DCC & Shell Aviation Denmark A/S

Annual report for the period
1 April 2019 to 31 March 2020

DCC & Shell Aviation Denmark A/S
Nærum Hovedgade 8, 2850 Nærum
CVR no. 39 99 04 66

Adopted at the annual general meeting on 22 September 2020

Michael Kruse Bak
chairman

Table of contents

Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of DCC & Shell Aviation Denmark A/S for the financial year 1 April 2019 - 31 March 2020.

The annual report is 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 financial position at 31 March 2020 and of the results of the company's operations for the financial year 1 April 2019 - 31 March 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Nærum, 22 September 2020

Executive board

Ulrik Vengberg Brendstrup
director

Supervisory board

Edward Gerard O'Brien chairman	Michael Kruse Bak	Christian Frederik Heise
Sunkalp Sharma	Adam Richard Harrison	

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Independent auditor's report

To the shareholder of DCC & Shell Aviation Denmark A/S

Opinion

We have audited the financial statements of DCC & Shell Aviation Denmark A/S for the financial year 1 April 2019 - 31 March 2020 comprising, income statement, balance sheet, statement of change 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 2020 and of the results of the company's operations for the financial year 1 April 2019 - 31 March 2020 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 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.

Independent auditor's report

Statement on management's review
Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 22 September 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Sten Larsen
State Authorised Public Accountant
MNE no. 10488

Company details

The company	DCC & Shell Aviation Denmark A/S Nærum Hovedgade 8 2850 Nærum Telephone: +45 33 37 25 20 Website: www.shellaviation.dk CVR no.: 39 99 04 66 Reporting period: 1 April 2019 - 31 March 2020 Domicile: Rudersdal
Supervisory board	Edward Gerard O'Brien, chairman Michael Kruse Bak Christian Frederik Heise Sunkalp Sharma Adam Richard Harrison
Executive board	Ulrik Vengberg Brendstrup, director
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København
Lawyers	Accura Advokataktieselskab Tuborg Boulevard 1 DK-2900 Hellerup
Bankers	Danske Bank Holmens Kanal 2 DK-1090 København K

Financial highlights

Seen over a 2-year period, the development of the Company may be described by means of the following financial highlights:

	2019/20 USD'000	2018/19 USD'000
Key figures		
Profit/loss		
Revenue	128,815	49,934
Gross profit	2,745	326
Profit before net financials	1,568	170
Net financials	-217	43
Profit for the year	990	143
Balance sheet		
Balance sheet total	17,993	24,473
Investment in property, plant and equipment	2,723	2,744
Equity	4,885	3,895
Number of employees	7	0
Financial ratios		
Gross margin	2.1%	0.7%
Return on assets	7.4%	1.4%
Solvency ratio	27.1%	15.9%
Return on equity	22.6%	7.3%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

DCC & Shell Aviation Denmark A/S was established 1 November 2018 accordingly 2018/19 covers 5 months of operation.

Where the accounting policies have been changed regarding IFRS 16 in 2019/20, the comparatives have not been restated. For an account of changes in accounting policies, see the summary of significant accounting policies.

Business review

DCC & Shell Aviation Denmark A/S was established 1 November 2018.
The purpose of the company is to carry out business in the form of branded marketing, service and distribution business that will supply aviation fuels at airports across Denmark.

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

Recognition and measurement uncertainties

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's compliance with the standards.

Determining the carrying amount of some assets and liabilities 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. DCC & Shell Aviation Denmark A/S is also subject to risks and uncertainties which may lead actual results to differ from these estimates. Specific risks for DCC & Shell Aviation Denmark A/S are discussed in the relevant section of the management's review and in the notes to the financial statements.

The areas involving a high degree of judgment and estimation that are significant to the financial statements are described in more detail in the related sections/notes.

Unusual matters

The outbreak of COVID-19 escalated in early 2020, and on March 11, 2020, the WHO declared the outbreak a worldwide pandemic. The eruption has led to several measures that affect the business, organization and conduct of day-to-day operations, just as the company's suppliers and customers are widely affected.

The actual economic impact of this cannot be determined at present. On March 13, 2020, the Ministry of Foreign Affairs announced that all unnecessary travel to the whole world was discouraged. The outbreak of coronavirus and the new travel guidelines have had a devastating negative impact on the company's sales of aviation fuel. Although air traffic has resumed to a certain extent, at the time of the presentation of the accounts, it is still far too uncertain to assess when air travel activity will return to levels up to March 11, 2020.

