DCC Energi Center A/S

CVR no. 32141773
Nærum Hovedgade 8
DK-2850 Nærum

Annual report 2018/19

April 1st 2018 – March 31st 2019

The annual report was presented and approved at the Company's annual general meeting on 31 August 2019

Chairman of the annual general meeting:

Michael Kruse Bak

Contents

Statements and reports

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DCC Energi Center A/S for the financial year 1 April 2018 – 31 March 2019.

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

In our opinion, the financial statements presents a true and fair view of the Company's assets, liabilities and financial position at 31 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019.

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

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

Nærum, 31 August 2019

Executive Board

Christian Frederik Heise

Board of Directors

Edward Gerard O´Brien Chairman	Morgan McElligott	Claus Geisler Madsen
Christian Frederik Heise	Daniel Michel Andersen	Michael Kruse Bak

Statements and reports

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Nærum, 31 August 2019

Executive Board

Christian Frederik Heise

Board of Directors

Edward Gerard O'Brien
Chairman

Morgan McElligott

Claus Geisler Madsen

Christian Frederik Heise

Daniel Michel Andersen

Michael Kruse Bak

Independent auditor's report

To the shareholders of DCC Energi Center A/S

Opinion

We have audited the financial statements of DCC Energi Center A/S for the financial year 1 April 2018 – 31 March 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2019 and of the results of the Company's operations and cash flows for the financial year 1 April 2018 – 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 August 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Sten Larsen
State Authorised
Public Accountant
MNE no. 10488

Management's review
Company details

Company	DCC Energi Center A/S Nærum Hovedgade 8 2850 Nærum Telephone: 45 58 01 00 Telefax: 45 58 01 90 E-mail: info@kundeservice.dccenergi.dk Website: www.dccenergi.dk CVR no.: 32 14 17 73 Financial year: 1 April – 31 March Registered office: Nærum
Board of Directors	Edward Gerard O'Brien, Chairman Morgan McElligott Claus Geisler Madsen Christian Frederik Heise Daniel Michel Andersen Michael Kruse Bak
Executive Board	Christian Frederik Heise
Auditor	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 København Ø
Attorney	Accura Advokataktieselskab Tuborg Boulevard 1 DK-2900 Hellerup
Bank	Danske Bank Holmens Kanal 2 DK-1090 København K

Management's review
Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Results					
Gross profit	157,435	112,166	113,696	92,422	80,122
Ordinary operating profit	9,683	10,350	17,350	11,340	24,389
Profit from financial income and expenses	754	683	-100	-117	7
Profit for the year	9,839	8,459	12,848	8,618	18,280
Balance sheet					
Balance sheet total	87,858	116,894	47,174	31,120	52,197
Equity	12,973	9,723	13,350	9,120	29,204
Investments					
Property, plant and equipment and intangible assets	20,361	20,336	15,474	14,573	9,216
Staff					
Average number of full-time employees	129	131	70	73	65
Financial ratios					
Return on invested capital (%)	11.0	8.9	36.8	36.4	46.7
Solvency ratio (%)	14.8	8.3	28.3	29.3	55.9
Return on equity (%)	86.7	73.3	114.4	45.0	69.8

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

FINANCIAL HIGHLIGHTS
Definitions of financial ratios

Return on invested capital	Operating profit/loss x 100 / Total assets
Solvency ratio	Equity x 100 / Total assets
Return on equity	Profit/loss for the year x 100 / Average equity

BUSINESS PERFORMANCE AND BUSINESS FOUNDATION

The annual report of DCC Energi Center A/S for 2018/19 has been prepared in accordance with the provisions applying to reporting class C medium sized under the Danish Financial Statements Act.

The Company's financial year is from 1 April to 31 March the subsequent calendar year.

Principal activity

DCC Energi Center A/S performs sales, distribution and administration for the affiliates DCC Energi Danmark A/S and Dansk Fuels A/S for the purpose of the companies' sale of oil, petrol, fuel, lubricants, natural gas and similar products to their customer segments.

