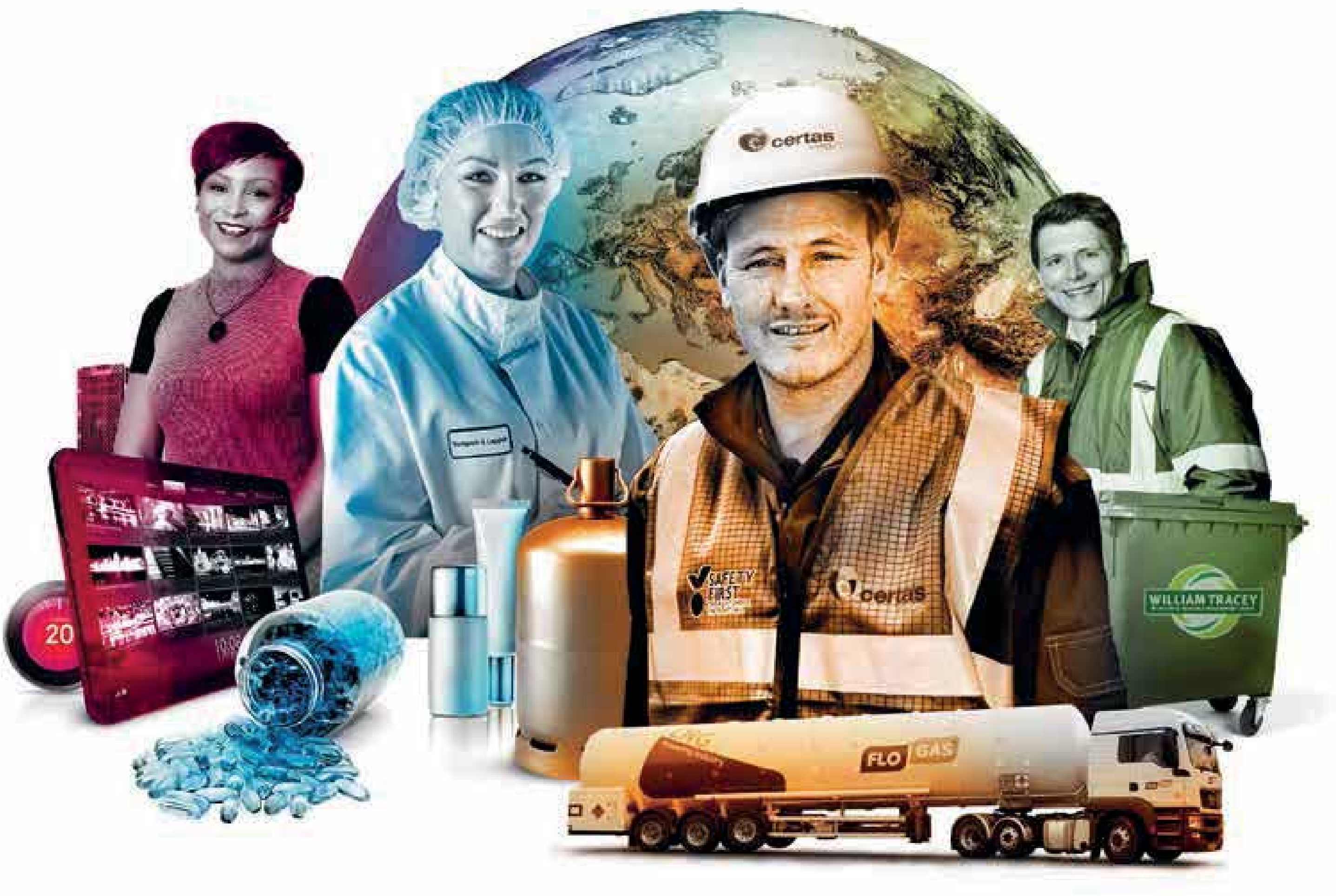

DCC plc Annual Report and Accounts

2016

DCC is an international sales, marketing, distribution and business support services group with revenues of £10.6 billion. The Group is headquartered in Dublin, Ireland and employs over 10,500 people in 15 countries. DCC is a constituent member of the FTSE 100 and is listed under Support Services on the London Stock Exchange.

Our Structure

DCC operates across four separate divisions, DCC Energy, DCC Healthcare, DCC Technology and DCC Environmental.

Our Strategy

DCC's objective is to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital.

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Strategy in Action

Examples of our strategy being put into effect are set out in the Strategy in Action section on pages 18 to 25.

Energy

Acquisition to deliver growth

Read more on **page 18**

Healthcare

Creating and sustaining market leading positions

Read more on **page 20**

Technology

The development of our Smart Technology proposition

Read more on **page 22**

Energy

Expanding in the retail petrol station market

Read more on **page 24**

View this report online at www.dcc.ie

DCC at a Glance

DCC is an international sales, marketing, distribution and business support services group. The Group is organised and managed across four divisions and employs over 10,500 people in 15 countries.

Energy

Sales, marketing and distribution of oil and liquefied petroleum gas.

Volumes
12.8bn litres
▲18.7%

Operating profit
£205.2m
▲71.9%

Principal operating locations
Britain, France, Ireland, Denmark, Sweden, Austria, the Netherlands, Norway, Belgium and Germany.

Read more: **Operating Review** on **page 26**

Healthcare

A leading healthcare business, providing products and services to healthcare providers and health & beauty brand owners.

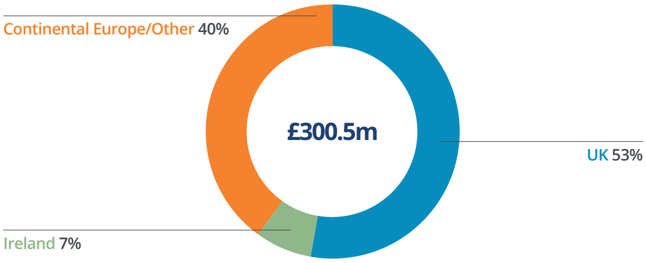
Revenue
£490.7m
▲0.5%

Operating profit
£45.0m
▲13.5%

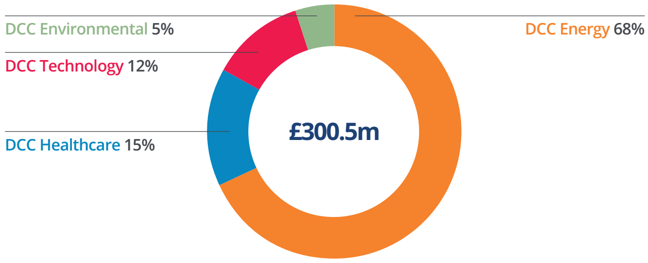
Principal operating locations
Britain, Ireland and Sweden.

Read more: **Operating Review** on **page 34**

Group operating profit by geography



Group operating profit by division



Technology

Sales, marketing and distribution of technology products.

Revenue
£2,441.7m
▲3.9%

Operating profit
£35.1m
▼28.8%

Principal operating locations
Britain, Ireland, France, Sweden, Germany, the Netherlands, Belgium, UAE, Spain, Norway, Poland, China and the USA.

Read more: **Operating Review** on **page 42**

Environmental

Provider of a broad range of waste management and recycling services.

Revenue
£153.5m
▲6.9%

Operating profit
£15.2m
▲14.2%

Principal operating locations
Britain and Ireland.

Read more: **Operating Review** on **page 48**

Highlights of the Year

A record year of growth and development for the Group

The year ended 31 March 2016 has been another significant year of growth and development for the Group with:

- Group operating profit from continuing activities 35.5% ahead of the prior year at £300.5 million;
- Adjusted earnings per share up 27.2% to 257.1 pence;
- Excellent cash generation with 97% conversion of operating profit to free cash flow;
- An increase in the Group's return on capital employed to 21.0%;
- The completion and successful integration of both Butagaz and Esso Retail France, the Group's two largest ever acquisitions; and
- A proposed 15% increase in the dividend, the 22nd consecutive year of dividend growth.

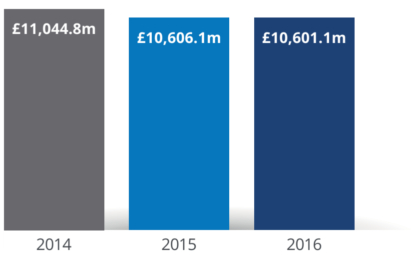
Outlook

The Group expects that the year to 31 March 2017 will be another year of profit growth and development.

Revenue†

£10,601.1m

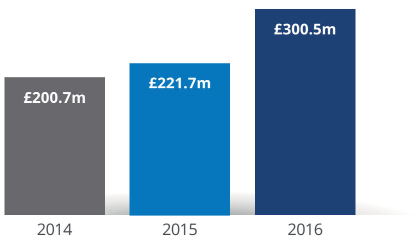
◀▶0.0%



Operating profit†*

£300.5m

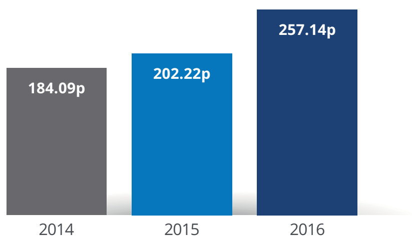
▲35.5%



Adjusted earnings per share†*

257.14p

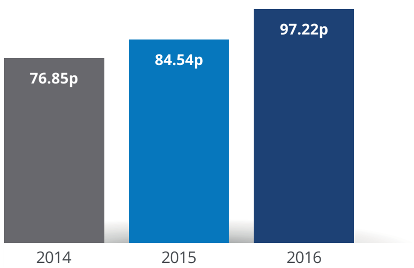
▲27.2%



Dividend per share

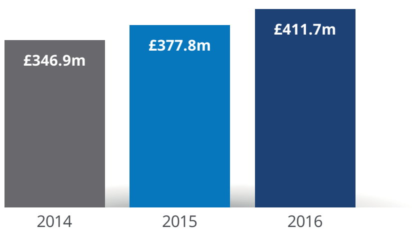
97.22p

▲15.0%



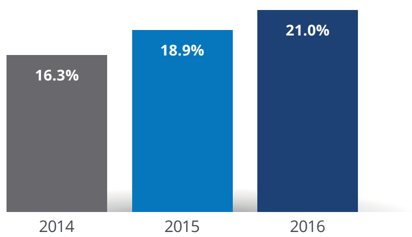
Operating cash flow before exceptionals

£411.7m



Return on capital employed

21.0%



† Continuing activities (i.e. excluding DCC Food & Beverage which was disposed of in the prior year).

* All references to 'operating profit' and 'adjusted earnings per share' included in the Strategic Report are stated excluding net exceptionals and amortisation of intangible assets. Other non-GAAP measures are detailed on pages 203 to 206.

Chairman's Statement

Very strong financial performance and significant progress against strategy in 2016

Dear Shareholder,

Performance

I am pleased to record that the year ended 31 March 2016 has shown continued growth and development for the business. Operating results delivered excellent progression with profits up overall by 35.5%. Adjusted earnings per share was up by 27.2%.

Return on capital employed was 21%. A key feature of our business continues to be the strong conversion of operating profits to free cash flow which came in at 97% with net debt at the year end of £54.5 million.

We completed the year with total equity of £1.3 billion.

The share placing of 4.2 million new ordinary shares, being 5% of the share capital, which I referred to in my statement last year, was successfully completed in May 2015, raising a net £193 million. On behalf of the Board, I would like to thank you, our shareholders, for your continued support.

Dividend

The Board is recommending a final dividend of 64.18 pence per share. This brings the total dividend per share for the year ended 31 March 2016 to 97.22 pence per share, up 15% on the previous year. We have now completed 22 years of uninterrupted dividend growth since DCC first became a publicly listed company.

Strategy

DCC's core strategy is to build an international sales, marketing, distribution and support services business of scale that is sustainable and cash generative and which provides our shareholders with returns on capital employed substantially ahead of our cost of capital.

This strategy in action was evidenced strongly in 2015 by the acquisitions of Esso Retail France and Butagaz S.A.S. in June and November. The acquisition of the Esso France retail and motorway networks and their subsequent integration has marked a significant step in our push into transport fuels. Our retail focus is on unmanned networks supported by leading edge technologies.

To this end, we have developed a retail operations centre in Drogheda (near Dublin) where the majority of the key business functions, including pricing, are carried out.

Butagaz S.A.S is the Group's largest ever acquisition at €437 million and is a major step forward in the expansion of our LPG business. It provides DCC Energy with a substantial presence in the French LPG market, a strong and experienced management team and a high quality sales, marketing and operational infrastructure, selling to domestic, commercial, agricultural and industrial customers. The business has performed very well since acquisition.

In March 2016, DCC Energy announced that agreement had been reached with Statoil Fuel and Retail (a subsidiary of Alimentation Couche Tard) to acquire a remedy package required as part of their acquisition of Shell's marketing business in Denmark. This comprises Shell branded retail stations, a fuelcard business, commercial fuels and an aviation business with a presence at all major Danish airports.

This new business, when combined with our existing Danish business and supported by our retail operations centre in Drogheda, will strengthen our overall position in this market.

In September 2015, DCC Healthcare completed the acquisition of Design Plus, the UK's leading manufacturer and filler of sachets. This provides DCC Healthcare's contract manufacturing business with new skills, capabilities and access to a new customer base and geographical markets.

In December 2015, DCC Technology completed the acquisition of CUC Groupe, a cabling and connectors distribution business headquartered near Paris. This acquisition adds complementary products to our existing ranges and significantly expands the customer base of our Continental European business.

We continue to pursue development and consolidation opportunities in each of our core businesses.

Health and Safety

Safety remains a key focus for Board and management across our supply chains and in particular with regard to our 10,500 employees across over 400 sites.

As a Board we undertake a detailed quarterly review of our health and safety performance and opportunities to improve. I am pleased to note an improvement in our scores in this regard in the year ended 31 March 2016. The Board has also focused on process safety as a critical element of our approach, particularly given the scale of our Energy business.

Board Composition and Renewal

During the year, the Nomination and Governance Committee devoted considerable time to the matter of Board composition and succession. To this end I would like to formally welcome Cormac McCarthy to the Board. Cormac was co-opted to the Board on 16 May 2016 following a comprehensive recruitment process. He brings significant financial and leadership experience, most recently as Chief Financial Officer of Paddy Power plc. Cormac has also joined the Audit Committee.

I also wish to note that David Byrne has given notice of his intention to retire from the Board at the conclusion of the 2016 Annual General Meeting in July. David has served as Deputy Chairman and Senior Independent Director for seven years. His wise counsel has been much appreciated by myself and all of the Board over his tenure. We wish him well for the future.

As our business and investment in France have grown in recent years, the Board decided to set up a France Advisory Board, details of which are set out in the Nomination and Governance Committee Report on page 106. The objective is to deliver support, insights and constructive challenge to our French executive teams and detailed feedback to the plc Board.

Investor Communications

We have continued our active approach to investor communications, which involves direct contact with shareholders and with significant long-term debt providers. Further details on this programme are set out in the Corporate Governance Statement on page 76.

Our People

Having been appointed Chairman in September 2014, I have now completed my first full financial year in the role. As part of this I have been undertaking a programme of visits to a range of DCC businesses and operating sites. In this regard, I remain deeply impressed with the calibre and commitment of our teams across the Group.

On behalf of the Board, I would like to thank Tommy Breen and his executive leadership team for their ongoing commitment and achievements in the year ended March 2016.

Outlook

While last year marked 21 years of DCC as a public company, 2016 marks 40 years since our founding as a business. A core aim of really delivering for shareholders remains a guiding principle. We believe that the Group has made significant progress in this regard over the past year and we aim to continue this over the years ahead.

John Moloney
Chairman
16 May 2016

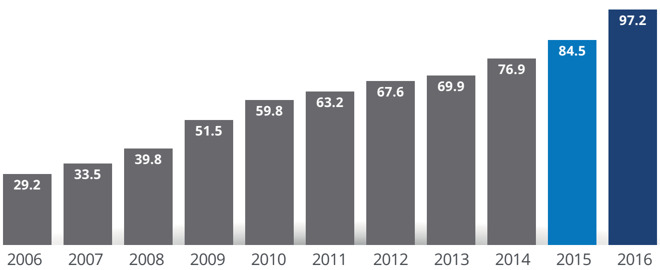
Total Shareholder Return ('TSR')

TSR over 10 years: 521.3%

The chart above shows the growth of a hypothetical €100 holding in DCC plc shares since 1 April 2006.

Dividend (pence) – years ended 31 March

Compound Dividend Growth over 10 years: 12.8% per annum



Chief Executive's Review

Record year of performance and development

Delivery against Strategy

DCC's 40th birthday was on 9 April last and I am pleased to report that the financial year ended 31 March 2016 was a record year in a number of aspects, including delivery against strategy. Our fundamental strategic objective – to continue building a growing, sustainable and cash generative business which consistently provides returns on total capital employed significantly ahead of our cost of capital – has been consistent for a very long time and remains front and centre of everything we do in DCC.

Performance Highlights

- Operating profit grew by 35.5% to £300.5 million, a record for the Group.
- Adjusted earnings per share was up by 27.2% to 257.1 pence.
- Operating cash flow was a record £411.7 million.
- Return on total capital employed was 21%.
- A proposed 15% increase in the final dividend which would result in an increase of 15% in the total dividend for the year – the 22nd consecutive year of dividend growth.

Development Highlights

- Record spend of £394 million on acquisitions incorporating the completion and successful integration of the two largest acquisitions in the history of the Group – the acquisition of Butagaz in France from Shell and the acquisition of the Esso Express unmanned retail petrol station network along with the Esso branded motorway concessions in France.
- The successful completion of a placing of new ordinary shares representing 5% of the Group's issued share capital. The placing was at a 7% premium to the previous day's closing share price, was over subscribed by almost six times and raised a net £193 million. As a result of the placing, the first since the Group's shares were listed in 1994, DCC remains in a particularly strong financial position to continue the development of its business.

The Businesses

The year ended 31 March 2016 was a milestone year for DCC Energy. Profits grew by 71.9% driven by the completion of the acquisitions of Butagaz and the Esso Retail petrol station business, both in France, along with a strong underlying performance in the business. These two acquisitions have been successfully integrated and have increased the scale of our LPG and Retail businesses respectively. DCC Energy has almost doubled its profits in the last three years and grown its return on capital employed.

DCC Healthcare performed very strongly with operating profit growth of 13.5%, of which approximately two-thirds was organic and the balance driven by bolt-on acquisitions. DCC Healthcare has more than doubled its profits over the last three years, while at the same time increasing the return on capital employed during that period. The growth in the business has come both in DCC Vital, which is focused on the sales and marketing of pharmaceuticals and medical devices to healthcare providers in Britain and Ireland, and also in DCC Health & Beauty Solutions, which provides outsourced solutions to international nutrition and beauty brand owners.

DCC Technology experienced a very difficult trading environment and operating profit declined by 28.8%. As previously reported, the business was materially affected in the UK by a reduction in the sales of products from one large supplier, particularly in the first part of the year, and also by weaker than anticipated demand for tablet computing, smartphone and gaming products. In response to the challenging trading conditions in the UK, action has been taken by the business to reduce its cost base and this, along with business development initiatives undertaken, leaves us confident that the business will return to growth in the current year.

DCC Environmental grew its profits by 14.2% and, importantly, increased its return on capital employed to 11.7%. All of the growth was organic as both the British and Irish businesses performed well, notwithstanding the background of falling commodity prices during the year.

People and Values

DCC is a story of strong, sustained growth over many years from modest beginnings. This growth, both organic and acquisitive, has been attributable in no small part to a talented, stable and determined team of people at all levels throughout the organisation, following a set of principles and ways of working which have built up over time to become our core values.

These core values of safety, integrity, partnership and excellence are part of the Group's DNA and define how we conduct ourselves and our business. We encourage the leaders within our Group to exemplify these values in order to guide and inspire our employees to embody these values in the way we do business every day.

The future growth and development of the Group will entail expansion into new geographies and cultures but these values which bind us together will remain constant and we will continue to reinforce these guiding principles which have served us well over the last 40 years.

These values have contributed towards creating a culture which encourages and enables our people to grow and develop their business, which represents a key competitive advantage to the Group. This, as much as anything else, gives me confidence for the future of DCC and I would like to thank all of these people for their exceptional ongoing efforts and commitment.

Outlook

Despite a record year of performance and development there can be no room for complacency. The recent acquisitions, as I outlined above, have been well integrated and the Group remains as ambitious for, and committed to, the further growth and development of its business as it has been at any time in its history. This ambition and commitment is underpinned by a continuing very strong and liquid financial position which leaves us well placed to take advantage of opportunities as they arise.

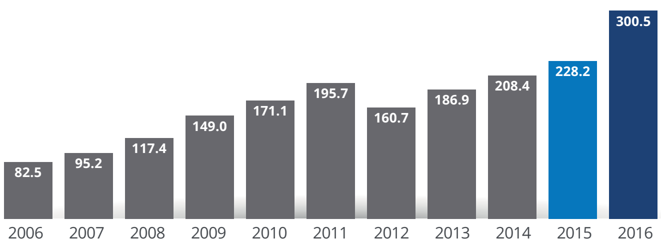
Against this background we expect that the coming year will be another year of profit growth and development for the Group.

Tommy Breen
Chief Executive
16 May 2016

Group operating profit (£'m) – years ended 31 March

2016: £300.5m

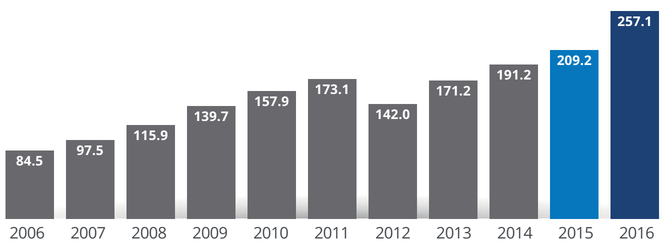
▲35.5%



Adjusted earnings per share (pence) – years ended 31 March

2016: 257.1 pence

▲27.2%



Strategy

Sustainable growth

Our objective is to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital.

We will achieve this by focusing on five strategic priorities as illustrated.

Successful delivery of this objective will result in:

- the creation of shareholder value through growth in share price and dividends;
- enhanced levels of customer service;
- strengthening of the relationship with our suppliers;
- increased employment and development opportunities for all our employees; and
- a positive impact on the wider communities in which we operate.

Strategic Priority

Market leading positions

DCC aims to be the number one or two operator in each of its chosen markets. This is achieved through a consistent focus on increasing market shares organically and via value enhancing acquisitions. We have a long and successful track record of acquisitions which have strengthened our market positions and generated attractive returns on capital invested.

Operational efficiency

DCC strives to be the most efficient business in each of the sectors in which it operates. We continuously benchmark our businesses against those specific KPIs we judge are important indicators in our drive for superior returns on capital in the short, medium and longer term.

Extend our geographic footprint

In recent years we have been expanding certain of the Group's businesses into Continental European markets we believe provide good opportunity for future growth. We will look to further develop our businesses in these markets and to enter new geographic markets on a selective basis in the coming years.

Financial discipline

In pursuing our strategic objectives, we will only do so in the context of maintaining relatively low levels of financial risk in the Group. We believe that this not only provides the greatest likelihood of generating value for shareholders in the long term but also leaves the Group best placed to react quickly to commercial opportunities as they arise.

Development of entrepreneurial teams

Our continued success is largely due to our people and we remain focused on attracting, motivating and empowering our leadership teams across the Group. The devolved nature of our management structure requires leaders of the highest calibre, skill and experience. We believe that providing appropriate short and long-term incentives to these leaders, based on the performance of the businesses which they manage, is the best motivator for sustained performance and good returns for shareholders.

Progress in 2016	Priorities for 2017
The Group maintained or increased market share in the primary markets in which it operates. The most significant acquisitions completed during the year were Butagaz, Esso Retail France and DLG in DCC Energy, Design Plus in DCC Healthcare and Computers Unlimited in DCC Technology. These businesses are market leaders with returns on capital employed above the Group's cost of capital. **Read more: Strategy in action on pages 18, 20 and 22. Case study on page 37.**	The Group will continue to pursue growth organically and through value enhancing acquisitions. The acquisition of the Danish oil distribution and retail assets ('Dansk Fuels') formerly owned by Shell is expected to complete in the second half of the calendar year 2016. The completion of the acquisition is conditional, inter alia, on EC competition clearance.
During the year the Group successfully completed the integration of acquisitions made in prior years including the two largest acquisitions ever completed by the Group in Butagaz and Esso Retail France. In DCC Healthcare we leveraged our increased scale to consolidate certain back office facilities and activities and also completed the integration of our Swedish tablet manufacturing and packing operations into our larger tablet manufacturing facility in Britain. DCC Technology continues to significantly upgrade its ERP and logistics infrastructure and has largely completed the construction of a new purpose-built national distribution centre in England which will increase efficiency, provide extra capacity and support increasing demand for flexible delivery solutions.	DCC Healthcare's streamlined activities, particularly in pharma, will deliver improved operational efficiency and facilitate an increased focus on the sales and marketing of higher margin products, especially in our portfolio of own licensed pharmaceuticals. The relocation of DCC Technology's UK businesses to the new national distribution centre is planned to complete on a phased basis from the second half of the year ending 31 March 2017. The first phase of the new ERP system is planned to go live during the year ending 31 March 2017.
The Group completed its second major acquisition in the European unmanned petrol station market through the acquisition of Esso Retail in France. In addition, DCC Energy entered the LPG market in France for the first time through the acquisition of Butagaz, a market leader in France. DCC Technology completed the acquisition of CUC, a cabling distribution business with operations in France and Germany. **Read more: Strategy in action on page 18.**	Subject to competition clearance, DCC Energy expects to complete the acquisition of Dansk Fuels in the second half of the calendar year 2016. The Group remains disciplined in its approach to acquisition spend and the development strategy remains unchanged. **Read more: Strategy in action on page 25. Case study on page 29.**
The Group's financial position remains very strong, well funded and highly liquid. Undertaking acquisitions to complement organic growth is core to DCC's development strategy. To that end, and cognisant that the Group had already committed to acquire both the Esso Retail and Butagaz businesses in France, the Group successfully completed a placing of new ordinary shares representing 5% of the issued share capital of the Group in May 2015. The funds raised from this placing, together with the continuing strong focus on operating cash flow, provides the Group with significant capacity for further development. The Group has modest net debt at 31 March 2016 of £55 million which includes cash resources, net of overdrafts, of £1.0 billion.	The maintenance of a strong and liquid balance sheet to take advantage of opportunities as they arise will remain an integral part of the Group's strategy.
The Group was again successful in retaining the key management teams in the businesses we acquired during the year. These teams add to our leadership talent pool and bring with them additional industry experience and capability to the Group.	We continue to engage with external advisors in the development and rollout of a more structured Group talent programme which will support the continued development and retention of high performing employees. This programme will be underpinned by a bespoke leadership competency framework which was created last year using input from a sample of our most successful leaders across the Group.

