency are translated into sterling at average exchange rates for the year. Average exchange rates are a reasonable approximation of the cumulative effect of the rates on the transaction dates. The related balance sheets are translated at the rates of exchange ruling at the reporting date. Adjustments arising on translation of the results of such subsidiaries and associates at average rates, and on the restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity, net of differences on related currency instruments designated as hedges of such investments.

On disposal of a foreign operation, such cumulative currency translation differences are recognised in the Income Statement as part of the overall gain or loss on disposal. In accordance with IFRS 1, cumulative currency translation differences arising prior to the transition date to IFRS (1 April 2004) have been set to zero for the purposes of ascertaining the gain or loss on disposal of a foreign operation.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are regarded as assets and liabilities of the foreign operation, are expressed in the functional currency of the foreign operation, and are recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

FINANCE COSTS

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the Income Statement, facility fees and the unwinding of discounts on provisions and acquisition related liabilities. The interest expense component of lease creditor payments is recognised in the Income Statement using the effective interest rate method. The net finance cost/income on defined benefit pension scheme assets or obligations are recognised in the Income Statement in accordance with IAS 19.

The mark-to-market of designated swaps and related debt and the mark-to-market of undesignated currency swaps and related debt are included in 'Finance Costs' in the case of a net loss. The mark-to-market of designated swaps and related debt comprises the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings, together with the gain or loss on the hedged borrowings which is attributable to the hedged risk. The mark-to-market of undesignated swaps and related debt comprises the gain or loss on currency swaps which are not designated as hedging instruments, but which are used to offset movements in foreign exchange rates on certain borrowings, along with the currency movement on those borrowings.

FINANCE INCOME

Finance income is recognised in the Income Statement as it accrues, using the effective interest method, and includes net gains on hedging instruments that are recognised in the Income Statement.

The mark-to-market of designated swaps and related debt and the mark-to-market of undesignated currency swaps and related debt, both as defined above, are included in 'Finance Income' in the case of a net gain.

EXCEPTIONAL ITEMS

The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Such items may include restructuring, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment, IAS 39 ineffective mark-to-market movements together with gains or losses arising from currency swaps offset by gains or losses on related fixed rate debt, acquisition costs, profit or loss on defined benefit pension scheme restructuring, adjustments to contingent acquisition consideration, the impact on deferred tax balances as a result of changes to enacted corporation tax rates and impairment of assets. Judgement is used by the Group in assessing the items, which by virtue of their scale and nature, should be presented in the Income Statement and disclosed in the related notes as exceptional items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

INCOME TAX

Current tax

The Group's income tax charge is based on reported profit and enacted statutory tax rates, which reflect various allowances and reliefs available to the Group in the multiple tax jurisdictions in which it operates. The determination of the Group's provision for income tax requires certain judgements and estimates in relation to matters where the ultimate tax outcome may not be certain. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. In addition, the Group is subject to tax audits which can involve complex issues that could require extended periods to conclude, the resolution of which is often not within the control of the Group. Although management believes that the estimates included in the Consolidated Financial Statements and its tax return positions are correct, there is no certainty that the final outcome of these matters will not be different to that which is reflected in the Group's historical income tax provisions and accruals. Whilst it is possible, the Group does not currently anticipate that any such differences could have a material impact on the income tax provision and profit for the period in which such a determination is made nor does it expect any significant impact on its financial position in the near term. This is based on the Group's knowledge and experience, as well as the profile of the individual components which have been reflected in the current tax liability, the status of the tax audits, enquiries and negotiations in progress at each year end.

Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and considering any adjustments stemming from prior years. Any interest or penalties arising are included within current tax. Where items are accounted for outside of profit or loss, the related income tax is recognised either in other comprehensive income or directly in equity as appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date which is defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences except for the following:

- where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of taxable temporary differences associated with investments in subsidiaries and associates, the timing of the reversal of the temporary difference is subject to control by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised in respect of all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items except:

- where the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of deductible temporary differences associated with investment in subsidiaries and associates, a deferred tax asset is recognised only if it is probable that the deductible temporary difference will reverse in the foreseeable future and that sufficient taxable profits will be available against which the temporary difference can be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits would be available to allow all or part of the deferred tax asset to be utilised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value level by the end of its useful life.

	Annual Rate
Freehold buildings	2%
Plant and machinery	5% – 33⅓%
Cylinders	6⅔% – 10%
Motor vehicles	10% – 33⅓%
Fixtures, fittings & office equipment	10% – 33⅓%

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Land is not depreciated. The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

In accordance with IAS 36 Impairment of Assets, the carrying amounts of items of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash-generating unit is adjusted prospectively to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. All other repair and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets.