Further, the Company has entered into agreement with the affiliates Flogas Sverige and Flogas Norge on the handling of their back-office functions with services within IT operations and administration.

The Company is a fully owned subsidiary of DCC Holding Denmark A/S.

The ultimate parent company is DCC plc, which is domiciled in Ireland.

Market outline

As the Company only provides services to companies operating in the energy market, the market conditions for the Company is based on the general market conditions in the energy sector and the activities carried out in related companies, Dansk Fuels A/S, DCC Energi Danmark A/S, Flogas Norge AS and Flogas Sverige AB.

As the general demand for energy is at the same level as previous year the market outline for the Company will correspondingly be at the same level as previously year.

General market development for refined oil products and natural gas is driven by the cycles and trends within the manufacturing, transportation, agriculture and industrial sectors as well as demand from private households.

The level of public-sector investments in a structural change in the market for heating in order to reduce the Danish impact on the global CO2 footprint were in line with expectations of the Company. Specific political measures have continued with the objective to reduce the consumption of oil used for heating purposes, increase the use of electricity and district heating and in general to increase the share of biologically-based components added to oil products. Furthermore, there is political focus on increasing the use of renewable sources of energy.

Performance during the year

The Company's income statement shows a profit after tax of DKK 9,839 thousand, and equity at DKK 12,973 thousand in the Company's balance sheet as of 31 March 2019.

In general, the activities carried out in 2018/19 in related companies were on the same level as 2017/18. The total costs in the company has been lower compared to last year due to management focus on cost reducing activities and release of further synergies following the acquisition of Dansk Fuels A/S previous year.

Events after the balance sheet date

No events have occurred after the balance sheet date of importance to the annual report for 2018/19.

Financial position

The Company's financial position is strong and considered adequate to fulfil the strategic objectives.

SPECIAL RISKS - OPERATING RISKS AND FINANCIAL RISKS

Operating risks

Through agreements with its customers, the Company has taken measures to ensure that operations-related tasks are handled in accordance with the Company's policies and liabilities to customers and business partners.

The Company has implemented a comprehensive set of policies ensuring that the Company, at any time, can be run in accordance with uniform, high standards and principles for good corporate governance. During 2018/19 we have started implementing systems to improve documentation and monitoring of key internal controls.

The Company has implemented and followed up on the efficiency of policies ensuring and protecting data made available to customers, suppliers, employees and the surrounding society against abuse and misuse. We have completed our implementation of a GDPR-platform in 2018/19 ensuring that we are in compliance with the EU's General Data Protection Regulation (GDPR).

Furthermore, the Company has implemented and regularly follows up on polices ensuring business integrity, including compliance with competition law, and proper protection against the risk of bribery and corruption for customers and business partners.

Market risks

The Company has no primary market risks but is subject to customers' general market conditions.

Currency risks

The Company has activities only in Denmark and settles the vast part of its purchases in DKK.

Interest rate risks

The Company has only to a limited extent net interest-bearing debt, and moderate changes in the interest rate level will not have any major direct impact on earnings. Accordingly, the Company does not enter into contracts for interest rate hedging instruments.

Credit risks

The Company has no credit risks, as in the customers portfolio no individual customer or business partner poses any material credit risk.

Further it regards the customers' policy for undertaking credit risks entails that all large customers and other business partners are credit rated on an ongoing basis. Where appropriate, receivables are hedged e.g. by means of credit insurance, prepayments or other types of credit insurance.

STRATEGY AND OBJECTIVES

Strategy

DCC Energi Center A/S pursues the strategy of providing services to the related companies, Dansk Fuels A/S and DCC Energi Danmark A/S in the form of the operation of the retail network, sales and delivery of oil and natural gas energy solutions, lubricant solutions and biogenic products for aviation, industrial, transport, agricultural and business entities and consumers in Denmark. Likewise, it is part of the Company's strategy to deliver efficient back-office solutions to other DCC group entities in Scandinavia, Flogas Norge AS and Flogas Sverige AB.

