Exertis (UK) Ltd

Directors' report and
financial statements

Year ended 31 March 2022

Registered number: 01511931

Exertis (UK) Ltd

Directors' report and financial statements

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Exertis (UK) Ltd

Directors and other information

Directors	P Bryan S Woodman R Hinds T Griffin L Deacon N Foster (Resigned 01 March 2022)
Company secretary	R Hinds
Registered office	Technology House Magnesium Way Hapton Burnley BB12 7BF England
Auditor	KPMG Chartered accountants 1 Stokes Place St. Stephen's Green Dublin 2
Bankers	National Westminster Bank plc 7 Hustlergate Bradford BD1 1PP
Solicitors	Pannone LLP 378/380 Deansgate Manchester M3 4LY
Registered number	01511931

Exertis (UK) Ltd

Strategic report

Business review and future developments

The Company has had a challenging trading year, with turnover decreasing by 21.5% on the prior year to £1,828,688,000 *(2021: £2,330,824,000)*. Operating expenses increased by 4.4% to £119,723,000 *(2021: £114,683,000)*, with exceptional expenditures (included within operating expenditure presented in the Statement of Profit or Loss), relating to a new ERP system, contributing £6,518,000 *(2021: £5,365,000)*. Operating profit decreased to a loss of £33,694,000 *(2021: profit of £2,547,000)*, whilst the Company incurred a loss before taxation of £49,612,000 *(2021: loss of £5,158,000)*.

Whilst overall financial performance has been challenging, it is mainly driven by the final stage of the Company's new ERP system implementation within our midlands and northern warehouses. These implementations have had a significant impact on business performance in the short term. The negative financial impact of these implementations will lessen materially as the Company progresses, with some impact still expected in the next financial period, albeit much less material. The new ERP system is now functioning well and the investment is intended to create a long term, sustainable and scalable platform for the business for many years to come. The short term negative financial impact associated with implementation is disappointing, but it is does not detract from the Company's long term ambitions in any way and has no impact on the financial or other support provided to the Company by DCC plc.

The key objective of the Company is the maximisation of return on capital employed, in line with the objectives of the ultimate parent company, DCC plc. The principal strategies to achieving this key objective are the maximisation of revenue and gross margins by delivering excellent service to our customers and continuously innovating to deliver new revenue streams. This is achieved by maintaining and developing close relations with our key customers and suppliers and by exploring opportunities for growth with new partners.

As a distributor, the Company benefits from highly focused sales and commercial functions managed to maximise the opportunities that exist in our marketplace, supported by operating bespoke warehousing facilities and support functions managed by an experienced and professional team. If required, the knowledge and support available within the DCC plc group is utilised.

The directors are confident that they have implemented many new initiatives focused on driving profit growth in existing channels whilst broadening the product range and utilising the financial strength of the balance sheet to further improve our market position.

A dividend of £Nil *(2021: £4,000,000)* was paid in the year to Exertis (Holdings) Ltd, the Company's immediate parent.

Principal risks & uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate controls put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Company.

The key business risks affecting the Company are set out below:

Competition
The Company operates in a highly competitive market particularly around price and product availability/quality. This results in downward pressure on our margins. In order to mitigate this risk, our commercial team monitors market prices on an ongoing basis and has responsibility for pricing goods within their local region.

Principal risks & uncertainties *(continued)*

Market risks
The key areas of business risk are considered to relate to potentially increased competition with resulting margin erosion, dependence on key suppliers, and the uncertain general economic conditions in the European Union expected to continue to be prevailing in the coming year as a direct result of both Brexit and COVID-19.

Key employees
The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the Company's results. To mitigate these issues, the Company has a thorough induction and ongoing training programme for all employees.

Supply chain
The Company mitigates the risk of product availability through effective supplier selection and procurement practices supplemented by appropriate insurance coverage.

Product safety
Poor product quality control requiring activation of our product recall procedures may give rise to legal liability, significant costs and damage to the Company's reputation. The Company mitigates this risk through quality assurance processes and systems.

Compliance with legal and ethical standards
A material failure to comply with applicable legal and ethical standards could result in penalties, costs, reputational harm and damage to relationships with suppliers or customers. The Company has detailed guidelines and policies for employees on key compliance risks.

Acquisitions
A failure to identify, execute or properly integrate acquisitions could impact on profit targets and impede the strategic development of the Company. To mitigate this risk, the Company engages in continuous and active reviews of potential acquisitions. Performance is reviewed against original acquisition proposals regularly.

Project/change management
A failure to complete change management programmes could impact on profit targets and impede the strategic development of the Company. The Company resources projects and change management programmes effectively to mitigate this risk.

IT/Cybercrime
Maintaining adequate IT systems and infrastructure to support growth and development may be affected by: accidental exposure or deliberate theft of sensitive information, loss of service or system availability, significant system changes or upgrades and cybercrime. To mitigate this risk, dedicated IT personnel with appropriate technical expertise and support within the Company implement IT standards and oversee IT security. In addition, Cybersecurity reviews are performed regularly.

Financial risk management

Price risk
The Company is exposed to commodity price risk as a result of its operations. The Company has in place price protection agreements with the majority of suppliers.