It is therefore very difficult to forecast and provide a qualified assessment of the scope and the precise impact on the company's sales of aviation fuel for the entire year and thereby the impact on the company's revenue and earnings for 2020/21. The management and board of directors are monitoring the situation closely and are planning for several scenarios.

Financial review

The company's income statement for the year ended 31 March 2020 shows a profit of USD'000 990, and the balance sheet at 31 March 2020 shows equity of USD'000 4,885.

The Company has with effect from April 1 2019, used IFRS 16 as interpretative basis for recognisition and measurement of leases. The Company applied IFRS 16 using the modified retrospective approach. The change in accounting policy for leases has had only immaterial effect on the profit of the year.

The Covid-19 health crisis influenced the results for March as we already here were met by airline cancellations leading to lower through-put volumes in Copenhagen airport as well as upcountry. Mitigation steps were initiated to condemn the effects in this financial year.

Results for the year are considered satisfactory.

The Company's total working capital is strong and with a limited level for losses on costumer engagements. This is due to the Company's strong focus on credit management and effective measures to avoid bad debts. As a consequence of the above, the Company's liquidity and financial position were strong at the end of the year.

Significant events occurring after the end of the financial year

Except as described above regarding Covid-19 no events have occurred after the balance sheet date which could significantly affect the company's financial position.

Research and development activities in or for the company

The Company does not engage in research and development activities.

Strategy

DCC & Shell Aviation Denmark A/S strives continuously to identify potential for fostering further growth within its present business areas and to strengthen its competitive power within sale of fossil fuels to selected sectors in Denmark.

The ongoing societal restructuring towards solutions reducing CO2 emissions from energy consumption is assumed to be of a permanent nature and is hence prioritised in the strategy to ensure long-term profitable growth.

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

Objective and outlook for the coming year

The Covid-19 health crisis will surely impact the business performance in the coming financial year and we expect a significant loss of revenue. In order to mitigate and minimize the impact of such a revenue loss, we intend to apply for compensation through the Danish government issued compensation schemes. No compensation has been recognized in the financial statement 2019/20.

As a consequence of the Covid-19 health crisis the Company expects the activity level for the coming year to decrease compared to this year. However Covid-19 has no significant impact on the Company's ability to continue as going concern.

Market outline

General market development for refined oil products is driven by the cycles and trends within the aviation sectors. As a consequence of the Covid-19 pandemic the general demand for fuel products are expected to decrease until the market is normalised.

The public-sector investments to enforce structural changes in the market to reduce the Danish impact on the global CO2 emission level were in line with expectations. Specific political measures have been taken 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.

DCC & Shell Aviation Denmark A/S has had a positive market development, which is expected to continue in the future.

Special risks - operating risks and financial risks

Operating risks

The Company has entered into agreements with suppliers of raw materials and services used to meet obligations to customers. Further, the Company has entered into long-term agreements for sale and supply under the trademarks Shell.

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.

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. Further we have implemented a GDPR-platform 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 market price of the Company's products is determined based on official international listings, that fluctuate following the market of oil products, and hence the market price is very volatile. As the company's purchase prices and sales prices according to vendor and customer contracts are fixed at different points in time there may be major deviations in the price level for purchases and sales and accordingly the Company is exposed to significant price risk.

The company's purchase price and sales price of jet fuels are being determined based on two different price mechanisms and accordingly the Company is exposed to a price risk.

It is the Company's policy to hedge against the price risks, ensuring that purchase prices are fixed on the same benchmark as sales price.

Jet fuel is very price volatile and to reduce the price risk, the Company used financial heding (forward contracts) or fixed price purchase agreements to fix the purchase prices and volume

The company does not apply hedge accounting as the contracts always are short-termed.

Credit risks

The Company's credit risks primarily arise from risks posed by customers.

No individual customer or business partner poses any material credit risk. The Company's 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 enhancement.

Currency risks

The Company has activities only in Denmark and settles the vast part of its purchases and sales in USD and to a certain extent in DKK.

Changes in the price level for both USD and DKK will not have any material direct effect on earnings as purchase and sale prices are in all materiality at the same level. However the nature of the supply attracts VAT which is settled in DKK. It is the Company's policy to enter into forward contracts to hedge this currency risks.

Interest rate risks

The Company has relatively modest 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.

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 and risks to climate, environment, human rights, anti-corruption and social and staff matters as this is contained in the DCC Group's corporate social responsibility reporting. Reference is made to the annual report 2020 of the DCC Group and its ultimate parent company DCC plc, which is available from the Group's website.

https://www.dcc.ie/investors/reports/2020

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 has as part of the DCC Group a detailed Anti-Bribery and Corruption Policy in place. The Policy states that no employee or any representative of the business is to offer or accept any bribe, including small facilitation payments, or engage in any other form of corrupt practice. The Policy is available from the Group's website. No breaches to the Policy have been noted during 2019/20.