Further, it is part of the strategy to continuously ensure the necessary development in the operational and technical platforms to satisfy the Company's customers and to continuously improve operational efficiency.

By means of this strategy, it is DCC Energi Center A/S' objective to generate a profit for the Company's shareholders that exceeds the shareholders' demand for return on their investment. Moreover, it is the Company's strategy to pay dividend based on excess capital resources that are not dedicated for business development.

Objectives and outlook for the coming year

Based on a strong Danish national economy, competition remains fierce, and within heating, conversion to alternative sources of energy are expected to be at the same level as previous years.

The growth and release of synergies from the Dansk Fuels A/S' activities are expected to continue and be a significant part of the activities of DCC Energi Center A/S which is also expected to further contribute to the Company's earnings the coming year as well as to require significant investments in operational and technical platforms.

In the coming year, the activity level is expected to be at the same level, but also with continued focus on efficiency development. The result for 2019/20 is expected to be in the same level as 2018/19 around DKK 10,000 thousand before tax.

BASIS OF EARNINGS

Research and development

The Company does not engage in research and development activities.

Corporate social responsibility

With reference to section 99a (6) of the Danish Financial Statements Act, no full corporate social responsibility reporting has been prepared for the Company, including policies to climate, environment and human rights, as this is contained in the DCC Group's corporate social responsibility reporting. Reference is made to the annual report 2019 of the DCC Group and its ultimate parent company DCC plc, which is available from the Group's website (p.68 to 71).

https://www.dcc.ie/investors/reports/2019

Corporate social responsibility - continued

The specific policies regarding employees, HSSE, Environment, Ethics & "Compliance" and "Anti bribery and corruption policy" and "Business conduct guidelines" are available from the Group's website.

https://www.dcc.ie/responsibility

The Company's CSR polices are directed at two areas - external environment and intellectual capital, which have been accounted for in the following.

External environment

DCC Energi Center A/S is dedicated to operate safe and environmentally responsible in full compliance with requirements and standards.

The Company has a documented and active HSSE policy (Health, Safety, Security and Environment), and accordingly operating systems and processes of the Company and its suppliers are regularly inspected to protect the environment and the surrounding society against risks and, in the worst case, accidents.

Intellectual capital

Sale and delivery of refined oil products and products within the other energy areas requires intellectual capital and skills regarding leading and management of people and business processes.

To continuously serve the market, it is decisive that the Company's business partners can recruit and retain employees with a broad skills base particularly within human and commercial processes and disciplines directed at due diligently promoting safe and reliable conduct of business.

Uncertainty regarding recognition and measurement

Recognition and measurement in the annual report has not been subject to any uncertainty.

Diversity and equality

The Company has defined policies for diversity and equality for the purpose of developing a workplace characterised by diversity and equal opportunities for all. The Company offers equal opportunities to all present and future employees, and employment, promotion and remuneration is based on skills, competencies and experience. On this basis, the Company invests in staff development and encourages an open and honest culture appreciating our differences.

The Company's policies and initiatives within the area are an integrated part of the employee handbook, and by this measure, the Company undertakes to accept and value the various kind of characteristics making individuals unique by employing people with different life experiences, personal back ground and with different skills, competences and professional experience.

The Company strives to develop a working culture which is fair and inclusive and which encourages all employees to contribute to the organisation based on their own experience and opinions.

Considering the standing ambition to have the best skilled executives, it is also the Company's objective to promote gender diversity.

Gender diversity of Management

As part of the Danish model to ensure a more equal distribution of men and women on top management, the Company's Board of Directors have addressed the objectives and policies for the area.