Business Model

How we create and share value

We utilise our resources

The effective utilisation of our key resources is central to the successful achievement of our strategy. These key resources include:

- People
- Capital
- Business partners
- Facilities
- Business intelligence
- Products

In our chosen businesses and markets

We operate across 15 countries, in markets which display opportunities to create long-term shareholder value. The common attributes of our businesses include:

- Market leadership positions
- Operational efficiency
- Strong, empowered management teams
- Financial discipline
- Cash generative

To create value

The key enablers in our Group which create value include:

- Focus on cash generation and ROCE
- Consistent strategic direction
- Ability to identify, execute and integrate acquisitions
- Talent development and retention
- Disciplined capital allocation
- Best practice in governance and compliance
- Robust risk management
- Strong supplier and customer relationships
- Devolved management structure

Our core values

Our Group is built on foundations which guide how we act, make decisions, plan strategies and interact with our business partners and stakeholders.

Safety

For us, safety comes first.

Our business model is highly cash generative and offers significant growth potential with high levels of profitability and shareholder returns on capital employed significantly ahead of our cost of capital.

To generate returns and add long-term value for stakeholders

Our business model generates returns and adds long-term value for all our stakeholders including:

- Shareholders (share price growth and dividends)
- Employees (salaries and employment)
- Business partners (enhanced customer service and supplier relationships)
- Governments (taxes and levies)
- Local communities in which we operate

Sustainable Growth
A key measure of our sustainability is the economic value generated from our activities over the long term.

The principal value shared with stakeholders during the year was as follows:

Dividends	£87m
Employees	£406m
Corporate taxes	£36m
Interest payments	£65m
Value shared	**£594m**

And for reinvestment and acquisitions

The highly cash generative nature of our business model enables:

- Reinvestment in existing businesses to drive efficiencies and further growth
- Acquisition of new businesses through our ability to identify, execute and integrate acquisitions

Integrity
Our business is built on trust.

Partnership
We are stronger together.

Excellence
We are driven to excel in everything we do.

Key Performance Indicators
Monitoring Progress

The Group employs financial and non-financial key performance indicators ('KPIs') which signify progress towards the achievement of our strategy. Each division has its own KPIs which are in direct alignment with those of the Group and are included in the divisional operating reviews on pages 26 to 53.

KPI	Definition	Strategic Linkage
Return on capital employed ('ROCE')	ROCE is defined as the operating profit before amortisation and exceptional items expressed as a percentage of the average capital employed. Capital employed represents total equity adjusted for net cash/debt, goodwill and intangibles previously written off, acquisition related liabilities and equity accounted investments.	ROCE is the key financial benchmark we use when evaluating both the performance of existing businesses and potential investments. The Group strives to consistently provide returns well in excess of our cost of capital. ROCE is a key component of DCC's executive bonus plans and Long Term Incentive Plan.
Growth in operating profit	The change in operating profit before amortisation and exceptional items achieved in the current year compared to operating profit before amortisation and exceptional items reported in the prior year.	Operating profit measures the underlying operating performance of the Group's businesses and gives an insight into our activity levels, cost management and performance efficiency.
Growth in adjusted earnings per share ('EPS')	The change in adjusted EPS achieved in the current year compared to adjusted EPS reported in the prior year.	EPS is a widely accepted metric used in determining corporate profitability. It also represents an important metric in determining the generation of superior shareholder returns and is a key component of DCC's executive bonus plans and Long Term Incentive Plan.
Operating cash flow	Cash generated from operations before exceptional items.	Operating cash flow represents the funds available for reinvestment, acquisitions and dividends, so maintaining a high level of cash generation is key to delivering strong shareholder returns.
Committed acquisition expenditure	Cash spent and future acquisition related consideration for acquisitions committed to during the year.	The Group constantly seeks to add value-enhancing acquisitions in order to provide shareholders with returns on capital in excess of our cost of capital.
Health and safety	Lost Time Injury Frequency Rate ('LTIFR') measures the number of lost time injuries per 200,000 hours worked. Lost Time Injury Severity Rate ('LTISR') measures the number of calendar days lost per 200,000 hours worked.	The safety of our employees and the wider community is central to everything we do. A continually improving occupational and process safety culture is a key element in delivering on our strategic objectives.
Gender diversity	The percentage split of the workforce between male and female employees.	The Group benefits from attracting and developing a workforce with diverse skills, qualities and experiences.

Key: Market leading positions; Operational efficiency; Extend our geographic footprint; Financial discipline; Development of entrepreneurial teams; R Linked to Directors' Remuneration

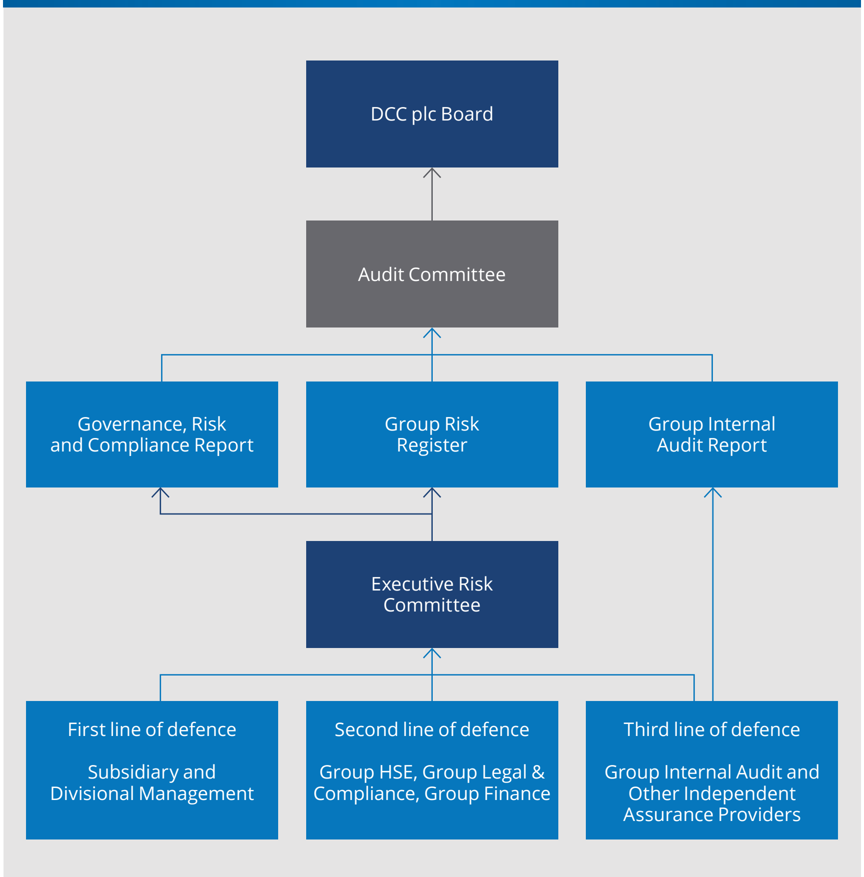
Performance	Comment	FY17 Outlook and Aims
2016 21.0% 2015 18.9%	The ROCE of 21.0% is significantly in excess of our cost of capital. The increase in ROCE was primarily driven by continued strong working capital management and the increase in the Group's operating profit of 35.5%. The overall return was somewhat flattered by the acquisitions of Butagaz and Esso Retail France which were completed during the year and the pro-forma return for the Group would have been approximately 19% had these acquisitions been in place for the full year.	The achievement of returns on capital employed in excess of the Group's cost of capital will continue to be a key focus in order to ensure the efficient generation of cash to fund organic growth, acquisitions and dividend growth.
2016 £300.5m 2015 £221.7m 2016 v 2015: ▲35.5%	DCC Energy recorded excellent profit growth, despite the relatively mild winter weather conditions, primarily due to the contribution from acquisitions completed during the year together with a good margin and cost performance. DCC Healthcare's operating profit was ahead of the prior year reflecting good organic growth. Operating profit in DCC Technology was behind the prior year primarily due to a weak performance in our UK business.	The Group expects that the year ending 31 March 2017 will be another year of profit growth and development.
2016 257.14p 2015 202.22p 2016 v 2015: ▲27.2%	The increase in adjusted EPS was primarily driven by the factors mentioned under the operating profit KPI.	The Group expects that the year ending 31 March 2017 will be another year of growth in adjusted earnings per share.
2016 £411.7m 2015 £377.8m	The Group generated excellent operating cash flow of £411.7m during the year, driven by operating profit of £300.5m and a reduction in working capital of £37.6m.	Cash generation and working capital management will remain a key focus of the Group.
2016 £80.2m 2015 £554.1m	The Group committed to acquisition expenditure of £80.2m during the year which principally comprised Dansk Fuels (£30m), Design Plus (£15m) and CUC (£15m). In addition, a number of significant acquisitions committed to in the prior year were completed and integrated into the Group during the year.	The Group will continue to pursue attractive opportunities in our traditional markets as well as looking to extend our business into selected new geographic markets. We continue to pursue a strong pipeline of opportunities but acquisition targets must meet our demanding criteria and we will remain disciplined in our approach to acquisition spend.
LTIFR 2016 1.7 2015 1.9 **LTISR** 2016 27 days 2015 39 days	The Group's LTI metrics improved as the number of injuries from slips, trips, falls and manual handling decreased during the year. All LTIs, regardless of severity, are investigated to determine root causes and to implement effective corrective actions. The emphasis on near miss reporting, employee engagement and safety leadership activities is continuous and essential to achieving further improvements.	The Group will continue to focus on promoting a strong safety culture across our businesses in order to raise risk awareness and identify opportunities for improvement. LTI rates are targeted to improve as a result.
Female : Male employees 2016 33% 67% 2015 33% 67%	On an overall basis, female employees accounted for 33% of the workforce. At 31 March 2016, 22% of senior management and 30% of Board members were female.	The Group will continue to focus on actions which will improve the diversity within our workforce and is targeting an improvement in the percentage of female employees.

Risk Report

Identify, assess and manage risk

The Board of DCC is responsible for setting the Group's risk appetite and ensuring that appropriate risk management and internal control systems, designed to identify, manage and mitigate potential material risks to the achievement of the Group's strategic and business objectives, are in place.

Risk Management Framework



Risk Management

The Board has approved a Risk Appetite Statement specifying the levels of risk that the Group is prepared to accept in key areas of activity in achieving its strategic objectives. This Statement informs the risk management and internal control systems that are maintained in those areas.

The Board has also approved a Risk Management Policy which sets out delegated responsibilities and procedures for the management of risk across the Group.

The Risk Appetite Statement and the Risk Management Policy are reviewed by the Board at least annually to ensure that they remain current.

The Board recognises that the effective management of risk requires the involvement of people at every level of the organisation and seeks to encourage this through a culture of open communication, in addition to the operation of formal risk management processes.

The risk management framework in place in the Group and the roles and responsibilities of the key elements of the framework are set out below.

Risk Management Framework

The risk management framework has been designed using a 'three lines of defence' model. The first line comprises subsidiary and divisional management, who have day-to-day responsibility for designing, implementing and maintaining effective internal controls within the individual subsidiaries and divisions. The second line comprises Group oversight functions who provide expertise in regard to the management of specific risks, in particular health, safety and environmental ('HSE') and legal & compliance. The third line of defence principally comprises Group Internal Audit and also includes the external auditors and specialist third party auditors/regulators.

The detailed roles and responsibilities assigned under the risk management framework are summarised below:

Board

As noted earlier, the Board is responsible for approving the Group's Risk Appetite Statement and the Risk Management Policy.

The Board monitors the Group's risk management and internal control activities through the receipt, at each Board meeting, of a risk report which focuses on the principal risks, as set out in the Group Risk

Register, on significant risk events and on developments in risk management practice. Further detail on the risk register process is set out below.

In addition, recognising that health and safety is a very significant risk area for the Group, particularly in the Energy and Environmental divisions, the Board takes particular responsibility for this area through direct quarterly reporting to it by the Head of Group Sustainability, who is responsible for the Group HSE function.

The Board also considers the annual review of the effectiveness of the Group's risk management and internal control systems, which is undertaken jointly by Enterprise Risk Management and Group Internal Audit and reviewed by the Audit Committee.

Audit Committee

The Audit Committee is responsible for assisting the Board by taking delegated responsibility for risk identification and assessment and for reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon.

It fulfils its responsibilities by oversight of the Group Risk Register and by reviewing regular reports from Group Internal Audit and from second line providers, in particular the Executive Risk Committee and Group Legal & Compliance.

The Chairman of the Audit Committee reports to the Board at each Board meeting on its activities, both in regard to audit matters and risk management.

The Audit Committee also reports to the Board on the detailed work done by management in respect of the annual assessment of the operation of the Group's risk management and internal control systems.

Further detail on the activities of the Audit Committee is set out in its Report on page 77.

Executive Risk Committee

The Executive Risk Committee is chaired by the Chief Executive and comprises senior divisional and Group management. Its responsibilities are to analyse on a continuous basis the principal risks facing the Group, the controls in place to manage those risks and the related monitoring procedures and to consider any changes in business strategy which impact on the Group's risk environment and material risks and controls.

The Executive Risk Committee maintains the Group Risk Register and the Integrated Assurance Report (as detailed below) and reports on changes to these to the Audit Committee.

The Executive Risk Committee also evaluates all reports prepared by Group Internal Audit, Group HSE and Group Legal & Compliance and ensures prompt action is taken to address control weaknesses highlighted by these reports, prior to these reports being considered by the Audit Committee or the Board as appropriate.

Group Oversight Functions

Group HSE

The Group HSE function operates a risk based HSE audit programme which provides independent assurance on the key HSE management processes and controls that are in place in the Group's businesses.

The Group HSE function also facilitates the exchange of best practice and supports divisional HSE committees in setting objectives, reviewing HSE risk registers and developing appropriate HSE standards. As mentioned earlier, the Board receives direct reports on the management of HSE risks.

Further detail on HSE risk management is set out in the Sustainability Report on page 62.

Group Legal & Compliance

The Group operates a structured compliance programme designed to provide reasonable assurance that all of its operations comply with applicable legal and ethical standards.

The directors of each Group subsidiary are primarily responsible for ensuring that their business complies with applicable legal and ethical standards. The Group Legal & Compliance function assists them in this through the identification of relevant requirements and the development and implementation of suitable policies, controls and training.

The Group Legal & Compliance function also carries out regular compliance audits in Group subsidiaries to ensure that controls are being followed and are operating effectively.

Further detail on compliance risk is set out in the Corporate Governance Statement on page 75.

Group Finance

Group Finance incorporates accounting, finance, treasury and taxation activities.

Group Internal Audit

Group Internal Audit is responsible for reviewing the risk management and internal control processes and identifying areas for improvement and providing independent and objective assurance on risk matters to senior management and the Audit Committee. Group Internal Audit develops an annual, risk-based internal audit programme, which is approved by the Audit Committee.

Group Internal Audit incorporates a dedicated IT audit and data analytics function which is focused on ensuring the Group Information Security Policy and related IT Standards framework is consistently applied and key risks with respect to cyber security and business continuity are regularly reviewed. It also provides data analytics support to risk and control reviews performed by Group Internal Audit.

A Group IT Security Advisor was appointed during the year to provide ongoing technical support, including managing cyber security and Payment Card Industry Data Security Standards ('PCI DSS') requirements, and to ensure user security training and network penetration testing could be further enhanced.

Further detail on the Group Internal Audit function is set out on page 81.

Risk Register Process

The Group's risk register process is based on a Group-wide approach to the identification and assessment of risks and the manner in which they are managed and monitored.

During the year, the Executive Risk Committee oversaw a review of the risk register process, undertaken by the Head of Enterprise Risk Management and the Head of Internal Audit, which had two main objectives, firstly, to further embed the process into the Group's businesses and, secondly, to provide for more frequent review and updating of the Group and divisional risk registers and the related assurance reports.

The revised process was approved by the Audit Committee and the Board and put into effect in early 2016.

Risk registers, covering strategic, operational, financial and compliance risks, are completed with the impact and likelihood of occurrence for each risk determined. New or emerging risks are added to the risk register as they are identified.

Risk Report Continued

Subsidiary
Each subsidiary is required to maintain a risk register, which is reviewed and updated at each monthly management meeting, attended by both subsidiary and divisional management. Control improvements identified by management as part of the risk register process are formally monitored through an online Group audit management system.

Division
Divisional management are responsible for regularly updating the divisional risk registers, which are submitted to the Executive Risk Committee at each meeting.

Group
The Group Risk Register is maintained by the Executive Risk Committee and is regularly updated to reflect any significant changes noted in the reviews of divisional risk registers or in Group level risks.

The principal risks to the attainment of the Group's strategic priorities, which were confirmed by the risk register process, are set out on pages 15 to 17.

An Integrated Assurance Report ('IAR') is maintained to identify the assurance activities planned for the forthcoming year, across the three lines of defence, which are intended to address the key and emerging risks identified by the risk register process. The IAR is updated and discussed by the Executive Risk Committee at each meeting.

The Group Risk Register and the IAR are then reviewed by the Audit Committee and the Board, as noted earlier.

Reporting
Formal risk reporting timetables and structures are in place across the Group and, in particular, from the Executive Risk Committee and the second line of defence functions to the Audit Committee and Board, by way of the Governance, Risk and Compliance report and the quarterly HSE report respectively, and from Group Internal Audit to the Audit Committee.

Going Concern and the Viability Statement

Going Concern and the Viability Statement
In accordance with the relevant provisions set out in the UK Corporate Governance Code, the Board has taken account of the principal risks and uncertainties, as set out in the table on pages 15 to 17, in considering the statements to be made in regard to the going concern basis of accounting and the viability statement. These statements are set out below:

Going Concern
The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 54. In addition, note 5.7 to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources and a broad spread of businesses with a large number of customers and suppliers across different geographic areas and industries. 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, and the Group as a whole, 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.

Viability Statement
The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years to 31 March 2019. The Directors' assessment has been made with reference to the resilience of the Group and its strong financial position, the Group's current strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as described in the Strategic Report.

The Group has a broad spread of customers and suppliers across different geographic areas and independent market sectors. The Group is supported by a well funded and liquid balance sheet and strong operational cash flows. The assessment period of three years has been chosen as it is consistent with the Board's annual review of the Group's strategy at which the development plans for each business are discussed. A robust financial model of the Group is built on a business by business basis. This model is subjected to sensitivity analysis.

This review and analysis also considers the principal risks facing the Group, as described on pages 15 to 17 and the potential impacts these risks would have on the Group's business model, future performance, solvency or liquidity over the assessment period.

The Board considers that the diverse nature of the sectors and geographies in which the Group operates acts significantly to mitigate the impact any of these risks might have on the Group.

Principal Risks and Uncertainties

The principal risks and uncertainties which have the potential, in the short to medium term, to have a significant impact upon the Group's strategic objectives are set out below, together with an indication of the particular strategic priorities to which they relate, the principal mitigation measures and the movement in the risk in the past year.

These represent the Board's view of the principal risks at this point in time. There may be other matters that are not currently known to the Board or are currently considered of low likelihood which could emerge and give rise to material consequences.

The mitigation measures that are maintained in relation to these risks are designed to provide a reasonable and not an absolute level of protection against the impact of the events in question.

During the past year, improved mitigating controls and changes in the importance of other risks has resulted in the risks associated with crime and pricing being removed from the listing of principal risks.

Risk	Impact	Principal Mitigation Measures	Movement
Health, safety and environmental ('HSE')	The Group operates in a challenging safety environment that is subject to HSE laws, regulations and standards across multiple jurisdictions. The principal risks faced relate to: – fire, explosion or multiple vehicle accident resulting in one or more fatalities; – an incident resulting in significant environmental damage or compliance breach; – a HSE or security event requiring the activation of our crisis management plan and/or business continuity plans; and – poor product quality control requiring activation of our product recall procedures. Such risks may give rise to legal liability, significant costs and damage to the Group's reputation.	HSE management systems are operated appropriate to the nature and scale of the risks. There is a strong focus on process safety and ongoing communication with the relevant safety authorities within the Energy division. The Group operates quality management systems and quality assurance processes, which are subject to regulatory review, and meets licencing requirements for all manufacturing and product processing facilities. Emergency response and business continuity plans are in place to minimise the impact of any significant incidents. Inspection and auditing processes in relation to HSE management systems are conducted by subsidiary management, by the Group HSE function and by external assurance providers, as appropriate. Insurance cover is maintained at Group level for all significant insurable risks.	No change Management continue to improve HSE practices, including further rollout of the Safety First Initiative. The acquisition of the Esso retail business in France substantially increased the size of the DCC Energy retail petrol station network. An extensive due diligence review was performed prior to the acquisition and rigorous operational early warning systems mitigate the potential risk of a significant environmental event. The Butagaz acquisition increased the number of LPG storage sites classified under the Seveso regulations. However, the pre-acquisition due diligence review confirmed the strong health & safety culture which was already in place and which continues to operate.

Key: Impact on strategic priorities

Market leading positions · Operational efficiency · Extend our geographic footprint · Financial discipline · Development of entrepreneurial teams

Risk Report Continued

Principal Risks and Uncertainties Continued

Risk	Impact	Principal Mitigation Measures	Movement
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 Group promotes a culture of compliance and 'Doing the Right Thing' in all activities. Business Conduct Guidelines are in place and are supported by more detailed policies where needed. Training programmes are provided for employees on key compliance risks. All employees can raise concerns, using the Group's whistleblowing facility. The Group Legal & Compliance function performs regular compliance audits.	No change There have been no significant changes to legal and ethical standards/regulations impacting on the Group during the year.
Acquisitions/ Change management	A failure to identify, execute or properly integrate acquisitions or to complete change management programmes or other significant projects could impact on profit targets and impede the strategic development of the Group.	Group and divisional management teams engage in a continuous and active review of potential acquisitions. All potential acquisitions are subject to an assessment of their ability to generate a return on capital employed well in excess of the cost of capital and their strategic fit within the Group. The Group conducts a stringent internal evaluation process and external due diligence prior to completing any acquisition. Performance against original acquisition proposals is formally reported to the Board on an annual basis and account is taken of learnings. Projects and change management programmes are resourced by dedicated and appropriately qualified internal personnel, supported by external expertise.	Increased risk The acquisition of Butagaz and of the Esso retail petrol station business in France were the two largest acquisitions in the history of the Group. The Group successfully completed the integration and go-live of the Esso retail petrol station business in France requiring a fast track development and rollout of a new back office support system and integration of a new SAP platform. Large scale projects to consolidate warehousing in a new National Distribution Centre and to enhance the core ERP system for the Exertis UK operations have reached key milestones and are scheduled to complete during the current financial year.
Key supplier and customer relationships	Certain Group subsidiaries derive a significant part of their revenue from key suppliers and customers and the loss of any of those relationships would have a material financial impact on that subsidiary.	The Group as a whole trades with a very broad supplier and customer base. Close commercial relationships exist with all our suppliers and customers and there is a constant focus on providing a value added service to them.	No change There have been no significant changes to supplier/customer concentrations during the year.

Key: Impact on strategic priorities

- Market leading positions
- Operational efficiency
- Extend our geographic footprint
- Financial discipline
- Development of entrepreneurial teams

Risk	Impact	Principal Mitigation Measures	Movement
Cyber and information security	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.	Dedicated IT personnel in Group subsidiaries implement IT standards and oversee IT security and are provided with technical expertise and support by the Group IT Security Advisor. Cybersecurity reviews are performed by a dedicated internal IT Audit team and external technical experts to provide independent assurance. Business continuity, IT disaster recovery and crisis management plans are in place and regularly tested.	**Increased risk** Recognising the ongoing cyber and general IT security risks, a new Group IT Security Advisor has been appointed to provide ongoing access to technical expertise and to enhance the related IT Security programme. IT standards and policies have been updated to reflect recent changes in the underlying best practice frameworks on which they are based.
Talent management	The Group's devolved management structure has been fundamental to the Group's success. A failure to attract, retain or develop high quality entrepreneurial management throughout the Group could impact on the attainment of strategic objectives.	The Group maintains a constant focus on this area with structured succession planning, management development and remuneration programmes, incorporating long and short-term incentives. A graduate recruitment programme has also been established. These programmes are reviewed regularly by Group Human Resources, divisional management, the Chief Executive and the Board.	**No change** Senior management changes have been successfully completed during the year across a number of larger subsidiaries. A new HR standards programme has been implemented to ensure key policies, procedures and controls operate consistently and effectively across the Group.
Financial and reporting	The Group is exposed to liquidity, foreign exchange and interest rate risk, as well as ongoing demands for credit. Failure to accurately report or forecast financial results through error or fraud would damage the Group's reputation.	The Group's financial position remains strong with significant cash resources and relatively long-term debt maturities. There is a continued focus on working capital management, cash generation and managing supplier and customer relationships. Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board. Standard reporting packs are prepared, including weekly forecasts and monthly submissions, and are subject to review by local, divisional and Group management as well as Group Internal Audit.	**No change** The Group has continued its programme of replacing legacy systems with appropriate, enhanced financial reporting systems. The Group has renewed and substantially enhanced a previous committed term loan facility as part of its funding strategy.
External factors (including weather)	External factors outside of the direct influence of the Group, including economic cycles, technological changes and weather, can significantly impact on performance. Demand for some of the products sold by the Group, most notably heating products in the Energy division, is directly related to weather conditions. The inherent uncertainty of weather conditions therefore presents a risk to profits generated.	The impact of external factors is mitigated through a focus on strong financial management, a broad spread of products and customers across the divisions and careful geographical expansion. Management maintain a close focus on technological developments in the sectors in which the Group operates. The Energy division continues to expand its operations in the non-heating segments of the market, primarily in transport fuels (with a particular emphasis on retail petrol stations), in marine and in aviation.	**No change** Recent French acquisitions will result in a significant geographic rebalancing. The Group has continued to expand its operations in the non-heating segments, most notably with the acquisition of the Esso retail petrol station network in France.