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 & Shell Aviation Denmark 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 distribution of refined oil products requires intellectual capital and skills regarding leading and management of people and business processes.

To continuously serve the market effectively, 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 to promote a safe and reliable conduct of business.

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 Group 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 experience, personal background 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'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 & Shell Aviation 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.

Gender composition of the Board of Directors

The Board of Directors consists of 5 board members and 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. 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 1 female members of its Board of Directors so far that this can be achieved by natural employee turnover.

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 is representative in relation to the ambitions for the gender distribution of the top management.

As the Company did not have female candidates with the right profile, we did not achieve this goal in 2019/20.

Income statement 1 April - 31 March

	Note	2019/20	2018/19
		USD'000	USD'000
Revenue		**128,815**	**49,934**
Cost of sales		-118,559	-46,767
Other external expenses		-7,511	-2,841
Gross profit		**2,745**	**326**
Staff costs	2	-868	0
Profit before amortisation/depreciation and impairment losses		**1,877**	**326**
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	3	-309	-156
Profit before net financials		**1,568**	**170**
Financial income	4	74	386
Financial costs	5	-291	-343
Profit before tax		**1,351**	**213**
Tax on profit for the year	6	-361	-70
Profit for the year		**990**	**143**
Retained earnings		990	143
		990	**143**

Balance sheet 31 March

	Note	2019/20	2018/19
		USD'000	USD'000
Assets			
Software		56	63
Intangible assets	7	**56**	**63**
Land and buildings		27	30
Other fixtures and fittings, tools and equipment		2,450	2,714
Right-of-use assets		245	0
Tangible assets	8	**2,722**	**2,744**
Investments in joint ventures	9	1,946	1,906
Fixed asset investments		**1,946**	**1,906**
Total non-current assets		**4,724**	**4,713**
Finished goods and goods for resale		454	2,933
Stocks		**454**	**2,933**
Trade receivables		2,194	6,728
Receivables from affiliated entities		0	3,384
Other receivables		1,543	208
Deferred tax asset		173	305
Prepayments		178	79
Receivables		**4,088**	**10,704**
Cash at bank and in hand		**8,727**	**6,123**
Total current assets		**13,269**	**19,760**
Total assets		**17,993**	**24,473**

Balance sheet 31 March

	Note	2019/20 USD'000	2018/19 USD'000
Equity and liabilities			
Contributed capital		76	76
Share premium		3,676	3,676
Retained earnings		1,133	143
Equity		**4,885**	**3,895**
Lease liabilities		183	0
Total non-current liabilities		**183**	**0**
Short-term part of long-term debt		62	0
Trade payables		10,527	15,043
Payables to affiliated entities		1,412	55
Joint taxation contributions payable		566	131
Other payables		252	5,349
Derivative financial instruments, liabilities		106	0
Total current liabilities		**12,925**	**20,578**
Total liabilities		**13,108**	**20,578**
Total equity and liabilities		**17,993**	**24,473**
Significant events after the balance sheet date	10		
Contingent liabilities	11		
Financial instruments	12		
Related parties and ownership structure	13		
Fee to auditors appointed at the general meeting	14		

Statement of changes in equity

USD'000	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 April 2019	76	3,676	143	3,895
Net profit/loss for the year	0	0	990	990
Equity at 31 March 2020	**76**	**3,676**	**1,133**	**4,885**

The Company was formed by a cash contribution of USD 61 thousand in contributed capital at 1 November 2018. The contributed capital consists of shares of nom. USD 100.

On 1 November 2018, the contributed capital was increased from USD 61 thousand to USD 76 thousand by contribution of the Aviation business in a de-merger from Dansk Fuels A/S. The de-merger was approved by the shareholders of Dansk Fuels A/S on 1 July 2019.

Notes

1 Accounting policies

The annual report of DCC & Shell Aviation Denmark A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

DCC & Shell Aviation Denmark A/S was established 1 November 2018 and therefore comparison figures cover 5 months of operation.

The Company has in 2019/20 changed the presentation of the income statement from cost by function to cost by nature in order to better reflect the activity of the Company. The change does not have any impact on the net profit/loss for the period. Comparative figures have been adjusted.

The functional currency of the Company is USD.

Changes in accounting policies

The Company has with effect from April 1, 2019, used IFRS 16 as interpretative basis for recgnistion and measurement of leases.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative figures presented for 2018/19 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

In accordance with IFRS 16, the Company recognises assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. The lease payments associated with short-term leases and leases for which the underlying asset is of low value is recognised in profit and loss as an expense. Lease liabilities are recognised as 'lease liabilities' and lease assets are recognised under 'tangible assets'.