The Company is not required by the legislation regarding setting goals and policies for gender diversity of top management and other executive levels. By contrast, this is the case for several of the Company's affiliates to which the Company makes available executives. Accordingly, the Company's Board of Directors has chosen to define goals and policies, ensuring that the Company's executives can make up a representative basis to meet future ambitions with the relevant affiliates for an equal gender distribution of the board members.

Overall, the objective of the policy for the area is to promote diversity on a broad scale and at any time to recruit the best-qualified candidate irrespective of gender, age, nationality, sexual orientation and religious beliefs. Furthermore, the objective of DCC Energi Center A/S is to be a preferred employer for both genders which amongst others is supported by an active set of policies to ensure a reasonable work-life balance.

Furthermore, the Company's owners have decided that the Board of Directors is to be made up solely by representatives from the Executive Board and executives from Finance, Sales and Operations in Denmark and country managers employed in the ultimate Irish parent company, DCC plc.

As mentioned, an important element of DCC's strategy is to grow through acquisitions and mergers, and for this purpose, members of the Board of Directors and Executive management have been recruited based on the need for continuity and growth in the surviving company. The optimum solution has been to recruit executive candidates from the businesses acquired.

There is currently no female member on the Company's Board of Directors, and there are no women in the group making up the basis for recruiting executives for the executive management of the Company and thereby the affiliates. This is not sufficient for fulfilling the Board of Directors ambition, and therefore it is the Company's objective that within two years, the Company must have 2 female members of its Board of Directors so far that this can be achieved by natural employee turnover.

From 2017, this is supported with the objective that when recruiting executives and specialists that the process delivers strong candidates of both genders to qualify for the interview rounds, ensuring that the basis of recruitment for the top management of the affiliates is representative in relation to the ambitions in the affiliates for the gender distribution of the top management.

Management's judgments and estimates

In preparing financial statements, certain provisions in the standards require management's judgments, including various accounting estimates and assumptions. Such judgments are considered important to understand the accounting policies and DCC Energi Center's compliance with the standards.

Determining the carrying amount of development projects requires judgments, estimates and assumptions concerning future events that are based on historical experience and other factors, which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. Impairment test has been carried out in 2018/19 and no impairment has been identified.

The area involving a high degree of judgment and estimation that is significant to the financial statements are described in more detail in the basis of accounting in the related sections.

Financial statements

Financial statements for 1 April 2018 – 31 March 2019

	Note	2019 DKK'000	2018 DKK'000
Gross profit		157,435	163,421
Sales and distribution costs	2,6	-73,888	-70,402
Administrative expenses	2,6,7	-73,864	-82,669
Operating profit		9,683	10,351
Financial income	3	873	765
Financial expenses	4	-119	-82
Profit before tax		10,437	11,034
Corporation tax	5	-598	-2,574
Profit for the year		9,839	8,460

Proposed profit appropriation			
Proposed dividend		2,102	6,589
Retained earnings		695	0
Reserve for development costs		7,042	1,870
		9,839	8,459

Financial statements
Balance sheet at 31 March 2019

Assets	Note	2019 DKK'000	2018 DKK'000
Goodwill	6	489	570
Development projects	6	14,969	18,573
Development projects under construction	6	4,271	195
Intangible assets		**19,729**	**19,338**
Fixtures and fittings, tools and equipment	7	378	720
Leasehold improvements	7	254	278
Property, plant and equipment		632	998
Fixed assets		**20,361**	**20,336**
Receivables from affliated entities	8	63,660	92,127
Other receivables		2,215	2,454
Prepayments		1,569	1,942
Receivables		**67,444**	**96,523**
Cash at bank and in hand	8	53	35
Current assets		**67,497**	**96,558**
Total assets		**87,858**	**116,894**