Strategy in Action

DCC Energy
Acquisition to deliver growth

What we did in 2016

DCC Energy's acquisition of Butagaz during the year represented DCC's largest ever acquisition. The Butagaz Group is a French based LPG business selling to domestic, commercial, agricultural and industrial customers. Butagaz is headquartered in Western Paris and employs approximately 550 people across France. The business has a strong supply base, sourcing LPG from a number of supply points including two large importation terminals. Butagaz transports product by road, rail, sea and pipeline to a well-invested network of ten bulk depots and five filling plants across France and one filling plant in Corsica.

The business sells to circa 250,000 residential and commercial customers who are supplied by bulk LPG tanks installed and managed by Butagaz at the customer's premises. Butagaz also sells LPG in cylinders to circa 4 million end users through 26,000 retail outlets, including hypermarkets and independent retailers. These in turn are supplied by Butagaz's national network of 46 cylinder depots.

This acquisition provides DCC Energy with a substantial presence in the French LPG market and an experienced and ambitious management team with a track record of delivering strong profit growth through a high quality sales, marketing and operating infrastructure. The French LPG market is the second largest in Western Europe and is approximately twice the size of the market in Britain. Butagaz has a market share of circa 25% and the Butagaz brand is the leading gas brand in France.

Strategic linkage

The acquisition of Butagaz represents a significant step forward in DCC Energy's ambition to build a very significant presence in the global LPG market. As the leading LPG brand in France with a strong heritage and reputation for customer service, Butagaz is an excellent strategic fit for DCC Energy's existing LPG business.

Read more:
Market leading positions and **extend our geographic footprint** in **Strategy** on **pages 6 and 7**

"The acquisition of Butagaz represents a significant step forward in DCC Energy's ambition to build a very significant presence in the global LPG market."

Strategy in Action

DCC Healthcare Creating and sustaining market leading positions

What we did in 2016

DCC Healthcare's contract manufacturing business has delivered a strong track record of growth through our focus on providing customers with a full service offering that delivers, in particular, proactive product development. Market insights identified an opportunity to extend the breadth and capability of DCC Healthcare's offering to include sachet filling for nutritional, beauty and healthcare brand owners.

In September 2015, DCC Healthcare completed the acquisition of Design Plus, the UK's leading manufacturer and filler of sachets. This acquisition provided DCC Healthcare's contract manufacturing business with new skills and capability along with access to new customers and new geographic markets. Design Plus provides a range of contract manufacturing and filling solutions for their customers – they formulate, develop and pack product for international health and beauty brand owners as well as supporting their customers on branding and packaging formats.

Sachets as a delivery format have moved from predominantly being a sampling tool (used in magazines and promotional giveaways), to being a niche saleable delivery format offering convenience, portion control and better margins for brand owners. 'Life on the go' lifestyles fit perfectly with the delivery of a wide variety of products in a single use sachet. Design Plus' manufacturing flexibility allows it to provide cost-effective solutions for both lower volume products, concept launch requirements and higher volume mass market capability for established ranges.

Strategic linkage

The acquisition of Design Plus has allowed DCC Healthcare to further enhance our service offering and has strengthened our position as the leading contract manufacturer in the creams and liquids sector in Britain. This enhanced capability has allowed us to both strengthen relationships with existing customers and attract new customers. In addition, Design Plus' existing customer base has provided DCC Healthcare with access to customers in new geographic markets, including North America.

Read more:
Market leading positions in **Strategy** on **pages 6 and 7**

"The acquisition of Design Plus has allowed DCC Healthcare to further enhance our service offering and has strengthened our position as the leading contract manufacturer in the creams and liquids sector in Britain."

Strategy in Action

DCC Technology
The development of Exertis' Smart Technology proposition

What we did in 2016
Exertis has market leading positions in a number of key areas including computing, networking, mobile and AV and the business is increasingly focused on developing areas including Smart Technology and the Internet of Things. Gartner, an independent technology research company, is predicting significant growth in the Smart Technology category and estimating that the average home could have hundreds of smart devices by 2022. The Smart Technology proposition includes products such as smart thermostats/meters, lighting, security alarms, TVs, security cameras, smart kitchen appliances and robots, to allow consumers to benefit from the development of a wide range of devices to make their lives easier throughout the home.

During the year, Exertis signed up a number of new vendors in the Smart Technology space, including Canary, Hive, Nest Labs and Tile. Exertis is now the number one Smart Technology distributor in the UK and sells to retailers and installers throughout the UK, Ireland and Continental Europe. The strength of the Exertis vendor portfolio in these areas has allowed Exertis to present an entire category solution to retailers and resellers. Given its leading position with key retailers and the developing installer channel, Exertis has become the obvious choice for new Smart Technology vendors looking to access the European market.

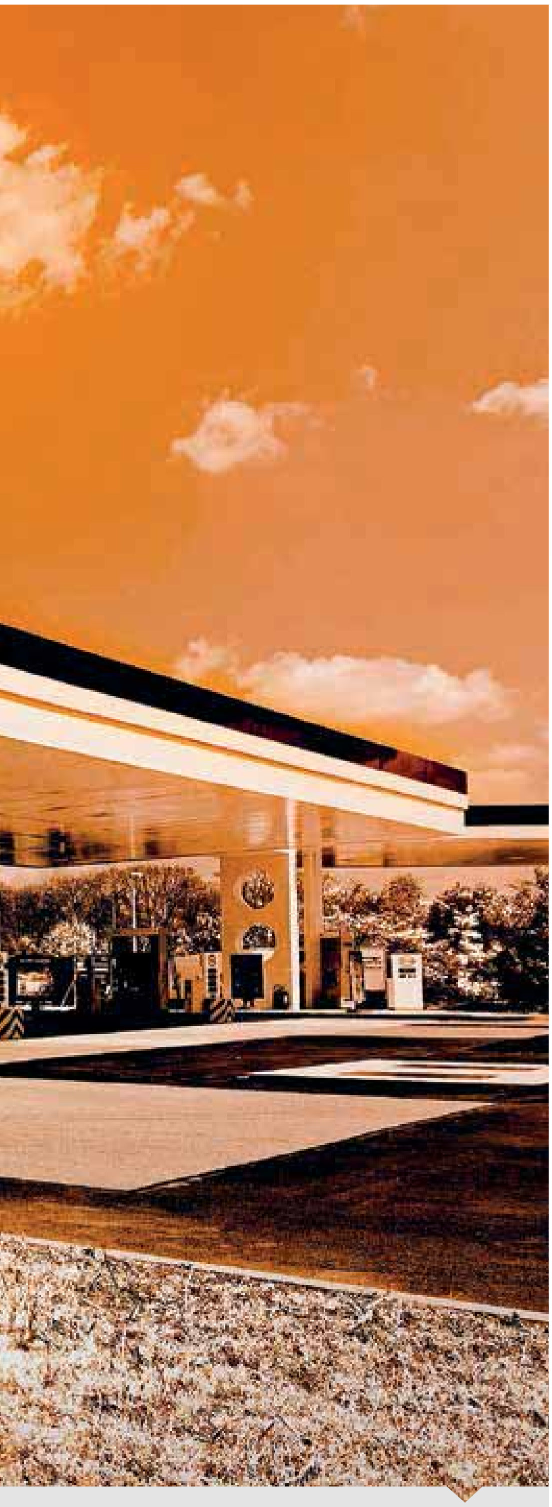
Strategic linkage
The development of the Smart Technology proposition has allowed Exertis to become the obvious partner for new vendors in the sector. In turn this will enable Exertis to grow market share in the retail and reseller market throughout Europe.

Read more:
Market leading positions in **Strategy** on **pages 6 and 7**

"The development of the Smart Technology proposition has allowed Exertis to become the obvious partner for new vendors in the sector."

Strategy in Action

"DCC Energy's strategy is to expand its retail petrol station business in Europe by extending its geographic footprint through acquisition."



DCC Energy
Expanding in the retail petrol station market

What we did in 2016

In June 2015, DCC Energy completed the acquisition of the Esso Express and Esso Motorway networks in France, comprising 272 unmanned retail sites and 47 motorway concessions respectively, with annual volumes of approximately 1.9 billion litres of transport fuels. This new business is operated primarily by our retail hub in Drogheda (just north of Dublin), from where the majority of the key business functions including pricing and procurement are carried out. The cut-over from ExxonMobil was carried out overnight on 24 June 2015 and went extremely smoothly with no disruption to our customers.

The scalability of the Drogheda operation and its ability to integrate additional retail networks will be further demonstrated with our latest acquisition in the retail petrol station market in Denmark. On 23 March 2016, DCC Energy announced that agreement had been reached, subject to EC competition clearance, to acquire Shell's marketing assets in Denmark.

This business distributes 0.9 billion litres of product annually and comprises:

- 139 Shell branded retail sites;
- supply to 66 dealer owned, Shell branded retail sites;
- the euroShell fuelcard business;
- a commercial fuels business; and
- an aviation business with a presence at all major airports.

The operation in Drogheda will facilitate the separation of the retail business from the integrated Shell infrastructure on which it currently operates, leveraging on the expertise built up through the acquisition of the Esso business.

Strategic linkage

DCC Energy's strategy is to expand its retail petrol station business in Europe by extending its geographic footprint through acquisition. DCC Energy is building positions in new geographies through the development of a hub and spoke structure to facilitate building a larger business without duplication of costs.

Read more:
Extend our geographic footprint in **Strategy** on **pages 6 and 7**

Operating Review
DCC Energy

A year of significant growth and development

DCC Energy is the leading oil and liquefied petroleum gas ('LPG') sales, marketing and distribution business in Europe.

Results

Volumes

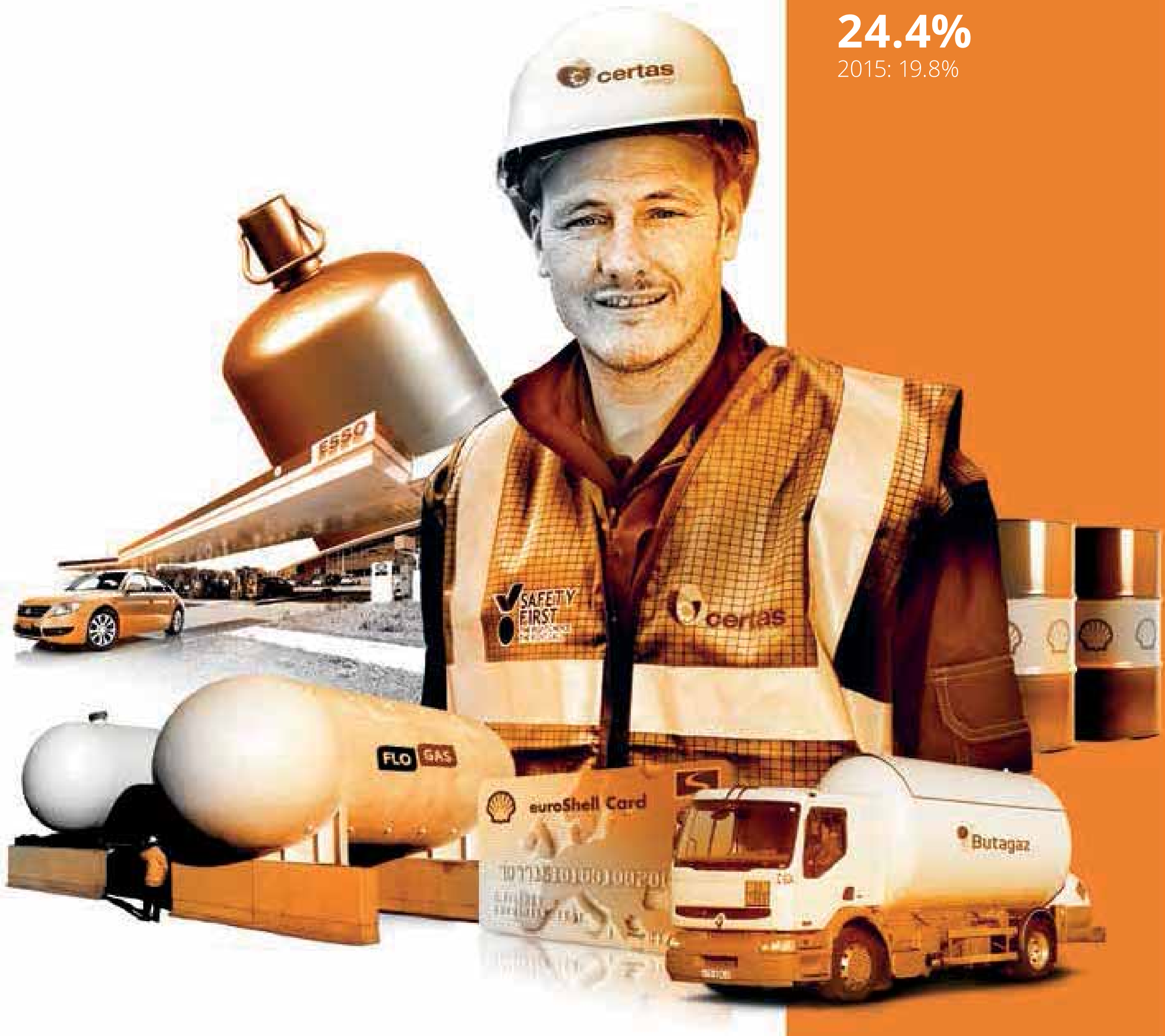
12.8bn litres
▲18.7%

Operating profit

£205.2m
▲71.9%

Return on capital employed

24.4%
2015: 19.8%



What we do

DCC Energy operates through three distinct businesses: LPG, Oil and Retail & Fuel Card. In LPG, DCC Energy is market leader in Norway, Sweden, joint market leader in the Netherlands and strong number two in France, Britain and Ireland. DCC Energy is the market leader in oil distribution in Britain and Sweden and one of the leading players in Austria, Denmark and Ireland. In Retail & Fuel Card, DCC Energy is a leading operator of unmanned retail petrol stations in Europe with operations in France, Sweden, Britain and Ireland and is the leading reseller of fuel cards in Britain.

How we Create Value

- Strong health and safety ethos, delivering potentially hazardous products safely and reliably.
- Passionate, experienced and committed team of people.
- Customer focused.
- Quality of service at competitive prices.
- Scale provides security of supply and ability to tailor contracts to customers' requirements.

Key Brands

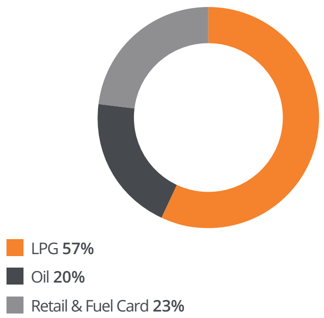
LPG
Benegas*, Butagaz*, Flogas*.

Oil
Bayford, Brogan*, Bronberger & Kessler*, Butler Fuels*, Carlton Fuels*, CPL Petroleum, DCC Energi*, Emo Oil*, Energie Direct*, Gulf, Pace Fuelcare, Qstar*, Scottish Fuels*, Shell, Swea*, Texaco, Top Oil* (in Austria).

Retail & Fuel Card
BP, Diesel Direct, Esso, Fastfuels, Gulf, Shell, Qstar*.

* DCC owned brands

Operating profit split



DCC Energy's activities are highlighted in orange.

Operating Review Continued
DCC Energy Continued

Markets and Market Position

LPG
DCC Energy's LPG business supplies LPG (propane and butane) in both cylinder and bulk formats to commercial, domestic, agricultural and industrial customers across seven countries in Europe. The product is used where there is no natural gas grid for agricultural and industrial processes and for space heating, hot water and cooking. It is also used as road fuel (autogas), as an aerosol propellant and for powering fork lift trucks. Unlike the oil distribution markets which remain highly fragmented, the LPG markets across Europe are relatively consolidated and DCC Energy LPG has a leading position in each market in which it operates.

LPG – France
On 18 May 2015, DCC Energy reached agreement with Shell to acquire Butagaz S.A.S. ('Butagaz') and the initial consideration for the business was paid on 2 November 2015. With a total expected acquisition cost of approximately €437 million, Butagaz was DCC's largest acquisition and represented a major step forward in the expansion of DCC's LPG business. Butagaz is the second largest LPG distribution business in France where the market size is approximately 2 million tonnes. Butagaz has a market share of approximately 25% and operates from 46 depots nationally, distributing to 250,000 customers and to 26,000 points of sale. We estimate that Butagaz cylinders are used by approximately 4 million end user customers annually. Butagaz has a strong supply base and sources LPG from a number of supply points across France and also from Belgium, Spain and Germany. The business has an experienced management team and a high quality sales, marketing and operating infrastructure.

LPG – Britain
Flogas Britain is the clear number two LPG distributor in Britain. Since the successful integration of BP's LPG operations acquired in 2012, the business has consistently focused on organic growth, and in particular the switching of large commercial customers from using oil as their prime energy source to LPG. Today the business has a market share of circa 30% of the addressable market of approximately 800,000 tonnes, served through a nationwide infrastructure of 56 locations. In addition to LPG, the business has continued to develop its position as the leading distributor of liquefied natural gas ('LNG') as an energy solution primarily to large industrial businesses. Flogas Britain also distributes a wide range of LPG fuel appliances such as mobile heaters and barbecues, as well as renewable products such as biomass boilers and solar panels. Furthermore, the business has recently entered the market for the distribution of natural gas to commercial users.

LPG – Ireland
Flogas Ireland, operating in both the Republic of Ireland and Northern Ireland, is the number two LPG distributor in Ireland and has continued to grow organically to an estimated 40% share of the addressable market of approximately 200,000 tonnes. The business operates from 6 depots throughout the country including 3 importation facilities. In addition, Flogas Ireland has established a leading position as a distributor of natural gas to the commercial market and also markets a range of heaters and barbecues and is currently developing a renewables offering.

LPG – the Netherlands
In the Netherlands, where DCC Energy's LPG business trades under the Benegas brand, the business has an overall market share of 26% of the addressable market of approximately 320,000 tonnes and is joint market leader. Operating from one central depot and a number of third party locations, the business delivers to commercial, industrial, agricultural and domestic customers in the Netherlands and Belgium and is also a significant player in the sale of LPG for aerosol and autogas use.

LPG – Sweden & Norway
In Sweden and Norway, Flogas operates from 6 third party operated locations which include 3 key importation facilities. Flogas is the market leader in both these markets with 54% and 38% market shares in Sweden and Norway respectively. The addressable market is estimated to be approximately 340,000 tonnes in Sweden and 190,000 tonnes in Norway.

Oil
DCC Energy's oil distribution business sells transport fuels, heating oils and fuel oils to commercial, retail, domestic, agricultural, industrial, aviation and marine customers in Britain, Ireland, Denmark, Sweden, Austria and Germany. In Britain, DCC Energy has been a consolidator of the fragmented oil distribution market since 2001. DCC Energy sells oil under a large portfolio of leading brands in Europe.

Oil – Britain
DCC Energy has been the consolidator of what was, and continues to be, a highly fragmented oil distribution market in Britain. DCC Energy first entered the market in September 2001 with the acquisition of BP's business in Scotland and since then has acquired and integrated 39 businesses including the oil distribution businesses of Shell (2004), Chevron Texaco (2008) and Total (2011). DCC Energy has grown to become, by far, the largest oil distributor in Britain. DCC's addressable market in Britain comprises transport fuels and heating oils to commercial, industrial, domestic, agricultural and dealer owned petrol stations. The market size has increased significantly in the year, as oil majors have sold retail networks to independent dealers, thereby expanding DCC's addressable market to 34 billion litres (from 30 billion litres last year). In the year ended 31 March 2016, DCC Energy's oil distribution business in Britain sold 5.4 billion litres of product, giving a market share of approximately 16%.

The total retail petrol station market in Britain is approximately 36 billion litres with 44% of volumes sold through supermarket sites, 18% through company owned and operated stations and 38% through independent dealer owned stations. DCC Energy operates in the independent dealer owned segment of the retail market and now has 500 Gulf branded retail sites to which DCC supplies in Britain. DCC Energy has a market share of circa 3% of the total market and supplies to approximately 10% of the dealer network.

Oil – Continental Europe
DCC's Swedish oil distribution business, Swea, is the market leader in Sweden with a share of approximately 14% of the addressable market which is estimated

at 2 billion litres. The addressable oil distribution market in Austria is estimated at 5 billion litres and DCC's subsidiary, Energie Direct, is number two in this market with a share of 12%. In Denmark, the addressable oil distribution market is estimated at 2 billion litres, of which DCC Energi Danmark has a market share of 16% making it the number two oil distributor. The oil business in Denmark will be further expanded by the agreement to acquire Shell's commercial and aviation fuels business (as announced by DCC on 23 March 2016). With the oil majors continuing to divest of oil distribution assets, DCC Energy is well placed to continue its growth in Continental Europe through acquisitions.

Oil – Ireland

Emo Oil is one of the leading oil distributors in Ireland with a market share of 9%. DCC's addressable oil market in Ireland is estimated to be 9 billion litres.

Retail & Fuel Card

DCC Energy's Retail & Fuel Card business operates 694 retail petrol stations in France, Sweden, Ireland and Britain and sells and markets branded fuel cards in Britain.

DCC Energy is one of the leading resellers of branded fuel cards in Britain. The business sells approximately 1.0 billion litres of transport fuels annually and provides its customers with access to the breadth of the British retail petrol station and bunker networks through its portfolio of fuel cards under the BP, Esso, Shell, Texaco and Diesel Direct brands. As well as selling fuel cards, which are an essential tool for commercial organisations to manage their transport fuel costs, DCC also provides an innovative range of value added services to help further minimise spend on transport fuels.

On 24 June 2015, DCC Energy completed the acquisition of Esso's retail petrol station business in France. The business comprises the Esso unmanned retail petrol station network (272 stations) and the Esso motorway concessions network (47 stations). The business sells approximately 1.9 billion litres of diesel and petrol to consumers across France. The business operates from its office in Paris and the retail hub based in Drogheda, north of Dublin, Ireland. The functions of the retail hub include pricing, procurement and back office activities. The retail hub has developed state of the art IT infrastructure which provides a significant platform to add new geographies to our retail business. The change in control from Esso to DCC was a very material and complex but seamless transition.

Case study:
Consolidation in Denmark

Evolution from a focused oil distribution business into an energy business of scale

DCC Energy first entered the Danish fuel market in 2009 through the acquisition of Shell's oil distribution business for €14 million. The business comprised sales of approximately 250 million litres of heating oils and transports fuels to domestic and small commercial and industrial customers throughout Denmark. Since acquisition by DCC, the business has expanded into natural gas, lubricants and marine gas oil.

In March 2015, DCC Energy agreed to combine its Danish business with the energy distribution activities of DLG, the leading Danish agricultural business. The transaction resulted in DCC Energy owning 60% of the enlarged entity which distributes approximately 400 million litres of oil together with a broad range of other energy products.

This combination has resulted in the business being much more balanced with 47% from the agricultural sector, 32% from the commercial/industrial sector and 21% from the residential sector. It also enabled us to generate synergies from the operating infrastructure and to increase our direct sales capability with access to the 29,000 co-operative members of DLG.

In March 2016, DCC Energy agreed to acquire Shell's commercial, aviation and retail fuels business in Denmark, 'Dansk Fuels'. This business will have incremental volumes of approximately 0.9 billion litres and an expected investment by DCC Energy of £30 million and is subject to EC competition clearance.

Our operations in Denmark, in partnership with DLG, will now comprise 1.3 billion litres of fuel across a broad spectrum of customers including domestic, agricultural, commercial, industrial, marine, aviation, natural gas and lubricants in combination with a 205 site Shell branded retail network and a strong euroShell fuel card customer base. From an initial investment of €14 million in 2009, DCC will now have Danish operations which are expected to generate operating profits of approximately £20 million and a return on capital employed in excess of 20%, both on a pro-forma basis.

Operating Review Continued
DCC Energy Continued

Trading under the Qstar brand, DCC Energy is the fifth largest petrol retailer in Sweden, selling 330 million litres of product per annum. Qstar provides national coverage through a network of 330 unmanned forecourts which is complemented by an additional 57 dealer operated retail petrol stations trading under the Bilisten and Pump brands.

On 23 March 2016, DCC Energy announced that it had agreed to acquire 139 Shell branded retail petrol stations (and contracts to supply 66 dealer owned sites) in Denmark. This acquisition should complete in the second half of the year to March 2017 (subject, inter alia, to EC competition clearance) and will be integrated into DCC Energy's pricing, supply and back office hub in Drogheda, Ireland.

Strategy and Development

DCC Energy's vision is to be a global leader in the sales, marketing and distribution of fuels and related products and provision of services to energy consumers:
- with strong local market shares;
- operating under multiple brands;
- consolidating fragmented markets;
- selling a broad range of related products and services;
- building a position in new geographies;
- continuing the development of its presence in the green/renewable energy sector; and
- generating high levels of return on capital employed.

DCC Energy's Sectoral Strategies

LPG
- target oil to LPG conversions;
- target market share gains on a segment by segment basis, particularly commercial bulk;
- cross sell complementary green/ renewable energy products;
- optimise efficient use of assets across our businesses;
- leverage our strong brands by selling add-on/related products e.g. natural gas, LNG; and
- expand into new geographies.

Oil
- continue to consolidate existing markets to drive greater customer density and logistics efficiencies;
- continued growth in the transport sector;
- expand sales of differentiated products; cross sell add-on products and services e.g. fuel cards, lubricants, heating services;
- optimise and build greater flexibility into logistics operations; and
- expand into new geographies.

Retail & Fuel Card
- expand business in the retail petrol station market
  - unmanned: key pillar for growth;
  - retail company owned: in partnership with a retailer;
  - retail dealer owned;
- leverage our pricing, supply and back office hub to generate synergies from integration of new networks; and
- build a pan-European fuel card business leveraging our investment in retail networks.

LPG

DCC Energy will further leverage our strong market positions in LPG by driving organic profit growth on a sector by sector basis. Building on recent success, we will continue to target growth by promoting LPG to industrial and commercial entities looking to switch to more environmentally friendly and competitively priced energy sources. We will also seek to expand into related product areas and into new geographic markets, as the recently completed acquisition of Butagaz demonstrates.

Operationally, the business will look to benefit from the acquisition of Butagaz through a wider exchange of best practice in a number of areas such as HSE management and common procurement. We will also continue to invest in optimising our road tanker fleets, and our bulk tank and cylinder assets. This will include a further roll out of telemetry units which provides remote bulk tank reading and thereby enhancing both customer experience and operational efficiency, and further investment in our ranges of innovative composite light weight cylinders.