Credit risk
The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual company is subject to a limit, which is reassessed continually by the credit control function. The Company also has a credit insurance policy in place that limits the exposure the business has to bad debts. The Company also has in place a debt factoring agreements with DCC Financial Services, Rabobank & BNP Paribas.

Liquidity risk
If necessary, the Company would be funded by its ultimate parent company DCC plc, who ensure the Company has sufficient available funds for operations and planned expansions.

Interest rate and cash flow risk
Most of the interest incurred by the Company is derived from inter-company loans. This availability of inter-company funding also mitigates any cash flow risk.

Foreign exchange risk
The Company is exposed to foreign exchange risk as a result of purchasing stocks from overseas suppliers. The Company mitigates its exposure to adverse exchange rate movements by taking out forward contracts for its foreign currency requirements.

Key financial performance indicators

The Company monitors and measures the following key performance indicators:

	2022	2021	Change
	£'000	£'000	%
Turnover	**1,828,688**	2,330,824	-21.54%
Gross profit as a % of turnover	**4.70%**	5.03%	-6.56%
Operating (loss)/profit	**(33,694)**	2,547	-1421.85%
Operating (loss)/profit as a % of turnover	**-1.84%**	0.11%	-1772.73%
Days sales outstanding	**36.5 days**	38.7 days	-2.10%
Days stock outstanding	**45.9 days**	32.9 days	13.95%
Energy consumption per £1,000 revenue	**4.31 kWh**	4.31 kWh	0.00%
Energy consumption per 1,000 units sold	**236.98 kWh**	325.86 kWh	-27.28%

		Female	Male
Employee gender split as at 31 March 2022		41.03%	58.97%

Section 172 statement

This statement, which forms part of the Strategic Report, is intended to show how the Company's Directors have approached and met their responsibilities under s172 Companies Act 2006 during 2022. The statement has been prepared in response to the obligations as set out in the Companies (Miscellaneous Reporting) Regulations 2018.

As required by s172 of the UK Companies Act 2006, a Director of a Company must act in a way s/he considers, in good faith, would most likely promote the success of the company for the benefit of its Shareholders. In doing this, the Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- Company's reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

We understand that our business can only grow and succeed over the long term if we recognise the views and needs of our stakeholders. Understanding our stakeholders is key to ensuring the Board can have informed discussions and factor stakeholder interests into decision-making.

How the board engaged with its key stakeholders during the year

Our people

The Company employs over 1,500 people in the UK and recognises that they are fundamental to the continued success of the business. At all levels, employees are encouraged to continue to adopt an innovative, service-oriented approach to meeting the demands of suppliers and customers. At senior management level, our operating businesses are run by some of the most highly regarded management teams in the industry. The Company is committed to conducting its business in a sustainable manner and this is reflected in how we interact with our employees. The business has processes to assess and control material health and safety risks and aims to provide an attractive working environment for all our employees. The business also undertakes regular employee surveys in order to hear the employee voice and embed a culture of continuous listening and improvement.

The Company operates a wide variety of employee training programmes within individual business units within the Company to promote the ongoing development of our colleagues at all levels in the organisation. Employee training encompasses both personal development and role-specific training, in addition to formal training in areas such as health and safety, risk and compliance. The Company continues to place specific focus on the development of leadership skills for its management team; at senior levels this is focused on building longer term leadership capability.

How the board engaged with its key stakeholders during the year (continued)
Customers

The business has an extensive customer base. The Company seeks to provide an excellent standard of customer service by combining an extensive range of services with a commitment to identifying the most cost-effective and flexible solutions to meet our customers' requirements. By constantly focusing on building the breadth of our reseller and retail customer base, we ensure that our service offering is always developing to adapt to their growing demands, as well as delivering an exceptional route-to-market for our suppliers.

The introduction of a new ERP system into the Company will continue to help to expand the customer breadth, especially for products in the SME market with the introduction of a significantly enhanced web offering. Our supply chain services customers include IT equipment manufacturers, outsourced equipment manufacturers, consumer electronics companies and telecommunications equipment manufacturers. Customer relationships in this area of our business tend to be long-term in nature and many of our customers have been dealing with us for over 10 years.

Suppliers

The Company has a diverse supplier base and partners with thousands of suppliers including many of the world's leading technology brands such as Acer, Dell, Intel, Lenovo, Microsoft, Samsung, Sonos and Toshiba. The business adopts a proactive approach to the identification and recruitment of new suppliers and technologies and seeks to position itself as the obvious choice for owners of growing brands to access the retail and reseller channels. In addition, we seek to ensure that we have a position of strategic relevance with our principal partners.

When providing supply chain services to technology manufacturers and brand owners, a core element of the service provided by the business is the identification of appropriate component and supply chain partners for the manufacturer or brand owner and carrying out the quality assurance on those suppliers to ensure that they comply with required quality, regulatory and ethical standards. With the aim of promoting long-term sustainable relationships with each of our suppliers and delivering a best-in-class service, the operating principles we adopt with our suppliers have been formalised and communicated to our suppliers in our 'Code of Practice'.

Communities and Environment

The Company is committed to minimising the impact of our business operations on the environment. As a global technology distributor, we produce zero industrial waste and our energy consumption is low. Nevertheless, where we do have an environmental impact, our policy ensures that we are continually monitoring and reducing carbon emissions, transportation, energy consumption, and complying with regulations for the disposal of waste.