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiaries are stated at cost less any accumulated impairments and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the Income Statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. The fair value of contingent consideration is arrived at through discounting the expected payment to present value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in the Income Statement.

Goodwill is initially measured at cost being the excess of the fair value of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the Income Statement.

A financial liability is recognised in relation to the non-controlling shareholder's option to put its shareholding back to the Group, being the fair value of the estimate of amounts payable to acquire the non-controlling interest. The financial liability is included in acquisition related liabilities. The discount component is unwound as an interest charge in the Income Statement over the life of the obligation. Subsequent changes to the financial liability are recognised in the Income Statement.

GOODWILL

Goodwill arising in respect of acquisitions completed prior to 1 April 2004 (being the transition date to IFRS) is included at its carrying amount, which equates to its net book value recorded under previous GAAP. In accordance with IFRS 1, the accounting treatment of business combinations undertaken prior to the transition date was not reconsidered and goodwill amortisation ceased with effect from the transition date.

Goodwill on acquisitions is initially measured as the excess of the fair value of consideration paid for the business combination plus any non-controlling interest, over the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill acquired in a business combination is allocated, from the acquisition date to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The carrying amount of goodwill in respect of associates, net of any impairment, is included in investments in associates under the equity method in the Group Balance Sheet.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist; the goodwill impairment tests are undertaken at a consistent time in each annual period. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed following recognition.

Where a subsidiary is sold, any goodwill arising on acquisition, net of any impairments, is included in determining the profit or loss arising on disposal.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the proportion of the cash-generating unit retained.

INTANGIBLE ASSETS

Intangible assets acquired separately are capitalised at cost. Intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition.

Following initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives this expense is taken to the Income Statement.

The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. In general, finite-lived intangible assets are amortised over periods ranging from two to 40 years, depending on the nature of the intangible asset.

The carrying amount of finite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The Group does not have any indefinite-lived intangible assets.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Cost is determined on a first in first out basis and in the case of raw materials, bought-in goods and expense inventories, comprises purchase price plus transport and handling costs less trade discounts and subsidies. Cost, in the case of products manufactured by the Group, consists of direct material and labour costs together with the relevant production overheads based on normal levels of activity. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs.

Provision is made, where necessary, for slow moving, obsolete and defective inventories.

FINANCIAL INSTRUMENTS

A financial instrument is recognised when the Group becomes a party to its contractual provisions. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire, are extinguished, or transferred to a third party. Financial liabilities are derecognised when the Group's obligations specified in the contracts expire, are discharged, or cancelled.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less allowance for impairment.

An allowance for impairment of trade receivables is established based on both expected credit losses and information available that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the allowance is recognised in the Income Statement.

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The Group derecognises a receivable only when the contractual rights to the cash flows from the receivable expire, or when it transfers the receivable and substantially all of the risks and rewards of ownership of the asset to another entity. The Group applies several tests to receivable purchase agreements to determine whether derecognition is appropriate or not. These tests are applied to the entire portfolio of receivables rather than to each individual receivable as the receivables comprise 'a group of similar assets' in accordance with IFRS 9. The testing procedure includes consideration of the following; whether the arrangement represents a qualifying transfer of assets, whether substantially all of the risks and rewards of the receivable transferred from the Group and whether the Group has lost control of the receivable.

On derecognition of a receivable the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Income Statement. Following derecognition, receivables arising from non-recourse sales are excluded from 'Trade and other receivables' in the Group Balance Sheet. The Group presents cash flows arising from non-recourse sales as part of operating activities in the Group Cash Flow Statement.

TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates to fair value given the short-dated nature of these liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Group Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts.

INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recorded at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

LEASES

The Group enters leases for a range of assets, principally relating to property. These property leases have varying terms and renewal rights, including periodic rent reviews linked with indices. The Group also leases motor vehicles, plant, machinery, and other equipment. The terms and conditions of these leases do not impose significant financial restrictions on the Group.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period in exchange for consideration, which is assessed at inception. A right-of-use asset and lease creditor are recognised at the commencement date for contracts containing a lease, except for leases with a term of 12 months or less, leases where the underlying asset is of low value and leases with associated payments that vary directly in line with usage or sales (such lease costs continue to be expensed in the Income Statement as incurred). The commencement date is the date at which the asset is made available for use by the Group.