Oil

DCC Energy's strategy is to be the leading oil distribution business in Europe by continuing to consolidate existing markets, driving targeted growth, particularly in the non-heating dependent segments of the market, expanding into new geographies through acquisition and driving organic profit growth. Organic growth is targeted by leveraging the scale of the business, expanding market share, selling differentiated products and cross selling add-on products and services such as lubricants and boiler maintenance services to its extensive customer base.

DCC Energy has highly experienced and ambitious management teams with a deep knowledge of the markets in which the businesses operate.

Volume split by product

A key element of DCC Energy's strategy for growth involves building a larger presence in the transport fuels segment of the market. DCC Energy intends to pursue this strategy by growing its presence in the retail forecourt sector of the market through the expansion of supply to independent dealers, by leveraging its existing scale and supply infrastructure and by developing industry leading propositions for its dealers and retail consumers.

DCC Energy's strategy in Britain is to continue to grow its market share (currently 16%) to in excess of 20% of its addressable market. Key to achieving this target is growth in transport fuels with a particular focus on retail petrol stations and the marine and aviation sectors. DCC Energy is the largest supplier to independent dealer owned retail petrol stations in Britain. The business has been actively rolling out the Gulf brand across this network and now has 500 Gulf branded retail sites to which DCC supplies in Britain. The dealer network also provides a platform to build out our unmanned network.

Retail & Fuel Card

The Retail business has been significantly strengthened by the acquisition of the Esso retail petrol station network in France, which is a significant step in DCC Energy's strategy of capturing a greater share of the consumer margin in the transport sector of the market.

Our experienced local management teams in France and Sweden are focused on leveraging the business platforms in those countries, expanding the networks organically and increasing market share.

DCC Energy's pricing, supply and back office hub will provide a platform to integrate future acquisitions in new territories, further enhancing DCC Energy's ability to grow its business.

In Fuel Card, DCC Energy is continuing to target high levels of organic growth through our extensive telesales team and by cross selling fuel cards to our broad oil distribution customer base. The Fuel Card business has expanded its customer offering by providing innovative products to customers such as 'CO_2Count' and 'Mileage Capture' which provide customers with key information on fuel consumption and emissions to allow them to better manage their businesses.

Customers

DCC Energy has a very broad customer base selling directly to approximately 1.4 million customers across the geographies in which the businesses operate and also has access to a broad range of retail and cylinder consumers. Customers are primarily spread over the commercial, retail, industrial, domestic, agricultural and marine markets. DCC Energy has no material customer dependencies.

Suppliers

As with its customer base, DCC Energy's supplier portfolio is broadly based. The top five suppliers represent approximately 50% of total volumes supplied with no one individual supplier accounting for more than 15% of volumes supplied in the current year. The major suppliers to the division are BP, Essar, Esso, Ineos, Greenergy, Mabanaft, Philips66, Shell, St1, Statoil, Total and Valero Energy. We have built long-term strategic partnerships over many years with our suppliers and we have continued to strengthen these relationships during the year.

Our People

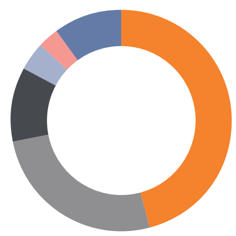
DCC Energy's business is a people business at its core. Therefore we are very focused on developing processes and practices that ensure the well being, development and engagement of our people across all areas of the business and to ensure that we have the necessary resources, talent and skills to deliver the service levels expected by our customers in a safe way, every day.

DCC Energy has highly experienced and ambitious management teams with a deep knowledge of the markets in which the businesses operate. As our businesses have grown we have looked to augment the existing management teams with experienced personnel in senior roles and we will continue to develop the management teams as the businesses grow.

DCC Energy currently employs 5,254 people.

DCC Energy's pricing, supply and back office hub will provide a platform to integrate future acquisitions in new territories, further enhancing DCC Energy's ability to grow its business.

Volume split by customer type



- Commercial & industrial **46%**
- Retail **26%**
- Domestic **11%**
- Agricultural **4%**
- Marine **3%**
- Other **10%**

Operating Review Continued
DCC Energy Continued

Health & Safety

Continuous improvement of our safety performance is a key priority and responsibility for all line managers and directors who are supported by experienced health and safety functions in each business. Occupational and process safety is managed through systems and processes which identify, control and monitor health and safety risks. Monthly KPIs are reviewed by the DCC Energy Board which sets annual objectives to drive improvements in near miss reporting, safety awareness, safety competence and overall safety culture.

All DCC Energy businesses have adopted 'Safety F1rst', an internally developed safety initiative focused on improving attitudes and behaviour towards safety and which is led by the senior management teams.

Key Risks

DCC Energy sold 12.8 billion litres of product during the year ended 31 March 2016 and the businesses operate with inherent risks to the environment and people. Ensuring that our businesses maintain rigorous health, safety and environmental standards is one of our core business principles. Having rolled out our Safety F1rst campaign across the business, the focus is now on reinforcing the programme through quarterly communications campaigns to ensure we drive continued improvement and maintain momentum.

DCC Energy has a broad customer base across a number of geographies and many of the economies in which the division operates are showing signs of recovery. However, a deterioration in this economic recovery and its impact on consumer spending and confidence is a key risk faced by the business.

A significant proportion of DCC Energy's volumes are generated through the sale of heating dependent products and, accordingly, the division can be impacted by extreme movements in weather conditions. The strategic focus has been to reduce the heating dependence of the division through the development of the non-heating segments of the business. The acquisition of Qstar in Sweden and the Esso retail petrol station network in France have been key building blocks in this strategy, which will continue in the coming year with the completion of the acquisition of the Shell retail petrol station business in Denmark.

DCC Energy has been highly acquisitive over the last number of years and ensuring the smooth integration of these acquisitions is critical to the success of the division. This is achieved through close monitoring of the acquired businesses and ongoing management development.

Environment

DCC Energy's approach to sustainability recognises the reality of climate change and the challenges arising from changing weather patterns and more frequent extreme weather events. Government responses to climate change include levies and taxes on carbon emissions, incentives for renewables and energy efficiency technologies and setting long-term carbon reduction targets. At the same time, the economy relies on energy (primarily from fossil fuels) to function and grow. DCC Energy is committed to assisting our customers to reduce their environmental impact. This is being achieved through offering our customers cleaner, more efficient fuels and innovative solutions, enabling customers to monitor their own energy use and quantify carbon emissions.

The potential for oil spills to impact on the environment is a risk that is managed on a daily basis. From domestic deliveries to large storage facilities in coastal locations, a range of controls are in place to minimise the potential of this becoming a reality. Controls include the design and maintenance of vehicles and depots, the implementation of effective operational procedures and, critically, the engagement of competent, trained employees who are handling product safely every day.

All spills have the potential to cause local damage so in the event of any spill occurring, immediate action is taken to contain and recover the product to minimise the impact on the surroundings. Detailed investigations are completed to identify the root causes of any incidents and to assess any learning points and opportunities for improvement. No significant spills occurred in the year.

DCC Energy's businesses have a local footprint in all the markets in which we have a presence. Therefore it is crucial to our long-term strategy that we have a high degree of trust within the communities in which we operate. All our businesses operate to the highest standards, invest heavily in infrastructure and training and encourage our staff to participate actively in the communities within which they work.

Performance for the Year Ended 31 March 2016

DCC Energy had an excellent year with operating profit increasing to £205.2 million, 71.9% ahead of the prior year (79.4% ahead on a constant currency basis) and generating a return on capital employed of 24.4% (approximately 21% on a pro-forma basis i.e. if the acquisitions of Butagaz and Esso Retail France were in place for the full year). The business benefitted from the significant level of development activity and strong organic operating profit growth in LPG.

DCC Energy sold 12.8 billion litres of product, an increase of 18.7% over the prior year driven by acquisitions. Volumes were 0.8% lower on a like for like basis as heating-related volumes were adversely impacted by the extremely mild temperatures, particularly in the quarter to December 2015 which was the warmest on record in the UK. DCC Energy's revenue declined by 1.4% (1.5% ahead on a constant currency basis) with average selling prices per litre reducing by 16.9%, due to the impact of lower oil prices.

The LPG business had an excellent year, benefiting from the acquisition of Butagaz and a substantial reduction in the underlying cost of product. Butagaz, which has performed strongly since acquisition, has significantly increased the scale of DCC Energy's LPG operations and on a pro-forma basis DCC Energy now sells approximately 1.2 million tonnes of LPG with leading market positions across six countries in Western Europe.

Excluding Butagaz, despite the mild winter weather, the business achieved good organic volume growth, driven by both increased sales to existing commercial and industrial customers and also oil to LPG conversions, as the commercial and environmental benefits of LPG over other fuels are increasingly recognised by customers.

The Oil business recorded a satisfactory performance, given the impact of milder weather on the relatively higher margin heating-related volumes.

In Britain the business was adversely impacted by the mild winter and difficult market conditions in certain commercial sectors; however the business continues to progress its development in complementary areas, including lubricants and aviation fuels. In other markets the business performed strongly, achieving good organic growth and benefiting from the acquisition of the DLG fuel distribution business in Denmark. The Danish business will be further expanded by the agreement to acquire Shell's commercial and aviation fuels business, as announced by DCC on 23 March 2016, which is expected to complete in the second half of the calendar year 2016.

The Retail & Fuel Card business achieved an excellent result, with a strong organic performance in existing markets complemented by significant progress in the development of the business.

In June 2015, DCC Energy completed the acquisition of the Esso Retail petrol station business in France, comprising 272 unmanned Esso Express sites and concessions to operate 47 Esso branded motorway sites. The integration of the business into DCC's newly developed operating platform was completed to plan and the business has performed strongly since acquisition. The operating infrastructure and expertise now in place provide DCC Energy with a scalable platform for further growth in the Retail sector. DCC Energy now operates 694 retail sites across four countries and will be further enhanced by the agreement to acquire 139 retail sites in Denmark, as announced on 23 March 2016. The Fuel Card business continued its record of strong organic growth and continued to grow its market share in Britain.

The year ended 31 March 2016 was a year of significant growth and development for DCC Energy. The business now has leadership positions in 10 countries across Europe in its chosen sectors of LPG, Oil and Retail & Fuel Card. DCC Energy is well positioned to continue to grow its business in both existing and new geographies, particularly in light of the continuing divestment programmes of the major oil and gas companies.

DCC Energy KPIs

Volumes

Strategic objective:
Drive increase in sales volumes

12.8bn litres
▲18.7%

Operating profit growth

Strategic objective:
Drive for enhanced operational performance

£205.2m
▲71.9%

Operating profit per litre

Strategic objective:
Grow operating profit per litre

1.61 pence

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

24.4%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£313.3m

10 year operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

18.6%

Operating Review
DCC Healthcare

Continued growth

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

Results

Revenue

£490.7m
▲0.5%

Operating profit

£45.0m
▲13.5%

Return on capital employed

17.1%
2015: 16.6%

What we do

DCC Healthcare is a leading healthcare business, providing products and services to healthcare providers and health & beauty brand owners. DCC Healthcare sells a range of medical and pharmaceutical products to healthcare providers across all sectors of the healthcare market in the UK & Ireland from acute care through to community care and general practitioners. In the health & beauty sector, DCC Healthcare builds partnership relationships with international brand owners, providing a range of specialist services including product development, formulation, manufacturing and packaging.

How we Create Value

- Comprehensive sales channel coverage in the British and Irish healthcare markets across hospitals, retail pharmacies, GP surgeries and community care providers.
- Broad range of own and third party brand/licence pharmaceuticals and medical devices.
- Full range of contract manufacturing and related services for health and beauty brand owners from high quality facilities with strong product development capability and flexible, responsive customer service.
- Cost-effective operations with scalable IT platforms.

Key Brands

DCC Vital's Brands

Biomet, BioRad, Carefusion, Cipla, Comfi*, Diagnostica Stago, Espiner Medical*, Fannin*, Grifols, ICU Medical, Kent Pharmaceuticals*, Martindale Pharma, Mölnlycke, Omron, Oxoid, Portex, Roche, Rosemont, Siemens, Skintact*, Williams Medical*.

* DCC owned brands

DCC Health & Beauty Solutions' Customers

Actavis, Alliance Pharma, Apotheket, The Body Shop, Boots, Cowshed, Elemis, Healthspan, Holland & Barrett, King of Shaves, Liz Earle, Merck (Seven Seas, Natures Best, Lamberts), Midsona, Montagne Jeunesse, Omega Pharma, Oriflame, PZ Beauty, Reckitt Benckiser, Ren, Space NK, Stada, Vitabiotics.

Sales split

- Products for healthcare providers **68%**
- Services for health & beauty brand owners **32%**

DCC Healthcare's activities are highlighted in blue.

Operating Review Continued
DCC Healthcare Continued

Markets and Market Position

Sales, marketing and distribution to healthcare providers

DCC Vital markets and sells a broad range of own and third party medical and pharmaceutical products to hospitals, pharmacies, GPs and other healthcare providers in Britain and Ireland.

DCC Vital is involved in the development, manufacture, marketing and sales of generic pharmaceuticals for the British, Irish and international markets. Its portfolio comprises solid dose, injectable and inhaler products across a range of therapy areas including beta lactam and other antibiotics, pain management, respiratory, haematology, anaesthesia, addiction and emergency medicine.

DCC Vital has a particular focus on beta lactam antibiotics including penicillin V, flucloxacillin and amoxicillin, which are long established antibiotics typically used to treat bacterial infections such as throat, ear and respiratory tract infections. DCC Vital is the market leader in these products in Britain and also operates a specialist beta lactam manufacturing facility located in Roscommon, Ireland.

DCC Vital is the product licence holder for half of its pharma revenues. The business works with leading branded, generic and contract manufacturing pharma companies such as Actavis, Cipla, Grifols, Martindale Pharma, Rosemont and Teva. DCC Vital sells into the hospital and community pharmacy channels and has strong relationships with the leading retail/wholesale pharmacy groups and independent pharmacies in Britain and Ireland. It also sells to other generic pharma companies and international distributors.

DCC Healthcare's strategy is to develop its pharma activities through expanding its portfolio of own licence products in existing and related therapy areas whilst maintaining strong commercial relationships in the markets in which it operates. DCC Vital has a strong platform for further product in-licensing and bolt-on acquisitions in the pharma sector.

DCC Vital sells and markets a broad range of medical devices and consumables in areas such as wound care, electrodes, diathermy, critical care (anaesthesia, endovascular, cardiology, and IV access), minimally invasive surgery, diagnostics, as well as the full range of consumables and equipment used by GPs. These products are typically single use in nature.

In October 2015, DCC Vital strengthened its offering of own branded surgical products through the acquisition of Espiner Medical, which develops and manufactures a range of speciality tissue retrieval bags for use in laparoscopic surgical procedures. Sales of capital equipment represents a small element of total sales and typically relates to generating future sales of consumable products, for example, the sale (or placing) of diagnostic testing equipment in order to drive sales of the consumable test kits used with the equipment. DCC Vital represents leading medical, surgical and diagnostics brands including BioRad, Carefusion, Diagnostica Stago, ICU Medical, Mölnlycke, Omron, Oxoid, Roche, Siemens and Smiths Medical. Sales of own brand products now account for more than a third of DCC Vital's revenues from medical products.

DCC Vital has the most comprehensive sales channel coverage in the British and Irish healthcare markets selling into the hospital, retail pharmacy, GP and community care channels. The acquisition of Williams Medical Supplies in 2014 significantly strengthened DCC Vital's market coverage and has enabled the business to provide a holistic approach to addressing the requirements of each sector of the healthcare market in Britain. Following this acquisition, DCC Vital is the market leader in the supply of medical consumables, equipment and services to GPs in Britain and has a growing presence in the developing community healthcare sector. DCC Vital services a customer base of more than 10,000 GP surgeries and other primary healthcare providers through a highly effective telesales and e-commerce based customer contact centre in Wales in addition to field based engineers and key account managers.

DCC Vital is also a leading provider of value added logistics services in Britain, providing innovative stock management and distribution services to hospitals and healthcare brand owners/manufacturers, focused principally on operating theatre supplies.

DCC Vital has the most comprehensive sales channel coverage in the British and Irish healthcare markets selling into the hospital, retail pharmacy, GP and community care channels.

DCC Vital has approximately 200 highly trained customer-facing sales, marketing and customer support professionals who have strong relationships with senior management, clinicians and procurement professionals in the public healthcare sector (NHS in Britain and HSE in Ireland), major and regional pharmacy wholesale/ retail groups and private healthcare providers. Leveraging the strength of its customer and supplier relationships and the breadth and quality of its product portfolio, in tandem with targeted acquisition activity, DCC Vital has built strong market positions including leadership positions in GP supplies, beta lactam antibiotics, electrodes and diathermy consumables in Britain and hospital supplies generally in Ireland.

DCC Vital principally operates in sectors of the healthcare market that are government funded. Fiscal budgets in Britain and Ireland have been restricted over the last number of years and, in common with the majority of developed economies, the burden of care, particularly to support ageing populations, continues to grow. Healthcare providers are seeking cost-effective solutions from their commercial partners. Public healthcare policy makers are increasingly focusing on shifting the point of care to the most cost-effective location which is typically away from expensive acute care settings to primary and community care settings. In addition, healthcare payers and providers are seeking to leverage their procurement scale through increased use of tendering, framework agreements and reference pricing. They are switching to equivalent quality, lower cost medical devices and generic pharmaceuticals as well as outsourcing activities deemed to be non-core. DCC Vital is very well placed to benefit from these trends.

Competitors in this market sector include global healthcare companies as well as a large number of smaller pharmaceutical, medical and surgical brand owners, manufacturers and distributors.

Case study:
Growing our own brands

Increasing the scale and offering of pharmaceutical and medical device products where we own and control the IP

Growing the scale and breadth of company owned brands in the pharmaceutical and medical device areas is a key strategic objective of DCC Healthcare. Controlling the intellectual property ('IP') in the products it sells provides DCC Healthcare with greater long-term sustainability. Our own brand development is focused on niche market segments where we can build material market share through offering improved clinical benefits. In some cases, such as beta lactam antibiotics, we will manufacture the products in our own facilities, however, more often, due to scale of opportunity, market size, technology or manufacturing capability, we may decide to partner with specialist high quality contract manufacturers.

In 2015, DCC Healthcare acquired Espiner Medical, a product focused business that develops and manufactures a range of specialist tissue retrieval bags for use in laparoscopic surgical procedures. The business was founded by a leading laparoscopic surgeon and a materials specialist, who were able to bring together insights into a surgeon's clinical needs and the most appropriate raw materials to use. Espiner Medical's products all use a unique woven nylon fabric which is strong, light, leak-proof and not easily ripped – ideal for use in laparoscopic surgical procedures. The products have a strong following among surgeons in Britain and initial distribution channels have been established in international markets. We believe that there is significant scope for accelerated sales growth under our ownership.

Operating Review Continued
DCC Healthcare Continued

Services for health and beauty brand owners

DCC Health & Beauty Solutions is one of Europe's leading outsourced contract manufacturing service providers to the health and beauty sector with a broad customer base of international and local brand owners, direct sales companies and specialist retailers. DCC Health & Beauty Solutions' range of outsourced services is focused principally on the areas of nutrition (vitamins and health supplements) and beauty products (skin care, hair care, bath and body). The service offering encompasses product development, formulation, stability and other testing and regulatory compliance, as well as manufacturing and packing.

DCC Health & Beauty Solutions operates five Good Manufacturing Practice ('GMP') facilities in Britain, four of which are approved and licenced by the Medicines and Healthcare products Regulatory Agency ('MHRA'). The business has capability across a wide variety of product formats (tablets, soft gel and hard shell capsules and creams and liquids) and packaging formats (pots, blisters, sachets, bottles, tubes, pumps and sprays).

DCC Health & Beauty Solutions has built a reputation for providing a highly responsive and flexible service to its customers and for assisting customers in rapidly bringing new products from marketing concept through to finished, shelf-ready products. The business has strong market shares in Britain, Scandinavia and Benelux and is building market share in Continental Europe, especially in Germany and Poland.

In September 2015, DCC Health & Beauty Solutions further strengthened its business through the acquisition of Design Plus Holdings Limited ('Design Plus'), a British contract manufacturer of creams and liquids based in Lancashire, England. Design Plus brings specialist expertise in sachet filling (it is the leader in this market segment in Britain) and strong relationships with a complementary range of health and beauty brand owners and retailers in Britain, Continental Europe and the USA.

The market background for DCC Health & Beauty Solutions is very positive. Consumer interest in looking and feeling good is driving demand for innovative nutrition and beauty products. The trend for health and beauty brand owners to outsource non-sales and marketing activities (including product development) and to streamline their supply chains is a critical factor in driving demand in the contract manufacturing sector. There is also a general trend towards increased regulation and higher manufacturing standards in the health and beauty sector in Europe. These trends are favouring well-funded contract manufacturers such as DCC Health & Beauty Solutions which has the resources to invest in regulatory expertise and high quality facilities.

Our main competitors include Catalent, Aenova, Brunel Healthcare and Ayanda in nutrition and LF Beauty and Swallowfield in creams and liquids.

Strategy and Development

DCC Healthcare's vision is to build a substantial healthcare business focused on the sales, marketing and distribution of pharmaceuticals and medical devices and the provision of contract manufacturing and related services for the health and beauty sector. DCC Healthcare seeks to drive continued strong profit growth in tandem with returns on capital well above the DCC Group's cost of capital.

Sales, marketing and distribution to healthcare providers

DCC Vital has a very strong track record of growth, having more than doubled the scale of its business in profit terms over the last three years. During this time revenues have increased by more than 50% and margins have improved. The improvement in operating margin has been achieved through the streamlining of its activities, improving mix (increasing the proportion of higher value added products and an increasing share of company owned brands), exiting lower margin activities and consolidating back office activities. This growth has been achieved against a backdrop of challenging market conditions in the public healthcare sector in Britain and particularly in Ireland, which reduced organic growth opportunities.

Our ongoing targeted acquisition activity, with strong valuation discipline and integration execution, has resulted in a significant expansion of DCC Vital's market coverage in Britain and a broader product portfolio, together with strong profit growth and increased returns on capital.

DCC Vital aims to continue this track record of growth through:

– expanding the product portfolio both organically and by acquisition, with a particular focus on own brand/licence products in product categories which can deliver sustainable returns over the longer term;

The market background for DCC Health & Beauty Solutions is very positive. Consumer interest in looking and feeling good is driving demand for innovative nutrition and beauty products.

- leveraging the breadth of our market coverage in Britain, in particular providing a holistic approach to addressing the requirements of each sector within the healthcare market in line with government policies to seek to treat patients in the most appropriate and cost-effective settings; and
- expanding our market reach into Continental Europe, particularly Northern European markets, both organically and by acquisition.

DCC Vital has a strong regulatory capability in the pharma area including product in-licensing, quality control and assurance and pharmacovigilance. This capability, together with strength in product sourcing and the uniformity of European Union product licensing regulations, will open up opportunities for the business to extend its pharma activities into new geographic markets over the coming years. The medical devices market is becoming increasingly polarised between high-tech products in specialist therapy areas and right quality/right price mid and low-tech products. DCC Vital seeks to selectively launch products under its own brands while continuing to attract quality specialist agencies.

Services for health and beauty brand owners

DCC Health & Beauty Solutions has an excellent track record of growth, the vast majority of which has been organically driven. The scale of the business has increased significantly over the last number of years with operating profits more than doubling and revenues increasing by over 65% in the last four years. Today, DCC Health & Beauty Solutions is one of Europe's leading outsourced service providers to the health and beauty sector.

DCC Health & Beauty Solutions aims to continue this track record of growth through:

- driving continued growth with existing customers by leveraging the strength and depth of our product development and technical resources;
- attracting new customers with our high quality facilities, strong business development capability and highly responsive and flexible customer service;
- enhancing and expanding the service offering, organically and by acquisition, with a particular focus on healthcare creams and liquids and sports nutrition; and
- expanding the geographic footprint beyond our current markets, organically and by acquisition.

Our high quality facilities, together with the strength and depth of our business development, product development and technical resources, has enabled DCC Health & Beauty Solutions to build a reputation for providing a highly responsive and flexible service to our customers and for assisting customers in rapidly bringing new products from marketing concept through to finished products.

Customers

DCC Vital services approximately 15,000 customers across all channels to market (public and private hospitals, procurement groups, retail pharmacies, pharma wholesalers, community healthcare providers and GPs) in Britain and Ireland as well as international distributors. DCC Vital has significantly enhanced its market coverage in recent years to offer unmatched primary and secondary care access in Britain and Ireland.

DCC Health & Beauty Solutions principally focuses on providing services to a broad customer base of UK and international brand owners, direct sales companies and specialist retailers in the areas of nutrition and beauty products. DCC Health & Beauty Solutions works with leading brand owners (such as Elemis, Liz Earle, Merck, Omega Pharma, PZ Beauty, Reckitt Benckiser, Ren and Vitabiotics), direct selling companies (such as Oriflame, Nature's Best and Healthspan), specialist health and beauty retailers (such as Apotheket, The Body Shop, Boots and Holland & Barrett) and pharma companies (such as Actavis, Alliance Pharma, Astellas Pharma and Stada). DCC Health & Beauty Solutions has been investing to accelerate the geographic expansion of the customer base and today more than half of the output from our facilities is consumed in international markets outside of Britain.

DCC Healthcare has a broad customer base and its ten largest customers account for approximately 25% of revenue in the year ended 31 March 2016.

Our ongoing targeted acquisition activity, with strong valuation discipline and integration execution, has resulted in a significant expansion of DCC Vital's market coverage in Britain and a broader product portfolio, together with strong profit growth and increased returns on capital.

Operating Review Continued
DCC Healthcare Continued

Suppliers
DCC Vital works with leading innovative and generic pharma companies such as Cipla, Grifols, Martindale Pharma and Rosemont. The business also operates its own specialist manufacturing plant for beta lactam antibiotics in Ireland, servicing customers in Britain, Ireland and international markets. DCC Vital represents leading medical, surgical and diagnostics device brands including BioRad, Carefusion, Diagnostica Stago, ICU Medical, Mölnlycke, Omron, Oxoid, Roche, Siemens and Smiths Medical.