The Company seeks to enable communities to thrive, through a tangible and visible commitment that brings its purpose to life. The Company supports local communities and national organisation both financially and practically with volunteer days, sponsorship, fund raising and hands-on education programmes.

On behalf of the board

P Bryan
Director

01 August 2022

Exertis (UK) Ltd

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the Company, registered number 01511931, is the sale, marketing and distribution of technology products and services.

Results and dividends

A dividend was paid during the year of £Nil *(2021: £4,000,000)* to Exertis (Holdings) Limited, the Company's immediate parent. The loss for the year was £41,057,000 *(2021: loss of £3,473,000)*.

The results of the Company for the year are set out in detail on page 15.

Going concern

The Company's principal business activities together with the factors likely to affect its future development, performance and position are set out in the strategic report from pages 2 to 6. The Company continues to provide services that generate sufficient income. In addition, the strategic report includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, its exposures to credit risk and liquidity risk. Note 23 to the financial statements includes details of the Company's financial instruments and hedging activities.

The Company has very considerable financial resources with a large number of customers and suppliers. Having assessed the relevant business risks, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Company is in a net current liability position and as at 31 March 2022, DCC Energy Finance UK Limited has provided a Letter of Support to ensure the Company is able to meet its debts as and when they fall due. The directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served during the year and up to the date of signing the financial statements are detailed:

P Bryan
S Woodman
R Hinds
T Griffin
L Deacon
N Foster (Resigned 01 March 2022)

Political contributions

The Company made no political contributions or incurred any political expenditure during the year (2021: £Nil)

Employee involvement

Employees are informed regularly about aspects of the business and its progress, which the Company considers relevant to them, including communication through management channels in writing as appropriate.

Directors' report *(continued)*

Employee involvement (continued)

The Company involves employees in matters of concern to their jobs, work situation, and endeavours to maintain a sense of identity with the Company's aims and objectives. The effectiveness of employee communication is regularly reviewed by the directors and improvements implemented as required.

Employment of disabled persons

It is the policy of the Company that disabled people, whether registered or not, should receive full and fair consideration of all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible, and will be given help with any necessary rehabilitation and retraining. The Company is prepared to modify procedures or equipment, wherever it is practicable, so that full use can be made of an individual's abilities.

Creditor payment policy

Our policy is to pay suppliers within their agreed terms, however if discount is available for early settlement of invoices we do take advantage of this. The majority of our creditors are paid at the end of the month following the invoice date, although in specific circumstances we may agree to pay sooner or later than standard terms. All suppliers are informed of our policy on the establishment of a new supplier account.

Disclosure of information to auditor

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware and;
- each director has taken the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant post balance sheet events subsequent to the year-end which require disclosure in, or adjustment to, the financial statements

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Chartered Accountants will therefore continue in office.

Exertis (UK) Ltd

Directors' report *(continued)*

Streamlined Energy and Carbon Reporting

	FY22	**FY21**
Energy consumption used to calculate emissions	9,360,234 kWh	10,055,591 kWh
Total gross tCO_2	832.91 tonnes CO_2	3,535.14 tonnes CO_2
Energy consumption intensities	5.12 kWh per £1,000 of revenue 281.33 kWh per 1,000 units sold	4.31 kWh per £1,000 of revenue 325.86 kWh per 1,000 units sold
Methodology	The Company obtains monthly meter readings from sites from supplier invoices for gas and electricity. These invoices are for smart meters and meter readings to calculate the monthly kWh usage per site for gas and electricity, on a quarterly basis.	The Company obtains monthly meter readings from sites from supplier invoices for gas and electricity. These invoices are for smart meters and meter readings to calculate the monthly kWh usage per site for gas and electricity, on a quarterly basis.

Assurance specialists from EY LLP conduct an annual limited assurance engagement over the ultimate parent undertaking, DCC plc's environmental data collation and calculation processes and produce an assurance statement summarising the level of accuracy and inclusivity, with recommendations for improvement. The Company's data shown above, is part of DCC plc's information that is consolidated for the whole group and submitted to the assurance specialists.

On behalf of the board

Technology House
Magnesium Way
Hapton
Burnley
BB12 7BF
England

P Bryan
Director

01 August 2022

Exertis (UK) Ltd

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework.*

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board

P Bryan
Director

01 August 2022

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Exertis (UK) Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Exertis (UK) Ltd ('the company') for the year ended 31 March 2022, set out on pages 15 to 44, which comprise the Profit and Loss Account and Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

KPMG

Independent auditor's report to the members of Exertis (UK) Ltd *(continued)*

Report on the audit of the financial statements *(continued)*

Conclusions relating to going concern *(continued)*

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

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

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

The Company is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

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

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Independent auditor's report to the members of Exertis (UK) Ltd *(continued)*

Report on the audit of the financial statements *(continued)*

Detecting irregularities including fraud *(continued)*

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

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- *we have not identified material misstatements in the directors' report or the strategic report;*
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

KPMG

Independent auditor's report to the members of Exertis (UK) Ltd *(continued)*

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on the FRC's website at:
www.frc.org.uk/auditorsresponsibilities

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

Our report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Niall Savage

3 August 2022

Niall Savage (Senior Statutory Auditor)
for and on behalf of
KPMG Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Exertis (UK) Ltd