Lease creditors are initially measured at the present value of the future lease payments, discounted using the incremental borrowing rate over the remaining lease term. Lease payments include fixed payments, variable payments that are dependent on an index known at the commencement date, payments for an optional renewal period and termination option payments, if the Group is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised.

Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, lease creditors are measured at amortised cost using the effective interest method. They are remeasured when there is a change in future lease payments or when the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset.

The right-of-use asset is initially measured at cost, which comprises the lease creditor adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term and is tested periodically for impairment if an impairment indicator is considered to exist.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments (principally interest rate, currency and cross currency interest rate swaps and forward foreign exchange and commodity contracts) to hedge its exposure to interest rate and foreign exchange risks and to changes in the prices of certain commodity products arising from operational, financing and investment activities.

Derivative financial instruments are recognised at inception at fair value, being the present value of estimated future cash flows. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Changes in the fair value of currency swaps that are hedging borrowings and for which the Group has not elected to apply hedge accounting, along with changes in the fair value of derivatives hedging borrowings, that are part of designated fair value hedge relationships, are reflected in the Income Statement in 'Finance Costs'.

Changes in the fair value of other derivative financial instruments for which the Group has not elected to apply hedge accounting are reflected in the Income Statement, in 'Other Operating Income/Expenses'.

HEDGING

For the purposes of hedge accounting, hedges are designated either as fair value hedges (which hedge the exposure to movements in the fair value of recognised assets or liabilities or firm commitments that are attributable to hedged risks) or cash flow hedges (which hedge exposures to fluctuations in future cash flows derived from a particular risk associated with recognised assets or liabilities or highly probable forecast transactions).

The Group documents, at the inception of the transactions, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments are disclosed in note 3.10 and the movements on the cash flow hedge reserve in equity are shown in note 4.2. The full fair value of a derivative is classified as a non-current asset or non-current liability if the remaining maturity of the derivative is more than 12 months and as a current asset or current liability if the remaining maturity of the derivative is less than 12 months.

Fair value hedge

In the case of fair value hedges which satisfy the conditions for hedge accounting, any gain or loss arising from the remeasurement of the fair value of the hedging instrument is reported in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. As a result, the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings are included within 'Finance Income' or 'Finance Costs'. In the case of the related hedged borrowings, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Income Statement within 'Finance Costs' or 'Finance Income'. The gain or loss on commodity derivatives that are designated as fair value hedges of firm commitments are recognised in the Income Statement. Any change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability on the Balance Sheet with a corresponding gain or loss in the Income Statement.

If a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the Income Statement over the period to maturity.

Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of equity. The ineffective portion is reported in the Income Statement in 'Finance Income' and 'Finance Costs' where the hedged item is private placement debt, and in 'Other Operating Income/Expenses' for all other cases. When a forecast transaction results in the recognition of an asset or a liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise, the associated gains or losses that had previously been recognised in equity are transferred to the Income Statement in the same reporting period as the hedged transaction in Revenue or Cost of Sales (depending on whether the hedge related to a forecasted sale or purchase).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

PROVISIONS

A provision is recognised in the Balance Sheet when the Group has a present obligation (either legal or constructive) because of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and announced its main provisions.

Provisions arising on business combinations are only recognised to the extent that they would have qualified for recognition in the financial statements of the acquiree prior to the acquisition.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Environmental provisions

The Group has certain site remediation obligations to be incurred in compliance with local or national environmental regulations together with constructive obligations stemming from established best practice. The measurement of these provisions is based on the evaluation of currently available facts with respect to each individual site and is adjusted periodically as remediation efforts progress or as additional information becomes available. Inherent uncertainties exist in such measurements primarily due to unknown timing, site conditions and changing regulations. Full provision is made for the net present value of the estimated costs in relation to the Group's environmental liabilities. The net present value of the estimated costs is capitalised as property, plant and equipment and the unwinding of the discount element on the environmental provision is reflected in the Income Statement.

Cylinder and tank deposits provisions

In certain DCC Energy operations, an obligation arises from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. Cylinder and tank deposits acquired through business combinations are measured initially at their fair value at the acquisition date (i.e., net present value) and the unwinding of the discount element is reflected in the Income Statement.

PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS

The Group operates defined contribution and defined benefit pension schemes.

The costs arising in respect of the Group's defined contribution schemes are charged to the Income Statement in the period in which they are incurred. The Group has no legal or constructive obligation to pay further contributions after payment of fixed contributions.