DCC Health & Beauty Solutions sources from high quality raw materials and ingredient suppliers across the globe in order to provide customers with high quality and cost-effective solutions with an increasing focus on sourcing sustainability-certified raw materials.

DCC Healthcare's supplier portfolio is broadly based with the top ten suppliers representing approximately 17% of revenue in the year ended 31 March 2016.

Our People
DCC Healthcare employs 2,043 people, principally based in Britain and Ireland, led by strong, entrepreneurial management teams. Training and education is critical in the healthcare sector and DCC Healthcare continually invests in ensuring that our people are experts in their respective product or service areas and are fully conversant with the relevant regulatory frameworks within which the business operates. DCC Healthcare continues to benefit from a strong commitment to the DCC Graduate Programme.

Continuous improvement in our Environmental, Health & Safety ('EHS') performance is a key priority within DCC Healthcare. DCC Healthcare is investing to enhance and, where appropriate, standardise EHS and quality systems across the business. During the year DCC Healthcare rolled out a common safety awareness and culture programme across the Healthcare division which leverages the success of the Safety F1rst programme in DCC Energy.

Key Risks
DCC Healthcare operates in geographic markets where healthcare spending is predominantly funded (directly or indirectly) by governments. Our competitive product portfolio, strength in generics and growing range of own brand products, is providing new growth opportunities and is mitigating the fiscal pressures on governments' healthcare budgets. We are committed to working closely with our suppliers and customers to find innovative, cost-effective solutions to address the challenges of future capacity and financial constraints facing public healthcare systems.

We continually invest in technical and regulatory resources, quality systems, staff training and facilities to ensure quality standards are consistently maintained and the requirements of the relevant regulatory authorities are met or surpassed. All our manufacturing sites are licensed and subject to ongoing regular internal and external third party audit reviews.

DCC Healthcare trades with a very broad supplier and customer base and our constant focus on providing a value added service ensures excellent commercial relationships. Recent acquisitions and new commercial relationships have introduced new supplier relationships, an extended product portfolio and expanded customer reach. In the case of a very small number of key suppliers, principals and customers, their loss could have a serious operational and financial impact on the business.

DCC Healthcare is focused on expanding its product portfolio with a particular focus on own brand/licence products in product categories which can deliver sustainable returns over the longer term. There is an active pipeline of development projects and we have invested in additional resource to strengthen our capability in this area. All development projects are subject to detailed and regular review by management and are tracked against project plans and we maintain close communication with all relevant third parties (regulatory bodies, contract manufacturers and others).

Environment
DCC Healthcare continues to be focused on improving the environmental sustainability of its businesses and range of products and services. Many of our customers monitor our progress in this area and are keen to see their business and brands share in the successes we have been able to deliver in the area of sustainability. In the last year DCC Healthcare has continued to progress a number of energy management initiatives which will deliver further reductions in carbon emissions, energy use and costs. Our contract manufacturing business continues to enhance its procurement capability in the area of sustainable ingredients and now also sources glycerol from sustainable palm oil and has received accreditation on the traceability and sustainable sourcing of certain fish oils.

Performance for the Year Ended 31 March 2016
DCC Healthcare performed very strongly during the year and achieved operating profit growth of 13.5%, approximately two thirds of which was organic, whilst continuing to generate excellent returns on capital employed. DCC Healthcare delivered a further increase in its operating margin, benefitting from its focus on improving the sales mix across the business and leveraging the increased scale of its sales and operating platform. DCC Healthcare also completed two bolt-on acquisitions which enhanced its product and service offering.

DCC Vital recorded strong operating profit growth. The business made good progress during the year in streamlining its activities and product portfolio as it continues to increase its focus on the sales and marketing of its own products, in particular by exiting certain lower margin activities including pharma compounding and by consolidating back office facilities and activities. DCC Vital achieved excellent growth in hospital injectable pharmaceuticals and benefitted from the launch of a number of own-licence pharma products. The business generated good growth across each of its medical devices product categories and further strengthened its own brand offering in this area through the bolt-on acquisition of Espiner in niche surgical consumables in Britain. DCC Vital also delivered continued good organic growth in the primary care sector, across its portfolio of medical equipment, consumables and related services.

DCC Health & Beauty Solutions continued its track record of strong organic profit growth. Particularly strong organic growth was achieved in nutritional products with increased sales to a number of European customers. The business also benefitted from a number of successful new beauty product development projects on behalf of international brand owners. In addition, further efficiencies were realised from the final phase of the integration of its Swedish tablet manufacturing and packing operations into its larger tabletting facility in Britain. Design Plus, which was acquired in September 2015 and is the market leader in Britain in sachet filling for health and beauty brand owners, has performed strongly since acquisition. This acquisition has extended DCC Health & Beauty Solutions' service offering to brand owners and has provided access to new customers, opening up a range of additional growth opportunities.

DCC Healthcare is well placed to continue building on its track record of organic and acquisitive growth over the last five years and its strengthened operating platforms. The business is ambitious to further develop its product and service offering to healthcare providers and health and beauty brand owners and to expand its geographic footprint beyond its current markets.

DCC Healthcare KPIs

Revenue growth

Strategic objective:
Drive for enhanced operational performance

£490.7m
▲0.5%

2016	£490.7m
2015	£488.1m

Operating profit growth

Strategic objective:
Drive for enhanced operational performance

£45.0m
▲13.5%

2016	£45.0m
2015	£39.7m

Operating margin

Strategic objective:
Grow operating margin

9.2%

2016	9.2%
2015	8.1%

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

17.1%

2016	17.1%
2015	16.6%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£53.6m

2016	£53.6m
2015	£48.5m

10 year operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

15.1%

2016	15.1%
2015	16.1%

Operating Review Continued
DCC Technology

Driven to deliver more

DCC Technology is a leading sales, marketing, distribution and supply chain services business providing a broad range of consumer and business technology products and services to retail and reseller customers in Europe.

Results

Revenue

£2,441.7m
▲3.9%

Operating profit

£35.1m
▼28.8%

Return on capital employed

17.8%
2015: 25.5%

What we do

DCC Technology, which trades as Exertis, is a leading sales, marketing, distribution and supply chain services business providing a broad range of consumer and business technology products and services to retailer and reseller customers in Europe.

How we Create Value

- Proactive sales and marketing approach to a very broad customer base across a number of countries.
- Excellent supplier portfolio.
- Agile, responsive and service-focused.
- Cost-effective and tailored solutions for customers and suppliers.
- Technical, supply chain and value-added services expertise.
- Financial strength.

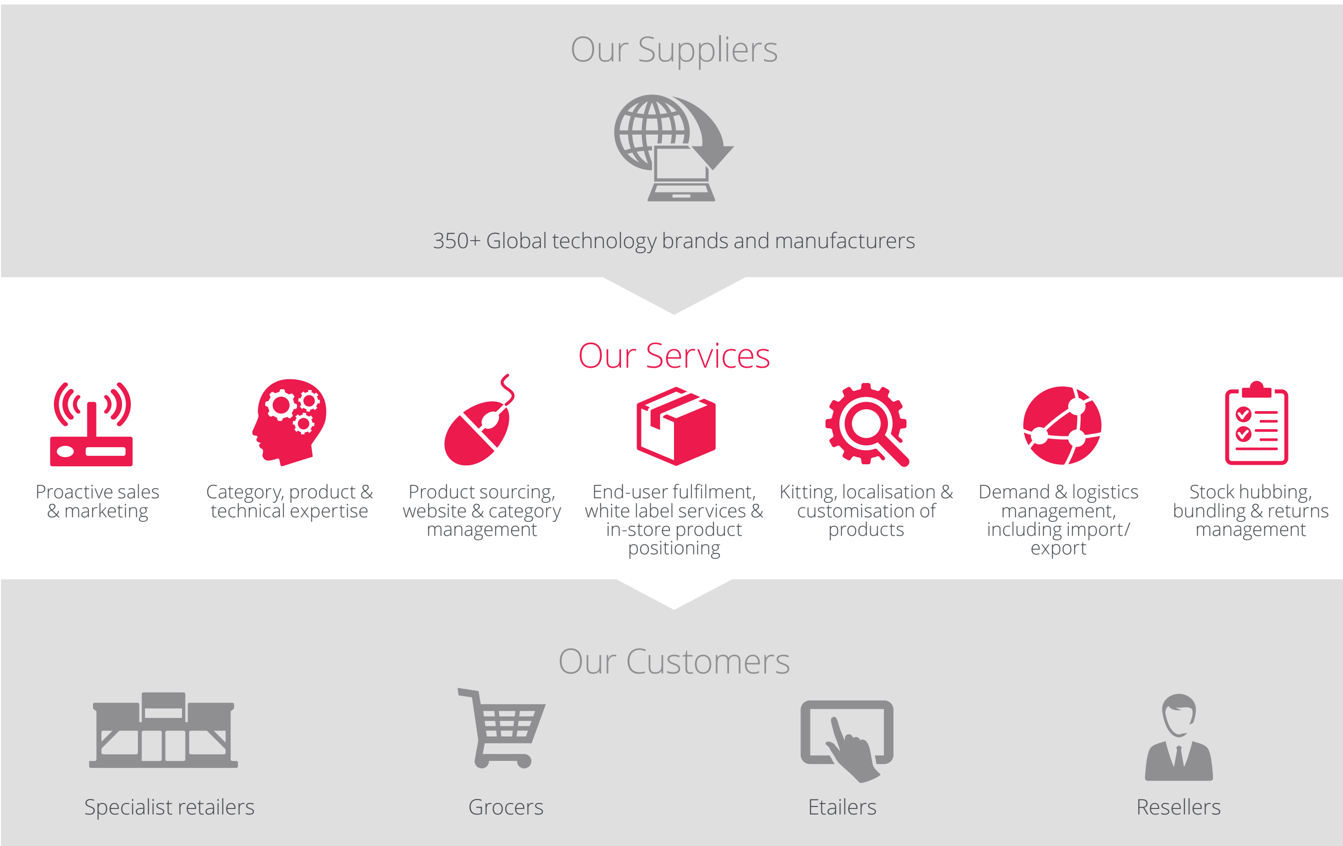
Key Brands

Acer, Adobe, Apple, Asus, Canon, Cisco, Dell, Fujitsu, IBM, Lenovo, LG, Logitech, Microsoft, MSI, NEC, Netgear, Plantronics, Samsung, Sonos, Sony, Toshiba, TP Link, Wacom and Western Digital.

Markets and Market Position

DCC Technology, which trades as Exertis, partners with many of the world's leading technology brands to market and sell a range of technology products to a very wide customer base of technology retailers, etailers and resellers, primarily in the UK, Ireland, France, Sweden, Benelux and the United Arab Emirates. The business also has operations in Poland, China, USA, Germany, Spain and Norway. These technology products include a broad range of both consumer and business technology products with a focus on the SMB (small and medium businesses) market.

The primary categories of consumer technology products include gaming consoles, peripherals & software, wearable technology, consumer electronics (including smart home products) and accessories. Business technology products include computing products (including tablets and PCs), communications products (including smartphones, feature phones, accessories and unified communications), servers & storage, audio visual products, printers, peripherals, cables & connectors, networking & security products and consumables.



DCC Technology's activities are highlighted in red.

Operating Review Continued
DCC Technology Continued

DCC Technology provides technology brand owners and manufacturers with an exceptionally broad customer reach and proactively markets their products through product and customer focused sales teams. The business provides a range of value-added services in the reseller and retail channels to both its customers and suppliers, including end-user fulfilment, digital distribution, category management and merchandising, product customisation and cross supplier bundling, third party logistics and web site development and management.

Reflecting the global nature of the technology supply chain, DCC Technology provides global supply chain services through its dedicated supply chain operations in Western Europe, Poland, China and the USA. These services include product sourcing & procurement, supplier hubbing, consignment stock programmes, supplier identification & qualification, quality assurance & compliance and supplier & customer fulfilment and are designed to deliver cost, capital and complexity optimisation for its global partners.

DCC Technology's principal addressable markets are the retail and reseller channels for consumer and business technology products in the UK, Ireland, France, Sweden, Benelux and the United Arab Emirates. The value of the technology distribution market in these territories is estimated to be €26 billion.

During the year, DCC Technology acquired CUC, which distributes cables and connectors to French and German resellers. CUC has its own procurement office in Taiwan and the acquisition will help to grow Exertis' cabling and connector business throughout Europe, in both the retail and reseller channels.

DCC Technology is now the largest distributor of technology products in the UK & Ireland and the third largest in Sweden. The business is also a leading distributor of consumer technology products in France. In the Benelux region, the business is focused on unified communications, audio visual and networking. DCC Technology is the fourth largest distributor of technology products in Europe.

Strategy and Development

DCC Technology's vision is to become the leading specialist integrated technology distribution and supply chain services business in Europe, delivering an industry-leading service offering, whilst delivering consistent long-term profit growth and industry-leading returns on capital employed.

DCC Technology's principal medium-term strategic objectives are focused on:

- creating an integrated, multi-country operating model, with best-in-class infrastructure, operating under the Exertis brand;
- expanding our channel and geographic presence in specialist areas and to be the leading player in these areas; and
- establishing Exertis as the industry leader in providing end-to-end market development and channel optimisation services.

DCC Technology will grow organically by attracting new vendor partners, opening new channels and routes to market for our vendors' products and by continuing to develop value added services.
DCC Technology will seek to develop a pan-European organisation focused on a range of specific product sectors with services tailored for the needs of the SMB and consumer markets. In particular, DCC Technology's supply chain operations are focused on ensuring that it delivers solutions that minimise cost, capital and complexity for its global clients.

DCC Technology is constantly reviewing trends and innovations in technology products and services and is focused on ensuring that the business continues to be the best positioned to benefit from these areas of future growth.

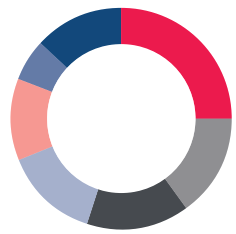
Customers

The business has a very broad customer base, selling to approximately 30,000 customers. The largest customer accounted for approximately 11% of revenues in the year ended 31 March 2016 and the ten largest customers accounted for 40% of total revenues in that year.

DCC Technology 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 SAP in

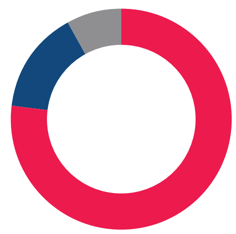
DCC Technology seeks to provide an excellent standard of customer service combining an extensive range of services with a commitment to identifying the most cost-effective and flexible solutions to meet our customers' requirements.

Revenue by product type



- Computing **25%**
- Storage & networking **15%**
- Consumer electronics **15%**
- Printers, consumables & IT peripherals **14%**
- Communications & mobile **12%**
- Gaming consoles, software & peripherals **6%**
- Other **13%**

Revenue by business unit



- UK & Ireland **77%**
- Continental Europe **15%**
- Supply Chain Services **8%**

the UK business will help to expand the customer breadth, especially for products in the SMB market due to 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 ten years.

Suppliers

DCC Technology has a diverse supplier base and partners with hundreds of suppliers including many of the world's leading technology brands such as Acer, Adobe, Apple, Asus, Canon, Cisco, Dell, Fujitsu, IBM, Lenovo, LG, Logitech, Microsoft, MSI, NEC, Netgear, Plantronics, Samsung, Sonos, Sony, Toshiba, TP Link, Wacom and Western Digital. The largest supplier accounted for 12% of total sales in the year ended 31 March 2016 and the top ten suppliers represented 47% of total sales.

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 vendor partners.

When providing supply chain services to technology manufacturers and brand owners, a core element of the services 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.

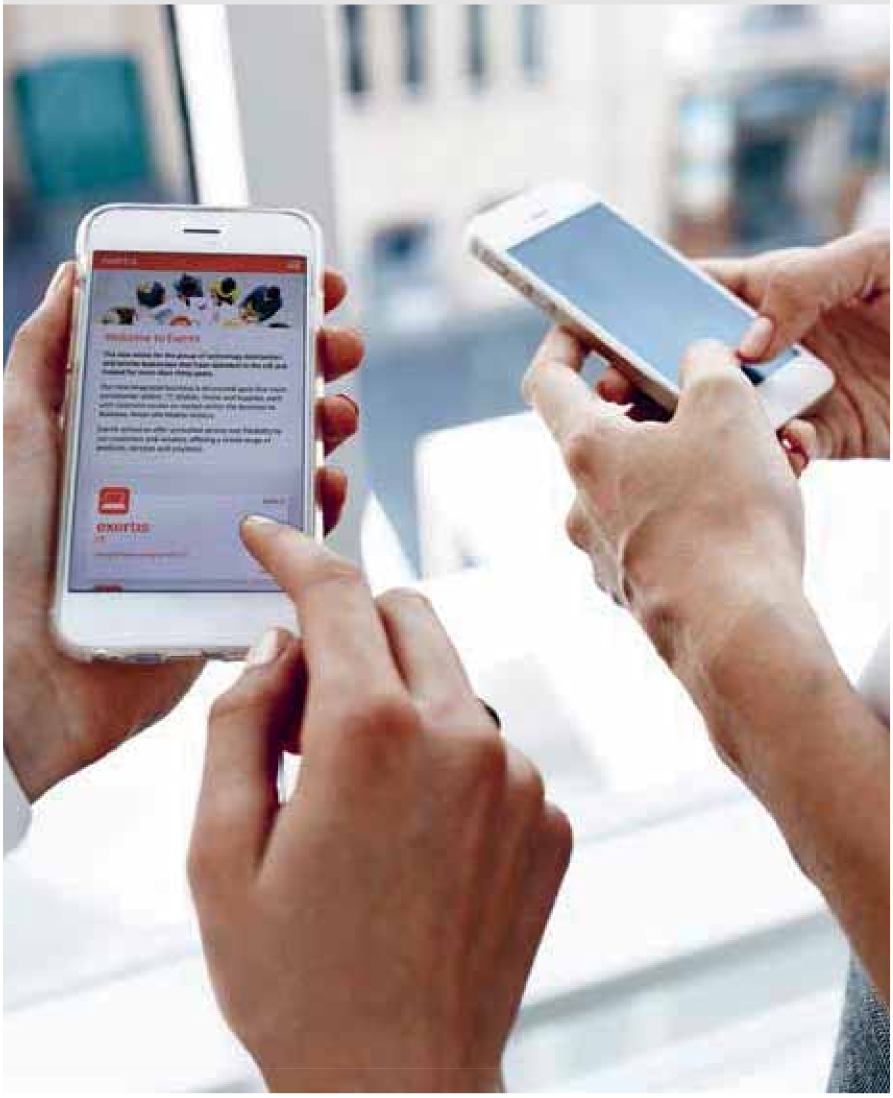
With the aim of promoting long-term sustainable relationships with each of our suppliers and delivering a best-in-class service, the operating principles we adopt with our suppliers have been formalised and communicated to our suppliers in our 'Code of Practice'.

Case study:
Expanding our service offering

The development of Exertis' service offering in the mobile arena

During the year, Exertis successfully tendered for and won a contract with a major Irish network operator to provide fulfilment services for mobile handsets for stores and customers. This will see Exertis develop a significant end-to-end relationship with a major Irish network operator and will act as an excellent reference for Exertis' credentials in the mobile space throughout Europe but especially in the UK & Ireland.

This business was won primarily through demonstrating our supply chain skills, our strong relationships with key mobile handset vendors and the value we create through our integrated distribution and supply chain offerings, helping our supplier and customer partners to grow. We expect to work with this network operator to expand the combined service offering, including development of opportunities in related areas such as Smart Technology category management and accessories supply.



Operating Review Continued
DCC Technology Continued

Our People

DCC Technology employs 2,117 people in 13 countries and recognises that they are fundamental to the ongoing success of the business. At all levels, employees are encouraged to adopt a service-orientated 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 entrepreneurial management teams in the industry. DCC Technology seeks to foster and maintain an entrepreneurial culture, coupled with a commitment to ensuring that the highest ethical standards in business conduct are maintained.

DCC Technology is committed to conducting its business in a sustainable manner and this commitment is reflected in how we interact with customers, suppliers, employees and the communities in which we operate. In common with the rest of the DCC Group, the business has processes to assess and control health and safety risks and aims to provide the best possible working environment for our employees.

DCC Technology is an active participant in the DCC Graduate Programme. The business also operates a wide variety of employee training programmes within individual businesses to promote the ongoing development of staff. Employee training encompasses both personal development and task-specific training, in addition to formal training for personnel in areas such as health and safety, risk and compliance. The business undertakes regular employee surveys and responds to the results of these surveys where required.

Key Risks

DCC Technology faces a number of strategic, operational, compliance and financial risks. The business interacts with a broad range of suppliers and customers with whom we have built excellent commercial relationships. However, the business would be significantly impacted by the loss of a small number of key suppliers or customers or indeed a decline in demand for particular consumer technology products. DCC Technology's market leading position in geographic and product areas help to mitigate margin erosion in what is a competitive environment.

DCC Technology is undertaking two significant projects to upgrade its UK warehousing and IT system, involving gross capital expenditure of approximately £60 million. To ensure that both of these projects are carried out on time and on budget, and that the operations of the business are not adversely impacted, the projects will be undertaken on a phased basis. These projects are being overseen by project steering committees and experienced project managers and the business is using high quality external consulting resources.

The division is also focused on continuous enhancement of its IT control environment both locally and in conjunction with Group IT. This includes the appointment of a Cyber Security Council in the UK & Ireland business, to help reduce the ongoing cybercrime risk.

Performance for the Year Ended 31 March 2016

DCC Technology had a very difficult year with operating profit declining by 28.8% as challenging trading conditions experienced in the UK, its largest business, more than offset good performances in the division's other activities.

The UK business, which accounted for 72% of the revenue of the division, was, as reported previously, materially affected by a reduction in sales of products from one large supplier, particularly in the first half of the year, and also by weaker than anticipated demand for tablet computing, smartphone and gaming products. These factors contributed to a like-for-like sales decline of 7%. Although the business achieved growth in other areas such as audio visual and components, the change in product mix, together with the effects of negative operating leverage, contributed to a reduction in operating margin in the UK.

In response to the challenging trading conditions in the UK, the business has reduced its cost base and is continuing to build its market position in new and developing product categories such as smart technology, audio visual, network security and virtual reality. The capital infrastructure projects in progress will significantly enhance the IT and operational capability of the business, provide capacity for further growth and enable efficiency improvements. The projects remain on course for completion in the first half of 2017.

DCC Technology's business in Ireland achieved strong growth and benefitted from improved demand across a number of product segments, reflecting good business development activity and the continued recovery of the Irish economy.

The Continental European business achieved good growth, reflecting strong organic growth in the Nordics and Benelux, offsetting weaker demand in the French market. The business also benefitted in the final quarter from the acquisition of CUC, which has performed in line with expectations. The acquisition of CUC has added specialist expertise in cabling and connector products and also significantly broadened the customer base of the Continental European business.

The Supply Chain Services business performed well, with good business development over the year bringing new customers and contributing to strong revenue growth, albeit at lower margins.

DCC Technology is focused on further broadening the base of its activities in the coming year, from both a product and a customer perspective. The business is confident that the business development and cost efficiency initiatives undertaken will bring about a return to growth in the coming year.

DCC Technology KPIs

Revenue growth

Strategic objective:
Drive for enhanced operational performance

£2,441.7m
▲3.9%

Operating profit growth

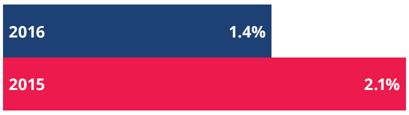
Strategic objective:
Drive for enhanced operational performance

£35.1m
▼28.8%

Operating margin

Strategic objective:
Grow operating margin

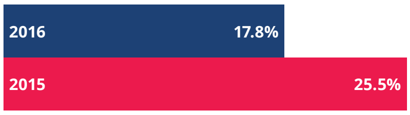
1.4%



Return on capital employed

Strategic objective:
Deliver superior shareholder returns

17.8%



Operating cash flow

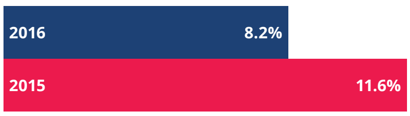
Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£20.9m

10 year operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

8.2%



Operating Review
DCC Environmental

Enabling the reuse of precious resources

DCC Environmental is a provider of a broad range of waste management and recycling services.

Results

Revenue

£153.5m
▲6.9%

Operating profit

£15.2m
▲14.2%

Return on capital employed

11.7%
2015: 9.7%

What we do

DCC Environmental is a leading British and Irish provider of recycling, waste management and resource recovery services to the industrial, commercial, construction and public sectors, operating in both the non-hazardous and hazardous segments of the market.

This year DCC Environmental handled approximately 1.7 million tonnes of waste through its twenty one facilities in Britain and Ireland.

How we Create Value

- Clear understanding of customers requirements.
- Provider of innovative solutions for customers.
- Respond quickly to opportunities arising from new regulations.
- Absolute focus on recycling/ recovery without the distraction of legacy landfill assets.

Key Brands

Enva*, Wastecycle*, William Tracey*, Oakwood*.

* DCC owned brands

DCC Environmental's activities are highlighted in green.

Markets and Market Position

Britain

DCC Environmental is a market leader in non-hazardous waste management in both Scotland and the East Midlands.

In Scotland, operating under the William Tracey brand, DCC Environmental operates a comprehensive recycling infrastructure across the central belt, including one of the largest material recycling facilities in Britain in Linwood, close to Glasgow airport. During the year, Tracey further developed its infrastructure by opening a new material recycling facility on the outskirts of Edinburgh, allowing the business to better service the region. In the East Midlands, operating under the Wastecycle brand, DCC Environmental operates three material recycling facilities in Nottingham and Leicester along with a civic amenity site on behalf of Nottingham City Council. These facilities process a wide range of waste materials, collected by both company owned and third party vehicles, into valuable commodities that can be used as a substitute for virgin materials. Both William Tracey and Wastecycle also produce a fuel (from waste unsuitable for recycling) which is used in Continental European energy from waste facilities. In addition, in the East Midlands, DCC Environmental has the added capacity to process material into a fuel which is used by the British cement industry.

In hazardous waste management, also operating under the William Tracey brand, DCC Environmental is a market leader in Scotland and the north of England with three dedicated facilities providing a wide range of treatment solutions for hazardous waste. In addition, operating under the Oakwood Fuels brand, DCC Environmental is a leading national collector of waste oils. These oils are transported to Oakwood's facility in Nottingham, where some are converted into a fuel which can be used as a substitute for heavy fuel oil and the remainder is exported to refineries in Continental Europe to process the oils into base oil that can be used to produce lubricating oil.