Profit and loss account
for the year ended 31 March 2022

	Note	**2022** £'000	2021 £'000
Turnover	3	**1,828,688**	2,330,824
Cost of sales		**(1,742,660)**	(2,213,501)
Gross profit		**86,028**	117,323
Distribution costs		**(41,474)**	(37,511)
Administrative expenses		**(78,249)**	(77,172)
Other operating income/(expenses)		**1**	(93)
Operating (loss)/profit		**(33,694)**	2,547
Interest receivable and similar income	6	**257**	250
Interest payable and similar charges	7	**(16,176)**	(17,955)
Income from investments	8	**-**	10,000
Loss before taxation	9	**(49,612)**	(5,158)
Tax on loss on ordinary activities	10	**8,555**	1,685
Loss for the financial year		**(41,057)**	(3,473)

All of the above results are derived from continuing activities.

Exertis (UK) Ltd

Statement of other comprehensive income
for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Loss for the year		**(41,057)**	(3,473)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Movements relating to cash flow hedges		**26**	195
Movement in deferred tax liability on cash flow hedges	*19*	**(5)**	(35)
Other comprehensive income for the year, net of income tax		**21**	160
Total comprehensive loss for the year		**(41,038)**	(3,313)

Exertis (UK) Ltd

Balance sheet
as at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Financial assets	*12*	**135,314**	136,599
Intangible assets	*13*	**108,456**	114,789
Tangible assets	*14*	**49,845**	51,677
ROU assets	*15*	**10,286**	11,815
		303,901	314,880
Current assets			
Stock	*16*	**219,192**	199,494
Debtors	*17*	**278,683**	421,689
Derivative asset	*23*	**305**	271
Cash at bank and in hand		**76,191**	29,145
		574,371	650,599
Current liabilities			
Creditors: amounts falling due within one year	*18*	**(800,859)**	(843,385)
Derivative liability	*23*	**(7)**	(236)
Net current liabilities		**(226,495)**	(193,022)
Total assets less current liabilities		**77,406**	121,858
Provisions for liabilities			
Deferred tax liability	*19*	**(3,943)**	(5,866)
Long term lease liability	*20*	**(8,376)**	(10,121)
Provisions	*21*	**(352)**	(100)
Net assets		**64,735**	105,771
Capital and reserves			
Called up share capital	*24*	**101,208**	101,208
Share premium account		**1,318**	1,318
Cash flow hedging reserve		**106**	85
Profit and loss account		**(37,897)**	3,160
Total shareholder's funds		**64,735**	105,771

These financial statements were approved by the board of directors on 01 August 2022 and were signed on its behalf by:

P Bryan
Director

Registered number: 01511931

Exertis (UK) Ltd

Statement of changes in equity
for the year ended 31 March 2022

	Called up share capital £'000	Share premium account £'000	Cash flow hedging reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2020	**101,208**	**1,318**	**(75)**	**10,633**	**113,084**
Total comprehensive loss for the year					
Loss	-	-	-	(3,473)	(3,473)
Other comprehensive income	-	-	160	-	160
Total comprehensive loss for the year	**-**	**-**	**160**	**(3,473)**	**(3,313)**
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(4,000)	(4,000)
Balance at 31 March 2021	**101,208**	**1,318**	**85**	**3,160**	**105,771**

Exertis (UK) Ltd

Statement of changes in equity *(continued)*

	Called up share capital £'000	Share premium account £'000	Cash flow hedging reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2021	**101,208**	**1,318**	**85**	**3,160**	**105,771**
Total comprehensive loss for the year					
Loss	-	-	-	(41,057)	(41,057)
Other comprehensive income	-	-	21	-	19
Total comprehensive loss for the year	**-**	**-**	**21**	**(41,057)**	**(41,038)**
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	-	-
Balance at 31 March 2022	**101,208**	**1,318**	**106**	**(37,897)**	**64,735**

Notes
forming part of the financial statements

1 Accounting policies

Reporting entity

Exertis (UK) Ltd (the "Company") is a company incorporated, domiciled and registered in the United Kingdom. The Company's registered number is 01511931 and registered office is Technology House, Magnesium Way, Hapton, Burnley, BB12 7BF, England.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which are stated at their fair value.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousand pound.

The Company's ultimate parent undertaking, DCC Plc includes the Company in its consolidated financial statements. The consolidated financial statements of DCC Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and intangible assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effect of new but not yet effective IFRS's;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of DCC plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1 Accounting policies *(continued)*

Going concern

The Company's principal business activities together with the factors likely to affect its future development, performance and position are set out in the strategic report from pages 2 to 6. The Company continues to provide services that generate sufficient income. In addition, the strategic report includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, its exposures to credit risk and liquidity risk. Note 23 to the financial statements includes details of the Company's financial instruments and hedging activities.

The Company has very considerable financial resources with a large number of customers and suppliers. Having assessed the relevant business risks, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Company is in a net current liability position and as at 31 March 2022, DCC Energy Finance UK Limited has provided a Letter of Support to ensure the Company is able to meet its debts as and when they fall due. The directors continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The Company is a wholly-owned subsidiary of DCC plc and is included in the consolidated financial statements of DCC plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date, with the exception of trade creditors that are hedged through forward currency contracts, which are held in the balance sheet at the relevant currency rate. Any translation differences are dealt with in the profit and loss account.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded in the Company balance sheet at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed when there has been an indication of potential impairment.

