Group Income Statement
For the year ended 31 March 2016

	Note	2016 Pre exceptionals £'000	2016 Exceptionals (note 2.6) £'000	2016 Total £'000	2015 Pre exceptionals £'000	2015 Exceptionals (note 2.6) £'000	2015 Total £'000
Continuing operations							
Revenue	2.1	**10,601,085**	**–**	**10,601,085**	10,606,080	–	10,606,080
Cost of sales		**(9,545,194)**	**–**	**(9,545,194)**	(9,781,910)	–	(9,781,910)
Gross profit		**1,055,891**	**–**	**1,055,891**	824,170	–	824,170
Administration expenses		**(304,029)**	**–**	**(304,029)**	(262,923)	–	(262,923)
Selling and distribution expenses		**(463,877)**	**–**	**(463,877)**	(350,978)	–	(350,978)
Other operating income	2.2	**26,416**	**13,829**	**40,245**	19,657	7,914	27,571
Other operating expenses	2.2	**(13,878)**	**(28,469)**	**(42,347)**	(8,210)	(27,718)	(35,928)
Operating profit before amortisation of intangible assets	2.1	**300,523**	**(14,640)**	**285,883**	221,716	(19,804)	201,912
Amortisation of intangible assets	2.1	**(31,622)**	**–**	**(31,622)**	(24,057)	–	(24,057)
Operating profit		**268,901**	**(14,640)**	**254,261**	197,659	(19,804)	177,855
Finance costs	2.7	**(64,970)**	**(9,419)**	**(74,389)**	(60,216)	(2,191)	(62,407)
Finance income	2.7	**35,981**	**–**	**35,981**	31,288	–	31,288
Share of equity accounted investments' profit after tax	2.8	**504**	**–**	**504**	402	–	402
Profit before tax from continuing operations		**240,416**	**(24,059)**	**216,357**	169,133	(21,995)	147,138
Profit before tax from discontinued operations	2.10	**–**	**–**	**–**	5,088	11,079	16,167
Profit before tax		**240,416**	**(24,059)**	**216,357**	174,221	(10,916)	163,305
Income tax expense	2.9	**(36,024)**	**710**	**(35,314)**	(18,881)	–	(18,881)
Profit after tax for the financial year		**204,392**	**(23,349)**	**181,043**	155,340	(10,916)	144,424
Profit attributable to:							
Owners of the Parent				**178,031**			144,427
Non-controlling interests				**3,012**			(3)
				181,043			144,424
Profit after tax for the financial year comprises:							
Profit after tax from continuing operations				**181,043**			128,661
Profit after tax from discontinued operations				**–**			15,763
				181,043			144,424
Earnings per ordinary share							
Basic – continuing operations	2.13			**202.64p**			153.20p
Basic – discontinued operations	2.13			**–**			18.77p
Basic	2.13			**202.64p**			171.97p
Diluted – continuing operations	2.13			**201.02p**			152.10p
Diluted – discontinued operations	2.13			**–**			18.63p
Diluted	2.13			**201.02p**			170.73p

Group Statement of Comprehensive Income

For the year ended 31 March 2016

	Note	**2016 £'000**	2015 £'000
Group profit for the financial year		**181,043**	144,424
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation:			
– arising in the year		**37,971**	(15,007)
– recycled to the Income Statement on disposal		**–**	(2,721)
Movements relating to cash flow hedges		**2,230**	(6,942)
Movement in deferred tax liability on cash flow hedges	3.13	**120**	324
		40,321	(24,346)
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
– remeasurements	3.14	**4,894**	(19,302)
– movement in deferred tax asset	3.13	**(570)**	2,187
		4,324	(17,115)
Other comprehensive income for the financial year, net of tax		**44,645**	(41,461)
Total comprehensive income for the financial year		**225,688**	102,963
Attributable to:			
Owners of the Parent		**220,411**	103,555
Non-controlling interests		**5,277**	(592)
		225,688	102,963
Attributable to:			
Continuing operations		**225,688**	103,378
Discontinued operations		**–**	(415)
		225,688	102,963

Group Balance Sheet

As at 31 March 2016

	Note	2016 £'000	2015 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	**739,503**	464,689
Intangible assets	3.2	**1,297,065**	759,179
Equity accounted investments	3.3	**22,139**	4,963
Deferred income tax assets	3.13	**21,285**	9,380
Derivative financial instruments	3.10	**209,518**	233,150
		2,289,510	1,471,361
Current assets			
Inventories	3.5	**393,948**	320,655
Trade and other receivables	3.6	**916,069**	847,274
Derivative financial instruments	3.10	**15,915**	5,395
Cash and cash equivalents	3.9	**1,182,034**	1,260,942
		2,507,966	2,434,266
Assets classified as held for sale		**–**	12,196
		2,507,966	2,446,462
Total assets		**4,797,476**	3,917,823
EQUITY			
Capital and reserves attributable to owners of the Parent			
Share capital	4.1	**15,455**	14,688
Share premium	4.1	**277,211**	83,032
Share based payment reserve	4.2	**14,954**	12,756
Cash flow hedge reserve	4.2	**(8,112)**	(10,462)
Foreign currency translation reserve	4.2	**70,887**	32,683
Other reserves	4.2	**932**	932
Retained earnings	4.3	**948,316**	849,119
Equity attributable to owners of the Parent		**1,319,643**	982,748
Non-controlling interests	4.4	**30,833**	4,245
Total equity		**1,350,476**	986,993
LIABILITIES			
Non-current liabilities			
Borrowings	3.11	**1,260,421**	1,314,386
Derivative financial instruments	3.10	**343**	92
Deferred income tax liabilities	3.13	**133,646**	30,533
Post employment benefit obligations	3.14	**347**	10,230
Provisions for liabilities	3.16	**213,115**	29,016
Acquisition related liabilities	3.15	**81,411**	40,149
Government grants	3.17	**904**	1,272
		1,690,187	1,425,678
Current liabilities			
Trade and other payables	3.7	**1,437,832**	1,312,136
Current income tax liabilities		**45,172**	16,095
Borrowings	3.11	**192,804**	149,472
Derivative financial instruments	3.10	**8,401**	7,902
Provisions for liabilities	3.16	**31,373**	8,096
Acquisition related liabilities	3.15	**41,231**	3,235
		1,756,813	1,496,936
Liabilities associated with assets classified as held for sale		**–**	8,216
		1,756,813	1,505,152
Total liabilities		**3,447,000**	2,930,830
Total equity and liabilities		**4,797,476**	3,917,823

John Moloney, Tommy Breen, Directors

Group Statement of Changes in Equity

For the year ended 31 March 2016	Attributable to owners of the Parent						
	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 2015	14,688	83,032	849,119	35,909	982,748	4,245	986,993
Profit for the financial year	–	–	178,031	–	178,031	3,012	181,043
Other comprehensive income:							
Currency translation	–	–	–	35,706	35,706	2,265	37,971
Group defined benefit pension obligations:							
– remeasurements	–	–	4,894	–	4,894	–	4,894
– movement in deferred tax asset	–	–	(570)	–	(570)	–	(570)
Movements relating to cash flow hedges	–	–	–	2,230	2,230	–	2,230
Movement in deferred tax liability on cash flow hedges	–	–	–	120	120	–	120
Total comprehensive income	–	–	182,355	38,056	220,411	5,277	225,688
Issue of share capital	767	194,179	–	–	194,946	–	194,946
Re-issue of treasury shares	–	–	2,781	–	2,781	–	2,781
Share based payment	–	–	–	2,198	2,198	–	2,198
Dividends	–	–	(80,938)	–	(80,938)	–	(80,938)
Non-controlling interest arising on acquisition	–	–	(5,001)	2,498	(2,503)	21,311	18,808
At 31 March 2016	15,455	277,211	948,316	78,661	1,319,643	30,833	1,350,476

For the year ended 31 March 2015	Attributable to owners of the Parent						
	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 2014	14,688	83,032	786,158	57,540	941,418	4,837	946,255
Profit for the financial year	–	–	144,427	–	144,427	(3)	144,424
Other comprehensive income:							
Currency translation:							
– arising in the year	–	–	–	(14,418)	(14,418)	(589)	(15,007)
– recycled to the Income Statement on disposal	–	–	–	(2,721)	(2,721)	–	(2,721)
Group defined benefit pension obligations:							
– remeasurements	–	–	(19,302)	–	(19,302)	–	(19,302)
– movement in deferred tax asset	–	–	2,187	–	2,187	–	2,187
Movements relating to cash flow hedges	–	–	–	(6,942)	(6,942)	–	(6,942)
Movement in deferred tax liability on cash flow hedges	–	–	–	324	324	–	324
Total comprehensive income	–	–	127,312	(23,757)	103,555	(592)	102,963
Re-issue of treasury shares	–	–	1,699	–	1,699	–	1,699
Share based payment	–	–	–	2,126	2,126	–	2,126
Dividends	–	–	(66,050)	–	(66,050)	–	(66,050)
At 31 March 2015	14,688	83,032	849,119	35,909	982,748	4,245	986,993

Group Cash Flow Statement

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Operating activities			
Cash generated from operations before exceptionals	5.3	**411,712**	377,818
Exceptionals		**(19,567)**	(16,454)
Cash generated from operations		**392,145**	361,364
Interest paid		**(64,432)**	(59,678)
Income tax paid		**(35,346)**	(32,361)
Net cash flow from operating activities		**292,367**	269,325
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		**13,523**	16,054
Government grants received	3.17	**–**	52
Dividends received from equity accounted investments		**365**	828
Disposals of subsidiaries and equity accounted investments		**4,173**	55,090
Interest received		**36,004**	31,222
		54,065	103,246
Outflows:			
Purchase of property, plant and equipment		**(134,172)**	(79,401)
Acquisition of subsidiaries	5.2	**(390,042)**	(107,223)
Payment of accrued acquisition related liabilities	3.15	**(3,913)**	(16,326)
		(528,127)	(202,950)
Net cash flow from investing activities		**(474,062)**	(99,704)
Financing activities			
Inflows:			
Proceeds from issue of shares		**197,727**	1,699
Increase in interest-bearing loans and borrowings		**–**	448,989
Net cash inflow on derivative financial instruments		**1,953**	–
Increase in finance lease liabilities		**59**	–
		199,739	450,688
Outflows:			
Repayment of interest-bearing loans and borrowings		**(14,832)**	(169,631)
Repayment of finance lease liabilities		**(151)**	(486)
Net cash outflow on derivative financial instruments		**–**	(9,832)
Dividends paid to owners of the Parent	2.12	**(80,938)**	(66,050)
		(95,921)	(245,999)
Net cash flow from financing activities		**103,818**	204,689
Change in cash and cash equivalents		**(77,877)**	374,310
Translation adjustment		**38,249**	(58,206)
Cash and cash equivalents at beginning of year		**1,129,665**	813,561
Cash and cash equivalents at end of year	3.9	**1,090,037**	1,129,665
Cash and cash equivalents consist of:			
Cash and short-term bank deposits	3.9	**1,182,034**	1,260,942
Overdrafts	3.9	**(91,997)**	(133,629)
Cash and short-term deposits attributable to assets held for sale	3.9	**–**	2,352
		1,090,037	1,129,665

Company Balance Sheet

As at 31 March 2016

	Note	2016 £'000	2015 £'000
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	3.4	**99,683**	122,792
		99,683	122,792
Current assets			
Trade and other receivables	3.6	**421,566**	258,033
Cash and cash equivalents	3.9	**29,321**	617
		450,887	258,650
Total assets		**550,570**	381,442
EQUITY			
Capital and reserves			
Share capital	4.1	**15,455**	14,688
Share premium	4.1	**277,211**	83,032
Other reserves	4.2	**70,374**	34,839
Retained earnings	4.3	**84,333**	69,865
Total equity		**447,373**	202,424
LIABILITIES			
Non-current liabilities			
Amounts due to subsidiary undertakings		**–**	14,128
		–	14,128
Current liabilities			
Trade and other payables	3.7	**103,197**	164,890
		103,197	164,890
Total liabilities		**103,197**	179,018
Total equity and liabilities		**550,570**	381,442

John Moloney, Tommy Breen, Directors

Company Statement of Changes in Equity

For the year ended 31 March 2016

	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 equity £'000
At 1 April 2015	**14,688**	**83,032**	**69,865**	**34,839**	**202,424**
Profit for the financial year	–	–	**92,625**	–	**92,625**
Other comprehensive income:					
Currency translation	–	–	–	**35,535**	**35,535**
Total comprehensive income	–	–	**92,625**	**35,535**	**128,160**
Issue of share capital	**767**	**194,179**	–	–	**194,946**
Re-issue of treasury shares	–	–	**2,781**	–	**2,781**
Dividends	–	–	**(80,938)**	–	**(80,938)**
At 31 March 2016	**15,455**	**277,211**	**84,333**	**70,374**	**447,373**

For the year ended 31 March 2015

	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 equity £'000
At 1 April 2014	14,688	83,032	7,031	59,801	164,552
Profit for the financial year	–	–	127,185	–	127,185
Other comprehensive income:					
Currency translation	–	–	–	(24,962)	(24,962)
Total comprehensive income	–	–	127,185	(24,962)	102,223
Re-issue of treasury shares	–	–	1,699	–	1,699
Dividends	–	–	(66,050)	–	(66,050)
At 31 March 2015	14,688	83,032	69,865	34,839	202,424

Company Cash Flow Statement

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Operating activities			
Cash generated from operations	5.3	**(195,363)**	(94,544)
Interest paid		**(309)**	(3,210)
Net cash flow from operating activities		**(195,672)**	(97,754)
Investing activities			
Inflows:			
Interest received		**6,115**	10,371
Proceeds on disposal		**80,940**	37,775
Dividends received from subsidiaries		**18,253**	115,716
		105,308	163,862
Outflows:			
Acquisition of subsidiaries		**–**	(3,945)
		–	(3,945)
Net cash flow from investing activities		**105,308**	159,917
Financing activities			
Inflows:			
Proceeds from issue of shares		**197,727**	1,699
		197,727	1,699
Outflows:			
Dividends paid	2.12	**(80,938)**	(66,050)
		(80,938)	(66,050)
Net cash flow from financing activities		**116,789**	(64,351)
Change in cash and cash equivalents		**26,425**	(2,188)
Translation adjustment		**2,279**	(194)
Cash and cash equivalents at beginning of year		**617**	2,999
Cash and cash equivalents at end of year	3.9	**29,321**	617

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 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 Company financial statements. 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.

The Going Concern Statement on page 14 forms part of the Group financial statements.

DCC plc, the ultimate Parent Company, is a publicly traded limited company incorporated and domiciled in the Republic of Ireland.

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 under the historical cost convention, as modified by the measurement at fair value of share-based payments, 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 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 2016 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

There were no changes to IFRS which became effective for the Group during the financial year which resulted in material changes to the Group's consolidated financial statements.