Operating Review Continued
DCC Environmental Continued

DCC Environmental is constantly seeking to provide new innovative solutions to waste management, extracting greater value from material historically discarded, and thereby assisting in the development of a more sustainable circular economy. An example of this, as outlined in the case study, is the manufacture of nutrient rich soil substitutes from the blending of specific waste streams.

Overall, the British business handles 1.5 million tonnes of material, the majority of which is collected by our own fleet of 248 vehicles, and 75% of all waste volumes are diverted from landfill.

DCC Environmental is leading the way in diverting waste from landfill. As noted above it produces a waste derived fuel used by both Continental European energy from waste plants and British cement kilns. Over time, DCC Environmental believe that the fuel exported to Continental Europe will be diverted to new British facilities; a notable development during the year was the completion of a supply agreement to send fuel to a facility currently under construction near Edinburgh.

Demand for waste services was strong during the year as the economy continued to develop. Recyclate prices remained weak however, impacted by the substantial fall in oil prices. The businesses successfully mitigated much of this fall, particularly in Oakwood, when it introduced new charges to waste oil collection customers and thereby successfully offset the fall in the price available for both waste oil and processed oil.

Scotland continues to lead the way in Britain in introducing new waste regulations. For example, new opportunities are arising for William Tracey by the further tightening of food waste regulations from 1 January 2016 that will reduce the threshold for businesses generating food waste to present food waste separately for collection from 50kg to 5kg. Eventually the regulations will also bring into effect a ban on biodegradable waste being sent to landfill from 2020. DCC Environmental is also positioned to benefit from new European Commission rules, such as the Circular Economy package adopted on 2 December 2015, with numerous new measures including a reuse or recycling target of 65% for all municipal waste by 2030.

Ireland

DCC Environmental's Irish business, branded as Enva, is recognised as Ireland's leading hazardous waste treatment company. Enva operates from six EPA/NIEA licensed sites in both the Republic of Ireland and Northern Ireland, offering technically innovative solutions to a wide range of waste streams for both multinational and indigenous clients. It has an in-house infrastructure to treat a broad range of materials including waste oil, contaminated soils, bulk chemicals and contaminated packaging. In cases where it is unable to treat the waste itself, it has relationships with a network of European based companies to provide a range of solutions for hazardous waste which are not available in Ireland. Enva's water treatment division provides specialised chemicals, equipment and professional services to the drinking, industrial and waste water sectors. The division operates an in-house manufacturing facility as well as a fully accredited laboratory to support these services.

Enva has witnessed the benefit of the recovery in the Irish economy with an appreciable increase in activity levels in a number of the sectors it services. In particular Enva has benefited from an increase in road construction, a key outlet for processed oil, new large scale tank cleaning projects coming on stream and additional hazardous waste being generated by a more buoyant industrial landscape. During the year Enva streamlined its activities which has provided a more succinct proposition to customers in addition to generating significant cost savings.

DCC Environmental is aligning its business to support the transition to both a low carbon economy and the emerging circular economy through a focus on resource rather than waste, developing internal climate change expertise and continually improving its recycling capability.

Strategy and Development

DCC Environmental's strategy is to grow as a leading broadly based waste management and recycling business in Britain and Ireland by positioning itself to take advantage of the trend towards more sustainable waste management, with a particular emphasis on resource recovery and recycling.

DCC Environmental will ensure that it harnesses the opportunities arising from the growth in the economies it operates in. The strategy includes delivering superior value-adding services to all its customers through a deep understanding of their requirements and the development of innovative solutions. Furthermore, DCC Environmental is aligning its business to support the transition to both a low carbon economy and the emerging circular economy through a focus on resource rather than waste, developing internal climate change expertise and continually improving its recycling capability.

Customers

DCC Environmental provides recycling, waste management and resource recovery services to the industrial and commercial, construction and public sectors.

The customer base is quite fragmented, with the ten largest customers accounting for approximately 18% of total revenue in the year ended 31 March 2016. Many of the customers have been with DCC Environmental for a long time, in some cases over 30 years, and the business has developed a clear understanding of their requirements.

Revenue split by customer

- Industrial & commercial **71%**
- Construction & demolition **17%**
- Public Sector **12%**

Case study:
Land restoration

Tracey restores blighted landscape

The William Tracey Group is currently restoring over 1,500 hectares of former opencast coal sites at three locations in Scotland.

Following initial site assessments and regulatory approval, input materials go through a rigorous technical assessment to provide a nutrient-rich soil layer to return derelict and non-productive land to agricultural or forestry use.

In a perfect example of the circular economy in action, customers see their waste material converted into a resource while also enjoying significant cost savings for some materials which were previously sent to landfill.

The William Tracey Group provides a UK-wide coverage to the utilities and food and drinks sector, recovering 100% of all waste sludge material handled.

Operating Review Continued
DCC Environmental Continued

Our People
DCC Environmental's management have deep industry knowledge with a number of the former owners of the businesses still with the Group. Each company seeks to develop their employees as illustrated by a policy of promoting from within the organisation wherever possible. Employee engagement is critical and employee surveys are regularly undertaken.

The businesses constantly strive for excellence in health and safety to ensure that a safe place of work is provided to all employees. The businesses seek to empower employees at all levels within the organisation to take a leadership role from a health and safety perspective. In addition, the company actively encourages employees to make suggestions on how the businesses can become even safer and near-miss reporting is promoted across the business. This was recognised during the year when Wastecycle won the Health & Safety Award at this year's Saint-Gobain Construction Products supplier awards.

DCC Environmental currently employs 1,062 people.

Key Risks
Similar to all businesses within the DCC Group, DCC Environmental faces a number of strategic, operational, compliance and financial risks.

Noting the nature of the sector, procedures and safety culture programmes are in place to ensure that the risk of accidents, in particular from the interaction of heavy plant and people, is kept to an absolute minimum. Programmes are also in place to ensure compliance with all environmental regulations. Procedures are in place to ensure awareness of all regulatory changes including attendance and membership of industry bodies.

The business continues to invest in new and upgraded IT systems to manage the complexity of the business.

A combination of growth in profitability and a disciplined approach to investment in both fixed capital and working capital are delivering a gradual improvement in returns to more satisfactory and sustainable levels.

DCC Environmental has enhanced the alignment between customer charges and rebates to movements in the underlying commodity value, in order to counteract the exposures from negative movements in both recyclate and oil commodity prices.

Environment
DCC Environmental's strategy is driven by society's need to conserve and reuse resources with increasing regulatory and customer demands for environmental stewardship.

All our facilities operate under regulatory licenses or permits and we take compliance with these requirements very seriously. Regrettably, during 2015 odour emissions from our Portlaoise facility resulted in a prosecution for creating odour nuisance. Since then, significant operational and infrastructural improvements have been implemented to effectively manage and abate any odour sources.

The operations continue to be routinely inspected by regulatory agencies and overall the performance is satisfactory. All our environmental management systems are certified to ISO14001 and are continuously reviewed, updated and improved.

The businesses seek to empower employees at all levels within the organisation to take a leadership role from a health and safety perspective.

Performance for the Year Ended 31 March 2016

DCC Environmental performed very strongly during the year, increasing its operating profit by 14.2% to £15.2 million. The growth in operating profit, all of which was organic, resulted in the return on capital employed increasing to 11.7%.

The British business performed strongly during the year, with continued good business development activity, particularly in the non-hazardous business in the East Midlands. The business also performed well in the hazardous area, successfully mitigating the effects of the significant fall in oil prices and recording good growth across a range of specialist service areas.

The Irish business also performed strongly. An improving economic environment assisted business development efforts across a number of service lines, notwithstanding a more difficult year in the treatment of waste oil. The business also benefitted from cost reduction initiatives implemented in the prior year.

DCC Environmental KPIs

Revenue growth

Strategic objective:
Drive for enhanced operational performance

£153.5m
▲6.9%

Operating profit growth

Strategic objective:
Drive for enhanced operational performance

£15.2m
▲14.2%

Operating margin

Strategic objective:
Grow operating margin

9.9%

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

11.7%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£23.9m

10 year operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

15.1%

Financial Review

Continued strong cash generation

Introduction

We are very pleased with the overall performance of the Group in terms of operating profit growth, cash flow conversion and working capital management, improvements in returns on capital employed and the continuing level of development activity.

The long-term track record of strong cash generation has enabled the Group to pay a growing dividend for the past 22 years and to support the growth and development strategy through acquisitions and reinvestment in existing businesses.

This Financial Review should be read in conjunction with the principal non-GAAP measures utilised by the Group as detailed on pages 203 to 206.

The key highlights for the year were:

- Continued strong conversion of operating profit to free cash flow before interest and tax payments of 97%;
- Significant increases in operating profit and adjusted earnings per share, on a continuing basis, of 35.5% and 27.2% respectively (40.0% and 31.3% respectively, on a constant currency basis);
- Returns on total capital employed increasing from 18.9% in 2015 to 21.0% in 2016;
- Long track record of dividend growth continues with an increase in dividends of 15%;
- Completion of the Group's two largest ever acquisitions during the year, with both trading well; and
- Strong and highly liquid balance sheet with net debt to EBITDA at 31 March 2016 of 0.2, shareholders' equity of £1.3 billion and cash balances, net of overdrafts and short term debt, of £1.0 billion.

Overview of Results

	2016 £'m	2015 £'m	Change on prior year %
Revenue (continuing)	**10,601.1**	10,606.1	–
Operating profit			
DCC Energy	**205.2**	119.4	+71.9%
DCC Healthcare	**45.0**	39.7	+13.5%
DCC Technology	**35.1**	49.3	-28.8%
DCC Environmental	**15.2**	13.3	+14.2%
Group operating profit (continuing)	**300.5**	221.7	+35.5%
Share of equity accounted investments' profit after tax	**0.5**	0.4	
Finance costs (net)	**(29.0)**	(28.9)	
Profit before net exceptionals, amortisation of intangible assets and tax	**272.0**	193.2	+40.8%
Net exceptional charge before tax	**(24.1)**	(22.0)	
Amortisation of intangible assets	**(31.6)**	(24.1)	
Profit before tax from continuing operations	**216.3**	147.1	+47.0%
Profit before tax from discontinued operations	**–**	16.2	
Taxation	**(35.3)**	(18.9)	
Profit after tax	**181.0**	144.4	+25.4%
Non-controlling interests	**(3.0)**	–	
Net earnings	**178.0**	144.4	+23.3%
Adjusted earnings per share – total (pence)	**257.14**	209.19	+22.9%
Adjusted earnings per share – continuing (pence)	**257.14**	202.22	+27.2%

Table 1: Performance Metrics

	2016	2015
Growth (continuing operations):		
Operating profit growth (%)	**35.5%**	10.5%
Operating profit growth on a constant currency basis (%)	**40.0%**	11.9%
Volume growth DCC Energy (%)	**18.7%**	5.7%
Revenue growth excl. DCC Energy (%)	**3.5%**	6.5%
Operating profit margin excl. DCC Energy (%)	**3.1%**	3.4%
Adjusted earnings per share growth (%)	**27.2%**	9.8%
Adjusted earnings per share growth on a constant currency basis (%)	**31.3%**	11.1%
Return:		
Return on capital employed (%)	**21.0%**	18.9%
Operating cash flow (£'m)	**411.7**	377.8
Working capital days (days)	**(3.9)**	(4.9)
Debtor days (days)	**29.4**	31.0
Free cash flow (before interest and tax payments) (£'m)	**291.1**	314.5
Conversion of operating profits to free cash flow (before interest and tax payments) (%)	**97%**	138%
Financial Strength/Liquidity/Financial Capacity for Development:		
EBITA: net interest (times)	**10.4**	7.8
EBITDA: net interest (times)	**12.9**	9.9
Cash balances (net of overdrafts and short term debt) (£'m)	**989.2**	1,113.8
Net (debt)/cash (£'m)	**(54.5)**	30.0
Net debt as a % of total equity (%)	**4.0%**	n/a
Net debt:EBITDA (times)	**0.2**	n/a

Financial Review Continued

Revenue/Volumes

Volumes in DCC Energy increased by 18.7%, primarily driven by the first time contribution from the Esso Retail business in France. On a like-for-like basis, volumes were very modestly behind the prior year, largely due to the adverse impact of the milder winter weather conditions. DCC Energy's revenue declined by 1.4% (1.5% ahead on a constant currency basis) with average selling prices per litre reducing by 16.9%, due to the impact of lower oil prices.

Excluding DCC Energy, revenue from continuing operations was up 3.5% (5.6% up on a constant currency basis).

Consequently, Group revenue from continuing operations was flat year on year (2.6% ahead on a constant currency basis) at £10.6 billion, primarily reflecting the impact of lower oil prices.

Operating Profit

Group operating profit from continuing operations increased by 35.5% to £300.5 million (40.0% ahead on a constant currency basis), driven predominantly by acquisitions completed during the year. The average sterling exchange rate at which the Group translates its euro denominated operating profits strengthened by 8.1% from 1.2674 in 2015 to 1.3697 in 2016.

Operating profit in DCC Energy, the Group's largest division, was 71.9% ahead of the prior year (79.6% ahead on a constant currency basis), largely driven by the significant acquisitions completed during the year of Butagaz, Esso Retail France and DLG, all of which traded at, or ahead of, expectations. Although DCC Energy was adversely impacted by the relatively mild winter weather conditions, a good margin and cost performance was achieved.

Operating profit in DCC Healthcare was 13.5% ahead of the prior year and approximately two thirds of this growth was organic. DCC Healthcare benefited from an improved sales mix and good cost control in DCC Vital and also from a strong performance in DCC Health & Beauty Solutions, where strong organic profit growth was complemented by the first time contribution from Design Plus.

Operating profit in DCC Technology declined by 28.8% due to the weak performance of the UK business, despite good growth in the Irish, Continental European and Supply Chain Services businesses. As previously reported, the UK business was adversely impacted by a reduction in sales of products from one large supplier, particularly in the first half of the year, and also by weaker than anticipated demand for tablet computing, smartphone and gaming products.

DCC Environmental achieved very strong organic profit growth, with operating profit increasing to £15.2 million, 14.2% ahead of the prior year.

Although DCC's operating margin on a continuing basis (excluding amortisation of intangible assets and net exceptionals) was 2.8%, compared to 2.1% in 2015, it is important to note that this measurement of the overall Group operating margin is of limited relevance due to the influence of changes in oil product costs on the percentage. Whilst changes in oil product costs will change percentage operating margins, this has little relevance in the downstream energy market in which DCC Energy operates, where profitability is driven by absolute contribution per litre (or tonne) of product sold and not by a percentage margin. Excluding DCC Energy, the operating margin on a continuing basis for the Group's other divisions was 3.1% compared to 3.4% in 2015.

Table 2: Revenue (Continuing Operations)

	2016			2015			Change		
	H1 £'m	**H2 £'m**	**FY £'m**	H1 £'m	H2 £'m	FY £'m	H1 %	H2 %	FY %
DCC Energy	**3,659.7**	**3,855.6**	**7,515.3**	4,077.0	3,547.1	7,624.1	-10.2%	+8.7%	-1.4%
DCC Healthcare	**239.1**	**251.5**	**490.6**	236.9	251.2	488.1	+0.9%	+0.1%	+0.5%
DCC Technology	**1,089.1**	**1,352.6**	**2,441.7**	1,037.9	1,312.4	2,350.3	+4.9%	+3.1%	+3.9%
DCC Environmental	**78.3**	**75.2**	**153.5**	73.5	70.1	143.6	+6.5%	+7.3%	+6.9%
Total	**5,066.2**	**5,534.9**	**10,601.1**	5,425.3	5,180.8	10,606.1	-6.6%	+6.8%	–
Weighting %	**47.8%**	**52.2%**	**100.0%**	51.1%	48.9%	100.0%			

Table 3: Operating Profit (Continuing Operations)

	2016			2015			Change		
	H1 £'m	**H2 £'m**	**FY £'m**	H1 £'m	H2 £'m	FY £'m	H1 %	H2 %	FY %
DCC Energy	**52.9**	**152.3**	**205.2**	31.9	87.5	119.4	+65.6%	+74.1%	+71.9%
DCC Healthcare	**18.4**	**26.6**	**45.0**	15.9	23.8	39.7	+16.1%	+11.7%	+13.5%
DCC Technology	**8.6**	**26.5**	**35.1**	15.2	34.1	49.3	-43.6%	-22.2%	-28.8%
DCC Environmental	**8.5**	**6.7**	**15.2**	7.1	6.2	13.3	+20.0%	+7.6%	+14.2%
Total	**88.4**	**212.1**	**300.5**	70.1	151.6	221.7	+26.1%	+39.9%	+35.5%
Weighting %	**29.4%**	**70.6%**	**100.0%**	31.6%	68.4%	100.0%			

An analysis of the revenue and operating profit performance for the first half, the second half and the full year ended 31 March 2016 is set out in Tables 2 and 3.

A detailed review of the operating performance of each of DCC's divisions is set out on pages 26 to 53.

The compound annual growth rate ('CAGR') in DCC's operating profits, from continuing operations over the last 22 (since the company became a public company), 15 and 10 years is as follows:

	CAGR %
22 years (i.e. since 1994)	14.8%
15 years (i.e. since 2001)	14.4%
10 years (i.e. since 2006)	15.8%

Finance Costs (net)

Net finance costs were in line with the prior year at £29.0 million (2015: £28.9 million). Although the Group's average net debt during the year was £185 million, compared to £339 million during the prior year, the Group's finance costs are substantially driven by the level of gross debt, which was in line with the prior year at £1.1 billion.

Interest was covered 12.9 times by Group operating profit before depreciation and amortisation of intangible assets (2015: 9.9 times).

Profit Before Net Exceptional Items, Amortisation of Intangible Assets and Tax

Profit before net exceptional items, amortisation of intangible assets and tax increased by 40.8% to £272.0 million.

Net Exceptional Charge and Amortisation of Intangible Assets

The Group incurred a net exceptional charge after tax and non-controlling interests of £23.7 million as follows:

	2016 £'m
Restructuring costs	**16.5**
Mark to market charge	**9.4**
Acquisition related costs	**7.5**
Other	**(9.3)**
	24.1
Tax and non-controlling interest	**(0.4)**
Net exceptional charge	**23.7**

The Group has focused on the efficiency of its operating infrastructures and sales platforms, particularly in areas where it has been acquisitive in recent years. The Group incurred an exceptional charge of £16.5 million in relation to the related restructuring of existing and acquired businesses.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long term interest, currency and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt, together with gains or losses arising from marking to market swaps not designated as hedges, offset by foreign exchange translation gains or losses on the related fixed rate debt, is charged or credited as an exceptional item. In the year ended 31 March 2016, this amounted to an exceptional non-cash charge of £9.4 million. Cumulatively, the net exceptional charges taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £15.0 million. These or any subsequent similar non-cash charges will, through future net credits, reverse and net to zero over the remaining term of this debt and the related hedging instruments.

Acquisition costs, which include professional fees and tax costs (such as stamp duty) incurred in evaluating and completing acquisitions, amounted to £7.5 million and reflect the significant level of development activity undertaken by the Group.

The balance of the exceptional items principally relates to a gain arising from the write back of contingent acquisition consideration no longer payable (£6.3 million) and a net gain on legal claims (£4.3 million), primarily due to a final cash recovery in respect of the Pihsiang legal claim.

There was a net tax credit of £0.7 million and a non-controlling interest charge of £0.3 million in relation to the above net exceptional charge.

The charge for the amortisation of acquisition related intangible assets increased to £31.6 million from £24.1 million, principally reflecting acquisitions completed in the current and prior year.

Profit before Tax

Profit before tax from continuing operations increased by 47.0% to £216.3 million.

Reconciliation of Adjusted Earnings to Profit Attributable to Shareholders

	2016 £'m	2015 £'m	Change on prior year %
Adjusted earnings (continuing)	**225.9**	169.8	+33.0%
Amortisation of intangible assets (net of tax)	**(24.2)**	(19.2)	
Adjusted earnings relating to activities disposed of	**–**	15.8	
Non-trading items (net of tax)	**(23.7)**	(22.0)	
Profit attributable to shareholders	**178.0**	144.4	+23.3%

	2016 pence	2015 pence	Change on prior year %
Adjusted EPS (continuing)	**257.14**	202.22	+27.2%
Amortisation of intangible assets (net of tax)	**(27.55)**	(22.83)	
Adjusted earnings relating to activities disposed of	**–**	18.77	
Non-trading items (net of tax)	**(26.95)**	(26.19)	
Basic EPS	**202.64**	171.97	+17.8%

Financial Review Continued

Taxation

The effective tax rate for the Group increased to 16% from 12% in the prior year. The increase is primarily due to the larger proportion of the Group's profits now generated in Continental Europe.

The Group's tax strategy is to:
- ensure compliance with all applicable tax laws and regulations in all countries in which the Group operates; and
- support the Group's business development strategy through the appropriate management of its tax affairs in line with the Group's commercial activities.

Non-Controlling Interest

The non-controlled element of the Group's consolidated profit after tax amounted to £3.0 million.

Adjusted Earnings Per Share

Adjusted earnings per share increased by 27.2% (31.3% on a constant currency basis) to 257.1 pence, reflecting very strong profit growth and the issue of 4.2 million new ordinary shares in the equity placing completed in May 2015.

The compound annual growth rate ('CAGR') in DCC's adjusted earnings per share over the last 22, 15 and 10 years is as follows:

	CAGR %
22 years (i.e. since 1994)	12.6%
15 years (i.e. since 2001)	11.5%
10 years (i.e. since 2006)	11.8%

Dividend

The Board is recommending an increase of 15% in the final dividend to 64.18 pence per share, which, when added to the interim dividend of 33.04 pence per share, gives a total dividend for the year of 97.22 pence per share. This represents a 15% increase over the total prior year dividend of 84.54 pence per share. The dividend is covered 2.6 times by adjusted earnings per share (2.5 times in 2015). It is proposed to pay the final dividend on 21 July 2016 to shareholders on the register at the close of business on 27 May 2016.

Over its 22 years as a listed company, DCC has an unbroken record of dividend growth at a compound annual growth rate of 14.7%.

Return on Capital Employed

The creation of shareholder value through the delivery of consistent, long-term returns well in excess of its cost of capital is one of DCC's core strategic aims. The increase in the Group's operating profit and strong working capital management resulted in a Group return on capital employed of 21.0%. The return on capital employed by division was as follows:

	2016 ROCE %	2015 ROCE %
DCC Energy	**24.4%**	19.8%
DCC Healthcare	**17.1%**	16.6%
DCC Technology	**17.8%**	25.5%
DCC Environmental	**11.7%**	9.7%
Group	**21.0%**	18.9%

The overall Group return and that of DCC Energy was flattered somewhat by the acquisitions of Butagaz and Esso Retail France which were completed during the year. The pro-forma return for DCC Energy and the Group (i.e. including these acquisitions as if they had been in place for the full year) would have been approximately 21% and 19% respectively.

Cash Flow

The Group generated excellent operating and free cash flow during the year.

Operating cash flow in 2016 was £411.7 million compared to £377.8 million in the prior year. Working capital reduced by £37.6 million, with overall working capital days increasing modestly to a negative 3.9 days sales from a negative 4.9 days sales in the prior year. DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of its receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2016 was broadly unchanged year on year and had a positive impact on Group working capital days of 4.9 days (31 March 2015: 5.4 days).

A much increased level of development capital expenditure in the current year, principally in respect of the new UK distribution centre in DCC Technology, resulted in total capital expenditure for the year of £120.6 million (2015: £63.3 million). Total capital expenditure exceeded depreciation in the year by £45.8 million. Despite this increased level of development capital expenditure, the Group's free cash flow amounted to £291.1 million, an excellent 97% conversion of operating profit into cash.

This performance continues a record of significant cash conversion in the Group. A summary of cash flows for both the year and the last 10 years cumulatively is presented in Table 4.

Table 4: Summary of Cash Flows

	2016 £'m	2015 £'m	**Last 10 years cumulatively £'m**
Operating profit	**300.5**	228.2	**1,817.0**
Decrease in working capital	**37.6**	102.6	**298.9**
Depreciation and other	**73.6**	47.0	**433.0**
Operating cash flow	**411.7**	377.8	**2,548.9**
Capital expenditure (net)	**(120.6)**	(63.3)	**(576.7)**
Free cash flow (before interest and tax payments)	**291.1**	314.5	**1,972.2**
Interest and tax paid	**(63.4)**	(60.0)	**(434.4)**
Free cash flow	**227.7**	254.5	**1,537.8**
Acquisitions	**(394.0)**	(123.5)	**(1,358.7)**
Dividends	**(80.9)**	(66.1)	**(508.0)**
Disposals/exceptional items	**(15.4)**	38.6	**100.2**
Share issues (net of buy backs)	**197.7**	1.7	**215.8**
Net (outflow)/inflow	**(64.9)**	105.2	**(12.9)**
Opening net cash/(debt)	**30.0**	(87.3)	**(27.6)**
Translation and other	**(19.6)**	12.1	**(14.0)**
Closing net (debt)/cash	**(54.5)**	30.0	**(54.5)**
EBITDA	**375.3**	287.9	**2,294.8**
Free cash flow conversion (%)	**97%**	138%	**109%**

Acquisitions and Capital Expenditure

Committed acquisition and capital expenditure amounted to £200.9 million as follows:

	Acquisitions £'m	Capex £'m	Total £'m
DCC Energy	40.9	68.3	109.2
DCC Healthcare	20.3	8.4	28.7
DCC Technology	19.0	31.6	50.6
DCC Environmental	–	12.4	12.4
Total	**80.2**	**120.7**	**200.9**

Acquisition activity

Committed acquisition expenditure amounted to £80.2 million and included:

DCC Energy

Dansk Fuels

On 23 March 2016 DCC announced it had reached agreement to acquire a commercial, aviation and retail fuels business in Denmark, formerly owned by Shell. The completion of the acquisition by DCC is conditional, inter alia, on EC competition clearance. The transaction is expected to complete in the second half of the calendar year 2016, after the relevant clearances have been received.