Financial statements

Balance sheet at 31 March 2019

Equity and liabilities	Note	2019 DKK'000	2018 DKK'000
Contributed capital		502	502
Retained earnings		0	-695
Reserve for development projects		10,369	3,327
Proposed dividend for the year		2,102	6,589
Equity		**12,973**	**9,723**
Provision for deferred tax	9	3,777	3,666
Provisions		**3,777**	**3,666**
Trade payables		4,392	9,362
Payables to affiliated entities		12,086	49,565
Payables to associated entities		2,621	0
Joint taxation contribution payable		8,152	5,807
Other payables		43,857	38,772
Current liabilities other than provisions		**71,108**	**103,506**
Total equity and liabilities		**87,858**	**116,894**

Accounting policies	1
Contingencies and rental/lease obligations not recognised	10
Related parties and ownership	11
Group structure	12
Significant events after the balance sheet date	13

Financial statements
Statement of changes in equity

	Contributed capital DKK'000	Reserve for develop-ment costs DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity at 1 April 2018	502	3,327	-695	6,589	9,723
Dividend paid to shareholders	0	0	0	-6,589	-6,589
Results for the year	0	7,042	2,797	0	9,839
Proposed dividend to the shareholders			-2,102	2,102	0
Equity at 31 March 2019	**502**	**10,369**	**0**	**2,102**	**12,973**

The contributed capital consists of shares of nom. DKK 1 and multiple hereof. The capital is split into nom. 502.000 shares. The shares are not divided into share classes. During the last five years, there have been the following movements on the contributed capital:

On 9 July 2015, the contributed capital was increased from DKK 501 thousand to DKK 502 thousand by contribution of existing business at par.

Note

1 **ACCOUNTING POLICIES**

The annual report of DCC Energi Center A/S for 2018/19 has been prepared in accordance with the provisions applying to reporting class C medium sized under the Danish Financial Statements Act.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the cash flows are included in the consolidated cash flow statement of the DCC Group. Reference is made to consolidated financial statements of the DCC Group and the ultimate parent company DCC plc, which can be obtained at:

https://www.dcc.ie/investors

Except as outlined below the accounting policies used in the preparation of the financial statements are consistent with those of last year except for calculation of write-down of receivables the company now uses the simplified matrix model approach to measuring expected credit losses for all receivables.

The annual report has been presented in DKK.

Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

For fiscal year ended March 31, 2018 adjustments have been made to the following reporting lines,

- "Sales and distribution costs" corrected with DKK -23,574 thousand from DKK -46,828 thousand to DKK -70,402 thousand.
- "Administrative expenses" corrected with DKK -27,682 thousand from DKK -54,989 thousand to DKK -82,669 thousand.
- "Gross profit" corrected with DKK 51,265 thousand from DKK 112,166 thousand to DKK 163,421 thousand.

to present allocated sales and distribution costs and administrative expenses as gross profit.

- Note 8 "Cashpool and cash and cash equivalents" corrected with DKK 11,745 thousand from DKK 0 thousand to DKK 11,745 thousand.

Recognition and measurement

The financial statements have been prepared on the basis of historical cost.

Income is recognised in the income statement as earned. In addition, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Further, all costs incurred to obtain revenue for the year, including write-down, depreciation, amortisation and provisions are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic resources will flow from the Company and the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual accounting item below.

Recognition and measurement - continued

Certain financial assets and liabilities are measured at amortised cost, and thus, constant effective interest is recognised over the term. Amortised cost is calculated as original cost less payments and addition/deduction of the accumulated write-down of the difference between cost and nominal amount which allocates capital losses and capital gains over the term.

At measurement and recognition, consideration is given to unpredictable losses and risks occurring before the presentation of the annual report confirming or disconfirming matters that existed at the balance sheet date.

DKK is used as functional currency. Other currencies are regarded as foreign currency.

Leases

Leases that transfer all substantial risks and rewards incident to the ownership to the Company (finance leases) are recognised in the balance sheet at the lower of the fair value of the assets and the net present value of the lease payments calculated by the use of the implicit interest rate of the lease or the use of an incremental borrowing rate as discount factor. Assets held under finance leases are subsequently depreciated and written down as the Company's other fixed assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability and the interest element of the lease payment is continuously expensed in the income statement.