The Group operates several defined benefit pension schemes which require contributions to be made to separately administered funds. The liabilities and costs associated with the Group's defined benefit pension schemes are assessed based on the projected unit credit method by qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the number of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan asset is deducted. Plan assets are measured at fair values.

The discount rate employed in determining the present value of the schemes' liabilities is determined by reference to market yields at the reporting date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations.

The deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax liabilities or assets as appropriate. Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding net interest) are recognised immediately in the Group Balance Sheet with a corresponding entry to retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The defined benefit pension asset or liability in the Group Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information, and, in the case of published securities, it is the published bid price. The value of any defined benefit asset is limited to the present value of any economic benefits available in the form of refunds from the plan and reductions in the future contributions to the plan.

A curtailment arises when the Group is demonstrably committed to make a significant reduction in the number of employees covered by a plan. A past service cost, negative or positive, arises following a change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits. A settlement arises where the Group is relieved of responsibility for a pension obligation and eliminates significant risk relating to the obligation and the assets used to affect the settlement. Past-service costs, negative or positive, are recognised immediately in the Income Statement. Losses arising on settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Group becomes demonstrably committed to the transaction. Gains arising on a settlement are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction. Settlement gains and losses are dealt with in the Income Statement.

SHARE-BASED PAYMENT TRANSACTIONS

Certain employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render service in exchange for shares or rights over shares.

The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. The fair value at the grant date is determined using a Monte Carlo simulation technique for the DCC plc Long Term Incentive Plan.

The DCC plc Long Term Incentive Plan contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 Share-based Payment is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market-based charge to the Income Statement is reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

Where the share-based payments give rise to the issue of new equity share capital, the proceeds received by the Company are credited to Share Capital (nominal value) and Share Premium when the share entitlements are exercised. Where the share-based payments give rise to the re-issue of shares from treasury shares, the proceeds of issue are credited to shareholders equity.

The measurement requirements of IFRS 2 have been implemented in respect of share options entitlements granted after 7 November 2002. In accordance with the standard, the disclosure requirements of IFRS 2 have been applied to all outstanding share-based payments regardless of their grant date. The Group does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

GOVERNMENT GRANTS

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received, and all attaching conditions have been complied with.

Capital grants received and receivable by the Group are credited to government grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss in the period in which they become receivable.

5.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

EQUITY

Treasury shares

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from total equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or re-issued, any consideration received is included in share premium.

Dividends

Dividends on Ordinary Shares are recognised as a liability in the Group's financial statements in the period in which they are approved by the shareholders of the Company. Proposed dividends that are approved after the reporting date are not recognised as a liability at that reporting date but are disclosed in the dividends note.

Non-controlling interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Parent Company and are presented separately in the Group Income Statement and within equity in the Group Balance Sheet, distinguished from shareholders' equity attributable to owners of the Parent Company. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised because of such transactions. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

5.10 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 15 May 2023.

COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

	Note	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	6.4	**1,174,092**	1,130,455
Current assets			
Trade and other receivables	6.5	**293,884**	204,611
Cash and cash equivalents	6.7	**10,691**	31,867
		304,575	236,478
Total assets		**1,478,667**	1,366,933
EQUITY			
Capital and reserves			
Share capital	4.1	**17,422**	17,422
Share premium	4.1	**883,669**	883,321
Other reserves	6.8	**165,537**	105,414
Retained earnings	6.9	**360,947**	318,532
Total equity		**1,427,575**	1,324,689
LIABILITIES			
Current liabilities			
Trade and other payables	6.6	**51,092**	42,244
Total equity and liabilities		**1,478,667**	1,366,933

Mark Breuer, Donal Murphy
Directors

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.9) £'000	Other reserves (note 6.8) £'000	Total equity £'000
At 1 April 2022	17,422	883,321	318,532	105,414	1,324,689
Profit for the financial year	–	–	220,258	–	220,258
Other comprehensive income:					
Currency translation	–	–	–	52,963	52,963
Total comprehensive income	–	–	220,258	52,963	273,221
Re-issue of treasury shares	–	348	–	–	348
Share based payment	–	–	–	7,160	7,160
Dividends	–	–	(177,843)	–	(177,843)
At 31 March 2023	17,422	883,669	360,947	165,537	1,427,575

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.9) £'000	Other reserves (note 6.8) £'000	Total equity £'000
At 1 April 2021	17,422	882,924	309,022	108,486	1,317,854
Profit for the financial year	–	–	170,109	–	170,109
Other comprehensive income:					
Currency translation	–	–	–	(9,539)	(9,539)
Total comprehensive income	–	–	170,109	(9,539)	160,570
Re-issue of treasury shares	–	397	–	–	397
Share based payment	–	–	–	6,467	6,467
Dividends	–	–	(160,599)	–	(160,599)
At 31 March 2022	17,422	883,321	318,532	105,414	1,324,689