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, the most significant of which are as follows:

- IFRS 9 *Financial Instruments* (effective date: DCC financial year beginning 1 April 2018). This standard is designed to replace IAS 39 *Financial Instruments: Recognition and Measurement* and has been completed in a number of phases with the final version issued by the IASB in July 2014. The Standard includes requirements for recognition, measurement, impairment and de-recognition of financial instruments and general hedge accounting. Subject to EU endorsement, the Group will apply IFRS 9 from its effective date. The Group is currently assessing the impact of IFRS 9 with the new standard likely to affect the Group's accounting for some financial instruments;
- IFRS 15 *Revenue from Contracts with Customers* (effective date: DCC financial year beginning 1 April 2018). This standard will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. Subject to EU endorsement, the Group will apply IFRS 15 from its effective date. This standard is not expected to have a significant impact on the Group's financial statements; and

Notes to the Financial Statements Continued

1.2 Basis of Preparation Continued

– IFRS 16 *Leases* (effective date: DCC financial year beginning 1 April 2019). This standard will replace IAS 17 *Leases*. The changes under IFRS 16 are significant and will predominantly affect lessees, the accounting for which is substantially reformed. The lessor accounting requirements contained in IFRS 16's predecessor, IAS 17 will remain largely unchanged. The main impact on lessees is that almost all leases will be recognised in the balance sheet as the distinction between operating and finance leases is removed for lessees. Instead, under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases. The standard introduces new estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions. More extensive disclosures, both qualitative and quantitative, are also required. Subject to EU endorsement, the Group will apply IFRS 16 from its effective date. The Group is currently assessing the impact of IFRS 16.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material effect on the consolidated financial statements or they are not currently relevant for the Group.

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 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 and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. 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 or joint control 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 Group's main accounting policies affecting its results of operations and financial condition are set out in note 5.9. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and judgements:

Goodwill

The Group has capitalised goodwill of £960.2 million at 31 March 2016. 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 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 3.2.

1.4 Critical Accounting Estimates and Judgements Continued

Business Combinations

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.

Taxation

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 of settlement. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and 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.

Provision for Impairment of Trade Receivables

The Group trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The Group uses estimates based on historical experience and current information in determining the level of debts for which a provision for impairment is required. The level of provision required is reviewed on an ongoing basis.

Useful Lives for Property, Plant and Equipment and Intangible Assets

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 depends 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 change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, 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.

Post Employment Benefits

The Group operates a number of defined benefit retirement plans. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries, updated at least annually and totals £88.8 million at 31 March 2016. At 31 March 2016 the Group also has plan assets totalling £88.5 million, giving a net pension liability of £0.3 million. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the plan assets is also sensitive to asset return levels and the level of contributions from the Group. Sensitivities to changes in assumptions are detailed in note 3.14.

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Section 2 Results for the Year

2.1 Segment Information

The Group is organised into four 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 sales, marketing, distribution and business 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. The chief operating decision maker has been identified as Mr. Tommy Breen, Chief Executive and his executive management team. The Group is organised into four operating segments: DCC Energy, DCC Healthcare, DCC Technology and DCC Environmental.

DCC Energy markets and sells oil products and services for transport, commercial/industrial, marine, aviation and home heating use in Europe. DCC Energy markets and sells liquefied petroleum gas for similar uses in Europe. DCC Energy also owns, operates and supplies unmanned and manned retail service stations in Europe.

DCC Healthcare sells, markets and distributes pharmaceuticals and medical products in the British and Irish markets. DCC Healthcare also provides outsourced product development, manufacturing, packaging and other services to health and beauty brand owners in Europe.

DCC Technology sells, markets and distributes a broad range of consumer and business technology products and services in Europe.

DCC Environmental provides a broad range of waste management and recycling services to the industrial, commercial, construction and public sectors in Britain and Ireland.

The chief operating decision maker monitors the operating results of segments separately in order 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. 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 2016 are as follows:

Income Statement items

	Year ended 31 March 2016				
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	DCC Environmental £'000	Total £'000
Segment revenue	**7,515,308**	**490,617**	**2,441,705**	**153,455**	**10,601,085**
Operating profit*	**205,181**	**45,039**	**35,125**	**15,178**	**300,523**
Amortisation of intangible assets	**(21,381)**	**(7,138)**	**(2,627)**	**(476)**	**(31,622)**
Net operating exceptionals (note 2.6)	**(9,057)**	**5,859**	**(10,454)**	**(988)**	**(14,640)**
Operating profit	**174,743**	**43,760**	**22,044**	**13,714**	**254,261**
Finance costs					**(74,389)**
Finance income					**35,981**
Share of equity accounted investments' profit after tax					**504**
Profit before income tax					**216,357**
Income tax expense					**(35,314)**
Profit for the year					**181,043**

	Year ended 31 March 2015				
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	DCC Environmental £'000	Total £'000
Segment revenue	7,624,082	488,114	2,350,284	143,600	10,606,080
Operating profit*	119,392	39,689	49,341	13,294	221,716
Amortisation of intangible assets	(14,334)	(6,143)	(2,794)	(786)	(24,057)
Net operating exceptionals (note 2.6)	(7,137)	(1,161)	(11,101)	(405)	(19,804)
Operating profit	97,921	32,385	35,446	12,103	177,855
Finance costs					(62,407)
Finance income					31,288
Share of equity accounted investments' profit after tax					402
Profit before income tax					147,138
Income tax expense					(18,477)
Profit for the year (continuing operations)					128,661

* Operating profit before amortisation of intangible assets and net operating exceptionals

Notes to the Financial Statements Continued

2.1 Segment Information Continued
Balance Sheet items

	As at 31 March 2016				
	DCC Energy £'000	**DCC Healthcare £'000**	**DCC Technology £'000**	**DCC Environmental £'000**	**Total £'000**
Segment assets	**2,081,687**	**370,170**	**716,227**	**178,501**	**3,346,585**
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					**22,139**
Derivative financial instruments (current and non-current)					**225,433**
Deferred income tax assets					**21,285**
Cash and cash equivalents					**1,182,034**
Total assets as reported in the Group Balance Sheet					**4,797,476**
Segment liabilities	**1,060,492**	**103,031**	**479,008**	**40,110**	**1,682,641**
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Interest-bearing loans and borrowings (current and non-current)					**1,453,225**
Derivative financial instruments (current and non-current)					**8,744**
Income tax liabilities (current and deferred)					**178,818**
Acquisition related liabilities (current and non-current)					**122,642**
Government grants (current and non-current)					**930**
Total liabilities as reported in the Group Balance Sheet					**3,447,000**

	As at 31 March 2015				
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	DCC Environmental £'000	Total £'000
Segment assets	1,295,081	348,753	575,816	172,147	2,391,797
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					4,963
Derivative financial instruments (current and non-current)					238,545
Deferred income tax assets					9,380
Cash and cash equivalents					1,260,942
Assets classified as held for sale					12,196
Total assets as reported in the Group Balance Sheet					3,917,823
Segment liabilities	789,025	102,878	429,028	38,523	1,359,454
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Interest-bearing loans and borrowings (current and non-current)					1,463,858
Derivative financial instruments (current and non-current)					7,994
Income tax liabilities (current and deferred)					46,628
Acquisition related liabilities (current and non-current)					43,384
Government grants (current and non-current)					1,296
Liabilities associated with assets classified as held for sale					8,216
Total liabilities as reported in the Group Balance Sheet					2,930,830

2.1 Segment Information Continued

Other segment information

	Year ended 31 March 2016				
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	DCC Environmental £'000	Total £'000
Capital expenditure – additions (note 3.1)	**72,476**	**8,217**	**38,991**	**14,270**	**133,954**
Capital expenditure – business combinations (note 5.2)	**200,881**	**2,272**	**1,452**	**–**	**204,605**
Depreciation (note 3.1)	**54,707**	**6,207**	**6,192**	**7,716**	**74,822**
Total consideration – business combinations (note 5.2)	**413,068**	**20,292**	**38,192**	**9**	**471,561**
Intangible assets acquired – business combinations (note 5.2)	**472,393**	**17,210**	**22,872**	**9**	**512,484**

	Year ended 31 March 2015					
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	DCC Environmental £'000	Discontinued operations £'000	Total £'000
Capital expenditure – additions (note 3.1)	49,648	7,241	8,653	9,062	722	75,326
Capital expenditure – business combinations	26,594	2,916	736	–	22	30,268
Depreciation (note 3.1)	39,759	6,412	4,859	7,558	1,122	59,710
Total consideration – business combinations	43,365	54,337	15,645	–	2,365	115,712
Intangible assets acquired – business combinations	34,582	53,303	1,587	–	2,156	91,628
Impairment of goodwill (note 3.2)	–	5,637	–	–	–	5,637

Geographical analysis

The Group has a presence in 15 countries worldwide. The following represents a geographical analysis of the segment information presented above 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		Non-current assets*	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Republic of Ireland (country of domicile)	**659,723**	717,077	**132,892**	120,238
United Kingdom	**6,985,521**	8,023,403	**1,010,908**	951,649
France	**1,487,875**	210,275	**733,287**	6,866
Other	**1,467,966**	1,655,325	**181,620**	150,078
	10,601,085	10,606,080	**2,058,707**	1,228,831

* Non-current assets comprise intangible assets, property, plant and equipment and equity accounted investments

Revenue and operating profit are derived almost entirely from the sale of goods and are disclosed based on the location of the entity selling the goods. There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The Balance Sheet information presented above is disclosed based on the location of the assets.

Notes to the Financial Statements Continued

2.2 Other Operating Income/Expenses

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

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

	2016 £'000	2015 £'000
Other operating income		
Fair value gains on non-hedge accounted derivative financial instruments – commodities	**5,832**	663
Fair value gains on non-hedge accounted derivative financial instruments – forward exchange contracts	**588**	2,463
Throughput	**4,778**	5,432
Haulage	**3,410**	1,941
Rental income	**7,460**	5,479
Other operating income	**4,348**	3,679
	26,416	19,657
Other operating income included in net exceptional items	**13,829**	7,914
Total other operating income	**40,245**	27,571
Other operating expenses		
Expensing of employee share options and awards (note 2.5)	**(2,198)**	(2,126)
Fair value losses on non-hedge accounted derivative financial instruments – commodities	**(5,951)**	(425)
Fair value losses on non-hedge accounted derivative financial instruments – forward exchange contracts	**(993)**	(2,727)
Other operating expenses	**(4,736)**	(2,932)
	(13,878)	(8,210)
Other operating expenses included in net exceptional items	**(28,469)**	(27,718)
Total other operating expenses	**(42,347)**	(35,928)

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:

	2016 £'000	Continuing operations 2015 £'000	Discontinued operations 2015 £'000	Total 2015 £'000
Depreciation (note 3.1)	**74,822**	58,588	1,122	59,710
Amortisation of intangible assets (note 3.2)	**31,622**	24,057	1,288	25,345
Impairment of goodwill (note 3.2)	**–**	5,637	–	5,637
Impairment of property, plant and equipment (note 3.1)	**947**	1,508	–	1,508
Profit on sale of property, plant and equipment	**(415)**	(3,252)	(4)	(3,256)
Amortisation of government grants (note 3.17)	**(419)**	(358)	–	(358)
Foreign exchange (gain)/loss	**(1,081)**	987	(128)	859
Operating lease rentals:				
– land and buildings	**24,335**	16,145	193	16,338
– plant and machinery	**2,896**	471	162	633
– motor vehicles	**12,772**	11,281	252	11,533
	40,003	27,897	607	28,504

KPMG was appointed as the Group's auditor for the year ended 31 March 2016. Accordingly, comparative figures in the table below for the year ended 31 March 2015 are in respect of remuneration paid to the Group's previous auditor, PricewaterhouseCoopers.

	2016 £'000	2015 £'000
Statutory auditor:		
Audit fees	**692**	621
Tax compliance and advisory services	**147**	249
Other non-audit services	**71**	31
	910	901
Other statutory auditor network firms:		
Audit fees	**1,038**	986
Tax compliance and advisory services	**356**	356
Other non-audit services	**–**	112
	1,394	1,454

Auditor statutory disclosure

The audit fee for the Parent Company is £13,000 and is payable to KPMG, Ireland, the statutory auditor (2015: £12,860 paid to PricewaterhouseCoopers).

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 weekly number of persons (including executive Directors) employed by the Group in continuing and discontinued operations during the year, analysed by class of business, was:

	2016 Number	2015 Number
DCC Energy	**5,264**	4,698
DCC Healthcare	**2,066**	1,963
DCC Technology	**2,125**	1,767
DCC Environmental	**1,047**	1,019
Continuing operations	**10,502**	9,447
Discontinued operations (DCC Food & Beverage)	**–**	309
	10,502	9,756

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

	2016 £'000	2015 £'000
Wages and salaries	**346,461**	326,427
Social welfare costs	**45,697**	37,696
Share based payment expense (note 2.5)	**2,198**	2,126
Pension costs – defined contribution plans	**12,119**	11,173
Pension costs – defined benefit plans (note 3.14)	**(668)**	394
	405,807	377,816
The employee benefit expense is analysed as:		
Continuing operations	**405,807**	362,799
Discontinued operations	**–**	15,017
	405,807	377,816

Directors' emoluments (which are included in operating costs) and interests are presented in the Remuneration Report on pages 82 to 103. 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 £2.198 million (2015: £2.126 million) has been arrived at by applying a Monte Carlo simulation technique for share awards issued under the DCC plc Long Term Incentive Plan 2009 and a binomial model, which is a lattice option-pricing model, for options issued under the DCC plc 1998 Employee Share Option Scheme.

Impact on Income Statement

In compliance with IFRS 2 *Share-based Payment*, the Group has implemented the measurement requirements of the IFRS in respect of share options that were granted after 7 November 2002 and had not vested by 1 April 2004.

The total share option expense is analysed as follows:

Date of grant	Grant price	Minimum duration of vesting period	Number of share awards/ options granted	Weighted average fair value	Expense in Income Statement 2016 £'000	Expense in Income Statement 2015 £'000
DCC plc Long Term Incentive Plan 2009						
20 August 2009	€15.63	3 years	255,406	€8.97	**–**	(10)
15 November 2010	€21.25	3 years	212,525	€12.00	**–**	(9)
15 November 2011	€17.50	3 years	252,697	€9.17	**–**	299
12 November 2012	€22.66	3 years	215,489	€12.09	**405**	619
12 November 2013	£28.54	3 years	153,430	£14.42	**611**	651
12 November 2014	£34.56	5 years	192,407	£26.96	**745**	576
17 November 2015	£57.35	5 years	131,455	£49.56	**437**	–
Total expense					**2,198**	2,126

Share options and awards

DCC plc Long Term Incentive Plan 2009

At 31 March 2016, under the DCC plc Long Term Incentive Plan 2009, Group employees hold awards to subscribe for 822,442 ordinary shares.