For existing leases classified as operating leases under IAS 17, lease liabilities have been measured at the present value of the remaining lease payments discounted using an appropriate incremental borrowing rate at 1 April 2019. Right-of-use assets have been measured as if IFRS 16 had been applied since the lease commencement date and discounted using an appropriate incremental borrowing rate on 1 April 2019.

The Company had only short-term leases at the time of implementation of IFRS 16 hence no impact on equity as per 1 April 2019 has been recognised. Reevaluation of these contracts during the year, have however resulted in a recognised leasing asset and lease liabilities of USD 249 thousand.

The accounting policies are otherwise consistent with those of last year.

1 Accounting policies

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also 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 measured reliably.

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

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

US dollar is used as the measurement currency. All other currencies are regarded as foreign currencies.

At 31 March 2020 the year-end exchange rate for USD/DKK was 6.82 (at 31 March 2019 the year-end exchange rate for USD/DKK was 6.64).

Business combinations

Business combinations under common control are accounted for using the book value method and are recognised using the effective date of the transaction under the Corporation Act. Historical figures are not adjusted.

1 Accounting policies

Income statement

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 aviation fuels in Denmark.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Cost of sales

Costs of sales comprise consumption of goods and consumables used for the obtaining revenue for the period.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to leases, realised and unrealised foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

1 Accounting policies

Tax on profit for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Software

Software are measured at cost less accumulated amortisation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Software are amortised on a straight-line basis over the expected useful lives of the assets.
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:

Software 3-5 years

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	
Buildings	50	years
Right of use assets	5	years
Fixtures and fittings, tools and equipment	5-20	years

Notes

1 Accounting policies

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

The Company recognise a right-of-use asset and a lease liability at the commencement date, for all lease agreements, that the Company has entered into as lessee, except short-term leases and leases of low value asset.

Upon initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs including any dismantling and restoration costs.

The lease liabilitiy is initially measured at the present value of the future payments from lease components, discounted using an appropriate incremental DCC borrowing rate. The lease liability is subsequently measured by increasing the carrying amount, to reflect interest and by reducing the carrying amount to reflect the lease payments made. Further lease liabilities are changed when reameasurements are needed, corresponding adjustment is the related right-of-use asset. In determining the lease period extension, options are only included if it is reasonably certain they will be utilised.

Gain or loss from a lease modification, not accounted for as a separate lease, is recognised in profit and loss.

The rights-of-use assets are amortised over its expected leaseperiod, according to the straight-line method.

-Property 5 years

Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease.

In accounting for lease contracts, various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of lease periods, utilisation of extension options and applicable discount rates. In addition, significant estimates have been applied in determining these in relation to the implementation of IFRS 16.

The leasing assets are amortised over its expected leaseperiod, according to the straight-line method.

Notes

1 Accounting policies

For short-term leases and leases of low-value assets, the Company has opted to recognised a lease expense on a straight-line basis.

Investments in joint ventures

Investment in joint ventures are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Dividend is recognised in the income statement at the date of declaration.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Cost comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Impairment of assets

The carrying amount of intangible assets, property and plant and equipment and investments in joint ventures is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price and the value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Notes

1 Accounting policies

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash comprises cash at bank and in hand.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to 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 within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

1 Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments (hedging instrument) are recognised directly to equity. Subsequently, when the hedged transaction is realised, the fair value adjustment of the hedging instrument is re-classified to the income statement to match the hedged transaction.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

No cash flow statement has been prepared as the parent company's cash flows are included in the consolidated cash flow statement in the consolidated financial statements of DCC plc.

Financial highlights

Definitions of financial ratios.

Gross margin ratio

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Return on assets

$$\frac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$$

Solvency ratio

$$\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$$

Return on equity

$$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Notes

		2019/20	2018/19
		USD'000	USD'000
2	**Staff costs**		
	Wages and salaries	777	0
	Pensions	73	0
	Other social security costs	18	0
		868	**0**
	Average number of employees	7	0

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the Executive Board has not been disclosed.

The Company did not had any employees in 2018/19 as the Company's activities were handled by Management and the employees employed in the affiliate entity, DCC Energi Center A/S.