1 Accounting policies *(continued)*

Intangible assets

(i) Goodwill arising on hive up

The goodwill capitalised as an intangible asset in the individual Company accounts relate to the trade and assets of the acquiree that were transferred to the Company.

Goodwill represents the excess of the cost of a business combination over the acquired company's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree.

Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

(ii) Computer software

Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Company has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- freehold land and buildings 2%
- plant and equipment 7 - 33%
- motor vehicles 20 - 25%

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

1 Accounting policies *(continued)*

Leases *(continued)*

Low value leases

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Company's incremental borrowing rate. The discount rates applied were arrived at using a methodology to calculate the incremental borrowing rates across the Group headed by DCC plc. The Group engaged a specialist valuation expert to assist with this process. The weighted average incremental borrowing rate applied to lease creditors on the Balance Sheet was 3.0% at 1 April 2020.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

1 Accounting policies *(continued)*

Financial instruments

(i) Recognition and initial measurement

Trade debtors and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade debtor without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

1 **Accounting policies** *(continued)*

Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets *(continued)*

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

1 **Accounting policies** *(continued)*

Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial liabilities and equity *(continued)*

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

(iii) Derivative financial instruments and hedging

Derivative financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges
Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are reclassified to the income statement in the same periods that the hedged items affect profit or loss as follows:

- The reclassified gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance income or costs respectively.
- When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expired or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs, unless the hedged transaction is no longer expected to occur, in which case the cumulative gain or loss that was previously recognised in other comprehensive income is transferred to the income statement.

(iv) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with a significant financing component are measured using the general model described above.

1 Accounting policies *(continued)*

Financial instruments *(continued)*

(iv) Impairment *(continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is aged greater than the agreed credit terms.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is aged significantly greater than the agreed credit terms.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Impairment of non-financial assets excluding stock and deferred tax assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

1 Accounting policies *(continued)*

Impairment of non-financial assets excluding stock and deferred tax assets *(continued)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stock, and is valued based on FIFO principles.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Inherent uncertainties exist in evaluations which are outside of management's control primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability together with the protracted nature of these liabilities. The liabilities provided in the financial statements reflect the information available to management at the time of determination of the liability and are reassessed at each reporting date.

1 Accounting policies *(continued)*

Turnover

Turnover comprises the fair value of the sale of goods and services to external customers net of applicable sales taxes, volume and promotional rebates, allowances and discounts. The Company is deemed to be a principal in an arrangement when it controls a promised good or service before transferring them to a customer, and accordingly recognises revenue on a gross basis. Where the Company is determined to be an agent in a transaction, based on the principal of control, the net amount retained after the deduction of any costs to the principal is recognised as revenue. Revenue is recorded when the collection of the amount is reasonably assured and when specific criteria have been met for each of the Company's activities as detailed below.

Sales of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and when the amount of revenue and costs incurred can be measured reliably. This generally arises on dispatch or in accordance with specific terms and conditions agreed with individual customers. In the case of consignment stock arrangements, revenue is recognised on the date that legal title passes. Sales returns and discounts are recorded in the same period as the original revenue.

The Company derives the majority of its revenue from the sale, marketing and distribution of consumer and SME focused technology products. Revenue is generally recognised on dispatch. Should volume and promotional rebates be granted to customers they are recognised as a reduction in sales revenue at the time of the sale based on managements' estimate of the likely rebate to be awarded to customers. Estimates are based on historical results, taking into consideration the type of customer, the type of transaction and the specific facts of each arrangement.

Other operating income is made up of items of income/expenditure incurred and not recognised within other categories on the face of the statement of profit or loss (e.g. any gain or loss recognised on sale of a leased asset).

Pension costs

The Company contributes to various pension schemes of the defined contribution type. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1 Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Dividends

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by the directors. Interim dividends are recognised as a liability when they have been approved by the directors.

Interest payable and similar charges

Interest payable and similar charges comprise the interest expense on borrowings. Interest is recognised in the profit and loss account as it accrues, using the effective interest method.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2 *Judgements and key sources of estimation uncertainty*

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Notes *(continued)*

2 Judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Where the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly through the profit and loss account.

Stock provision

Provisions have been made over the recoverable value of stock. This provision is an estimate and the actual costs and timing of future cash flows are dependent on future events. The difference between expectation and the actual future liability will be accounted for in the year when such determination is made.

3 Turnover

All revenue relates to the Company's principal activities carried out in the UK. The geographical analysis of the Company's turnover is as follows:

	2022	2021
	£'000	£'000
Turnover by geographical segment		
United Kingdom	**1,779,010**	2,237,907
Rest of Europe	**47,965**	89,866
Rest of the world	**1,713**	3,051
	1,828,688	2,330,824

	2022	2021
	£'000	£'000
Turnover by activity		
Sales of goods and services	**1,828,688**	2,330,824
	1,828,688	2,330,824

4 Directors' emoluments

	2022 £'000	2021 £'000
Aggregate emoluments and benefits of which £425,118 (2021: £129,509) relates to long term incentive schemes	**1,562**	1,360
Company pension contributions to money purchase Schemes	**12**	13
	1,574	1,373

Directors' emoluments include amounts paid to:	**2022 £'000**	2021 £'000
Highest paid director		
Aggregate emoluments and benefits of which £229,682 (2021: £61,690) relates to long term incentive schemes	**702**	543
Company pension contributions to money purchase schemes	**4**	4
	706	547

Pension contributions were paid in respect of 3 directors *(2021: 4 directors)*.