The general terms of the DCC plc Long Term Incentive Plan 2009 are set out in the Remuneration Report on page 87.

The DCC plc Long Term Incentive Plan 2009 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 only 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 Plan 2009 over the year is as follows:

	2016 Number of share awards	2015 Number of share awards
At 1 April	**792,149**	742,574
Granted	**131,455**	192,407
Exercised	**(100,850)**	(28,026)
Expired	**(312)**	(114,806)
At 31 March	**822,442**	792,149

Notes to the Financial Statements Continued

2.5 Employee Share Options and Awards Continued

The weighted average share price at the dates of exercise for share awards exercised during the year under the DCC plc Long Term Incentive Plan 2009 was £53.14 (2015: £34.92). The share awards outstanding at the year end have a weighted average remaining contractual life of 4.4 years (2015: 4.8 years).

The weighted average fair values assigned to share awards granted under the DCC plc Long Term Incentive Plan 2009, which were computed in accordance with the Monte Carlo valuation methodology, were as follows:

Granted during the year ended 31 March 2016	**£49.56**
Granted during the year ended 31 March 2015	£26.96

The fair values of share awards granted under the DCC plc Long Term Incentive Plan 2009 were determined taking account of peer group total share return volatilities and correlations together with the following assumptions:

	2016	2015
Risk-free interest rate (%)	**1.35**	1.90
Dividend yield (%)	**2.0**	2.5
Expected volatility (%)	**22.0**	21.0
Expected life in years	**6.0**	6.0
Share price at date of grant	**£57.35**	£34.56

The expected volatility is based on historic volatility over the past 5 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on government bonds of a term consistent with the assumed option life.

Analysis of closing balance – outstanding at end of year

Date of grant	**Date of expiry**	**2016 Number of share awards**	2015 Number of share awards
20 August 2009	20 August 2016	**26,976**	41,988
15 November 2010	15 November 2017	**47,819**	56,200
15 November 2011	15 November 2018	**85,302**	148,106
12 November 2012	12 November 2019	**191,745**	206,398
12 November 2013	12 November 2020	**147,050**	147,050
12 November 2014	12 November 2021	**192,095**	192,407
17 November 2015	17 November 2022	**131,455**	–
Total outstanding at 31 March		**822,442**	792,149

Analysis of closing balance – exercisable at end of year

As at 31 March 2016, 351,842 of the outstanding share awards under the DCC plc Long Term Incentive Plan 2009 were exercisable.

2.5 Employee Share Options and Awards Continued

DCC plc 1998 Employee Share Option Scheme

At 31 March 2016, under the DCC plc 1998 Employee Share Option Scheme, Group employees hold basic tier options to subscribe for 380,750 ordinary shares.

The general terms of the DCC plc 1998 Employee Share Option Scheme are set out in the Remuneration Report on page 102.

The DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which are not taken into account when estimating the fair value of entitlements as at the grant date. The expense in the Income Statement represents the product of the total number of options anticipated to vest and the grant date fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement. The cumulative charge to the Income Statement is only 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 1998 Employee Share Option Scheme over the year is as follows:

	2016		2015	
	Average exercise price in € per share	**Options**	Average exercise price in € per share	Options
At 1 April	**18.90**	**587,350**	17.96	804,250
Exercised	**18.31**	**(206,600)**	16.60	(127,400)
Expired	**–**	**–**	13.72	(89,500)
At 31 March	**19.22**	**380,750**	18.90	587,350
Total exercisable at 31 March	**19.22**	**380,750**	18.90	587,350

The weighted average share price at the dates of exercise for share options exercised during the year under the DCC plc 1998 Employee Share Option Scheme was £53.94 (2015: £35.05). The share options outstanding at the year end have a weighted average remaining contractual life of 1.6 years (2015: 2.3 years).

Analysis of closing balance – outstanding and exercisable at end of year

		2016		2015	
Date of grant	**Date of expiry**	**Exercise price per share**	**Options**	Exercise price per share	Options
15 December 2005	15 December 2015	**–**	**–**	€16.70	63,350
23 June 2006	23 June 2016	**€18.05**	**40,750**	€18.05	91,000
23 July 2007	23 July 2017	**€23.35**	**157,000**	€23.35	204,000
20 December 2007	20 December 2017	**€19.50**	**12,500**	€19.50	12,500
20 May 2008	20 May 2018	**€15.68**	**170,500**	€15.68	216,500
Total outstanding at 31 March			**380,750**		587,350

Notes to the Financial Statements Continued

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.

	2016 £'000	2015 £'000
Restructuring costs	**(16,517)**	(15,027)
Impairment of goodwill	**–**	(5,637)
Acquisition and related costs	**(7,478)**	(3,396)
Impairment of property, plant and equipment	**(947)**	(1,508)
Adjustments to contingent acquisition consideration	**6,290**	415
Gains arising from legal case settlements	**4,291**	894
Restructuring of Group defined benefit pension schemes	**–**	6,381
Legal and other operating exceptional items	**(279)**	(1,926)
Net operating exceptional items	**(14,640)**	(19,804)
Mark to market of swaps and related debt	**(9,419)**	(2,191)
Net exceptional items before taxation (continuing operations)	**(24,059)**	(21,995)
Net exceptional items relating to discontinued operations	**–**	11,079
Net exceptional items before taxation	**(24,059)**	(10,916)
Tax attributable to net exceptional items	**710**	–
Net exceptional items after taxation	**(23,349)**	(10,916)
Non-controlling interest share of net exceptional items after taxation	**(323)**	–
Net exceptional items attributable to owners of the Parent	**(23,672)**	(10,916)

The Group has focused on the efficiency of its operational infrastructures and sales platforms, particularly in areas where it has been acquisitive in recent years. The Group incurred an exceptional charge of £16.517 million (2015: £15.027 million) in relation to the related restructuring of existing and acquired businesses.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long-term interest, currency and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt, together with gains or losses arising from marking to market swaps not designated as hedges, offset by foreign exchange translation gains or losses on the related fixed rate debt, is charged or credited as an exceptional item. In the year ended 31 March 2016, this amounted to an exceptional non-cash charge of £9.419 million (2015: £2.191 million). Cumulatively, the net exceptional charges taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £15.0 million. These cumulative charges, or any subsequent similar non-cash charges will, through future net credits, reverse and net to zero over the remaining term of this debt and related hedging instruments.

Acquisition costs, which include the professional and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities, amounted to £7.478 million (2015: £3.396 million) and reflect the significant level of acquisition activity undertaken by the Group.

The balance of the exceptional items primarily relates to a gain of £6.290 million (2015: £0.415 million) arising from the write back of contingent acquisition consideration due to movements in the fair value of the underlying amounts payable and a net gain on legal claims of £4.291 million (2015: £0.894 million), primarily due to a final cash recovery in respect of the Pihsiang legal claim.

There was a net tax credit of £0.710 million and a non-controlling interest charge of £0.323 million in relation to the above net exceptional charges.

In the year ended 31 March 2015 there was a non-cash exceptional charge of £5.637 million relating to the impairment of subsidiary goodwill. This reflected an impairment to the carrying value of a cash generating unit within DCC Healthcare. There was also a non-cash impairment of property assets of £1.508 million which principally arose in DCC Healthcare.

The restructuring of certain of the Group's pension arrangements in the prior year gave rise to an exceptional gain of £6.381 million.

As detailed in note 2.10, the Group disposed of its Irish Food & Beverage subsidiaries in the prior year. The aggregate consideration from these disposals was £55.090 million and the disposals generated an exceptional gain, net of disposal costs, of £8.214 million. Other net exceptional items relating to discontinued operations of £2.865 million principally comprised a gain on the restructuring of certain of DCC Food & Beverage's pension arrangements.

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 whilst finance costs mainly comprise interest on Unsecured Notes, bank debt and finance leases. The net gain/loss arising on derivative financial instruments and the net finance income/cost arising on defined benefit pension schemes are included as a net income/cost as appropriate.

	2016 £'000	2015 £'000
Finance costs		
On bank loans, overdrafts and Unsecured Notes:		
– repayable within 5 years, not by instalments	**(23,354)**	(23,567)
– repayable within 5 years, by instalments	**(13)**	(10)
– repayable wholly or partly in more than 5 years	**(34,938)**	(31,061)
On finance leases	**(34)**	(118)
Unwinding of discount applicable to acquisition related liabilities	**(348)**	–
Unwinding of discount applicable to provisions for liabilities	**(856)**	–
Facility fees	**(1,562)**	(1,632)
Other interest	**(3,715)**	(3,512)
	(64,820)	(59,900)
Other finance costs:		
Net interest on defined benefit pension scheme liabilities (note 3.14)	**(150)**	(316)
Mark to market of swaps and related debt* (note 2.6)	**(9,419)**	(2,191)
	(74,389)	(62,407)
Finance income		
Interest on cash and term deposits	**2,996**	3,441
Net income on interest rate and currency swaps	**32,981**	27,844
Other income	**4**	3
	35,981	31,288
Net finance cost	**(38,408)**	(31,119)
*Mark to market of swaps and related debt		
Interest rate swaps designated as fair value hedges	**(797)**	9,377
Cross currency interest rate swaps designated as fair value hedges	**(6,833)**	177,282
Adjusted hedged fixed rate debt	**(1,805)**	(189,431)
Mark to market of swaps designated as fair value hedges and related debt	**(9,435)**	(2,772)
Currency movements on fixed rate debt not designated as hedged	**1,607**	(6,927)
Currency swaps not designated as hedges	**(1,538)**	6,820
Mark to market of undesignated swaps and related debt	**69**	(107)
Movement on cross currency interest rate swaps designated as cash flow hedges	**(6,506)**	37,819
Transferred to cash flow hedge reserve	**6,453**	(37,131)
	(53)	688
Total mark to market of swaps and related debt	**(9,419)**	(2,191)

Notes to the Financial Statements Continued

2.8 Share of Equity Accounted Investments' Profit after Tax

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

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

Group share of:	Joint ventures 2016 £'000	Associates 2016 £'000	Total 2016 £'000	Joint ventures 2015 £'000	Associates 2015 £'000	Total 2015 £'000
Revenue	**21,456**	**2,322**	**23,778**	21,373	3,140	24,513
Operating profit	**553**	**44**	**597**	661	24	685
Finance costs (net)	**–**	**–**	**–**	–	–	–
Profit before tax	**553**	**44**	**597**	661	24	685
Income tax expense	**(88)**	**(5)**	**(93)**	(196)	–	(196)
Profit after tax	**465**	**39**	**504**	465	24	489
The profit after tax is analysed as:						
Continuing operations	**465**	**39**	**504**	378	24	402
Discontinued operations	**–**	**–**	**–**	87	–	87
Profit after tax	**465**	**39**	**504**	465	24	489

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 profit.

(i) Income tax expense recognised in the Income Statement

	2016 £'000	2015 £'000
Current taxation		
Irish corporation tax at 12.5%	**1,743**	1,741
Exceptional taxation credit (note 2.6)	**(710)**	–
United Kingdom corporation tax at 20% (2015: 21%)	**17,181**	17,897
Other overseas tax	**25,650**	4,548
Over provision in respect of prior years	**(3,508)**	(5,359)
Total current taxation	**40,356**	18,827
Deferred tax		
Irish at 12.5%	**(6,886)**	(4,589)
United Kingdom at 18% (2015: 20%)	**1,140**	814
Other overseas deferred tax	**908**	1,638
(Over)/under provision in respect of prior years	**(204)**	2,191
Total deferred tax	**(5,042)**	54
Total income tax expense	**35,314**	18,881

The total income tax expense for the financial year is analysed as follows:		
Continuing operations	**35,314**	18,477
Discontinued operations	**–**	404
Total income tax expense	**35,314**	18,881

2.9 Income Tax Expense Continued

(ii) Deferred tax recognised in Other Comprehensive Income

	2016 £'000	2015 £'000
Defined benefit pension obligations, continuing operations	**570**	(1,777)
Defined benefit pension obligations, discontinued operations	**–**	(410)
	570	(2,187)
Cash flow hedges	**(120)**	(324)
Total deferred tax recognised in Other Comprehensive Income	**450**	(2,511)

(iii) Reconciliation of effective tax rate

	2016 £'000	2015 £'000
Profit before taxation	**216,357**	163,305
Less: share of equity accounted investments' profit after tax	**(504)**	(402)
Add back: amortisation of intangible assets	**31,622**	25,345
	247,475	188,248
At the standard rate of corporation tax in Ireland of 12.5%	**30,934**	23,531
Adjustments in respect of prior years	**(3,712)**	(2,997)
Effect of earnings taxed at higher rates	**13,750**	8,349
Other differences	**2,473**	(4,994)
Income tax expense	**43,445**	23,889
Tax on exceptional gain	**(710)**	–
Deferred tax attaching to amortisation of intangible assets	**(7,421)**	(5,008)
Total income tax expense	**35,314**	18,881

	2016 %	2015 %
Income tax expense as a percentage of profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**16.0%**	12.0%
Impact of share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**0.3%**	(0.4%)
Total income tax expense as a percentage of profit before tax	**16.3%**	11.6%

(iv) Factors that may affect future tax rates and other disclosures

No significant change is expected 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 reduced from 21% to 20% with effect from 1 April 2015. A UK tax rate of 19% applies with effect from 1 April 2017 and a rate of 18% applies with effect from 1 April 2020. As the legislation to give statutory effect to the reduction in the UK rate to 18% had been substantially enacted at the balance sheet date, account has been taken of these changes in these financial statements. This reduction in the UK tax rate has resulted in a deferred tax credit of £1.014 million.

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries 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 to remit earnings.

Notes to the Financial Statements Continued

2.10 Net Result from Discontinued Operations

The Group disposed of the Food & Beverage segment in the prior year. This note details the results of this discontinued operation included in the Group Income Statement in the prior year.

Net Result from Discontinued Operations

The Group's discontinued operations for the year ended 31 March 2015 comprise the results of the Group's former DCC Food & Beverage segment. The following table details the results of discontinued operations included in the prior year comparatives of the Group Income Statement:

	2015 £'000
Revenue	143,360
Cost of sales	(111,314)
Gross profit	32,046
Operating expenses	(25,563)
Operating profit before amortisation of intangible assets and exceptional items	6,483
Amortisation of intangible assets	(1,288)
Operating profit	5,195
Net finance costs	(194)
Share of equity accounted investments' profit after tax	87
Profit before exceptional items and tax	5,088
Exceptional items	2,865
Profit on disposal of discontinued operations	8,214
Profit before tax	16,167
Income tax expense	(404)
Profit from discontinued operations after tax	15,763

The following table details the cash flow from discontinued operations included in the prior year comparatives of the Group Cash Flow Statement:

	2015 £'000
Net cash flow from operating activities	(1,756)
Net cash flow from investing activities	4,674
Net cash flow from financing activities	–
Net cash flow from discontinued operations	2,918

Assets and liabilities classified as held for sale at 31 March 2015 comprise the fair value of the assets and liabilities of Bottle Green Limited (the remaining subsidiary of the Group's former Food & Beverage division) which was sold on 28 April 2015.