		2019/20	2018/19
		USD'000	USD'000
3	**Amortisation, depreciation and impairment of intangible assets and property, plant and equipment**		
	Amortisation intangible assets	16	17
	Depreciation tangible assets	293	139
		309	**156**

		2019/20	2018/19
		USD'000	USD'000
4	**Financial income**		
	Other financial income	74	386
		74	**386**

	2019/20	2018/19
	USD'000	USD'000
5 Financial costs		
Financial expenses, group entities	131	0
Other financial costs	13	0
Exchange loss, net	147	343
	291	**343**

	2019/20	2018/19
	USD'000	USD'000
6 Tax on profit for the year		
Current tax for the year	229	-212
Deferred tax for the year	170	282
Adjustment of deferred tax concerning previous years	-38	0
	361	**70**

7 Intangible assets

	Software
Cost at 1 April 2019	84
Additions for the year	9
Cost at 31 March 2020	93
Impairment losses and amortisation at 1 April 2019	21
Amortisation for the year	16
Impairment losses and amortisation at 31 March 2020	37
Carrying amount at 31 March 2020	**56**

8 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Right-of-use assets
Cost at 1 April 2019	34	3,232	0
Additions for the year	0	0	249
Cost at 31 March 2020	34	3,232	249
Impairment losses and depreciation at 1 April 2019	4	496	0
Depreciation for the year	3	286	4
Impairment losses and depreciation at 31 March 2020	7	782	4
Carrying amount at 31 March 2020	**27**	**2,450**	**245**
Depreciated over	50 years	5-20 years	5 years

9 Investments in joint ventures

	2019/20 USD'000	2018/19 USD'000
Cost at 1 April 2019	1,906	0
Exchange adjustment	25	-15
Additions for the year	15	1,921
Cost at 31 March 2020	1,946	1,906
Carrying amount at 31 March 2020	**1,946**	**1,906**

Investments in joint ventures are specified as follows in USD'000:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Shell-Statoil- Total I/S	Tårnby	33%	1,009	235
Brændstoflageret Københavns Lufthavn I/S	Tårnby	21%	1,859	0
Billund refuelling I/S	Billund	50%	512	0

10 Significant events after the balance sheet date

As a consequence of the Covid-19 pandemic the revenue has significanty decreased and it is uncertain when the activity and accordingly the revenue will be normalised.

11 Contingent liabilities

	2019/20 USD'000	2018/19 USD'000
Unrecognised commitments in joint ventures with joint liability	849	898
Unrecognised contingencies and rental and lease commitments in joint ventures with joint liability	1,834	1,855
	2,683	**2,753**

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 oay 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.

12 Financial instruments

The Company hedges jet fuel price risk related to purchase and sale of jet fuel products by entering into jet fuel derivatives. The derivatives are settled in cash. Fair value changes on the derivatives are recognised directly in profit or loss under cost of goods sold. Gains/losses on derivatives related to purchases of jet fuel are recognised in Cost of sales. The fair value of jet fuel price swaps are recognised in other receivables or other liabilities.
The term of the individual swaps are between 1 and 2 months. The fair value of jet fuel swaps are derived from market data using generally accepted valuation methods.

Financial instrument	Value adjustment recognised in P&L	Fair value	Average remaining term
	USD'000	USD'000	Months
Jet fuel swap	-106	-106	1
FX contracts	18	18	1
	-88	**-88**	**2**

Notes

13 Related parties and ownership structure

Controlling interest

DCC Holding Denmark A/S
Nærum Hovedgade 8, 2850 Nærum

Other related parties

DCC Energi Center A/S/
Nærum Hovedgade 8, 2850 Nærum

DCC Energi Danmark A/S
Nærum Hovedgade 8, 2850 Nærum

Dansk Fuels A/S
Nærum Hovedgade 8, 2850 Nærum

DLG Service A/S
Ballesvej 2,7000 Fredericia

Team AG
Team Alle 22, 24392 Süderbrarup, Germany

DCC Holding A/S
Nærum Hovedgade 8, 2850 Nærum

DCC plc and subsidiaries and associated thereto
Leopardstown Road, Foxrock, Dublin 18, Ireland

Transactions

Transactions entered into related parties:
Cost of goods sold with related parties amounts to USD 820 thousand
Other external expenses purchased from related parties amounts to USD 1,318 thousand
Financial expenses amounts to USD 131 thousand

13 Related parties and ownership structure (continued)

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

DCC Holding Denmark A/S
Nærum Hovedgade 8, 2850 Nærum

Shell Overseas Investments B.V
Carel van Bylandtlaan 30, Haag, Holland

Consolidated financial statements

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
Leopardstown Road
Foxrock, Dublin 18
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

14 Fee to auditors appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, the Company has omitted to disclose fee to auditor appointed by the annual general meeting. Reference is made to the consolidated financial statements for DCC plc.