All other leases are considered operating leases. Payments in connection with operating leases are recognised on a straight-line basis over the lease term.

Segment information

Segment information is not provided neither on business segments nor on geographical markets as the Company only markets a segment to one market – sales and distribution of fossil fuels in Denmark.

INCOME STATEMENT

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the annual report.

Revenue from sale of services is recognised in the income statement when the sale has taken place and delivery has been made.

Sales and distribution costs

Sales and distribution costs comprise costs concerning distribution, depreciation and adjustment of debtors due to loss or prevention of loss.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for IT, premises, office expenses, staff, other administration, etc. and related staff costs, including payroll and payroll-based costs.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised exchange rate adjustments as well as surcharges and refunds under the on-account tax scheme.

Corporation tax

Tax for the year, which comprises current tax for the year and deferred tax for the year, is recognised in the income statement at the amount attributable to the profit/loss for the year. Tax recognised in the income statement is classified as tax on profit/loss from ordinary activities.

Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

The Company is included in the joint taxation with the parent company DCC Holding A/S, which is the taxable administrative company for the jointly taxed companies.

The tax effect of the joint taxation with the jointly taxed Danish companies is allocated between profitable as well as loss-making Danish entities in relation to their taxable income (full allocation with refunds for tax losses). The jointly taxed entities are included in the on-account tax scheme.

BALANCE SHEET

Intangible assets

Goodwill and development projects

Acquired goodwill and acquired customer relations are measured at cost less accumulated amortisation and impairment losses.

Goodwill and development projects are amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas and are longest for strategically acquired entities with a strong market position and long-term earnings profile.

The basis of amortisation calculated as cost less any projected residual value is provided on a straight-line basis over the estimated useful life, which are as follows:

Goodwill 10 years

Development projects 1-10 years

An amount corresponding to recognised development costs is tied up in a special reserve under equity called "Reserve for development costs". The amount is tied up in a special reserve which is unavailable for dividend distribution or the distribution of losses. If recognised development costs are sold or in some other way are excluded from the Company's operations, the reserve will be reduced or dissolved. This will take place in the form of direct transfer to distributable reserves under equity. If recognised development costs are written down, part of the reserve for development costs is to be reversed. The part to be reversed is equivalent to the write-down of development costs. If write-down of development costs are subsequently reversed, the reserve for development costs will subsequently be re-established. In addition, the reserve for development costs will be reduced by amortisation made. Accordingly, the reserve will not exceed the amount recognised as developments costs in the balance sheet.

Impairment of intangible assets

The carrying amount of intangible assets is subject to an annual test to determine indications of impairment other than the decrease in value reflected by amortisation.

If there are indications of impairment, an impairment test is conducted to determine if the recoverable amount is lower than the carrying amount. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount of the asset is determined as the higher value of an asset's net selling price and its value in use. If it is not possible to determine a recoverable amount of the individual asset, the assets are assessed collectively in the smallest group of assets and an overall assessment of the recoverable amount may be reliably measured.

Goodwill and other assets where it is not possible to determine a separate value in use as the asset does not generate future cash flows is assessed for indication for impairment together with the group of assets to which they relate.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated impairment losses and depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Interest expenses on loans to finance property, plant and equipment are recognised in the income statement.

The basis of depreciation, which is calculated as cost less any projected residual value, is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment 3-5 years

Leasehold improvements 1-10 years

Depreciation is recognised in the income statement and classified under the function to which the asset can relate.

Impairment of fixed assets

The carrying amount of fixed assets is subject to an annual test to determine indications of impairment other than the decrease in value reflected by write-down.

If there are indications of impairment, an impairment test is conducted to determine if the recoverable amount is lower than the carrying amount. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount of the asset is determined as the higher value of an asset's net selling price and its value in use. If it is not possible to determine a recoverable amount of the individual asset, the assets are assessed collectively in the smallest group of assets and an overall assessment of the recoverable amount may be reliably measured.