There were no discontinued operations in the year ended 31 March 2016.

2.11 Profit Attributable to DCC plc

This note relates to the Group Parent Company, DCC plc.

Profit after taxation for the year attributable to owners of the Parent amounting to £92.625 million (2015: £127.185 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.

2.12 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:	2016 £'000	2015 £'000
Final – paid 55.81 pence per share on 23 July 2015 (2015: paid 50.73 pence per share on 24 July 2014)	**50,646**	41,927
Interim – paid 33.04 pence per share on 7 December 2015 (2015: paid 28.73 pence per share on 28 November 2014)	**30,292**	24,123
	80,938	66,050

The Directors are proposing a final dividend in respect of the year ended 31 March 2016 of 64.18 pence per ordinary share (£56.816 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

2.13 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.

	2016 £'000	Continuing operations 2015 £'000	Discontinued operations (note 2.10) 2015 £'000	Total 2015 £'000
Profit attributable to owners of the Parent	**178,031**	128,664	15,763	144,427
Amortisation of intangible assets after tax	**24,201**	19,171	1,166	20,337
Exceptionals after tax (note 2.6)	**23,672**	21,995	(11,079)	10,916
Adjusted profit after taxation and non-controlling interests	**225,904**	169,830	5,850	175,680

Basic earnings per ordinary share	2016 pence	Continuing operations 2015 pence	Discontinued operations 2015 pence	Total 2015 pence
Basic earnings per ordinary share	**202.64p**	153.20p	18.77p	171.97p
Amortisation of intangible assets after tax	**27.55p**	22.83p	1.39p	24.22p
Exceptionals after tax	**26.95p**	26.19p	(13.19p)	13.00p
Adjusted basic earnings per ordinary share	**257.14p**	202.22p	6.97p	209.19p
Weighted average number of ordinary shares in issue (thousands)	**87,854**			83,983

Basic earnings per ordinary share is calculated by dividing the profit attributable to owners of the Parent 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 are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Notes to the Financial Statements Continued

2.13 Earnings per Ordinary Share Continued

Diluted earnings per ordinary share	2016 pence	Continuing operations 2015 pence	Discontinued operations 2015 pence	Total 2015 pence
Diluted earnings per ordinary share	**201.02p**	152.10p	18.63p	170.73p
Amortisation of intangible assets after tax	**27.32p**	22.66p	1.38p	24.04p
Exceptionals after tax	**26.73p**	26.00p	(13.10p)	12.90p
Adjusted diluted earnings per ordinary share	**255.07p**	200.76p	6.91p	207.67p
Weighted average number of ordinary shares in issue (thousands)	**88,564**			84,594

The earnings used for the purposes of the continuing diluted earnings per ordinary share calculations were £178.031 million (2015: £128.664 million) and £225.904 million (2015: £169.830 million) for the purposes of the continuing adjusted diluted earnings per ordinary share calculations.

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2016 was 88.564 million (2015: 84.594 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:

	2016 '000	2015 '000
Weighted average number of ordinary shares in issue	**87,854**	83,983
Dilutive effect of options and awards	**710**	611
Weighted average number of ordinary shares for diluted earnings per share	**88,564**	84,594

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.

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.

The adjusted figures for diluted earnings per ordinary share are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

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.

Group	Land & buildings £'000	Plant & machinery & cylinders £'000	Fixtures, fittings & office equipment £'000	Motor vehicles £'000	Total £'000
Year ended 31 March 2016					
Opening net book amount	**141,317**	**228,916**	**34,370**	**60,086**	**464,689**
Exchange differences	**8,491**	**14,720**	**1,914**	**837**	**25,962**
Arising on acquisition (note 5.2)	**74,248**	**121,073**	**9,081**	**203**	**204,605**
Additions	**41,211**	**49,144**	**25,605**	**17,994**	**133,954**
Disposals	**(8,645)**	**(1,616)**	**(1,529)**	**(2,148)**	**(13,938)**
Depreciation charge	**(5,773)**	**(43,449)**	**(13,538)**	**(12,062)**	**(74,822)**
Impairment charge (note 2.6)	**(59)**	**(735)**	**(153)**	**–**	**(947)**
Reclassifications	**741**	**(66)**	**(890)**	**215**	**–**
Closing net book amount	**251,531**	**367,987**	**54,860**	**65,125**	**739,503**
At 31 March 2016					
Cost	**287,944**	**763,561**	**138,920**	**160,705**	**1,351,130**
Accumulated depreciation and impairment losses	**(36,413)**	**(395,574)**	**(84,060)**	**(95,580)**	**(611,627)**
Net book amount	**251,531**	**367,987**	**54,860**	**65,125**	**739,503**
Year ended 31 March 2015					
Opening net book amount	152,394	208,986	32,654	70,830	464,864
Exchange differences	(4,717)	(7,144)	(1,343)	(1,165)	(14,369)
Arising on acquisition	3,983	22,980	2,204	1,101	30,268
Disposal of subsidiaries	(13,323)	(1,757)	(919)	(738)	(16,737)
Additions	9,483	43,762	12,609	9,472	75,326
Disposals	(1,216)	(1,325)	(517)	(9,740)	(12,798)
Depreciation charge	(3,762)	(31,499)	(12,226)	(12,223)	(59,710)
Impairment charge (note 2.6)	(425)	(588)	(495)	–	(1,508)
Assets classified as held for sale	(606)	–	(41)	–	(647)
Reclassifications	(494)	(4,499)	2,444	2,549	–
Closing net book amount	141,317	228,916	34,370	60,086	464,689
At 31 March 2015					
Cost	172,651	577,166	109,975	148,884	1,008,676
Accumulated depreciation and impairment losses	(31,334)	(348,250)	(75,605)	(88,798)	(543,987)
Net book amount	141,317	228,916	34,370	60,086	464,689

Notes to the Financial Statements Continued

3.1 Property, Plant and Equipment Continued

Assets held under finance leases

The net carrying amount of assets held under finance leases and accordingly capitalised in property, plant and equipment are as follows:

	2016 £'000	2015 £'000
Motor vehicles	**526**	477
Fixtures, fittings & office equipment	**212**	305
Plant & machinery & cylinders	**127**	29
Net book amount	**865**	811

3.2 Intangible Assets

The Group Balance Sheet contains significant intangible assets. Goodwill, customer and supplier relationships and brands arise when we acquire 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.

Group	Goodwill £'000	Customer & supplier related intangibles £'000	Brand related intangibles £'000	Total £'000
Year ended 31 March 2016				
Opening net book amount	**713,228**	**41,481**	**4,470**	**759,179**
Exchange differences	**31,833**	**14,671**	**9,897**	**56,401**
Arising on acquisition (note 5.2)	**214,470**	**183,607**	**114,407**	**512,484**
Other movements (note 3.15)	**623**	**–**	**–**	**623**
Amortisation charge	**–**	**(29,696)**	**(1,926)**	**(31,622)**
Closing net book amount	**960,154**	**210,063**	**126,848**	**1,297,065**
At 31 March 2016				
Cost	**1,001,260**	**307,081**	**129,488**	**1,437,829**
Accumulated amortisation and impairment losses	**(41,106)**	**(97,018)**	**(2,640)**	**(140,764)**
Net book amount	**960,154**	**210,063**	**126,848**	**1,297,065**
Year ended 31 March 2015				
Opening net book amount	688,439	54,077	–	742,516
Exchange differences	(23,779)	(2,215)	(416)	(26,410)
Arising on acquisition	67,715	18,484	5,429	91,628
Disposal of subsidiaries	(13,510)	(4,063)	–	(17,573)
Impairment charge	(5,637)	–	–	(5,637)
Amortisation charge	–	(24,802)	(543)	(25,345)
Closing net book amount	713,228	41,481	4,470	759,179
At 31 March 2015				
Cost	752,745	142,508	5,013	900,266
Accumulated amortisation and impairment losses	(39,517)	(101,027)	(543)	(141,087)
Net book amount	713,228	41,481	4,470	759,179

3.2 Intangible Assets Continued

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 11.5 years (2015: 2.6 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 38.4 years (2015: 9.0 years). There are no internally generated brand related intangibles recognised on the Group Balance Sheet.

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 27 CGUs (2015: 27 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	
	2016 number	2015 number	**2016 £'000**	2015 £'000
DCC Energy	**13**	12	**628,622**	419,136
DCC Healthcare	**4**	4	**173,820**	154,121
DCC Technology	**6**	7	**79,353**	62,603
DCC Environmental	**4**	4	**78,359**	77,368
	27	27	**960,154**	713,228

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

	2016 £'000	2015 £'000
Certas Energy UK Group	**253,048**	252,735
Butagaz	**170,796**	–
DCC Vital Group	**144,147**	135,209

For the purpose of impairment testing, the discount rates applied to these CGUs to which significant amounts of goodwill have been allocated were 8.5% (2015: 8.5%) for the Certas Energy UK Group and Butagaz and 7.7% (2015: 8.2%) for the DCC Vital Group. The long-term growth rate assumed for both the Certas Energy UK and DCC Vital Groups was 2.1% (2015: 2.4%) with no growth assumed for Butagaz. The remaining goodwill balance of £392.163 million is allocated across 24 CGUs (2015: £325.284 million over 25 CGUs), none of which are individually significant.

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 extracted from a three year plan that has been formally approved by the Board of Directors and specifically excludes future acquisition activity. Cash flows for a further two years are based on the assumptions underlying the three year plan. 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 1.6% (2015: 2.4%).

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 7.7% to 8.5% (2015: 8.2% to 8.5%).

Key assumptions include management's estimates of future profitability, working capital investment and capital expenditure requirements. 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. The prior year assumptions were prepared on the same basis.

Applying these techniques, no impairment charge arose in 2016 (2015: impairment charge of £5.637 million).

Notes to the Financial Statements Continued

3.2 Intangible Assets Continued

Sensitivity Analysis

Sensitivity analysis was performed by increasing the discount rate to 10%, 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 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.

3.3 Equity Accounted Investments

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

	2016 £'000	2015 £'000
At 1 April	**4,963**	6,124
Acquisition of equity accounted investments (note 5.2)	**15,292**	–
Share of profit after tax	**504**	489
Dividends received	**(365)**	(828)
Disposal of equity accounted investments	**–**	(627)
Exchange and other	**1,745**	(195)
At 31 March	**22,139**	4,963

Investments in associates and joint ventures at 31 March 2016 include goodwill of £17.301 million (2015: £1.674 million).

Summarised financial information for the Group's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Non-current assets £'000	**Current assets £'000**	**Current liabilities £'000**	**Net assets £'000**
As at 31 March 2016				
Joint ventures	**5,250**	**3,345**	**(3,805)**	**4,790**
Associates	**22,334**	**1,845**	**(6,830)**	**17,349**
Total	**27,584**	**5,190**	**(10,635)**	**22,139**
As at 31 March 2015				
Joint ventures	5,081	2,573	(3,356)	4,298
Associates	338	420	(93)	665
Total	5,419	2,993	(3,449)	4,963

Details of the Group's principal joint ventures and associates are included in the Group Directory on page 198.

3.4 Investments in Subsidiary Undertakings

This note details the total investment by the Company in its subsidiaries.

Company	2016 £'000	2015 £'000
At 1 April	**122,792**	142,692
Additions	**–**	3,945
Disposals	**(12,827)**	(6,675)
Exchange and other	**(10,282)**	(17,170)
At 31 March	**99,683**	122,792

Details of the Group's principal operating subsidiaries are included in the Group Directory on pages 194 to 197. Non-wholly owned subsidiaries principally comprise of DCC Environmental Britain Limited (75%) (which owns 100% of Wastecycle Limited, Oakwood Fuels Limited and William Tracey Limited) where put and call options exist to acquire the remaining 25% and DCC Holding Denmark A/S (60%) (which owns 100% of DCC Energi Danmark 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 Teleport Boulevard 140, 1043 EJ Amsterdam, The Netherlands.

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.

Group	2016 £'000	2015 £'000
Raw materials	**23,518**	16,149
Work in progress	**3,168**	1,974
Finished goods	**367,262**	302,532
	393,948	320,655

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.

Group	2016 £'000	2015 £'000
Trade receivables	**825,693**	774,546
Provision for impairment of trade receivables	**(17,563)**	(15,103)
Prepayments and accrued income	**61,827**	58,333
Value added tax recoverable	**18,803**	8,818
Other debtors	**27,309**	20,680
	916,069	847,274

Notes to the Financial Statements Continued

3.6 Trade and Other Receivables Continued

Included in the Group's trade and other receivables as at 31 March 2016 are balances of £76.054 million (2015: £57.769 million) which are past due at the reporting date but not impaired. The aged analysis of these balances is as follows:

Group	2016 £'000	2015 £'000
Less than 1 month overdue	**56,842**	42,986
1 – 3 months overdue	**11,760**	10,447
3 – 6 months overdue	**3,674**	2,899
Over 6 months overdue	**3,778**	1,437
	76,054	57,769

Trade and other receivables which are not past due nor impaired at the reporting date are expected to be fully recoverable. The movement in the provision for impairment of trade receivables during the year is as follows:

Group	2016 £'000	2015 £'000
At 1 April	**15,103**	17,222
Provision for impairment recognised in the year	**5,541**	4,635
Subsequent recovery of amounts previously provided for	**(242)**	(1,523)
Amounts written off during the year	**(4,954)**	(3,929)
Arising on acquisition	**1,310**	45
Exchange	**805**	(1,069)
Disposal of subsidiaries	**–**	(248)
Provision for impairment of trade receivables attributable to assets held for sale	**–**	(30)
At 31 March	**17,563**	15,103

The vast majority of the provision for impairment relates to trade and other receivables balances which are over 6 months overdue.

Company	2016 £'000	2015 £'000
Amounts owed by subsidiary undertakings	**421,566**	258,033

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 2016 (31 March 2015: nil).

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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 twelve months.

Group	2016 £'000	2015 £'000
Trade payables	**1,137,731**	1,095,648
Other creditors and accruals	**207,163**	140,709
PAYE and National Insurance or equivalent	**11,046**	10,328
Value added tax	**74,932**	57,846
Government grants (note 3.17)	**26**	24
Interest payable	**3,967**	4,469
Amounts due in respect of property, plant and equipment	**2,967**	3,112
	1,437,832	1,312,136

Company	2016 £'000	2015 £'000
Amounts due to subsidiary undertakings	**102,715**	164,448
Other creditors and accruals	**482**	442
	103,197	164,890

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.