5 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2022 Number	2021 Number
By activity		
Selling and distribution	**1,115**	1,111
General administration	**411**	446
	1,526	1,557

	2022 £'000	2021 £'000
Staff costs (for the above persons)		
Wages and salaries	**65,982**	64,413
Social security costs	**5,888**	5,444
Other pension costs (note 22)	**2,434**	2,320
	74,304	72,177

6 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from bank	-	-
Interest receivable from other group companies	257	250
	257	250

7 Interest payable and similar charges

	2022 £'000	2021 £'000
Interest payable to bank	4,258	4,946
Interest payable to other group companies	11,918	13,009
	16,176	17,955

8 Income from investments

	2022 £'000	2021 £'000
Dividends received from subsidiaries	-	10,000
	-	10,000

9 Loss on ordinary activities before taxation

	2022 £'000	2021 £'000
Loss on ordinary activities is stated after charging:		
Depreciation:		
Owned assets (note 14)	3,120	3,026
Leased assets (note 15)	2,207	2,337
Intangible assets (note 13)	5,406	3,008
Short term/low value lease charges:		
Others	-	-
Fees payable for the audit: KPMG	211	180
Fees payable for other (non-audit) advisory	3	-

10 Tax on loss on ordinary activities

	2022 £'000	2021 £'000
Current tax:		
United Kingdom corporation tax on loss of the year	**(8,918)**	(3,710)
Adjustments in respect of previous years	**2,291**	(580)
Total current tax credit	**(6,627)**	(4,290)
Deferred tax:		
Origination and reversal of timing differences	**(1,024)**	1,301
Adjustment in respect of prior years	**(1,946)**	1,304
Impact of change in tax rate	**1,042**	-
Total deferred tax	**(1,928)**	2,605
Tax on loss on ordinary activities	**(8,555)**	(1,685)

The tax assessed for the year is more than *(2021: less than)* the standard rate of corporation tax in the UK for the year ended 31 March 2022 of 19% *(2021: 19%)*. The differences are explained below:

	2022 £'000	2021 £'000
Loss on ordinary activities before tax	**(49,612)**	(5,158)
Loss on ordinary activities multiplied by standard rate in the UK of 19% *(2021: 19%)*	**(9,426)**	(980)
Effects of:		
Tax rates	**1,042**	164
Expenses not deducted for tax purposes	**270**	(355)
Non taxable income	**(786)**	(2,282)
Adjustments in respect of previous years	**345**	509
Amount recognised in exceptionals	**-**	1,259
Total tax credit for year	**(8,555)**	(1,685)

11 Dividends

	2022 £'000	2021 £'000
Dividends on equity shares		
Interim paid: £Nil per £1 ordinary share *(2021: £0.04)*	-	4,000

12 Financial assets

	2022 £'000	2021 £'000
Investments in group undertakings		
Cost at beginning of year	**136,599**	150,008
Disposals (i)	**(1,285)**	-
Reclassification (ii)	-	(13,409)
Balance at 31 March	**135,314**	136,599

The Company has investments in a number of subsidiary entities that are further disclosed in note 26

(i) During the year the previously held investment in the entity PNF Capital BV was disposed of and sold to a separate entity (Exertis Continental Europe Holdings Limited) within the DCC plc Group at the initial cost paid by Exertis (UK) Ltd (the group of the ultimate parent and controlling party). Both the Investment in group undertakings and Goodwill (Note 13) has been disposed of.

(ii) During the previous year £13,409,061 was reclassed to Goodwill (Note 13), to reflect the transfer of value directly to the Company from investments in subsidiaries following hive-ups of the trading activities of certain investees that occurred in previous years.

13 Intangible assets

	Asset under construction £'000	Goodwill £'000	Computer Software £'000	Total £'000
Cost				
At 31 March 2021	14,547	53,312	50,066	117,925
Reclassification	(17,811)	-	16,769	(1,042)
Additions	7,261	-	-	7,261
Disposal	-	(3,364)	(161)	(3,525)
Impairment	(3,782)	-	-	(3,782)
At 31 March 2022	**215**	**49,948**	**66,674**	**116,837**
Accumulated amortisation				
At 31 March 2021	49	-	3,087	3,136
Reclassification	-	-	-	-
Charge for the year	70	-	5,336	5,406
Disposal	-	-	(161)	(161)
At 31 March 2022	**119**	**-**	**8,262**	**8,381**
Net book value				
At 31 March 2022	**96**	**49,948**	**58,412**	**108,456**
At 31 March 2021	14,498	53,312	46,979	114,789

During the year, £16,769,000 was reclassed from 'assets under construction' to 'computer software' upon the completion of the Enterprise Warehouse Management ERP system. Also, during the year and subsequent to the implementation of the new ERP system, an exercise took place to reclassify assets with a cost of £17,811,000 between 'assets under construction', 'plant and equipment' and 'freehold land and buildings' (Note 14) to show a more accurate representation. An impairment of £3,782,000 was also processed during the year to expense items not recognisable as capital expenditure.