For assets where it is not possible to determine a separate value in use as the asset does not generate future cash flows, the indication of impairment is assessed together with the group of assets to which the assets relate.

Receivables

Receivables are measured at amortised cost in the balance sheet or a lower net realisable value, corresponding to fair value less write-down for expected credit losses. Write-down made for expected credit losses are calculated on the basis of an assessment of the individual receivables and for trade receivables also on a general write-down relying on the Company's past experience and economic outlook for customer segments.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash comprises cash at bank and in hand.

Dividend

Proposed dividend is recognised as a liability at the date on which they are adopted at the annual general meeting. The expected dividend payment for the financial year is disclosed as a separate item under equity.

Provisions

Provisions are recognised when the Company, as a result of an event occurring no later than at the balance sheet date, has a legal or constructive obligation, and it is probable that there will be an outflow of economic benefits to settle the liability.

Deferred tax assets and liabilities

Deferred tax is recognised of all temporary differences between carrying value and tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes as well as other items if these, except for acquisitions of entities, arose at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Where taxable value can be computed according to alternative taxation rules, deferred tax is measured on basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets and liabilities are presented as offset.

Current tax receivable and payable

Current tax receivable and payable is recognised in the balance sheet at the amount calculated on the basis of the year's expected taxable income adjusted for tax on taxable income from previous years. Tax receivable and payable are presented as offset to the extent set-off is allowed under relevant legislation and the items are expected to be settled as net amounts or at the same time.

Note		2019 DKK'000	2018 DKK'000
2	**Staff**		
	Wages and salaries	92,790	100,851
	Pensions	7,919	7,963
	Other social security costs	745	748
		101,454	109,562
	Expensed as specified:		
	Distribution costs	56,560	54,805
	Administrative expenses	44,894	54,757
		101,454	109,562
	Average number of full-time employes	129	131

Pursuant to section 98(b) of the Danish Financial Statements Act, the Company has omitted to disclose remuneration to the Board of Directors and the Executive Board.

Note		2019 DKK'000	2018 DKK'000
3	**Financial income**		
	Interest income from affiliated entities	873	765
		873	765
4	**Financial expenses**		
	Other financial expenses	119	82
		119	82
5	**Corporation tax**		
	Current tax for the year	2,411	1,663
	Deferred tax for the year	113	911
	Correction to tax previous years	-1,926	0
	Total tax for the year	598	2,574

Note		Goodwill DKK'000	Completed development projects DKK'000	Development projects in progress DKK'000
6	**Intangible assets**			
	Cost at 1 April	814	31,488	195
	Additions during the year	0	3,839	4,076
	Disposals during the year	0	-1,337	0
	Cost at 31 March	814	33,990	4,271
	Amortisation and impairment losses at 1 April	244	12,916	0
	Amortisation and impairment losses during the year	81	6,886	0
	Reversed amortisation and impairment losses on disposals during the year	0	-781	0
	Amortisation and impairment losses at 31 March	325	19,021	0
	Carrying amount at 31 March	489	14,969	4,271
	Amortised over	10 years	3 years	
	Expensed as specified:			
	Distribution costs	0	916	0
	Administrative expenses	81	5,189	0
		81	6,105	0

Completed development projects
Completed development projects comprise development and test of IT software to be used at DCC Energi Danmark A/S, Dansk Fuels A/S, Flogas Norway A/S and Flogas Sweden AB. The IT software has been completed and is in use.
Management did not find indication of impairment.

Development projects in progress
Development projects comprise development and test of IT systems. Costs consist of internal costs in the form of direct costs, external consultants and purchased material registered through the Company's internal project module.
Development projects in progress are expected to be available for use during the financial year 2019/20 and 2020/21.