Group	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2016				
At 1 April 2015	**320,655**	**847,274**	**(1,312,136)**	**(144,207)**
Translation adjustment	**10,307**	**29,885**	**(41,067)**	**(875)**
Arising on acquisition (note 5.2)	**52,339**	**97,904**	**(95,423)**	**54,820**
Exceptional items, interest accruals and other	**–**	**165**	**(133)**	**32**
Increase/(decrease) in working capital (note 5.3)	**10,647**	**(59,159)**	**10,927**	**(37,585)**
At 31 March 2016	**393,948**	**916,069**	**(1,437,832)**	**(127,815)**
Year ended 31 March 2015				
At 1 April 2014	501,408	957,821	(1,489,054)	(29,825)
Translation adjustment	(10,979)	(38,393)	48,317	(1,055)
Arising on acquisition	20,878	49,138	(56,834)	13,182
Disposal of subsidiaries	(16,192)	(21,439)	19,017	(18,614)
Exceptional items, interest accruals and other	(2,538)	(2,582)	1,067	(4,053)
(Decrease)/increase in working capital (note 5.3)	(169,385)	(90,659)	157,488	(102,556)
Assets and liabilities classified as held for sale	(2,537)	(6,612)	7,863	(1,286)
At 31 March 2015	320,655	847,274	(1,312,136)	(144,207)

Notes to the Financial Statements Continued

3.8 Movement in Working Capital Continued

Company	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2016			
At 1 April 2015	**258,033**	**(179,018)**	**79,015**
Translation adjustment and other	**33,745**	**9,792**	**43,537**
Increase in working capital (note 5.3)	**129,788**	**66,029**	**195,817**
At 31 March 2016	**421,566**	**(103,197)**	**318,369**
Year ended 31 March 2015			
At 1 April 2014	335,662	(316,801)	18,861
Translation adjustment	(37,777)	30,179	(7,598)
Dividends received	(28,405)	–	(28,405)
(Decrease)/increase in working capital (note 5.3)	(11,447)	107,604	96,157
At 31 March 2015	258,033	(179,018)	79,015

3.9 Cash and Cash Equivalents

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

Group	2016 £'000	2015 £'000
Cash at bank and in hand	**304,675**	251,592
Short-term bank deposits	**877,359**	1,009,350
	1,182,034	1,260,942

Cash at bank earns interest at floating rates based on daily bank deposit rates. The short-term 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:

	2016 £'000	2015 £'000
Cash and short-term bank deposits	**1,182,034**	1,260,942
Bank overdrafts	**(91,997)**	(133,629)
Cash and short-term bank deposits attributable to assets held for sale	**–**	2,352
	1,090,037	1,129,665

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

Company	2016 £'000	2015 £'000
Cash at bank and in hand	**29,321**	617

3.10 Derivative Financial Instruments

Derivatives are financial instruments that derive their value from the price of an underlying item 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.

Group	2016 £'000	2015 £'000
Non-current assets		
Cross currency interest rate swaps – fair value hedges	**172,511**	187,033
Cross currency interest rate swaps – cash flow hedges	**21,308**	26,561
Interest rate swaps – fair value hedges	**15,678**	17,018
Currency swaps – not designated as hedges	**–**	2,538
Commodity forward contracts – cash flow hedges	**21**	–
	209,518	233,150
Current assets		
Cross currency interest rate swaps – fair value hedges	**8,347**	2,610
Interest rate swaps – fair value hedges	**543**	–
Currency swaps – not designated as hedges	**1,000**	–
Foreign exchange forward contracts – cash flow hedges	**1,014**	2,026
Foreign exchange forward contracts – fair value hedges	**–**	48
Foreign exchange forward contracts – not designated as hedges	**75**	39
Commodity forward contracts – cash flow hedges	**2,817**	672
Commodity forward contracts – not designated as hedges	**2,119**	–
	15,915	5,395
Total assets	**225,433**	238,545
Non-current liabilities		
Cross currency interest rate swaps – cash flow hedges	**–**	(92)
Commodity forward contracts – cash flow hedges	**(343)**	–
	(343)	(92)
Current liabilities		
Foreign exchange forward contracts – cash flow hedges	**(936)**	(933)
Foreign exchange forward contracts – not designated as hedges	**(102)**	(208)
Commodity forward contracts – cash flow hedges	**(4,593)**	(6,501)
Commodity forward contracts – fair value hedges	**–**	(225)
Commodity forward contracts – not designated as hedges	**(2,770)**	(35)
	(8,401)	(7,902)
Total liabilities	**(8,744)**	(7,994)
Net (liability)/asset arising on derivative financial instruments	**(216,689)**	230,551

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve 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 2016 total US$43.0 million, £95.0 million and €105.0 million. At 31 March 2016, the fixed interest rates vary from 3.0% to 6.18% and the floating rates are based on US$ LIBOR, sterling LIBOR and EURIBOR.

Notes to the Financial Statements Continued

3.10 Derivative Financial Instruments Continued

Currency swaps

The Group utilises currency swaps in conjunction with interest rate swaps designated as fair value hedges to swap fixed rate US$ denominated debt into floating rate euro debt. The currency swaps (which swap floating US$ denominated debt based on US$ LIBOR into floating euro denominated debt based on EURIBOR) have notional principal amounts of US$43.0 million/€36.5 million and are not designated as hedges under IAS 39.

Cross currency interest rate swaps

The Group utilises cross currency interest rate swaps to swap fixed rate US$ denominated debt of US$1,217.0 million into floating rate sterling debt of £344.490 million and floating rate euro debt of €474.705 million. At 31 March 2016 the fixed interest rates vary from 3.41% to 6.19%. These swaps are designated as fair value hedges under IAS 39.

The Group utilises cross currency interest rate swaps to swap fixed rate US$ denominated debt of US$317.0 million into fixed rate sterling debt of £61.189 million and floating rate euro debt of €163.045 million. At 31 March 2016 the fixed US$ interest rates vary from 4.04% to 4.98%. These swaps are designated as cash flow hedges under IAS 39.

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2016 total £82.762 million (2015: £119.935 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2016 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 twelve months after the balance sheet date.

Commodity price forward contracts

The notional principal amounts of outstanding forward commodity contracts at 31 March 2016 total £81.811 million (2015: £68.024 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2016 on forward commodity contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to thirty-three months after the balance sheet date.

3.11 Borrowings

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.

Group	2016 £'000	2015 £'000
Non-current		
Finance leases*	**127**	213
Unsecured Notes	**1,260,294**	1,314,173
	1,260,421	1,314,386
Current		
Bank borrowings	**91,997**	133,629
Finance leases*	**379**	357
Unsecured Notes	**100,428**	15,486
	192,804	149,472
Total borrowings	**1,453,225**	1,463,858

* Secured on specific plant and equipment

The maturity of non-current borrowings is as follows:

	2016 £'000	2015 £'000
Between 1 and 2 years	**58,458**	99,759
Between 2 and 5 years	**302,918**	303,562
Over 5 years	**899,045**	911,065
	1,260,421	1,314,386

3.11 Borrowings Continued

Bank borrowings and finance leases

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 LIBOR and US$ LIBOR) and consequently fair value approximates carrying amounts. The majority of finance leases are at fixed rates.

In March 2016, the Group put in place a £400 million five year committed revolving credit facility with nine relationship banks: Barclays, BNP Paribas, Danske Bank, HSBC, ING, JP Morgan, RBS, Bank of Ireland and Deutsche Bank. This replaced a €190 million facility put in place in 2012. The Group had various other uncommitted bank facilities available at 31 March 2016.

Unsecured Notes

The Group's Unsecured Notes which fall due between 2016 and 2029 are comprised of fixed rate debt of US$43.0 million issued in 2004 and maturing in 2016 (the '2016 Notes'), fixed rate debt of US$200.0 million and £25.0 million issued in 2007 and maturing in 2017 and 2019 (the '2017/19 Notes'), fixed rate debt of US$293.0 million and €20.0 million issued in 2010 and maturing in 2017, 2020 and 2022 (the '2017/20/22 Notes'), fixed rate debt of US$525 million issued in 2013 and maturing in 2020, 2023 and 2025 (the '2020/23/25 Notes') and fixed rate debt of US$516.0 million, €85.0 million and £70.0 million issued in 2014 and maturing in 2021, 2024, 2026 and 2029 (the '2021/24/26/29 Notes').

The 2016 Notes denominated in US$ have been swapped from fixed to floating US$ rates (using interest rate swaps designated as fair value hedges under IAS 39) and further swapped (using currency swaps not designated as hedges under IAS 39) from floating US$ to floating euro rates, repricing semi-annually based on EURIBOR.

The 2017/19 Notes denominated in US$ have 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 LIBOR. The 2017/19 Notes denominated in sterling have been swapped from fixed to floating sterling rates (using an interest rate swap designated as a fair value hedge under IAS 39), repricing quarterly based on sterling LIBOR.

Of the 2017/20/22 Notes denominated in US$, $178.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR and $115.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR. The 2017/20/22 Notes denominated in euro have been swapped from fixed to floating euro rates (using an interest rate swap designated as a fair value hedge under IAS 39), repricing quarterly based on EURIBOR.

Of the 2020/23/25 Notes denominated in US$, $255.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ 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 LIBOR, $85.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ 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 2021/24/26/29 Notes denominated in US$, $269.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ 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 LIBOR, $135.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ 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 2021/24/26/29 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 2021/24/26/29 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 LIBOR.

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

	2016	2015
Average maturity	**6.1 years**	7.1 years
Average fixed interest rates:		
– US$ denominated*	**4.76%**	4.78%
– sterling denominated*	**4.91%**	4.91%
– euro denominated*	**3.49%**	3.49%
Average floating rate including swaps:		
– sterling denominated	**2.11%**	2.10%
– euro denominated	**1.47%**	1.84%

* Issued and repayable at par

Notes to the Financial Statements Continued

3.12 Analysis of Net (Debt)/Cash

Net (debt)/cash is a key metric of the Group and represents cash and cash equivalents less borrowings and derivative financial instruments.

Reconciliation of opening to closing net cash/(debt)

The reconciliation of opening to closing net cash/(debt) for the year ended 31 March 2016 is as follows:

	At 1 April 2015 £'000	Cash flow £'000	Fair value adjustment: Income Statement £'000	Fair value adjustment: Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2016 £'000
Cash and short-term bank deposits	**1,263,294**	**(119,966)**	**–**	**–**	**38,706**	**1,182,034**
Overdrafts	**(133,629)**	**42,089**	**–**	**–**	**(457)**	**(91,997)**
	1,129,665	**(77,877)**	**–**	**–**	**38,249**	**1,090,037**
Finance leases	**(570)**	**92**	**–**	**–**	**(28)**	**(506)**
Unsecured Notes	**(1,329,659)**	**14,832**	**(198)**	**–**	**(45,697)**	**(1,360,722)**
Derivative financial instruments (net)	**230,551**	**378**	**(9,221)**	**(6,453)**	**1,434**	**216,689**
Group net cash/(debt) (including cash attributable to assets classified as held for sale)	**29,987**	**(62,575)**	**(9,419)**	**(6,453)**	**(6,042)**	**(54,502)**
Group net cash/(debt) (excluding cash attributable to assets classified as held for sale)	**27,635**	**(60,223)**	**(9,419)**	**(6,453)**	**(6,042)**	**(54,502)**

The reconciliation of opening to closing net (debt)/cash for the year ended 31 March 2015 is as follows:

	At 1 April 2014 £'000	Cash flow £'000	Fair value adjustment: Income Statement £'000	Fair value adjustment: Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2015 £'000
Cash and short-term bank deposits	962,139	360,591	–	–	(59,436)	1,263,294
Overdrafts	(148,578)	13,719	–	–	1,230	(133,629)
	813,561	374,310	–	–	(58,206)	1,129,665
Finance leases	(1,120)	486	–	–	64	(570)
Unsecured Notes	(892,859)	(279,358)	(196,358)	–	38,916	(1,329,659)
Derivative financial instruments (net)	(6,874)	8,098	194,167	37,131	(1,971)	230,551
Group net (debt)/cash (including cash attributable to assets classified as held for sale)	(87,292)	103,536	(2,191)	37,131	(21,197)	29,987
Group net (debt)/cash (excluding cash attributable to assets classified as held for sale)	(89,763)	103,655	(2,191)	37,131	(21,197)	27,635

3.12 Analysis of Net (Debt)/Cash Continued

Currency profile

The currency profile of net debt at 31 March 2016 is as follows:

	Euro £'000	Sterling £'000	US Dollar £'000	Swedish Krona £'000	Other £'000	Total £'000
Cash and cash equivalents	407,830	689,881	22,556	30,719	31,048	1,182,034
Borrowings	(751,948)	(700,296)	(583)	(398)	–	(1,453,225)
Derivatives	111,223	104,829	637	–	–	216,689
	(232,895)	94,414	22,610	30,321	31,048	(54,502)

The currency profile of net cash at 31 March 2015 is as follows:

	Euro £'000	Sterling £'000	US Dollar £'000	Swedish Krona £'000	Other £'000	Total £'000
Cash and cash equivalents	414,859	803,136	9,049	20,128	16,122	1,263,294
Borrowings	(722,902)	(740,644)	–	(312)	–	(1,463,858)
Derivatives	138,285	95,656	(3,390)	–	–	230,551
	(169,758)	158,148	5,659	19,816	16,122	29,987

Interest rate profile

Cash and cash equivalents at 31 March 2016 and 31 March 2015 have maturity periods up to three months (note 3.9).

Bank borrowings are at floating interest rates for periods less than six months while the Group's Unsecured Notes due 2016 to 2029 have been swapped to a combination of fixed rates and floating rates which reset on a quarterly or semi-annual basis. The majority of finance leases are at fixed rates (note 3.11).