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Operating activities			
Cash generated from operations	6.10	(65,428)	(88)
Net cash flow from operating activities		(65,428)	(88)
Investing activities			
Inflows:			
Interest received		10,348	8,268
Proceeds on disposal		–	4,347
Dividends received from subsidiaries		210,581	160,526
Net cash flow from investing activities		220,929	173,141
Financing activities			
Inflows:			
Proceeds from issue of shares		348	397
Outflows:			
Dividends paid	2.10	(177,843)	(160,599)
Net cash flow from financing activities		(177,495)	(160,202)
Change in cash and cash equivalents		(21,994)	12,851
Translation adjustment		818	(221)
Cash and cash equivalents at beginning of year		31,867	19,237
Cash and cash equivalents at end of year	6.7	10,691	31,867

NOTES TO THE COMPANY FINANCIAL STATEMENTS

SECTION 6 NOTES TO THE COMPANY FINANCIAL STATEMENTS

In accordance with the Companies Act 2014, information regarding the ultimate Parent Company, DCC plc, is presented below.

6.1 BASIS OF PREPARATION

The financial statements which are presented in sterling, rounded to the nearest thousand, have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The Company applies consistent accounting policies to those applied by the Group. To the extent that an accounting policy is relevant to both Group and Parent Company financial statements, please refer to the Group financial statements for disclosure of the relevant accounting policy.

6.2 AUDITOR STATUTORY DISCLOSURE

The audit fee for the Parent Company is £15,450 and is payable to KPMG, Ireland, the statutory auditor (2022: £15,450).

6.3 PROFIT ATTRIBUTABLE TO DCC PLC

Profit after taxation for the year attributable to owners of the Parent Company amounting to £220.258 million (2022: £170.109 million) has been accounted for in the financial statements of the Company. In accordance with Section 304(2) of the Companies Act, 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting. The Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

6.4 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2023 £'000	2022 £'000
At 1 April	1,130,455	1,141,692
Disposals	–	(9)
Impairment	(712)	(3,073)
Exchange and other	44,349	(8,155)
At 31 March	1,174,092	1,130,455

Details of the Group's principal operating subsidiaries are included in the Supplementary Information section on pages 232 to 246. Non-wholly owned subsidiaries principally comprises DCC Holding Denmark A/S (60%) (which owns 100% of DCC Energi Danmark A/S and DCC Energi Retail A/S).

The Group's principal overseas holding company subsidiaries are DCC Limited, a company operating, incorporated and registered in England and Wales and DCC International Holdings B.V., a company operating, incorporated and registered in The Netherlands. The registered office of DCC Limited is at Hill House, 1 Little New Street, London, EC4A 3TR, England. The registered office of DCC International Holdings B.V. is Zuiderzeestraatweg 1, 3882 NC, Putten, The Netherlands.

6.5 TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Amounts owed by subsidiary undertakings	293,884	204,611

All amounts owed by subsidiary undertakings are interest-free and repayable on demand. There were no past due or impaired trade receivables in the Company at 31 March 2023 (31 March 2022: nil). The Company does not expect any material loss in relation to trade and other receivables at 31 March 2023.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

6.6 TRADE AND OTHER PAYABLES

	2023 £'000	2022 £'000
Amounts due to subsidiary undertakings	50,554	41,716
Other creditors and accruals	538	528
	51,092	42,244

6.7 CASH AND CASH EQUIVALENTS

	2023 £'000	2022 £'000
Cash at bank and in hand	10,691	31,867

6.8 OTHER RESERVES

	Share based payment reserve[1] £'000	Foreign currency translation reserve[2] £'000	Other reserves[3] £'000	Total £'000
At 1 April 2021	40,969	67,288	229	108,486
Share based payment	6,467	–	–	6,467
Currency translation	–	(9,539)	–	(9,539)
At 31 March 2022	47,436	57,749	229	105,414
Share based payment	7,160	–	–	7,160
Currency translation	–	52,963	–	52,963
At 31 March 2023	54,596	110,712	229	165,537

1. The share based payment reserve comprises capital contributions to subsidiaries in connection with share based payments.
2. The Company's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Company's euro denominated operations into sterling (the presentation currency), including the translation of the profits and losses of the Company from the average rate for the year to the closing rate at the balance sheet date.
3. The Company's other reserves is a capital conversion reserve fund.