Note		Fixtures, fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
7	**Property, plant and equipment**		
	Cost at 1 April	3,564	1,386
	Additions during the year	44	35
	Disposals during the year	-10	0
	Cost at 31 March	3,598	1,420
	Depreciation at 1 April	2,843	1,107
	Depreciation during the year	387	59
	Reversed depreciation during the year	-10	0
	Depreciation at 31 March	3,220	1,166
	Carrying amount at 31 March	378	254
	Depreciated over	3-5 years	1-10 years
	Expensed as specified:		
	Distribution costs	0	0
	Administrative expenses	377	59
		377	59

8 Cashpool and cash and cash equivalents

Part of the Company's cash at bank and in hand of a total DKK 24,075 thousand is included in the DCC Group's international cash pool and is included in the following balance sheet items:

	2019 DKK'000	**2018** DKK'000
Receivables from affiliated companies	24,075	11,745
Cash at bank and in hand	53	35
Total cashpool and cash and cash equivalents at 31 March	24,128	11,780

9 Deferred tax

Deferred tax at 1 April	3,666	2,755
Adjustment of deferred tax for the year	111	911
Deferred tax at 31 March	3,777	3,666

Note

10 Contingencies and rental/lease obligations not recognised

	2019 DKK'000	2018 DKK'000
Total minimum rent/lease obligations related to service agreements, property rent and car leases	17,618	7,372
	17,618	7,372

Service agreement-, property rent- and car lease obligations amounts to DKK 17,618 thousand at 31 March 2019 (31 March 2018: DKK 7,372 thousand), of which DKK 6,033 thousand falls due within one year, and DKK 11,585 thousand falls due within 2-5 years.

Contingencies

The Company is jointly taxed with other Danish entities in the DCC Group and is liable with the other jointly taxed companies for the total corporation tax and any liabilities to pay witholding taxes on interest, royalties and for dividends for the jointly taxed companies. At the balance sheet date, there are no lawsuits against the Company.

11 Related parties and ownership

Control	**Basis**
DCC Holding Denmark A/S Nærum Hovedgade 8, 2850 Nærum	Principal shareholder
Other related parties	
DCC Energi Danmark A/S Nærum Hovedgade 8, 2850 Nærum	Group entity
Dansk Fuels A/S Nærum Hovedgade 8, 2850 Nærum	Group entity
DCC & Shell Aviation Denmark A/S Nærum Hovedgade 8, 2850 Nærum	Group entity
Flogas Norge AS Nydalsveien 15, Oslo, Norway	Group entity
Flogas Sverige AB Brännkurgatan 63, Stockholm, Sweden	Group entity
Exertis Captech Denmark ApS Nærum Hovedgade 8, 2850 Nærum	Group entity
DLG Service A/S Vesterbrogade 4A, 1620 København V	Minority shareholder
DCC Holding A/S Nærum Hovedgade 8, 2850 Nærum	Parent company
DCC plc and subsidiaries and associated thereto Brewery Road, Dublin, Irland	Ultimate parent company

Members of the Board of Directors and the Executive Board are mentioned under company details on page 5.

The consolidated financial statements for DCC plc may be obtained at the Group's website.

Note

11 Related parties and ownership - continued
Transactions with related parties

The table below shows all transactions entered into related parties referred to above.

	2019 DKK'000
Profit and Loss	
Income from related parties	157,435
Financial income	873
Total	158,308

12 Group structure

The Company's Danish parent companies DCC Holding Denmark A/S and DCC Holding A/S do not prepare consolidated financial statements. The Company is included in the consolidated financial statements of:

DCC plc
DCC House
Brewery Road, Stillorgan
Blackrock
Co. Dublin, Ireland

DCC plc is both largest and smallest group for which consolidated financial statements are prepared. The consolidated financial statements can be obtained at DCC plc's website:
https://www.dcc.ie/investors/reports

13 Significant events after the balance sheet date

No events have occurred after the balance sheet date that may materially affect the Company's financial position.