3.13 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 2016:

	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 2015	14,397	12,391	(2,979)	(1,837)	(1,761)	942	21,153
Consolidated Income Statement movement	454	(7,943)	1,597	714	(1,798)	136	(6,840)
Recognised in Other Comprehensive Income	–	–	–	570	(120)	–	450
Arising on acquisition	270	100,857	(52)	(1,768)	–	(9,738)	89,569
Exchange differences and other	713	8,552	(154)	(173)	–	(909)	8,029
At 31 March 2016	15,834	113,857	(1,588)	(2,494)	(3,679)	(9,569)	112,361
Analysed as:							
Deferred tax asset	(761)	–	(1,588)	(2,845)	(3,679)	(12,412)	(21,285)
Deferred tax liability	16,595	113,857	–	351	–	2,843	133,646
	15,834	113,857	(1,588)	(2,494)	(3,679)	(9,569)	112,361

Notes to the Financial Statements Continued

3.13 Deferred Income Tax Continued

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 2015:

	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 2014	9,590	14,438	(3,009)	(2,420)	(1,258)	(1,074)	16,267
Consolidated Income Statement movement	2,433	(5,156)	(257)	1,725	(179)	1,488	54
Recognised in Other Comprehensive Income	–	–	–	(2,187)	(324)	–	(2,511)
Arising on acquisition	3,028	4,382	–	–	–	616	8,026
Deferred tax on disposals	(218)	(277)	–	875	–	3	383
Deferred tax attributable to asset held for sale	10	–	–	–	–	38	48
Exchange differences and other	(446)	(996)	287	170	–	(129)	(1,114)
At 31 March 2015	14,397	12,391	(2,979)	(1,837)	(1,761)	942	21,153
Analysed as:							
Deferred tax asset	(1,265)	–	(2,979)	(1,944)	(1,761)	(1,431)	(9,380)
Deferred tax liability	15,662	12,391	–	107	–	2,373	30,533
	14,397	12,391	(2,979)	(1,837)	(1,761)	942	21,153

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 2016 of £21.285 million is expected to be settled/recovered more than twelve months after the balance sheet 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 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.

3.14 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.

Group

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 and four in the UK. 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 31 August 2012 and 1 April 2015. 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 2016 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 balance sheet 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.

The principal actuarial assumptions used were as follows:

	2016	2015
Republic of Ireland schemes		
Rate of increase in salaries	**n/a***	n/a*
Rate of increase in pensions in payment	**1.25% – 2.50%**	1.25% – 2.50%
Discount rate	**2.00%**	1.50%
Inflation assumption	**1.50%**	1.60%

* There is no future service accrual for the Irish schemes so salary inflation is not applicable.

	2016	2015
UK schemes		
Rate of increase in salaries	**3.05%**	3.10%
Rate of increase in pensions in payment	**1.53% – 3.05%**	1.55% – 3.10%
Discount rate	**3.60%**	3.35%
Inflation assumption	**3.05%**	3.10%

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 both geographic regions and are in accordance with the underlying funding valuations.

Notes to the Financial Statements Continued

3.14 Post Employment Benefit Obligations Continued

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 20 years time. The mortality assumptions are as follows:

	2016	2015
Current retirees		
Male	**24.2**	24.1
Female	**26.1**	25.9
Future retirees		
Male	**27.0**	26.9
Female	**29.0**	28.9

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

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

	2016		
	ROI £'000	UK £'000	Total £'000
Equities	**17,685**	**9,478**	**27,163**
Bonds	**37,854**	**13,403**	**51,257**
Property	**839**	**1,254**	**2,093**
Cash	**5,797**	**2,212**	**8,009**
Total fair value at 31 March 2016	**62,175**	**26,347**	**88,522**
Present value of scheme liabilities	**(62,486)**	**(26,383)**	**(88,869)**
Net pension liability at 31 March 2016	**(311)**	**(36)**	**(347)**

	2015		
	ROI £'000	UK £'000	Total £'000
Equities	22,673	10,000	32,673
Bonds	31,848	13,840	45,688
Property	870	1,145	2,015
Cash	3,269	1,518	4,787
Total fair value at 31 March 2015	58,660	26,503	85,163
Present value of scheme liabilities	(66,056)	(29,337)	(95,393)
Net pension liability at 31 March 2015	(7,396)	(2,834)	(10,230)

3.14 Post Employment Benefit Obligations Continued

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

	2016 £'000	2015 £'000
Current service cost	**(77)**	(677)
Past service credit	**824**	326
Administration expenses	**(79)**	(43)
	668	(394)
The amounts included in employee benefit expense is analysed as:		
Continuing operations	**668**	(72)
Discontinued operations	**–**	(322)
	668	(394)
Exceptional past service credit	**–**	5,922
Exceptional curtailment and settlement gains	**–**	2,823
	–	8,745
The net exceptional item is analysed as:		
Continuing operations (note 2.6)	**–**	6,381
Discontinued operations	**–**	2,364
	–	8,745
Interest cost on scheme liabilities	**(1,945)**	(3,875)
Interest income on scheme assets	**1,795**	3,439
	(150)	(436)
The net interest expense is analysed as:		
Continuing operations (note 2.7)	**(150)**	(316)
Discontinued operations	**–**	(120)
	(150)	(436)

Based on the assumptions employed for the valuation of assets and liabilities at 31 March 2016, the net charge in the Group Income Statement in the year ending 31 March 2017 is expected to be broadly in line with the current year figures.

Remeasurements recognised in Other Comprehensive Income are as follows:

	2016 £'000	2015 £'000
Return on scheme assets excluding interest income	**(4,984)**	17,895
Experience variations	**282**	1,300
Actuarial loss from changes in demographic assumptions	**–**	(1,282)
Actuarial loss from changes in financial assumptions	**9,596**	(37,215)
Total, included in Other Comprehensive Income	**4,894**	(19,302)

Cumulatively since transition to IFRS on 1 April 2004, £53.312 million has been recognised as a charge in the Group Statement of Comprehensive Income.

Notes to the Financial Statements Continued

3.14 Post Employment Benefit Obligations Continued

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

	2016 £'000	2015 £'000
At 1 April	**85,163**	103,922
Interest income on scheme assets	**1,795**	3,439
Remeasurements:		
– return on scheme assets excluding interest income	**(4,984)**	17,895
Contributions by employers	**4,526**	7,189
Contributions by members	**13**	184
Administration expenses	**(79)**	(43)
Benefits paid	**(2,969)**	(2,295)
Disposal of subsidiaries	**–**	(36,249)
Exchange	**5,057**	(8,879)
At 31 March	**88,522**	85,163

The actual return on plan assets was a loss of £3.189 million (2015: gain of £21.334 million).

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

	2016 £'000	2015 £'000
At 1 April	**95,393**	119,955
Current service cost	**77**	677
Past service credit	**(824)**	(326)
Interest cost	**1,945**	3,875
Remeasurements:		
– experience variations	**(282)**	(1,300)
– actuarial loss from changes in demographic assumptions	**–**	1,282
– actuarial (gain)/loss from changes in financial assumptions	**(9,596)**	37,215
Contributions by members	**13**	184
Benefits paid	**(2,969)**	(2,295)
Exceptional past service credit and curtailment gains	**–**	(8,745)
Disposal of subsidiaries	**–**	(45,031)
Exchange	**5,112**	(10,098)
At 31 March	**88,869**	95,393

The weighted average duration of the defined benefit obligation at 31 March 2016 was 21.8 years (2015: 23.0 years).

Employer contributions for the forthcoming financial year are estimated at £3.5 million. The difference between the actual employer contributions paid in the current year of £4.5 million and the expectation of £4.0 million included in the 2015 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 2015 financial statements.

3.14 Post Employment Benefit Obligations Continued

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 and UK 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
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 5.5%	Decrease/increase by 5.3%
Price inflation	Increase/decrease by 0.25%	Increase/decrease by 3.1%	Increase/decrease by 4.7%
Mortality	Increase/decrease by one year	Increase/decrease by 3.2%	Increase/decrease by 2.9%

Split of scheme assets

	UK		Republic of Ireland		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Investments quoted in active markets:						
Equity instruments:						
– developed markets	**8,984**	9,499	**16,759**	21,200	**25,743**	30,699
– emerging markets	**494**	501	**926**	1,473	**1,420**	1,974
Debt instruments:						
– non government debt instruments	**5,851**	5,709	**2,104**	17,281	**7,955**	22,990
– government debt instruments	**7,552**	8,131	**35,750**	14,567	**43,302**	22,698
Cash and cash equivalents	**2,212**	1,518	**5,797**	3,269	**8,009**	4,787
Unquoted investments:						
Property	**1,254**	1,145	**839**	870	**2,093**	2,015
	26,347	26,503	**62,175**	58,660	**88,522**	85,163

Notes to the Financial Statements Continued

3.15 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.

Group

The Group's acquisition related liabilities of £122.642 million (2015: £43.384 million) as stated on the Balance Sheet consists of £29.926 million of sterling floating rate financial liabilities (2015: £33.167 million), £87.599 million of euro floating rate financial liabilities (2015: £3.704 million) and £5.117 million of swedish krona floating rate financial liabilities (2015: £6.513 million) payable as follows:

	2016 £'000	2015 £'000
Within one year	**41,231**	3,235
Between one and two years	**13,926**	8,394
Between two and five years	**67,485**	31,755
	122,642	43,384
Analysed as:		
Non-current liabilities	**81,411**	40,149
Current liabilities	**41,231**	3,235
	122,642	43,384

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

	2016 £'000	2015 £'000
At 1 April	**43,384**	53,323
Arising on acquisition (note 5.2)	**81,519**	8,489
Unwinding of discount applicable to acquisition related liabilities	**348**	–
Disposal of subsidiaries	**–**	(79)
Adjustments to contingent consideration (adjustment to goodwill) (note 3.2)	**623**	–
Adjustments to contingent consideration (recognised in the Income Statement)	**(6,290)**	(1,056)
Paid during the year	**(3,913)**	(16,326)
Exchange and other	**6,971**	(967)
At 31 March	**122,642**	43,384

3.16 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 programs, environmental obligations and insurance liabilities.

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2016 is as follows:

Group	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2015	**10,649**	**17,996**	**1,689**	**6,778**	**37,112**
Provided during the year	**4,810**	**(189)**	**1,112**	**7,198**	**12,931**
Unwinding of discount applicable to provisions for liabilities	**–**	**–**	**1,204**	**–**	**1,204**
Utilised during the year	**(8,068)**	**(908)**	**(206)**	**(4,654)**	**(13,836)**
Arising on acquisition (note 5.2)	**13,213**	**44,078**	**120,477**	**10,730**	**188,498**
Exchange and other	**1,660**	**4,736**	**10,476**	**1,707**	**18,579**
At 31 March 2016	**22,264**	**65,713**	**134,752**	**21,759**	**244,488**
Analysed as:					
Non-current liabilities	**10,134**	**63,519**	**127,232**	**12,230**	**213,115**
Current liabilities	**12,130**	**2,194**	**7,520**	**9,529**	**31,373**
	22,264	**65,713**	**134,752**	**21,759**	**244,488**

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2015 is as follows:

Group	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2014	13,265	9,609	1,658	6,410	30,942
Provided during the year	(460)	(391)	171	2,947	2,267
Utilised during the year	(503)	(904)	–	(2,071)	(3,478)
Arising on acquisition	–	10,829	–	–	10,829
Provisions for liabilities attributable to assets classified as held for sale	–	–	–	(250)	(250)
Exchange and other	(1,653)	(1,147)	(140)	(258)	(3,198)
At 31 March 2015	10,649	17,996	1,689	6,778	37,112
Analysed as:					
Non-current liabilities	4,979	17,821	1,689	4,527	29,016
Current liabilities	5,670	175	–	2,251	8,096
	10,649	17,996	1,689	6,778	37,112

Notes to the Financial Statements Continued

3.16 Provisions for Liabilities Continued

Rationalisation, restructuring and redundancy

This provision relates to various rationalisation and restructuring programs across the Group. The Group expects that the majority of this provision will be utilised within one year.

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 3-5 years from the date of the claim.

3.17 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.

Group	2016 £'000	2015 £'000
At 1 April	**1,296**	1,343
Amortisation in year	**(419)**	(358)
Arising on acquisition (note 5.2)	**46**	281
Received in year	**–**	52
Exchange and other adjustments	**7**	(22)
At 31 March	**930**	1,296
Analysed as:		
Non-current liabilities	**904**	1,272
Current liabilities (note 3.7)	**26**	24
	930	1,296

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.

Group and Company	2016 £'000	2015 £'000
Authorised		
152,368,568 ordinary shares of €0.25 each	**25,365**	25,365

Issued

Year ended 31 March 2016	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 April (including 4,211,270 ordinary shares held as treasury shares)	**88,229,404**	**14,688**	**83,032**	**97,720**
Issue of share capital	**4,200,000**	**767**	**194,179**	**194,946**
At 31 March (including 3,903,820 ordinary shares held as treasury shares)	**92,429,404**	**15,455**	**277,211**	**292,666**

Year ended 31 March 2015	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 April and 31 March	88,229,404	14,688	83,032	97,720

As at 31 March 2016, the total authorised number of ordinary shares is 152,368,568 shares (2015: 152,368,568 shares) with a par value of €0.25 per share (2015: €0.25 per share). Share premium relates to the share premium arising on the issue of shares.

The Company completed a placing of 4,200,000 new ordinary shares in May 2015. The placing represented approximately 5% of DCC's issued ordinary share capital before the placing and raised proceeds (net of expenses) of £194.946 million.

During the year the Company re-issued 307,450 treasury shares for a consideration (net of expenses) of £2.781 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 101 and 102.

Restriction on transfer of shares

The Directors may, in 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 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 save where the transferor is a Stock Exchange Nominee (ii) it is in respect of only one class of shares and (iii) it is in favour of not more than four transferees.

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 per cent 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 specified shares; and/or 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.

Notes to the Financial Statements Continued

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.

Group	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 1 April 2014	10,630	(3,844)	49,822	932	57,540
Currency translation:					
– arising in the year	–	–	(14,418)	–	(14,418)
– recycled to the Income Statement on disposal	–	–	(2,721)	–	(2,721)
Cash flow hedges:					
– fair value gain in year – private placement debt	–	37,131	–	–	37,131
– fair value loss in year – other	–	(15,901)	–	–	(15,901)
– tax on fair value net gains	–	(2,633)	–	–	(2,633)
– transfers to sales	–	4,893	–	–	4,893
– transfers to cost of sales	–	7,889	–	–	7,889
– transfers to operating expenses	–	(40,954)	–	–	(40,954)
– tax on transfers	–	2,957	–	–	2,957
Share based payment	2,126	–	–	–	2,126
At 31 March 2015	**12,756**	**(10,462)**	**32,683**	**932**	**35,909**
Currency translation	**–**	**–**	**35,706**	**–**	**35,706**
Cash flow hedges:					
– fair value loss in year – private placement debt	**–**	**(6,453)**	**–**	**–**	**(6,453)**
– fair value loss in year – other	**–**	**(16,819)**	**–**	**–**	**(16,819)**
– tax on fair value net losses	**–**	**4,199**	**–**	**–**	**4,199**
– transfers to sales	**–**	**(399)**	**–**	**–**	**(399)**
– transfers to cost of sales	**–**	**20,068**	**–**	**–**	**20,068**
– transfers to operating expenses	**–**	**5,833**	**–**	**–**	**5,833**
– tax on transfers	**–**	**(4,079)**	**–**	**–**	**(4,079)**
Transfer to non-controlling interests arising on acquisition	**–**	**–**	**2,498**	**–**	**2,498**
Share based payment	**2,198**	**–**	**–**	**–**	**2,198**
At 31 March 2016	**14,954**	**(8,112)**	**70,887**	**932**	**78,661**

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 all foreign exchange differences from 1 April 2004 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 balance sheet date.
4 The Group's other reserves comprise a capital conversion reserve fund and an unrealised gain on the disposal of an associate.