The acquisition will comprise Shell's commercial and aviation distribution business in Denmark and a retail petrol station network of 139 sites (comprising 95 manned and 44 unmanned sites) together with contracts to supply 66 dealer owned, Shell branded sites. DCC will also enter into a long term brand partnership with Shell to operate the network under the Shell brand. The transaction will require a total investment by DCC of approximately DKK300 million (£30 million). The business will be merged with DCC's existing oil distribution business in Denmark and will leverage DCC Energy's newly developed retail operating platform. The acquired business will have total incremental volumes of approximately 0.9 billion litres and is expected to generate an initial return on invested capital commensurate with DCC's Energy's existing returns.

DCC Healthcare

Design Plus

In September 2015, DCC Health & Beauty Solutions strengthened its market position in the contract manufacture of creams and liquids through the acquisition of Design Plus (Holdings) Ltd ('Design Plus') based in Lancashire, England. The consideration, which was paid in cash at completion, was based on an enterprise value of £15 million. Design Plus has brought specialist expertise in sachet filling, where it is the market leader in this segment in Britain, and strong relationships with a complementary range of health and beauty brand owners and retailers in Britain, Continental Europe and the USA.

Espiner

In October 2015, DCC Vital acquired Espiner Medical ('Espiner'), a small medical devices company based near Bristol, England. Espiner has developed a range of tissue retrieval bags for use in laparoscopic surgical procedures. The acquisition will increase DCC Vital's own brand revenues and also provides access to a network of international distributors.

DCC Technology

CUC

In December 2015, DCC Technology completed the acquisition of CUC Groupe ('CUC'), a cabling and connectors distribution business headquartered near Paris. Employing 192 people and with annual revenue of approximately €60 million, CUC sells a broad range of cabling products to over 9,000 customers (resellers, systems integrators and electricians) from its operations in France and Germany. The acquisition adds specialist expertise in cabling and connector products and has significantly broadened the customer base of our Continental European business.

Total cash spend on acquisitions for the year ended 31 March 2016

A number of acquisitions, announced in the prior year, were completed during the year. These included:

DCC Energy

Butagaz

DCC Energy completed the acquisition of Butagaz, a leading LPG business in France, from Shell. Butagaz is DCC's largest acquisition to date and represented a major step forward in the continuing expansion of its LPG business. The French LPG market is the second largest in Western Europe and approximately twice the size of the market in Britain.

The acquisition of Butagaz has provided DCC Energy with a substantial presence in the French LPG market, an experienced management team and a high quality sales, marketing and operating infrastructure. Following receipt of competition clearance from the EC, the agreement to acquire Butagaz became unconditional in all respects on 1 September 2015, well ahead of the schedule anticipated at the time of announcing the acquisition.

The final consideration for the acquisition of Butagaz (inclusive of debt-like items which will fall due over time) was €437 million (£319 million).

Esso Retail France

In June 2015, DCC Energy completed the acquisition of the assets that comprise the Esso Express unmanned retail petrol station network and the Esso branded motorway concessions in France from Esso Société Anonyme Française. The business has annual volumes of approximately 1.9 billion litres and the total consideration, inclusive of stock in tank at the date of acquisition, was €122 million (£89 million).

DLG Denmark

In July 2015, following the receipt of competition clearance, DCC Energy combined its Danish oil distribution business with the fuel distribution activities of DLG, a leading Danish agricultural business. The transaction resulted in DCC Energy owning 60% of the enlarged business which distributes approximately 400 million litres of fuel and is now managed by DCC Energy's management team.

DCC Technology

Computers Unlimited

In May 2015, DCC Technology acquired Computers Unlimited for an initial enterprise value of £24 million. Computers Unlimited is a consumer technology distributor operating primarily in the UK but also with operations in France and Spain. The business is focused on the 'connected home' and professional design markets and distributes a range of products that are complementary to those distributed by DCC Technology, including design software, printers, accessories and premium audio systems.

Taking into account the above and other smaller acquisitions completed during the year, the total cash spend on acquisitions (inclusive of the payment of acquisition related liabilities previously provided of £3.9 million) was £394.0 million.

Financial Review Continued

Capital expenditure
Net capital expenditure for the year of £120.7 million (2015: £63.3 million) compares to a depreciation charge of £74.8 million (2015: £59.7 million).

As previously reported, DCC Technology is continuing to integrate its UK businesses under the Exertis brand and, as part of this project, is significantly upgrading its ERP and logistics infrastructure. DCC Technology has commenced the construction of a new, purpose built, 450,000 sq.ft. UK national distribution centre in the north of England, close to the majority of its existing facilities. The project is progressing well and the relocation to the new facility will take place on a phased basis, beginning in the second half of the financial year ending 31 March 2017.

With the cash impact of acquisitions in the year of £394.0 million and dividend payments of £80.9 million there was an overall net outflow of £64.9 million in the year, leaving the Group in a modest net debt position at 31 March 2016 of £54.5 million (31 March 2015: net cash of £30.0 million).

Balance Sheet and Group Financing

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet to leave it well placed to take advantage of development opportunities as they arise. To that end, and cognisant that the Group had already committed to acquire both the Esso Retail and Butagaz businesses in France, in May 2015 the Group successfully completed a placing of new ordinary shares representing 5% of its issued share capital. The shares were placed at a premium to the previous day's closing price, raising a net £193 million.

As a result of the placing and the strong operating cash flow in the year, DCC's financial position remains very strong. At 31 March 2016, the Group had net debt of £54.5 million and total equity of £1.3 billion. At the same date, DCC had cash resources, net of overdrafts and short term debt, of £1.0 billion. In addition, during March 2016, the Group successfully extended its committed revolving credit facility for a further five years and also increased the size of the facility from £150 million to £400 million. The revolving credit facility currently remains undrawn. The Group's outstanding term debt at 31 March 2016 had an average maturity of 6.1 years. Substantially all of the Group's debt has been raised in the US Private Placement market with an average credit margin of 1.66% over floating Euribor/Libor.

Key financial ratios as at 31 March 2016, and the principal financial covenants included in the Group's various lending agreements, are as follows:

	2016 Actual	Lender covenants	2015 Actual
Net debt: EBITDA	**0.2**	3.5	n/a
EBITDA: net interest	**12.9**	3.0	9.9
EBITA: net interest	**10.4**	3.0	7.8
Total equity (£'m)	**1,350.5**	425.0	987.0

Further analysis of the Group's cash, debt and financial instrument balances at 31 March 2016 is set out in notes 3.9 to 3.12 in the financial statements.

Financial Risk Management

Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board of Directors. These policies and guidelines primarily cover foreign exchange risk, commodity price risk, credit risk, liquidity risk and interest rate risk. The principal objective of these policies and guidelines is the minimisation of financial risk at reasonable cost. The Group does not trade in financial instruments nor does it enter into any leveraged derivative transactions. DCC's Group Treasury function centrally manages the Group's funding and liquidity requirements. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign exchange and commodity price exposures within approved policies and guidelines. Further detail in relation to the Group's financial risk management and its derivative financial instrument position is provided in note 5.7 to the financial statements.

Foreign Exchange Risk Management

DCC's presentation currency is sterling. Exposures to other currencies, principally euro and the US dollar, arise in the course of ordinary trading.

A proportion of the Group's profits and net assets are non-sterling and are primarily euro denominated. Sterling weakened against the euro by 6.3% from 1.3479 at 31 March 2015 to 1.2633 at 31 March 2016 and the average sterling exchange rate at which the Group translates its euro denominated operating profits strengthened by 8.1% from 1.2674 in 2015 to 1.3697 in 2016.

The proportion of the Group's profits denominated in currencies other than sterling increased significantly during the year mainly due to the acquisitions of Butagaz and Certas Retail France. Approximately 40% (2015: 16%) of the Group's operating profit for the year ended 31 March 2016 was denominated in currencies other than sterling, primarily the euro. DCC does not hedge the translation exposure on the profits of non-sterling subsidiaries on the basis and to the extent that they are not intended to be repatriated. The strengthening of the average translation rate of sterling, referred to above, negatively impacted the Group's reported operating profit by £9.8 million in the year ended 31 March 2016.

DCC has investments in non-sterling, primarily euro denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in or swapped (utilising currency swaps or cross currency interest rate swaps) into the relevant currency, although this hedge is offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The 6.3% weakening in the value of sterling against the euro during the year ended 31 March 2016, referred to above, was the main element of the translation gain of £38.0 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2016 as set out in the Group Statement of Comprehensive Income in the financial statements.

Where sales or purchases are invoiced in other than the local currency and there is not a natural hedge with other activities within the Group, DCC generally hedges between 50% and 90% of those transactions for the subsequent two months.

Commodity Price Risk Management

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

Credit Risk Management

DCC transacts with a variety of high credit-rated financial institutions for the purpose of placing deposits and entering into derivative contracts. The Group actively monitors its credit exposure to each counterparty to ensure compliance with limits approved by the Board.

Interest Rate Risk and Debt/Liquidity Management

DCC maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to three months. In addition, the Group maintains both committed and uncommitted credit lines with our relationship banks and borrows at both fixed and floating rates of interest. At 31 March 2016, 83% of the Group's drawn fixed rate borrowings were swapped to floating interest rates, using interest rate and cross currency interest rate swaps which qualify for fair value hedge accounting under IAS 39. The Group mitigates interest rate risk on its borrowings by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings.

Investor Relations

DCC's senior management team are committed to interacting with the international financial community to ensure a full understanding of DCC's strategic plans and performance against those plans. During the year, the executive management team presented at ten capital market conferences, conducted 276 institutional investor one-on-one and group meetings and presented to 13 broking firms.

On 4 June 2015, a Capital Markets Day took place in the London Stock Exchange which was attended by the Chairman and a number of the non-executive Directors in addition to most of the Group's top shareholders, various brokers, analysts and fund managers.

Share Price and Market Capitalisation

The Company's shares traded in the range £40.90 to £61.90 during the year. The share price at 31 March 2016 was £61.50 (31 March 2015: £40.23) giving a market capitalisation of £5.4 billion (2015: £3.4 billion).

Fergal O'Dwyer
Chief Financial Officer
16 May 2016

Sustainability Report

Creating sustainable value for our stakeholders

DCC's objective is to build a sustainable business and a key element in achieving this objective is to ensure that our businesses operate responsibly and meet increasing societal expectations. By doing so we will enhance our reputation with stakeholders and protect the value we create over the longer term.

Introduction

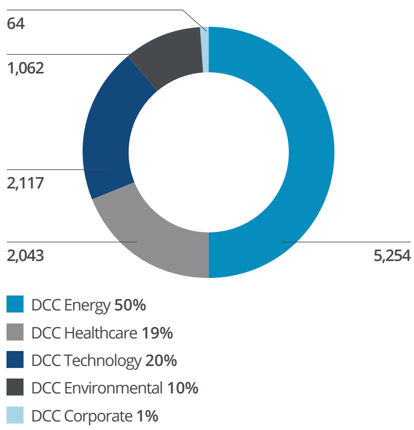
This Sustainability Report focuses on the key areas of our people, health & safety and the environment. Information on business ethics and compliance is included in the Corporate Governance Statement on pages 72 to 76. Individual subsidiaries also have additional business specific areas which are key to their ongoing sustainability, for example relationships with customers, suppliers, regulators and local communities, procurement of raw materials and supply chain integrity. Further information on these areas is included in the Operating Reviews and on subsidiary websites.

This Sustainability Report follows the same reporting cycle and fiscal year as the Annual Report, to 31 March 2016, and includes all Group subsidiaries. Joint ventures are not included in the LTI or carbon emissions data. There are no significant changes from previous reporting periods in the scope, boundary or measurement methods applied in this Report and there is no restatement of data from the 2015 Sustainability Report.

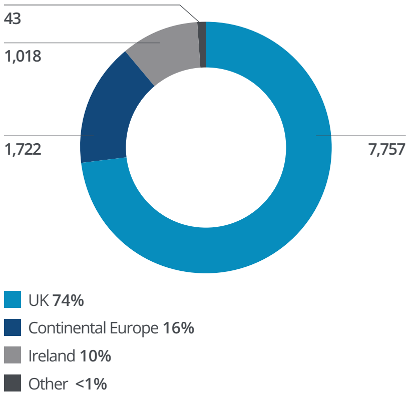
Our People

At 31 March 2016, DCC employed 10,540 people. This reflects an overall increase of 8% from the last financial year mainly due to the acquisitions in DCC Energy and DCC Technology, the most significant of which was Butagaz. This employment growth, which is largely in Continental Europe, demonstrates our growing international presence.

DCC employment by division



DCC employment by geographic area



Diversity and Equal Opportunity

DCC embraces the benefits of a workforce with diverse skills, qualities and experience. We both recognise and value the variety of characteristics which make individuals unique. All recruitment, selection and promotion decisions are made on individual merit, in line with our commitment to create an inclusive workplace. The DCC Group policy statement on diversity and equal opportunities applies across the Group and our individual companies continually focus on ways to increase the diversity of our workforce.

Group Talent Programme

We reported over the past two years that we were revising our approach to the development of talent across the DCC Group. We now have a bespoke leadership competency framework which will assist us in the selection, assessment and development of talent and will also be used to implement leadership assessment and development programmes designed to sustain DCC's high performance.

Graduate Programme

The DCC Graduate Programme is an integral part of the Group Talent Programme. Over the past five years, as the graduates complete each two year cycle, the programme has begun to achieve its objective of creating a pipeline of high potential, emerging talent.

We completed our sixth recruitment cycle earlier this year and 15 graduates will join us in September 2016, bringing the total number of graduates hired since the programme began in 2011 to 65. We have succeeded in retaining 68% of the graduates who have completed the programme, who are now working in permanent roles across the Group, and 100% of the graduates who are currently within the two year programmes.

Due to the industry diversity of its business sectors, DCC is in a position to offer a uniquely rich and varied graduate programme. During the programme the graduates work on demanding and complex business projects across DCC and through these, and frequent learning modules, they are enabled to make a valuable contribution to the business.

The programme has a new focus on developing graduates' language skills which has enabled us to increase the number of placements into DCC's European businesses. This evolving ability to support business needs and the growing reputation of the value of the programme is continuing to impress our business leaders, which reinforces the programme's ability to continue to offer a superior value proposition to potential DCC graduates.

Corporate Giving

Across the DCC Group, subsidiaries support charities and local communities by direct financial contributions, fundraising or the provision of particular skills and training.

At a corporate level, DCC plc has committed to supporting Social Entrepreneurs Ireland ('SEI') for a further four years to the end of 2019. SEI is an independent, non-profit organisation which identifies and supports social entrepreneurs in growing their ideas from concept to reality, on a national scale.

DCC is the flagship sponsor of the annual selection process which culminates in the announcement of the SEI Awardees in October each year. The founders of FoodCloud, Aoibheann O'Brien and Iseult Ward, were SEI Impact Awardees in 2014, and the case study below gives further details on FoodCloud's activities.

Case study: FoodCloud

FoodCloud

FoodCloud is a social enterprise that has developed a unique solution that connects businesses with surplus food with charities in their local community that need it through a technology platform.

FoodCloud founders: Iseult Ward and Aoibheann O'Brien

Participating businesses upload details of their surplus food and the time period in which the food can be collected. This goes as a text message to a local charity to inform them of the available food. The charity then collects this perfectly good food and gets it to people who need it.

Food redistribution, which means diverting surplus food that is perfectly fit for human consumption, has been put forward as one of the best win-win solutions for reducing wasted food. It is a business-friendly, environmentally-sensitive and socially-responsible alternative to wasting good food.

To date, FoodCloud has redistributed the equivalent of over 2 million meals to charities in Ireland and the UK.

Sustainability Report Continued

Health & Safety

Safety is a key value for DCC and the businesses work to continuously improve performance through risk assessment, procedural and engineering controls, training and learning from events. In addition to the lost time injury rates presented here for the DCC Group, individual businesses and divisions use a range of leading and lagging performance indicators to monitor the effectiveness of controls in place.

All businesses maintain appropriate safety management systems (in some cases certified to the OHSAS18001 standard), reflecting the nature and complexity of the risks in their businesses. Within the Energy and Environmental divisions, formal dedicated governance and reporting structures are in place to provide oversight and challenge to the businesses.

Group safety audits are completed to a defined frequency using the International Safety Rating System ('ISRS') licenced by DNV-GL. This is a detailed protocol which tests all aspects of a safety management system, including leadership, risk management, asset management and emergency preparedness, to identify areas for improvement and good practice. During the year the Energy division's safety behavioural initiative, Safety F1rst, has been adapted and rolled out across the Healthcare division. Key safety behaviours and a set of straightforward Golden Rules are communicated in each business using consistent Safety F1rst branding. Employee engagement is maintained though regular safety conversations, tool box talks, newsletters and other events on specific topics.

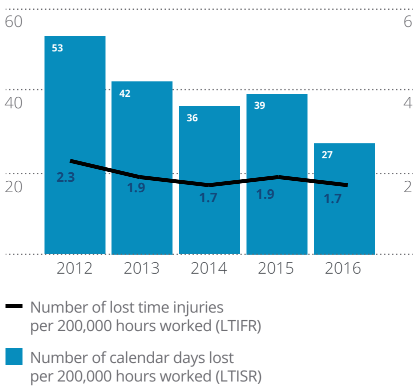
SAFETY F1RST™
THE RIGHT CHOICE
THE RIGHT CALL

The risk of a catastrophic event arising from a failure in process safety at a fuel storage terminal within the Energy division has been identified as one of the Group's principal risks on page 15. Significant time and resources are dedicated to ongoing improvements in process safety including the development of specific process safety leading indicators, training of senior executives and the implementation of an Operational Integrity Framework within the Energy division.

Health & Safety Performance

All employee LTIs are recorded and investigated to determine root causes and identify corrective actions. The majority of these injuries arise from slips, trips and falls and incorrect manual handling. In the reported period both LTI frequency and severity rates reduced compared to the prior period. This improved performance is a result of continuing efforts to minimise exposure to risks in the first instance and ongoing training to develop high levels of risk awareness and safety behaviours. Procedural and engineering controls are reviewed regularly.

Lost Time Injury ('LTI')



Environment

Operational impacts on the environment are managed by the businesses as required by legislation on waste packaging, prevention of spills and compliance with regulatory licences to operate – e.g. waste water discharge consents and waste management permits in the Environmental division.

In businesses where there is a more significant potential for environmental impact, principally within the oil business and the environmental division, specific controls and procedures (e.g. tank testing, bunding and monitoring systems) are in place to minimise the likelihood of spills. The environmental management systems in a number of businesses are certified to the ISO14001 standard.

Regrettably, in 2015 Enva's Portlaoise facility was responsible for excessive odour levels arising from waste oil processing and in December 2015 the company pleaded guilty in the District Court to causing an odour nuisance. All practical measures, both operational and technical, have been implemented to eliminate odour emissions and address the concerns of both the Irish Environmental Protection Agency and the local community.

Energy and Climate Change

The Paris Agreement negotiated at the United Nations COP21 in December 2015 was a significant milestone on the journey to the global reduction of greenhouse gas emissions. The physical realities of climate change, ambitious reduction targets and increasing societal demands present challenges and opportunities to all organisations.

EU Energy Efficiency Directive

During 2015, compliance with the nationally determined requirements of the EU Energy Efficiency Directive Article 8 was achieved in all affected businesses. This was achieved through a variety of measures, in particular the completion of in-depth energy efficiency audits at larger processing facilities and of the vehicle fleet. Recommendations for cost savings opportunities from these audits are being prioritised for implementation and shared between businesses to maximise efficiency gains.

Carbon Emissions

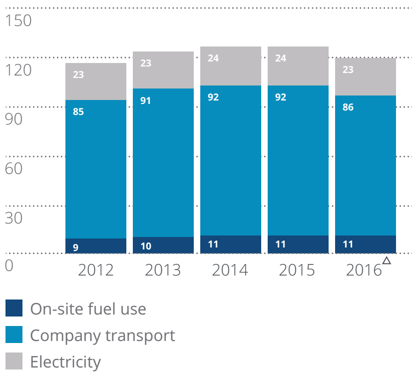
All subsidiaries report energy use data to DCC's on-line IT platform. Carbon emissions are calculated using conversion factors from DEFRA in the UK and in line with the international Greenhouse Gas Protocol. This information is used to comply with mandatory reporting requirements, for example, the UK Carbon Reduction Commitment Scheme and requirements under the EU Energy Efficiency Directive, and with voluntary reporting to the CDP, a global initiative, funded by the investment community, which encourages companies to publicly report their carbon emissions and the steps they are taking to address the challenge of climate change.

Absolute carbon emissions for the Group in the year ended 31 March 2016 fell by 6% to 120 mtCO_2e. Contributions to this decrease include the disposal of the Food & Beverage division, a milder winter requiring less facility heating demand and ongoing energy efficiency initiatives – in particular at the Healthcare manufacturing facilities and in the HGV fleet. Offsetting this decrease were a number of acquisitions and increasing throughput at a number of facilities.

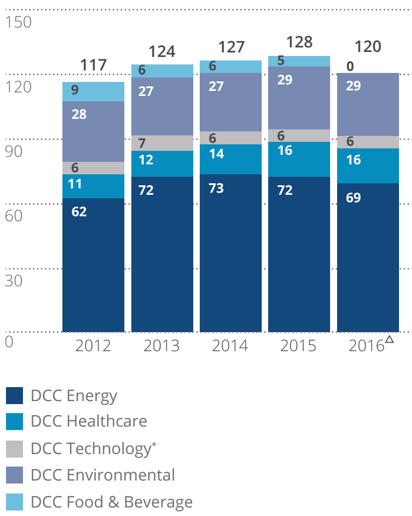
The carbon intensity of DCC businesses has decreased by 5% on a per revenue basis against the prior year and by 28% against our baseline of 2011.

KPMG has undertaken limited assurance over selected data within this report in relation to carbon emissions and their report is set out on page 202.

Absolute CO_2e emissions
('000 tonnes) by source

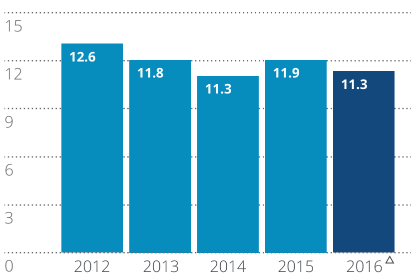


Absolute CO_2e emissions
('000 tonnes) by division



* Includes DCC Head Office emissions

DCC Group carbon intensity
(tonnes CO_2e/£ Revenue)



Senior Management

Group

Chief Executive	Tommy Breen
Chief Financial Officer	Fergal O'Dwyer
Company Secretary & Head of Enterprise Risk Management	Ger Whyte
Managing Director, DCC Corporate Finance	Michael Scholefield
Head of Group HR	Ann Keenan (retiring on 30 June 2016) Nicola McCracken (appointed on 3 May 2016 to replace Ann Keenan)
Chief Information Officer	Peter Quinn
Head of Group Finance	Kevin Lucey
Head of Group Accounting	Gavin O'Hara
Head of Group Legal & Compliance	Darragh Byrne
Head of Group Internal Audit	Stephen Johnston
Head of Group Sustainability	John Barcroft
Head of Group Tax	Yvonne Divilly
Head of Group Treasury	Niall Kelly

DCC Energy

Managing Director	Donal Murphy
Managing Director, LPG	Henry Cubbon
Managing Director, Retail & Fuel Card	Eddie O'Brien
Managing Director, Development and Oil Europe	Clive Fitzharris
Finance Director	Conor Murphy

LPG

Managing Director, Butagaz	Emmanuel Trivin
Managing Director, Flogas Britain	Lee Gannon
Managing Director, Flogas Ireland	John Rooney
Managing Director, Flogas Scandinavia	Jan Wahlqvist
Managing Director, Benegas	Bauke van Kalsbeek

Oil

Managing Director, Certas Energy UK	Steve Taylor
Managing Director, DCC Energi Danmark	Christian Heise
Managing Director, Energie Direct (Austria & Bavaria)	Hans-Peter Hintermayer
Managing Director, Oil Ireland	Tom Walsh
Managing Director, Swea Energi	Magnus Nyfjäll

Retail & Fuel Card

Managing Director, Fuel Card Services	Steve Chesworth
Managing Director, Certas Energy France	Laurent de Seré
Managing Director, Qstar Retail	Maria Hadd
Managing Director, Card Network Solutions	Ben Jordan

DCC Healthcare

Managing Director	Conor Costigan
Finance & Development Director	Redmond McEvoy
Managing Director, DCC Vital	Harry Keenan
Managing Director, DCC Health & Beauty Solutions	Stephen O'Connor

DCC Technology

Managing Director	Niall Ennis
Finance & Development Director	Stephen Casey
Managing Director, Exertis UK & Ireland	Gerry O'Keeffe
Managing Director, Exertis Continental Europe	Patrice Arzillier
Managing Director, Exertis Supply Chain Services	Neal Johnston

DCC Environmental

Finance & Development Director	Thomas Davy
Managing Director, DCC Environmental Britain and William Tracey	Michael Tracey
Managing Director, Wastecycle	Paul Needham
Managing Director, Oakwood	John MacNamara
Managing Director, Enva Ireland	Tom Walsh

Governance

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Governance

Chairman's Introduction

In DCC, good governance is an essential element of how we conduct business.

Dear Shareholder,

Governance

The Board continues to be committed to high standards of corporate governance and believes that good governance is key to the continuing success of DCC. The following pages detail the structures, processes and procedures which support the principles of good corporate governance and the Board ensures that these high standards are maintained throughout the Group.

On behalf of the Board of DCC, I am pleased to report full compliance with the 2014 version of the UK Corporate Governance Code ('the Code'), which applied to DCC for the year ended 31 March 2016.

The Irish Companies Act 2014 was commenced on 1 June 2015 and affects all Irish registered companies. The Nomination and Governance Committee has been overseeing the work being done in respect of the implementation of the new provisions contained in this Act.

Board Diversity

The Board has a formal Board Diversity Policy in place and sees increasing diversity at Board level as important to achieving DCC's business objectives. On an ongoing basis, we seek to ensure we have the right balance of skills, experience and diversity on the Board.

Cormac McCarthy joined the Board on 16 May 2016 and brings considerable financial and business leadership experience to the Board table.

We are also conscious of the merits of gender diversity on the Board, which comprised 30% female Directors during the year under review. I would highlight that the Women on Boards Davies Review Five Year Summary – October 2015 ranks DCC at joint ninth in the FTSE 250 companies for its level of female Board representation.

Board Effectiveness

In 2016, the performance evaluation of the Board, its Committees and individual Directors was internally facilitated by David Byrne, the Deputy Chairman and Senior Independent Director, and followed on from the externally facilitated process in 2015.