14 Tangible fixed assets

	Motor Vehicles £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost				
At 31 March 2021	23	38,821	24,164	63,008
Additions	-	-	245	245
Disposals	(23)	-	-	(23)
Reclassification	-	28	1,018	1,046
At 31 March 2022	**-**	**38,849**	**25,427**	**64,276**
Accumulated depreciation				
At 31 March 2021	23	2,935	8,373	11,331
Charge for the year	-	828	2,295	3,123
Disposals	(23)	-	-	(23)
Reclassification	-	-	-	-
At 31 March 2022	**-**	**3,763**	**10,668**	**14,431**
Net book value				
At 31 March 2022	**-**	**35,086**	**14,759**	**49,845**
At 31 March 2021	-	35,886	15,791	51,677

During the year and subsequent to the new ERP system implementation, an exercise took place to reclassify assets between 'assets under construction', 'plant and equipment' and 'freehold land and buildings' to show a more accurate representation.

15 Right of use assets

	Motor Vehicles £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost				
At 31 March 2021	773	14,213	75	15,061
Additions	482	253	-	735
Reclassification	-	-	(42)	(42)
Terminations	(238)	(208)	-	(446)
At 31 March 2022	**1,017**	**14,258**	**33**	**15,308**
Accumulated Depreciation				
At 31 March 2021	416	2,767	63	3,246
Charge for the year	210	1,987	10	2,207
Reclassification	(21)	22	(42)	(41)
Terminations	(209)	(181)	-	(390)
At 31 March 2022	**396**	**4,595**	**31**	**5,022**
Net book value				
At 31 March 2022	**621**	**9,663**	**2**	**10,286**
At 31 March 2021	357	11,446	12	11,815

16 Stocks

	2022 £'000	2021 £'000
Goods for resale	**219,192**	199,494

The difference between historical cost and replacement cost is not material in the opinion of the directors. Stock charged to cost of sales during the year was *£1,742,660,000 (2021: £2,213,501,000).*

Notes *(continued)*

17 **Debtors**: amounts falling due within one year

	2022 **£'000**	2021 £'000
Trade debtors	**182,969**	246,366
Amounts owed by group undertakings (Note 27)	**45,743**	127,871
Other debtors	**20,014**	25,808
Prepayments and accrued income	**6,617**	5,171
Corporation tax debtor	**23,058**	16,192
Deferred tax asset (Note 19)	**282**	281
	278,683	421,689

The Company participates in factoring agreements with a fellow subsidiary undertaking and third-party banks. Invoices issued in March and prior are included in the factoring agreement, and as such have been converted to cash in the Company's accounts. The factored trade debt at 31 March 2022 was £168,037,072 *(2021: £232,594,600)*.

Amounts owed by group companies are repayable on demand and carry various rates of interest (2%, LIBOR + 3% and SONIA + 3%). No security is held against these amounts.

18 **Creditors**: amounts falling due within one year

	2022 **£'000**	2021 £'000
Trade creditors	**379,963**	476,148
Amounts owed to group undertakings (Note 27)	**334,353**	280,950
Other creditors	**24,163**	38,808
Short term lease liability	**2,342**	2,170
VAT	**10,292**	16,963
Social security and other taxes	**1,825**	1,850
Accruals and deferred income	**47,921**	26,496
	800,859	843,385

Amounts owed to group undertakings are payable on demand and carry an interest rate equivalent to LIBOR. No security is held against these amounts.

19 Deferred tax assets and liabilities

Movement in deferred tax during the year

	1 April 2021 £'000	Recognised *in income* £'000	Recognised *in OCI* £'000	31 March 2022 £'000
Property, plant & equipment	(5,846)	1,928	-	**(3,918)**
Derivative financial instruments	(20)	-	(5)	**(25)**
Other	281	1	-	**282**
	(5,585)	1,929	(5)	**(3,661)**

Movement in deferred tax during the prior year

	1 April 2020 £'000	Recognised *in income* £'000	Recognised *in OCI* £'000	31 March 2021 £'000
Property, plant & equipment	(3,233)	(2,613)	-	**(5,846)**
Derivative financial instruments	15	-	(35)	**(20)**
Other	274	7	-	**281**
	(2,944)	(2,606)	(35)	**(5,585)**

	2022 £'000	2021 £'000
Deferred tax assets	**282**	281
Deferred tax liabilities	**(3,943)**	(5,866)
	(3,661)	(5,585)

20 Lease liabilities

	2022 £'000	2021 £'000
At beginning of year	**12,291**	15,791
Lease interest	**415**	511
Additions during the year	**735**	86
Lease repayments	**(2,659)**	(2,764)
Terminations	**(64)**	(1,333)
At 31 March	**10,718**	12,291
Maturity analysis		
Amount falling due within one year	**2,342**	2,170
Amounts falling due after more than one year:		
Between one and two years	**2,272**	2,128
Between two and five years	**3,407**	4,570
Over five years	**2,697**	3,423
Total amounts due after more than one year	**8,376**	10,121
Total lease liabilities	**10,718**	12,291

21 Provisions

	Restructuring £'000	Total £'000
Balance at 1 April 2021	100	100
Provisions made during the year	252	252
Provisions used/released during the year	-	-
Balance at 31 March 2022	**352**	**352**
Maturity analysis		
Between one and two years	**252**	252
Between two and five years	**100**	100
Total amounts due after more than one year	**352**	**352**

Provisions held relate to dilapidation accruals for leases held at the year end. Assumptions are made regarding amounts to accrue for known obligations.