4.2 Other Reserves Continued

Company	Foreign currency translation reserve[1] £'000	Other reserves[2] £'000	Total £'000
At 1 April 2014	59,572	229	59,801
Currency translation	(24,962)	–	(24,962)
At 31 March 2015	**34,610**	**229**	**34,839**
Currency translation	**35,535**	**–**	**35,535**
At 31 March 2016	**70,145**	**229**	**70,374**

1 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.
2 The Company's other reserves is 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.

Group	2016 £'000	2015 £'000
At 1 April	**849,119**	786,158
Net income recognised in Income Statement	**178,031**	144,427
Net income recognised in Other Comprehensive Income:		
– remeasurements of defined benefit pension obligations	**4,894**	(19,302)
– deferred tax on remeasurements	**(570)**	2,187
Re-issue of treasury shares (net of expenses)	**2,781**	1,699
Transfer to non-controlling interests arising on acquisition	**(5,001)**	–
Dividends	**(80,938)**	(66,050)
At 31 March	**948,316**	849,119

Company	2016 £'000	2015 £'000
At 1 April	**69,865**	7,031
Total comprehensive income for the financial year	**92,625**	127,185
Re-issue of treasury shares (net of expenses)	**2,781**	1,699
Dividends	**(80,938)**	(66,050)
At 31 March	**84,333**	69,865

The cost to the Group and the Company of €53.663 million to acquire the 3,903,820 shares held in Treasury has been deducted from the Group and Company Retained Earnings. These shares were acquired at prices ranging from €10.80 to €17.90 each (average: €13.75) between 27 November 2003 and 19 June 2006 and are primarily held to satisfy exercises under the Group's share options and awards schemes.

Notes to the Financial Statements Continued

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.

Group	2016 £'000	2015 £'000
At 1 April	**4,245**	4,837
Share of profit/(loss) for the financial year	**3,012**	(3)
Non-controlling interest arising on acquisition (note 5.2)	**21,311**	–
Exchange	**2,265**	(589)
At 31 March	**30,833**	4,245

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**	
	2016 Stg£1=	2015 Stg£1=	**2016 Stg£1=**	2015 Stg£1=
Euro	**1.3697**	1.2674	**1.2633**	1.3749
Danish Krone	**10.2297**	9.4577	**9.4134**	10.2705
Swedish Krona	**12.7937**	11.6866	**11.6547**	12.7734
Norwegian Krone	**12.4995**	10.7266	**11.8938**	11.9669

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 in May 2015 of 100% of Computers Unlimited, a consumer technology distributor operating primarily in the UK but also with operations in France and Spain;
- the acquisition of 100% of the assets that comprise Esso's unmanned and motorway retail petrol station network in France ('Esso Retail France'), completed in June 2015;
- the combination of the Group's Danish oil distribution business with the fuel distribution activities of DLG, a leading Danish agricultural business. The transaction, which completed in July 2015, resulted in DCC Energy owning 60% of the enlarged business;
- the acquisition in September 2015 of 100% of Design Plus (Holdings) Ltd, a market leader in sachet filling in Britain;
- the acquisition in December 2015 of 100% of CUC Groupe, a cabling and connectors distribution business headquartered near Paris with operations in France and Germany; and
- the consideration for the acquisition of 100% of Butagaz S.A.S. ('Butagaz'), a leading liquefied petroleum gas business in France, was paid on 2 November 2015.

Notes to the Financial Statements Continued

5.2 Business Combinations Continued

The carrying amounts of the assets and liabilities acquired (excluding net cash/debt acquired), determined in accordance with IFRS before completion of the business combinations, together with the fair value adjustments made to those carrying values were as follows:

	Butagaz 2016 £'000	Esso Retail France 2016 £'000	Others 2016 £'000	Total 2016 £'000
Assets				
Non-current assets				
Property, plant and equipment (note 3.1)	119,801	78,583	6,221	204,605
Intangible assets – other intangible assets (note 3.2)	264,881	16,561	16,572	298,014
Equity accounted investments (note 3.3)	15,292	–	–	15,292
Deferred income tax assets	11,383	–	222	11,605
Total non-current assets	411,357	95,144	23,015	529,516
Current assets				
Inventories (note 3.8)	10,034	19,932	22,373	52,339
Trade and other receivables (note 3.8)	69,919	1,211	26,774	97,904
Total current assets	79,953	21,143	49,147	150,243
Liabilities				
Non-current liabilities				
Deferred income tax liabilities	(90,947)	(5,702)	(4,525)	(101,174)
Provisions for liabilities	(150,865)	(18,611)	(418)	(169,894)
Government grants (note 3.17)	–	–	(46)	(46)
Total non-current liabilities	(241,812)	(24,313)	(4,989)	(271,114)
Current liabilities				
Trade and other payables (note 3.8)	(50,697)	(17,254)	(27,472)	(95,423)
Provisions for liabilities	(18,604)	–	–	(18,604)
Current income tax liability	(18,318)	–	(401)	(18,719)
Total current liabilities	(87,619)	(17,254)	(27,873)	(132,746)
Identifiable net assets acquired	161,879	74,720	39,300	275,899
Non-controlling interest arising on acquisition (note 4.4)	–	–	(21,311)	(21,311)
Other reserve movements arising on acquisitions	–	–	2,503	2,503
Intangible assets – goodwill (note 3.2)	157,527	14,457	42,486	214,470
Total consideration	319,406	89,177	62,978	471,561
Satisfied by:				
Cash	339,660	95,362	65,470	500,492
Cash and cash equivalents acquired	(91,125)	(14,602)	(4,723)	(110,450)
Net cash outflow	248,535	80,760	60,747	390,042
Acquisition related liabilities	70,871	8,417	2,231	81,519
Total consideration	319,406	89,177	62,978	471,561

5.2 Business Combinations Continued

The acquisitions of Butagaz and Esso Retail France have been deemed to be substantial transactions and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining 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:

Butagaz	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	301,336	110,021	411,357
Current assets	82,873	(2,920)	79,953
Non-current liabilities	(202,385)	(39,427)	(241,812)
Current liabilities	(81,732)	(5,887)	(87,619)
Identifiable net assets acquired	100,092	61,787	161,879
Goodwill arising on acquisition	219,314	(61,787)	157,527
Total consideration	319,406	–	319,406

Esso Retail France	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	80,343	14,801	95,144
Current assets	21,430	(287)	21,143
Non-current liabilities	(18,611)	(5,702)	(24,313)
Current liabilities	(17,254)	–	(17,254)
Identifiable net assets acquired	65,908	8,812	74,720
Goodwill arising on acquisition	23,269	(8,812)	14,457
Total consideration	89,177	–	89,177

Others	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	6,443	16,572	23,015
Current assets	49,293	(146)	49,147
Non-current liabilities	(788)	(4,201)	(4,989)
Current liabilities	(27,463)	(410)	(27,873)
Identifiable net assets acquired	27,485	11,815	39,300
Non-controlling interest and related reserve movement	(18,808)	–	(18,808)
Goodwill arising on acquisition	54,301	(11,815)	42,486
Total consideration	62,978	–	62,978

Total	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	388,122	141,394	529,516
Current assets	153,596	(3,353)	150,243
Non-current liabilities	(221,784)	(49,330)	(271,114)
Current liabilities	(126,449)	(6,297)	(132,746)
Identifiable net assets acquired	193,485	82,414	275,899
Non-controlling interest and related reserve movement	(18,808)	–	(18,808)
Goodwill arising on acquisition	296,884	(82,414)	214,470
Total consideration	471,561	–	471,561

Notes to the Financial Statements Continued

5.2 Business Combinations Continued

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 these fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2017 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.

£26.566 million of the goodwill recognised in respect of acquisitions completed during the financial year is expected to be deductible for tax purposes.

Acquisition related costs included in other operating expenses in the Group Income Statement amounted to £7.478 million.

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 £100.127 million. The fair value of these receivables is £97.904 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £2.223 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 £4.325 million.

There were no adjustments processed during the year to the fair value of business combinations completed during the year ended 31 March 2015 where those fair values were not readily determinable as at 31 March 2015.

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

	2016 £'000
Revenue	**1,473,914**
Cost of sales	**(1,215,255)**
Gross profit	**258,659**
Operating costs	**(183,395)**
Operating profit	**75,264**
Finance costs (net)	**(562)**
Profit before tax	**74,702**
Income tax expense	**(22,972)**
Non-controlling interests	**(2,685)**
Profit for the financial year	**49,045**

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:

	2016 £'000
Revenue	**11,079,029**
Profit for the financial year	**189,887**

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.

Group	2016 £'000	2015 £'000
Profit for the financial year	**181,043**	144,424
Add back non-operating expenses/(income):		
– tax (note 2.9)	**35,314**	18,881
– share of equity accounted investments' profit	**(504)**	(489)
– net operating exceptionals	**14,640**	8,725
– net finance costs	**38,408**	31,313
Operating profit before exceptionals	**268,901**	202,854
– share-based payments expense (note 2.5)	**2,198**	2,126
– depreciation (note 3.1)	**74,822**	59,710
– amortisation of intangible assets (note 3.2)	**31,622**	25,345
– loss/(profit) on disposal of property, plant and equipment	**415**	(3,256)
– amortisation of government grants (note 3.17)	**(419)**	(358)
– other (primarily pension payments)	**(3,412)**	(11,159)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– inventories (note 3.8)	**(10,647)**	169,385
– trade and other receivables (note 3.8)	**59,159**	90,659
– trade and other payables (note 3.8)	**(10,927)**	(157,488)
Cash generated from operations before exceptionals	**411,712**	377,818

Company	2016 £'000	2015 £'000
Profit for the financial year	**92,625**	127,185
Add back non-operating income:		
– net operating exceptionals	**(68,112)**	(31,100)
– net finance income	**(5,806)**	(7,160)
– dividend income	**(18,253)**	(87,312)
Operating profit	**454**	1,613
Changes in working capital:		
– trade and other receivables (note 3.8)	**(129,788)**	11,447
– trade and other payables (note 3.8)	**(66,029)**	(107,604)
Cash generated from operations	**(195,363)**	(94,544)

Notes to the Financial Statements Continued

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 leases and 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

Group	2016 £'000	2015 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the financial statements	**52,021**	9,613
Capital expenditure on property, plant and equipment that has been authorised by the Directors but has not yet been contracted for	**96,479**	132,821
	148,500	142,434

Commitments under Operating and Finance Leases

Group

Operating leases

Future minimum rentals payable under non-cancellable operating leases at 31 March are as follows:

	2016 £'000	2015 £'000
Within one year	**33,682**	23,073
After one year but not more than five years	**79,250**	60,129
More than five years	**72,874**	80,929
	185,806	164,131

The Group leases a number of properties under operating leases. The leases typically run for a period of 10 to 25 years. Rents are generally reviewed every five years.

During the year ended 31 March 2016, £40.003 million (2015: £28.504 million) was recognised as an expense in the Income Statement in respect of operating leases.

Finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2016		2015	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	**381**	**379**	359	357
After one year but not more than five years	**134**	**127**	216	213
	515	**506**	575	570
Less: amounts allocated to future finance costs	**(9)**	**–**	(5)	–
Present value of minimum lease payments	**506**	**506**	570	570

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 £1,626.453 million (2015: £1,593.381 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 liabilities of the following subsidiaries; Alvabay Limited, DCC Corporate Partners Limited, DCC Energy Limited, DCC Facilities Limited, DCC Finance Limited, DCC Finance & Treasury Limited, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Limited, DCC Technology Limited, DCC Technology (Holdings) Limited, DCC Treasury Ireland 2013 Limited, DCC Treasury Solutions Limited, Emo Oil Limited, Energy Procurement Limited, Energy Procurement Ireland 2013 Limited, Exertis Ireland Limited, Fannin Limited, Flogas Ireland Limited, Great Gas Petroleum (Ireland) Limited, Heleconia Limited, SerCom (Holdings) Limited and Shannon Environmental Holdings Limited. As a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014.

5.6 Related Party Transactions

The Group's principal related parties are the Group's subsidiaries, joint ventures, 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, joint ventures 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.

Group
Subsidiaries, joint ventures and associates

The consolidated financial statements include the financial statements of the Company and its subsidiaries, joint ventures 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, joint ventures and associates is provided in the Group Directory on pages 194 to 198 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:

	2016 £'000	2015 £'000
Short-term benefits	**2,602**	2,224
Post employment benefits	**1,101**	720
Share-based payment (calculated in accordance with the principles disclosed in note 2.5)	**723**	791
At 31 March	**4,426**	3,735

Company
Subsidiaries, joint ventures and associates

The Company's Income Statement includes dividends from its subsidiary DCC Management Services Limited of £18.253 million. Details of loan balances to/from subsidiaries are provided in the Company Balance Sheet on page 122, in note 3.6 'Trade and Other Receivables' and in note 3.7 'Trade and Other Payables'.

Notes to the Financial Statements Continued

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 in order 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.

In order 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.

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, net debt/cash and acquisition related liabilities, may be summarised as follows:

Group	2016 £'000	2015 £'000
Capital and reserves attributable to the owners of the Parent	**1,319,643**	982,748
Net debt/(cash) (note 3.12)	**54,502**	(29,987)
Acquisition related liabilities (note 3.15)	**122,642**	43,384
At 31 March	**1,496,787**	996,145

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 December 2015. 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 commodity price exposures within approved policies and guidelines. Monitoring of compliance with the policies and guidelines is managed by the Group Risk Management function.

There are no significant concentrations of risk and there has been no significant change during the financial year, or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

(i) Credit risk management

Credit risk arises 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's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account 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.

As detailed in note 3.6, the Group's trade receivables at 31 March 2016 amount to £825.693 million (2015: £774.546 million). Customer credit risk arising in the context of the Group's operations is not significant and the total provision for impairment of trade receivables amounts to 2.1% of the Group's gross trade receivables (2015: 1.9%). The vast majority of the provision for impairment relates to trade and other receivables balances which are over 6 months overdue.

Receivable balances classified as neither past due nor impaired represent 89% of the total trade receivables balance at 31 March 2016 (2015: 91%). These balances are expected to be fully recoverable. Included in the Group's trade receivables at 31 March 2016 are balances of £76.054 million (2015: £57.769 million) which are past due at the reporting date but not impaired.

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 2016 was £153.743 million (2015: £148.090 million).