6.9 RETAINED EARNINGS

	2023 £'000	2022 £'000
At 1 April	318,532	309,022
Total comprehensive income for the financial year	220,258	170,109
Dividends	(177,843)	(160,599)
At 31 March	360,947	318,532

6.10 CASH GENERATED FROM OPERATIONS

	2023 £'000	2022 £'000
Profit for the financial year	220,258	170,109
Add back non-operating income:		
– net operating exceptionals	712	(1,265)
– net finance income	(10,348)	(8,268)
– dividend income	(210,581)	(160,526)
Operating profit before exceptionals	41	50
Changes in working capital:		
– trade and other receivables	(72,521)	951
– trade and other payables	7,052	(1,089)
Cash generated from operations	(65,428)	(88)

6.11 RELATED PARTY TRANSACTIONS

SUBSIDIARIES AND ASSOCIATES

The Company's Income Statement includes dividends from its subsidiary companies DCC Financial Services Holdings Unlimited Company (£143.643 million), DCC Management Services Limited (£34.492 million) and DCC Energy Limited (£32.446 million). Details of loan balances to/from subsidiaries are provided in the Company Balance Sheet on page 224, in note 6.5 'Trade and Other Receivables' and in note 6.6 'Trade and Other Payables'.

6.12 FINANCIAL RISK MANAGEMENT

A description of the Group's financial risk management objectives and policies is provided in note 5.7 to the Group financial statements. These financial risk management objectives and policies also apply to the Parent Company.

(I) CREDIT RISK MANAGEMENT

Credit risk arises from credit exposure to intercompany receivables and cash and cash equivalents including deposits with banks and financial institutions.

As detailed in note 6.5, the Group's intercompany receivables at 31 March 2023 amount to £293.884 million (2022: £204.611 million). None of these balances include a provision for impairment and all amounts are expected to be recoverable in full.

Risk of counterparty default arising on cash and cash equivalents is controlled within a framework of dealing with high-quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. DCC plc transacts with a variety of high credit quality financial institutions for the purpose of placing deposits. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy. The cash and cash equivalents balance at 31 March 2023 of £10.691 million was held with financial institutions with minimum short-term ratings of A-2 (Standard and Poor's) or P-1 (Moody's).

(II) LIQUIDITY RISK MANAGEMENT

The tables below show the expected undiscounted total cash outflows (principal and interest) arising from the Company's trade and other payables. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2023	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	51,092	–	–	–	51,092
	51,092	–	–	–	51,092

As at 31 March 2022	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	42,244	–	–	–	42,244
	42,244	–	–	–	42,244

The Company has sufficient cash resources and liquid assets to enable it to meet its trade and other payables.

(III) MARKET RISK MANAGEMENT

Foreign exchange risk management

The Company does not have any material assets or liabilities denominated in any currency other than euro at 31 March 2023 or at 31 March 2022 which would give rise to a significant transactional currency exposure. However, as the presentation currency for the Company is sterling, it is exposed to fluctuations in the sterling/euro exchange rate. A change in the value of euro by 10% against sterling would have a £0.9 million (2022: £1.2 million) impact on the Company's profit before tax, would change the Company's equity by £124.9 million and change the Company's net cash by £0.9 million (2022: £120.7 million and £3.2 million respectively).

Interest rate risk management

Based on the composition of net cash at 31 March 2023 a one percentage point (100 basis points) change in average floating interest rates would have a £0.1 million (2022: £0.3 million) impact on the Company's profit before tax. Finance income principally comprises guarantee fees charged at fixed rates on intergroup loans. Finance costs comprise interest on intergroup loans payable at variable market rates.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

6.12 FINANCIAL RISK MANAGEMENT continued

Commodity price risk management

The Company has no exposure to commodity price risk.

Fair values of financial assets and financial liabilities

The following is a comparison by category of book values and fair values of the Company's financial assets and financial liabilities:

	2023		2022	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Financial assets				
Trade and other receivables	293,884	293,884	204,611	204,611
Cash and cash equivalents	10,691	10,691	31,867	31,867
	304,575	304,575	236,478	236,478
Financial liabilities				
Trade and other payables	51,092	51,092	42,244	42,244
	51,092	51,092	42,244	42,244

As at 31 March 2023 and 31 March 2022 the Company had no financial assets or financial liabilities which were carried at fair value.

6.13 CONTINGENCIES

Guarantees given in respect of borrowings and other obligations are detailed in note 5.5 to the Group financial statements.