22 Pension and similar obligations

The Company contributes to several employee personal pension schemes. The assets of these schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds, and amounted to £2,434,219 *(2021: £2,319,507)* of which £Nil *(2021: £Nil)* was outstanding as at 31 March 2022.

23 Financial instruments

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	2022 £'000	2021 £'000
IFRS 9 categories of financial instruments		
Financial assets held for trading (including all derivatives)		
Forward currency contracts	**305**	271
Financial liabilities held for trading (including all derivatives)		
Forward currency contracts	**(7)**	(236)
Net financial assets designated as hedges	**298**	35

Fair value on forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

24 Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
101,208,330 ordinary shares of £1 each	**101,208**	101,208

25 Capital commitments and contingent liabilities

Capital commitments contracted by the directors at 31 March 2022 amount to £Nil *(2021: £8,452,000)*. The Company has no contingent liabilities at 31 March 2022 (2021: £Nil)

Notes *(continued)*

26

Undertaking	Direct Holdings	Indirect Holdings
United Kingdom		
AGP Distribution Limited	100%	-
Micro P Limited	100%	-
Micro P Mobile Limited	100%	-
Micro P Stoke Limited	100%	-
Micro Peripherals Limited	100%	-
Exertis Micro P Limited	100%	-
Advent Data Limited	100%	-
Exertis Advent Limited	-	100%
Ashmede Limited	-	100%
Exertis Computer Supplies Limited	-	100%
Janson Computers Limited	100%	-
Transaction One Limited	-	100%
Digital Toolbox Limited	-	100%
Janson Technology	-	100%
Gem Distribution Limited	100%	-
Exertis Gem Limited	-	100%
Odysseus Holdings Limited	100%	-
Medium (U.K.) Limited	-	100%
Siracom Limited	100%	-
Hammer Consolidated Holdings Limited	100%	-
Exertis Hammer Limited	-	100%
Malleus Limited	-	100%
V2 Limited	-	100%
V2 Electronics Limited	-	100%
Hammer Group Limited	-	100%
MTR Group Holding Limited	100%	-
MTR Group Limited	-	100%
4Gadgets Limited	-	100%
Fonewizard Europe Ltd	-	100%
Hypertec Limited	100%	-
Just Lamps Limited	-	100%
Stampede Global UK Ltd	100%	-
Kondor Holdco Ltd	100%	-
Kondor Bidco Ltd	-	100%
Kondor Ltd	-	100%
Kondor Midco Ltd	-	100%
Middleseries Limited	-	100%
Netherlands		
Exertis Enterprise NL B.V. *Registered Address Weerlaan 2, 2181 HH, Hillegom*	-	100%
Spain		
Computers Unlimited Iberica SL *Registered Address Avinguda de les Corts Catalanes, 808173, Sant Cugat del Vallès, Barcelona*	-	100%
Sweden		
DCC Holdings AB *Registered Address Gustavslundsvagen 129, 167 51, Bromma, Stockholms län*	100%	-

26 Investments in subsidaries *(continued)*

Undertaking	Direct Holdings	Indirect Holdings
Sweden		
Exertis Ztorm AB *Registered Address Gustavslundsvagen 129, 167 51, Bromma, Stockholms län*	-	100%
V2E Nordics AB *Registered Address Djupdalsvägn 7 3TR, 19251, Sollentuna, Stockholms län*	-	100%
Belgium		
Exertis Enterprise BE *Registered Address Generaal De Wittelaan 9, 2800, Mechelen*	-	100%
Germany		
Hammer GmbH *Registered Address Leibnizstrasse. 1, 88521, Ottobrun*	-	100%

Note 1: Supply and management of computer storage solutions
Note 2: Mobile telephone refurbishment
Note 3: Supply of IT hardware products
Note 4: Supply of online video games and software

Unless otherwise stated, the registered office address for each of the above is Technology House Magnesium Way, Hapton, Burnley, England, BB12 7BF. The Company's interest is in ordinary shares issued (or equivalent of ordinary shares issued in the relevant country), unless an indirect holding is stated.

27 Related party transactions

FRS 101.8(k) exempts the requirement of IAS 24 *Related Party Disclosures* to disclose related party transactions between wholly-owned subsidiaries. Consequently, these financial statements do not contain disclosures of transactions with entities in the DCC plc Group.

28 Ultimate and immediate parent companies and controlling party

The directors regard DCC plc, a company registered in the Republic of Ireland, as the ultimate parent company and controlling party. The largest and smallest group in which the results of the Company are consolidated is that headed by DCC plc. Copies of the parent's consolidated financial statements may be obtained from DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland. The Company's immediate parent company is Exertis (Holdings) Ltd, a company registered in England with a registered address at Technology House Magnesium Way, Hapton, Burnley, England, BB12 7BF.

29 Post balance sheet events

There have been no significant post balance sheet events subsequent to the year-end which require disclosure in, or adjustment to, the financial statements.