5.7 Financial Risk and Capital Management Continued

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. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy. Of the total cash and cash equivalents at 31 March 2016 of £1,182.034 million, 56.0% (£662.114 million) was with financial institutions with a minimum rating in the P-1 (short-term) category of Moody's and 99.8% (£1,179.860 million) was with financial institutions with a minimum rating in the P-2 (short-term) category of 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 2016 derivative transactions were with counterparties with ratings ranging from AA- to BB+ (long-term) with Standard and Poors or Aa2 to Ba1 (long-term) with Moody's.

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 2016 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.

Group As at 31 March 2016	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	(1,437,832)	–	–	–	(1,437,832)
Interest bearing loans and borrowings	(190,943)	(54,993)	(273,961)	(847,139)	(1,367,036)
Interest payments on interest bearing loans and borrowings	(60,140)	(52,355)	(134,590)	(106,302)	(353,387)
Acquisition related liabilities	(41,231)	(13,926)	(67,485)	–	(122,642)
Cross currency swaps – gross cash outflows	(94,123)	(40,367)	(277,023)	(667,326)	(1,078,839)
Other derivative financial instruments	(2,377)	(317)	(5)	–	(2,699)
	(1,826,646)	(161,958)	(753,064)	(1,620,767)	(4,362,435)
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	4,477	3,066	8,115	6,742	22,400
Cross currency swaps – gross cash inflows	133,409	76,519	392,616	802,977	1,405,521
	137,886	79,585	400,731	809,719	1,427,921

Notes to the Financial Statements Continued

5.7 Financial Risk and Capital Management Continued

Group As at 31 March 2015	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	(1,312,136)	–	–	–	(1,312,136)
Interest bearing loans and borrowings	(149,196)	(95,150)	(267,058)	(875,415)	(1,386,819)
Interest payments on interest bearing loans and borrowings	(61,480)	(56,590)	(146,062)	(138,989)	(403,121)
Acquisition related liabilities	(3,235)	(8,394)	(31,755)	–	(43,384)
Cross currency swaps – gross cash outflows	(34,439)	(91,054)	(257,247)	(697,976)	(1,080,716)
Other derivative financial instruments	(5,117)	–	–	–	(5,117)
	(1,565,603)	(251,188)	(702,122)	(1,712,380)	(4,231,293)
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	4,080	4,061	7,449	8,418	24,008
Cross currency swaps – gross cash inflows	66,573	129,713	372,261	864,604	1,433,151
	70,653	133,774	379,710	873,022	1,457,159

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.

Company As at 31 March 2016	**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	**103,197**	**–**	**–**	**–**	**103,197**

Company As at 31 March 2015	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	164,890	–	14,128	–	179,018

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

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 they are not intended to be repatriated.

The Group has investments in non-sterling, primarily euro denominated, operations which are cash generative and 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 currency swaps or cross currency interest rate swaps) into the relevant currency, although this hedge is 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 6.3% weakening in the value of sterling against the euro during the year ended 31 March 2016 was the main element of the translation gain of £38.0 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2016 as set out in the Group Statement of Comprehensive Income.

5.7 Financial Risk and Capital Management Continued

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 eighteen months with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes.

Sensitivity to currency movements

Group

A change in the value of other currencies by 10% against sterling would have a £8.2 million (2015: £0.7 million) impact on the Group's profit before tax, would change the Group's equity by £37.8 million and change the Group's net debt/cash by £15.0 million (2015: £9.4 million and £11.7 million respectively). These amounts include an insignificant amount of transactional currency exposure.

Company

The Company does not have any material assets or liabilities denominated in any currency other than euro at 31 March 2016 or at 31 March 2015 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 an £8.4 million (2015: £11.6 million) impact on the Company's profit before tax, would change the Company's equity by £41.1 million and change the Company's net cash by £3.0 million (2015: £20.2 million and £0.1 million respectively).

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 LIBOR. 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.

Sensitivity of interest charges to interest rate movements

Group

Based on the composition of net debt at 31 March 2016 a one percentage point (100 basis points) change in average floating interest rates would have a £1.6 million (2015: £3.9 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.

Company

Based on the composition of net cash at 31 March 2016 a one percentage point (100 basis points) change in average floating interest rates would have a £0.3 million (2015: nil) 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.

Commodity price risk management

The Group is exposed to commodity cost price risk in its oil distribution and LPG businesses. Market dynamics are such that these commodity cost price movements are immediately reflected in oil commodity sales prices and, within a short period, in LPG commodity sales prices and in the resale prices of recycled oil products. Fixed price oil supply contracts are occasionally provided to certain customers for periods generally of less than one year. To manage this exposure, the Group enters into matching forward commodity contracts which are designated as hedges under IAS 39. The Group hedges a proportion of its anticipated LPG commodity exposure, with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes. In addition, to cover certain customer segments for which it is commercially beneficial to avoid price increases, a proportion of LPG commodity price and related foreign exchange exposure is hedged. 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

Group

Due to pricing dynamics in the oil distribution market and the recycled oil product market, an increase or decrease of 10% in the commodity cost price of oil would have a nil impact on the Group's profit before tax (2015: nil) and a nil impact on the Group's equity (2015: nil).

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 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.

Company

The Company has no exposure to commodity price risk.

Notes to the Financial Statements Continued

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 provision 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 and Company's financial assets and financial liabilities:

	2016		2015	
Group	**Book value £'000**	**Fair value £'000**	Book value £'000	Fair value £'000
Financial assets				
Derivative financial instruments	**225,433**	**225,433**	238,545	238,545
Trade and other receivables	**916,069**	**916,069**	847,274	847,274
Cash and cash equivalents	**1,182,034**	**1,182,034**	1,260,942	1,260,942
	2,323,536	**2,323,536**	2,346,761	2,346,761
Financial liabilities				
Borrowings	**1,453,225**	**1,469,758**	1,463,858	1,439,781
Derivative financial instruments	**8,744**	**8,744**	7,994	7,994
Acquisition related liabilities	**122,642**	**122,642**	43,384	43,384
Trade and other payables	**1,437,832**	**1,437,832**	1,312,136	1,312,136
	3,022,443	**3,038,976**	2,827,372	2,803,295

	2016		2015	
Company	**Book value £'000**	**Fair value £'000**	Book value £'000	Fair value £'000
Financial assets				
Trade and other receivables	**421,566**	**421,566**	258,033	258,033
Cash and cash equivalents	**29,321**	**29,321**	617	617
	450,887	**450,887**	258,650	258,650
Financial liabilities				
Trade and other payables	**103,197**	**103,197**	179,018	179,018
	103,197	**103,197**	179,018	179,018

5.7 Financial Risk and Capital Management Continued

Group

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 2016	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets				
Derivative financial instruments (note 3.10)	**–**	**225,433**	**–**	**225,433**
	–	**225,433**	**–**	**225,433**
Financial liabilities				
Acquisition related liabilities (note 3.15)	**–**	**–**	**122,642**	**122,642**
Derivative financial instruments (note 3.10)	**–**	**8,744**	**–**	**8,744**
	–	**8,744**	**122,642**	**131,386**

Fair value measurement as at 31 March 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.10)	–	238,545	–	238,545
	–	238,545	–	238,545
Financial liabilities				
Acquisition related liabilities (note 3.15)	–	–	43,384	43,384
Derivative financial instruments (note 3.10)	–	7,994	–	7,994
	–	7,994	43,384	51,378

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 balance sheet date with the resulting value discounted back to present value.
- The fair value of forward commodity contracts is determined using quoted forward commodity prices at the balance sheet date with the resulting value discounted back to present value.

Level 3 fair value measurement:

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.
- 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 estimated fair value of contingent consideration would increase/(decrease) if EBITDA/EBIT growth was higher/(lower) or if the risk-adjusted discount rate was lower/(higher).

Company

As at 31 March 2016 and 31 March 2015 the Company had no financial assets or financial liabilities which were carried at fair value.

Notes to the Financial Statements Continued

5.7 Financial Risk and Capital Management Continued

Offsetting financial assets and financial liabilities

(i) Financial assets

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

Group As at 31 March 2016	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	Related amounts not set off in the Balance Sheet Financial liabilities £'000	Related amounts not set off in the Balance Sheet Cash collateral received £'000	Net amount £'000
Derivative financial instruments	219,387	–	219,387	–	–	219,387
Cash and cash equivalents	205,933	–	205,933	(85,228)	–	120,705
	425,320	–	425,320	(85,228)	–	340,092

Group As at 31 March 2015	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	Related amounts not set off in the Balance Sheet Financial liabilities £'000	Related amounts not set off in the Balance Sheet Cash collateral received £'000	Net amount £'000
Derivative financial instruments	235,760	–	235,760	(92)	–	235,668
Cash and cash equivalents	199,362	–	199,362	(85,227)	–	114,135
	435,122	–	435,122	(85,319)	–	349,803

(ii) Financial liabilities

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

Group As at 31 March 2016	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	–	–	–	–	–	–
Bank borrowings	85,228	–	85,228	(85,228)	–	–
	85,228	–	85,228	(85,228)	–	–

Group As at 31 March 2015	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	92	–	92	(92)	–	–
Bank borrowings	85,227	–	85,227	(85,227)	–	–
	85,319	–	85,319	(85,319)	–	–

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 2016 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 value added tax, volume and promotional rebates, allowances and discounts. Revenue is generally recognised on a duty inclusive basis where applicable. 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 recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and when the amount of revenue and costs incurred can be measured reliably. 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. Sales returns and discounts are recorded in the same period as the original revenue.

DCC Energy derives the majority of its revenue from the sale of oil and LPG. Revenue is recognised when the products are delivered to the customer. 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 pharmaceutical and medical devices. Revenue is also generated from the manufacture of products for health and beauty brand owners focused principally on the areas of nutrition and beauty. Revenue is recognised on delivery of the product to the customer in the majority of cases.

DCC Technology derives the majority of its revenue from the sale of consumer and SME focused technology products. Revenue is generally recognised on despatch. 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 specifics of each arrangement.

Revenue in DCC Environmental is recognised on receipt of waste and on sale of recyclable materials. Revenue includes amounts which are based on market prices for recyclate products. Revenue is also derived from the sale of chemicals and processed oil which is recognised on delivery to the customer.

Sales of services

Revenue from the rendering of services is recognised in the period in which the services are rendered. Where services are performed rateably over a period of time revenue is recognised on a straight-line basis over the period of the contract.

Service revenue in DCC Energy is generated from a variety of value added services provided to customers. Revenue is recognised 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.

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 as the service is provided.

Service revenue in DCC Environmental is recognised at the point when the service has been performed. When contractual agreements provide for specific services, revenue is recognised at the point of delivery of each separate service.

Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

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

Rental income

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

Notes to the Financial Statements Continued

5.9 Summary of Significant Accounting Policies Continued

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 four reportable operating segments: DCC Energy, DCC Healthcare, DCC Technology and DCC Environmental.

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 as the majority 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 balance sheet 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 subsidiaries, joint ventures 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 balance sheet date. Adjustments arising on translation of the results of such subsidiaries, joint ventures 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. The interest expense component of finance lease payments is recognised in the Income Statement using the effective interest rate method. The net finance cost on defined benefit pension scheme obligations is 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

Interest 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 consideration (arising on business combinations from 1 April 2010) and impairment of assets. Judgement is used by the Group in assessing the particular 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.

5.9 Summary of Significant Accounting Policies Continued

Income Tax

Current tax

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 balance sheet date and taking into account any adjustments stemming from prior years.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the balance sheet 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 with the exception of 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, joint ventures 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, joint ventures 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 balance sheet 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 and long-term leasehold buildings	2%
Plant and machinery	5 – 33⅓%
Cylinders	6⅔ – 10%
Motor vehicles	10 – 33⅓%
Fixtures, fittings & office equipment	10 – 33⅓%

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

In accordance with IAS 36 *Impairment of Assets*, the carrying amounts of items of property, plant and equipment are reviewed at each balance sheet 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 in order 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.

Notes to the Financial Statements Continued

5.9 Summary of Significant Accounting Policies Continued

Business Combinations

Business combinations from 1 April 2010

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 re-measured 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. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in the Income Statement.

Goodwill is initially measured at cost being the excess 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 other shareholder's option to put its shareholding, being the fair value of the estimate of amounts payable to acquire the subsidiary shareholding. The financial liability is included in contingent consideration. 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.

Business combinations prior to 1 April 2010

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to contingent consideration were recognised as part of goodwill.

A financial liability was recognised in relation to the other shareholder's option to put its shareholding, being the fair value of the estimate of amounts payable to acquire the subsidiary shareholding. The financial liability was included in contingent consideration. The discount component was unwound as an interest charge in the Income Statement over the life of the obligation. Subsequent changes to the financial liability were recognised as an adjustment to goodwill.

Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. The assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

Intangible Assets – 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 at cost being the excess of the cost of the business combination over the acquirer's interest in 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.

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.

5.9 Summary of Significant Accounting Policies Continued

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 on the basis of the relative values of the operation disposed of and the proportion of the cash-generating unit retained.

Intangible Assets – other than Goodwill

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 ten 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 other than goodwill.

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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as assets of the Group at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a short, medium or long-term lease obligation as appropriate. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Income Statement.

Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the term of the relevant lease.

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 provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence 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 provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Income Statement.

Notes to the Financial Statements Continued

5.9 Summary of Significant Accounting Policies Continued

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.

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' and presented in note 2.7.

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' or 'Other Operating Expenses' and presented in note 2.2.

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 twelve months and as a current asset or current liability if the remaining maturity of the derivative is less than twelve 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 re-measurement 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' or 'Other Operating 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).

5.9 Summary of Significant Accounting Policies Continued

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.

Provisions

A provision is recognised in the Balance Sheet when the Group has a present obligation (either legal or constructive) as a result 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 balance sheet 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's waste management and recycling activities are subject to various laws and regulations governing the protection of the environment. In addition, 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.

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 a number of 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 on the basis of the projected unit credit method by qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount 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 bid values.

The discount rate employed in determining the present value of the schemes' liabilities is determined by reference to market yields at the balance sheet 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 net surplus or deficit arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities in the Group Balance Sheet. 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.

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 effect 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 or curtailment are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction. Curtailment and settlement gains and losses are dealt with in the Income Statement.

Notes to the Financial Statements Continued

5.9 Summary of Significant Accounting Policies Continued

Share-Based Payment Transactions

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 2009 and a binomial model for the DCC plc 1998 Employee Share Option Scheme.

The DCC plc Long Term Incentive Plan 2009 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 only 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.

The DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which are not taken into account when estimating the fair value of entitlements as at the grant date. The expense in the Income Statement represents the product of the total number of options anticipated to vest and the fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement with a corresponding credit to Share Based Payment Reserve. The cumulative charge to the Income Statement is only 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.

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 total equity.

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 balance sheet date are not recognised as a liability at that balance sheet 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. 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 as a result 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 16 May 2016.