I am pleased to report that the results of the review were positive. A number of actions were agreed which will be implemented during the current year. More information on this process can be found on page 76 of the Corporate Governance Statement.

Board Development

I personally review Directors' training needs with each Director individually to ensure that those needs are matched with appropriate internal presentations and external events.

As part of their ongoing training and development, the non-executive Directors made a number of site visits to Group subsidiaries during the year ended March 2016, both on a group and individual basis.

Independence and Re-Election

Following Cormac McCarthy's appointment as a Director today, there are now eight non-executive Directors and three executive Directors on our Board (this will reduce to seven non-executive Directors subsequent to David Byrne's planned retirement at the conclusion of the forthcoming Annual General Meeting). We recently conducted our annual review of the independence of non-executive Directors. The Board is satisfied that each of the non-executive Directors is independent.

As noted in the Code, the test is not appropriate to myself, but I did fulfil the independence requirements up to the date of my appointment as Chairman.

In accordance with the Code and our practice, all of the Directors, with the exception of David Byrne, will be presenting themselves for re-election at the Annual General Meeting. Further detail on the independence of non-executive Directors is set out on page 74.

Board Meeting Balance

The intention at Board meetings is to achieve an appropriate balance between strategic, operational, regulatory and other matters. I regularly monitor the amount of time devoted to each category of business to ensure that we maintain the required balance.

Board Committees

Our Board Committees have continued to perform effectively. You will find, on pages 77 to 107, individual reports, introduced by the Chairman of each Committee, giving details of their activities during the year.

Conclusion

I hope that the detailed information included in the following pages clearly demonstrates our commitment to ongoing excellence in corporate governance.

John Moloney
Chairman
16 May 2016

Board of Directors

	John Moloney	**Tommy Breen**	**Fergal O'Dwyer**	**Donal Murphy**	**Róisín Brennan**
	Non-executive Chairman Chair: Nomination and Governance Committee. Member: Remuneration Committee	**Chief Executive**	**Chief Financial Officer**	**Managing Director, DCC Energy**	**Non-executive Director** Member: Audit Committee
Joined Board	Mr. Moloney (aged 61) joined the Board in February 2009 and was appointed non-executive Chairman in September 2014.	Mr. Breen (aged 57) joined the Board in February 2000.	Mr. O'Dwyer (aged 56) joined the Board in February 2000.	Mr. Murphy (aged 50) joined the Board in December 2008.	Ms. Brennan (aged 51) joined the Board in September 2005.
Skills and experience	Mr. Moloney has extensive top management and board level experience internationally and domestically in the dairy, meat and nutritionals sectors, covering processing, marketing and distribution. He served as Group Managing Director of Glanbia plc from 2001 to 2013. Prior to that he held a number of roles with that organisation including CEO Agribusiness and CEO Food Ingredients. He also worked with the Department of Agriculture and Food and in the meat industry in Ireland. He is a former council member of the Irish Business and Employers Confederation.	Mr. Breen has worked across a broad range of sectors and businesses during his 30 years with the DCC Group. During this time he has gained significant experience of growing businesses organically and by acquisition. He joined DCC in 1985, having previously worked with KPMG, and has held a number of senior management positions within the Group, including Managing Director of the Energy, Technology and Environmental divisions. He was appointed Chief Operating Officer of DCC in March 2006 and subsequently became Group Managing Director in July 2007. He was appointed Chief Executive in May 2008.	Mr. O'Dwyer has worked in DCC in senior management positions for over 25 years and during that time he has worked closely with all of the Group's material operating companies on a range of financial management, treasury and strategic, capital deployment and development matters. He joined DCC in 1989 and was appointed Chief Financial Officer in 1994, having worked in that role in the lead up to DCC's flotation in that year. Prior to joining DCC, he previously worked with KPMG and Price Waterhouse in audit and corporate finance.	Mr. Murphy has extensive experience in managing DCC businesses in a number of industry sectors and in leading the acquisition and integration of numerous businesses, particularly in the Energy sector. He joined DCC as Head of Group IT in 1998, having previously worked with Allied Irish Banks plc. He was Managing Director of DCC Technology from 2004 to 2006, when he was appointed Managing Director of DCC Energy.	Ms. Brennan has over 20 years' experience advising companies on mergers and acquisitions, takeovers, disposals, fundraisings and initial public offerings. She is a former Chief Executive of IBI Corporate Finance where she worked from 1990 until 2011. She is a former non-executive director of The Irish Takeover Panel.
External appointments	Chairman of Coillte Teo (the Irish State Forestry Company) and a non-executive director of Greencore Group plc, Smurfit Kappa plc and a number of private companies.	A non-executive director of Essentra plc.	None	None	A non-executive director of Coillte Teo (the Irish State Forestry Company), Wireless Group plc and Musgrave Group plc.
Nationality	Irish	Irish	Irish	Irish	Irish

David Byrne

Non-executive Deputy Chairman and Senior Independent Director

Member: Remuneration Committee
Member: Nomination and Governance Committee

Mr. Byrne (aged 69) joined the Board and was appointed Deputy Chairman and Senior Independent Director in January 2009.

Mr. Byrne has practised at the top of the legal profession. His international commercial experience at board and advisory level ranges across the food, healthcare and environmental sectors. Following 29 years of practice as a barrister, he was Attorney General of Ireland from 1997 to 1999. Mr. Byrne served as the first EU Commissioner for Health and Consumer Protection from 1999 to 2004. Following this, he served as Special Envoy of the Director-General of the World Health Organisation advising on the International Health Regulations.

He has previously been a member of the boards of public and private companies, including Kingspan Group plc, The National Concert Hall (Chairman) and Irish Life & Permanent plc. He is the immediate past chair of the National Treasury Management Agency Advisory Committee and is Chancellor Emeritus of Dublin City University.

A member of the Kikkoman International Advisory Board. Chair of the European Alliance for Personalised Medicine in Brussels and a Council Member of the Royal College of Physicians of Ireland.

Irish

David Jukes

Non-executive Director

Member: Audit Committee

Mr. Jukes (aged 57) joined the Board in March 2015.

Mr. Jukes has over 35 years of international chemical distribution experience. He currently serves as President of Univar EMEA, Asia Pacific and Latin America. From July 2009 to January 2011, Mr. Jukes served as Vice President, Sales and Marketing Univar EMEA and from 2002 to 2009 as Chief Executive of Distrupol Europe, Univar UK, Ireland and the Nordics.

Prior to joining Univar, Mr. Jukes was Senior Vice President of Global Sales, Marketing and Industry Relations for Omnexus, a plastics industry consortium e-commerce platform and VP Business Development for Ellis & Everard Plc.

None

British

Pamela Kirby

Non-executive Director

Member: Remuneration Committee

Dr. Kirby (aged 62) joined the Board in September 2013.

Dr. Kirby has extensive knowledge of the international healthcare sector, having worked in the pharmaceutical industry for more than 25 years. She held senior UK and global management positions in AstraZeneca PLC and in F. Hoffman-La Roche Ltd., where she was Director of Global Strategic Marketing.

Dr. Kirby is also a former CEO of Quintiles Transnational Corporation in the USA, the leading global provider of biopharmaceutical development and commercial outsourcing services. She was also previously a non-executive director of Novo Nordisk A/S, Informa plc and Smith and Nephew plc.

A non-executive director of Victrex plc, Hikma Pharmaceuticals plc, Reckitt Benckiser Group plc and a member of the supervisory board of Akzo Nobel N.V.

British

Leslie Van De Walle

Non-executive Director

Chair: Remuneration Committee
Member: Audit Committee
Member: Nomination and Governance Committee

Mr. Van de Walle (aged 60) joined the Board in November 2010.

Mr. Van de Walle has a very wide range of international senior management business experience, as well as experience as a non-executive director, in the oil and gas sector, in the food and drinks industry, in manufacturing, in building materials and in the insurance sector.

He is a former non-executive director of Aviva plc and former Chief Executive Officer of Rexam plc. He previously held a number of senior executive roles in Royal Dutch Shell plc, including Executive Vice President of Retail for Oil Products and Head of Oil Products, Shell Europe. He has also held a number of senior management positions with Cadbury Schweppes plc and United Biscuits plc where he was CEO.

Non-executive chairman of SIG plc and of Robert Walters plc.

French

Jane Lodge

Non-executive Director

Chair: Audit Committee

Ms. Lodge (aged 61) joined the Board in October 2012.

Ms. Lodge, as a senior audit partner for 25 years, has extensive experience with multinational manufacturing companies and her strategic work with Deloitte has given her a substantial international business perspective. She has very strong and recent financial skills to bring to the Audit Committee.

Until 2011, Ms. Lodge was a senior audit partner with Deloitte, where she spent over 25 years advising global manufacturing companies. She was also the Deloitte partner in charge of the firm's UK manufacturing industry sector, where she was responsible for strategy and marketing, and was a member of the Deloitte Global Manufacturing Executive. She was a member of the CBI Manufacturing Council until 2011. While at Deloitte, she served a term on the Board of Partners of Deloitte UK and also co-chaired a global team of partners to review the strategy of the Global Deloitte Firm.

A non-executive director of Devro plc, Costain Group PLC and Sirius Minerals plc and a director of a number of private companies.

British

Cormac McCarthy

Non-executive Director

Member: Audit Committee

Mr. McCarthy (aged 53) joined the Board in May 2016.

Mr. McCarthy was most recently Chief Financial Officer ('CFO') of Paddy Power plc, an international multi-channel betting and gaming group, having joined the company in 2011 as a non-executive director and being appointed CFO in 2012. Following the successful completion of the merger of Paddy Power plc and Betfair Group plc, he stepped down as CFO of Paddy Power plc in February 2016.

Mr. McCarthy was previously Chief Executive of Ulster Bank (a subsidiary of Royal Bank of Scotland) from 2004 to 2011, during which time he also served in various roles within Royal Bank of Scotland, including Deputy Chief Executive of their retail division in the UK (2010 to 2011) and Chief Executive of their retail and commercial division in Europe and the Middle East (2007 to 2009).

A director of University College Dublin Foundation Limited.

Irish

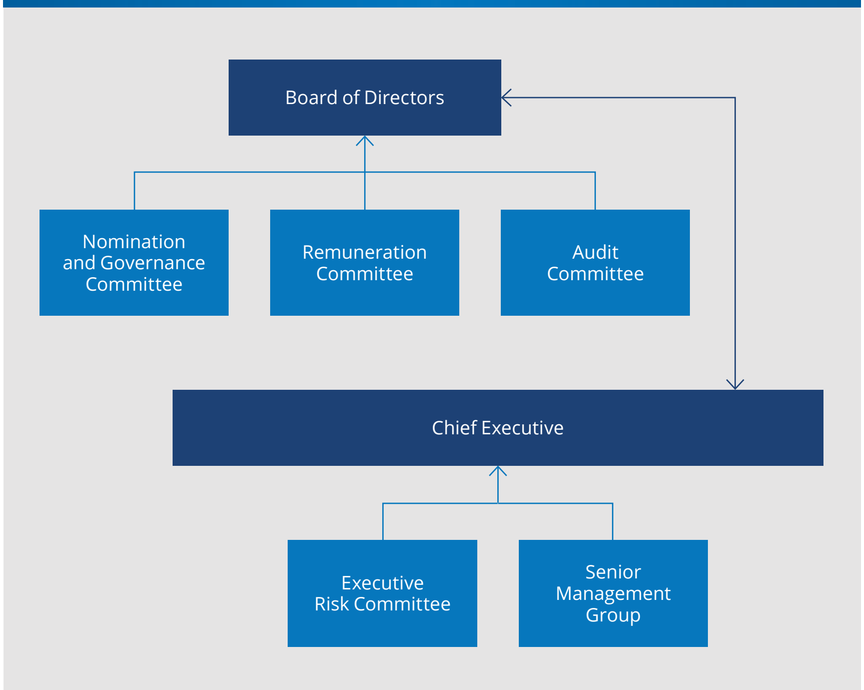
Corporate Governance Statement

This statement describes DCC's governance principles and practices.

For the financial year ended 31 March 2016, DCC's corporate governance practices were subject to the 2014 version of the UK Corporate Governance Code, which was issued by the FRC in September 2014 ('the Code').

This statement details how DCC has applied the principles and complied with the provisions set out in the Code. We can confirm full compliance with the Code.

DCC plc – Corporate Governance Framework



The Board of Directors

Role

Following Cormac McCarthy's appointment as a Director today, the Board of DCC currently comprises the non-executive Chairman, seven other non-executive Directors and three executive Directors, including the Chief Executive. It is collectively responsible for the long-term success of the Group. Its role is to provide leadership, to oversee management and to ensure that the Company provides its stakeholders with a balanced and understandable assessment of the Group's current position and prospects.

The Board's leadership responsibilities, in the interest of delivering long-term value to shareholders, involve working with management to set corporate values and to develop strategy, including deciding which risks it is prepared to take in pursuing its strategic objectives. Its oversight responsibilities involve it in constructively challenging the management team in relation to operational aspects of the business, including approval of budgets, and probing whether risk management and internal controls are sound. It also is responsible for ensuring that accurate, timely and understandable information is provided about the Group to shareholders, debt providers and regulators.

The Board has delegated responsibility for management of the Group to the Chief Executive and his executive management team. The main areas where decisions remain with the Board are summarised on page 73.

The Board has delegated some of its responsibilities to Committees of the Board. The composition and activities of these Committees are detailed in their individual reports on pages 77 to 107. The Board receives reports at its meetings from the Chairmen of each of the Committees on their current activities.

A clear division of responsibility exists between the Chairman, who is non-executive, and the Chief Executive. Each of their responsibilities have been set out in writing and have been approved by the Board.

There is an established procedure for Directors to take independent professional advice in the furtherance of their duties, if they consider this necessary.

Schedule of Matters Reserved for the Board

The Schedule of Matters Reserved for the Board is regularly reviewed to ensure it meets with current best practice.

The schedule includes the matters set out below:

- Group strategy.
- Annual budget.
- Interim and annual accounts.
- Oversight of the Group's operations.
- Major acquisitions and disposals.
- Significant capital expenditure proposals.
- Approval of changes to the Group's capital structure.
- Appointment of Directors.
- Dividend policy and dividends.
- Treasury policy.
- Risk management strategy.

Chairman

The Chairman's primary responsibility is to lead the Board, to ensure that it has a common purpose, is effective as a group and at individual Director level and that it upholds and promotes high standards of integrity, probity and corporate governance.

The Chairman is the link between the Board and the Company. He is specifically responsible for establishing and maintaining an effective working relationship with the Chief Executive, for ensuring effective and appropriate communications with shareholders and for ensuring that members of the Board develop and maintain an understanding of the views of shareholders.

Before the beginning of the financial year, having consulted with the other Directors and the Company Secretary, the Chairman sets a schedule of Board and Committee meetings to be held in the following two years, which includes the key agenda items for each meeting. Further details on these agenda items are outlined below under 'Board Meetings'.

Deputy Chairman and Senior Independent Director

The duties of the Deputy Chairman (who is also the Senior Independent Director) are set out in writing and formally approved by the Board. The Deputy Chairman chairs meetings of the Board if the Chairman is unavailable or is conflicted in relation to any agenda item. He also leads the annual Board evaluation of the performance of the Chairman.

The Senior Independent Director is available to shareholders who may have concerns that cannot be addressed through the Chairman or Chief Executive.

Company Secretary

The Directors have access to the advice and services of the Company Secretary, whose responsibilities include ensuring that Board procedures are followed, assisting the Chairman in relation to corporate governance matters and ensuring compliance by the Company with its legal and regulatory requirements.

Board Meetings

A schedule of Board and Committee meetings is circulated to the Board for the following two years, which includes the key agenda items for each meeting. Board papers are circulated electronically in the week preceding the meeting. During the year ended 31 March 2016, the Board held eight meetings, of which two were held at subsidiary locations. The Board meeting in October 2015 was held at the Certas retail operations centre, in Drogheda, Ireland. The Board meeting held in February 2016 was combined with a Board visit to the Butagaz facility in Rognac, France.

Individual attendance at Board meetings and attendance at Committee meetings is set out in the table below. There is regular contact as required between meetings in order to progress the Group's business.

The key recurrent Board agenda themes are divided into normal business (including financial statements, investor relations, human resources, IT, health & safety and risk matters) and developmental issues (including strategy, acquisitions, sectoral and divisional reviews, succession planning, management talent development and Directors' education). The Board also conducts a detailed review of post-acquisition business performance.

A two day Board meeting each December is principally focused on strategy and three year plans. During the year under review, the Board devoted substantial time outside its December meeting to strategic development issues, including in Energy an overall strategy update and specific reviews of the Oil Distribution, LPG and Fuel Card and the Retail operations, in Technology an overall strategy update and a specific review of the French and Swedish businesses and in Healthcare a specific review of the organic development of the DCC Vital and DCC Health & Beauty businesses.

The Board schedule includes a significant agenda item on succession planning and management talent development. Against a template agreed by the Chief Executive and the Nomination and Governance Committee, the Chief Executive brings a detailed plan for review by that Committee. At an immediately subsequent Board meeting the plan is presented to the Board, discussed and approved.

The non-executive Directors meet a number of times each year without executives being present.

Appointment of Directors

The Nomination and Governance Committee formally agrees criteria for new non-executive Director appointments, including experience of the industry sectors and geographies in which the Group operates and professional background, and has regard to the need for a balance in relation to diversity, including gender. The detailed appointment process is set out in the Nomination and Governance Committee Report on page 105.

Following appointment by the Board, all Directors are, in accordance with the Articles of Association, subject to re-election at the following Annual General Meeting ('AGM').

Board of Directors: Attendance at meetings during the year ended 31 March 2016:

Director	Board (8 meetings)	Audit Committee (4 meetings)	Remuneration Committee (6 meetings)	Nomination and Governance Committee (5 meetings)
John Moloney	8	–	6	5
Tommy Breen	8	–	–	–
Róisín Brennan	8	4	–	–
David Byrne	7	–	6	5
David Jukes	7	3	–	–
Pamela Kirby	8	–	6	–
Jane Lodge	8	4	–	–
Donal Murphy	8	–	–	–
Fergal O'Dwyer	8	–	–	–
Leslie Van De Walle	8	4	6	5

Corporate Governance Statement Continued

In accordance with our practice since 2008 and the provisions of the Code, all Directors submit to re-election at each AGM.

The expectation is that non-executive Directors would serve for a term of six years and may also be invited to serve an additional period thereafter, generally not extending beyond nine years in total. After three years' service, and again after six years' service, each non-executive Director's performance is reviewed by the Nomination and Governance Committee, with a view to recommending to the Board whether a further period of service is appropriate, subject to the usual annual approval by shareholders at the AGM.

The terms and conditions of appointment of non-executive Directors are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the AGM of the Company.

Details of the length of tenure of each Director on the Board is set out in the Nomination and Governance Committee Report on page 106.

Induction and Development of Directors
New non-executive Directors undertake a structured induction process which includes a series of meetings with Group and divisional management, detailed divisional presentations, visits to key subsidiary locations and a briefing with the external auditor.

The Chairman invites external experts to attend certain Board meetings to address the Board on relevant industry and sectoral matters and on developments in corporate governance, risk management and executive remuneration.

The Chairman and Company Secretary review Directors' training needs, in conjunction with individual Directors, and match those needs with appropriate external seminars and speakers. The Chairman also discusses individual training and development requirements for each Director as part of the annual evaluation process and Directors are encouraged to undertake appropriate training on relevant matters. In addition, all Directors have access to an on-line database which is regularly updated with relevant publications and changes in legislation.

Non-executive Directors are expected to meet individually during the year, outside of Board meetings, with members of senior management throughout the Group and to visit a number of subsidiaries to familiarise themselves with the business in more detail than is possible during Board meetings.

All Directors are encouraged to avail of opportunities to hear the views of and meet with the Group's shareholders and analysts. The section on 'Relations with Shareholders' on page 76 gives further information on opportunities for Directors to meet with the Group's shareholders.

Independence
The Board has carried out its annual evaluation of the independence of each of its non-executive Directors, taking account of the relevant provisions of the Code, namely whether the Directors are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgment.

The Board is satisfied that each of the current non-executive Directors fulfils the independence requirements of the Code.

In relation to Róisín Brennan, who has now served as a Director for ten and a half years, the Board is entirely satisfied that she brings a particular skill set to the Board, that she continues to make a valuable contribution to the Board and is fully independent in the discharge of her responsibilities as a Director.

John Moloney has been Chairman of the Company since September 2014. On his appointment as Chairman, Mr. Moloney met the independence criteria as set out in the Code. Thereafter, as noted in the Code, the test of independence is not appropriate in relation to the Chairman.

While Mr. Moloney holds several other directorships outside of the DCC Group, the Board is satisfied that these do not interfere with the discharge of his duties to DCC.

Audit Committee
The primary function of the Audit Committee is to assist the Board in fulfilling its financial and risk oversight responsibilities. Further details of the activities of the Audit Committee are set out in its Report on pages 77 to 81.

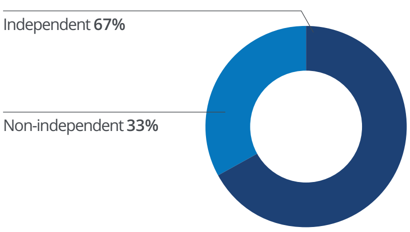
Remuneration Committee
The Remuneration Committee is responsible for determining the Remuneration Policy and conditions of employment for executive Directors and senior management. Further details of the activities of the Remuneration Committee are set out in the Remuneration Report on pages 82 to 103.

Nomination and Governance Committee
The Nomination and Governance Committee is responsible for considering the size, composition and structure of the Board and succession planning requirements and for monitoring the Company's compliance with corporate governance, legal and best practice requirements. Further details of the activities of the Nomination and Governance Committee are set out in its Report on pages 104 to 107.

Chief Executive
The Chief Executive has day to day management responsibility for the running of the Group's operations and for the implementation of Group strategy and policies agreed by the Board. The Chief Executive also has a key role in the process for the setting and review of strategy.

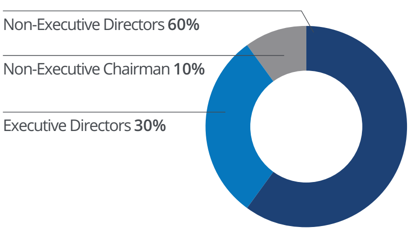
The Chief Executive instils the Company's values, culture and standards, which include appropriate corporate governance, throughout the Group. In executing his responsibilities, the Chief Executive is supported by the Chief Financial Officer and the Company Secretary, who, together with the Chief Executive, are responsible for ensuring that high quality information is provided to the Board on the Group's financial and strategic performance.

Board independence*
(as at 31 March 2016)



* Excluding the Chairman.

Split of Directors
(as at 31 March 2016)



Executive Directors
The executive Directors support the Chief Executive in devising and executing strategy and in overseeing the operational performance of the whole business.

Executive Risk Committee
The responsibilities of the Executive Risk Committee are set out in the Risk Report on page 13.

Senior Management Group
The Senior Management Group reports to the Chief Executive at weekly management meetings.

Remuneration
It had been the Company's practice since 2009 to put the Remuneration Report to an advisory, non-binding shareholder vote at the AGM.

At the 2015 AGM, the Annual Report on Remuneration was put to an advisory, non-binding shareholder vote. As the Remuneration Policy remained unchanged, it was not put to a shareholder vote.

At the 2016 AGM, two separate advisory, non-binding resolutions on the Remuneration Report and on the Remuneration Policy will be put to shareholders due to a change in Remuneration Policy as outlined in the Remuneration Report on pages 82 to 103.

Share Ownership and Dealing
Details of the Directors' interests in DCC shares are set out in the Remuneration Report on page 100.

The Board has adopted the DCC Share Dealing Policy which applies to dealings in DCC shares by the Directors and Company Secretary of DCC, directors of all Group companies and all DCC Head Office employees. The Policy is based on the Model Code, as set out in the Listing Rules of the UK Listing Authority. Under the Policy, Directors and relevant executives are required to obtain clearance from the Chairman or Chief Executive before dealing in DCC shares and are prohibited from dealing in the shares during prohibited periods as defined by the Listing Rules.

In addition, the Policy specifies preferred periods for share dealing by Directors and relevant executives, being the four 21 day periods following the updating of the market on the Group's trading position through the preliminary results announcement in May, the Interim Management Statement in July (at the AGM), the interim results announcement in November and the Interim Management Statement in January/February.

Risk Management and Internal Control
The Board is responsible for the Group's system of risk management and internal control. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable but not absolute assurance against material misstatement or loss. Details in relation to the Group's risk management structures are set out in the Risk Report on page 12.

The Board has delegated responsibility for the ongoing monitoring of the effectiveness of this system to the Audit Committee. Details in relation to the Audit Committee's work in this regard are set out in the Audit Committee Report on page 78.

In accordance with the revised guidance, entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC in September 2014, which applied to the financial year ended 31 March 2016, the Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements and that this process is regularly reviewed by the Board.

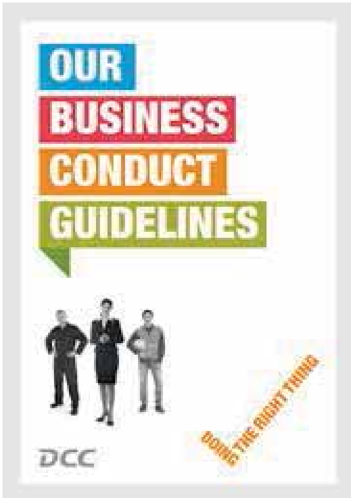
The Board receives reports at each meeting from the Chairman of the Audit Committee on its activities and in addition has considered a report from the Audit Committee on the conduct of and the findings and agreed actions from the annual assessment of risk management and internal control.

Further details on this annual assessment are set out in the Risk Report on page 13 and in the Audit Committee Report on page 78.

The consolidated financial statements are prepared subject to the oversight and control of the Chief Financial Officer, ensuring correct data is captured from Group locations and all required information for disclosure in the consolidated financial statements is provided. A control framework has been put in place around the recording of appropriate eliminations and other adjustments. The consolidated financial statements are reviewed by the Audit Committee and approved by the Board.

Compliance
Tone from the Top
The key message of the Group compliance programme is that directors, managers and employees across the Group should be 'Doing the Right Thing' at all times. This means not merely following the laws and policies that apply to their work, but also exercising good judgement to ensure that their actions are seen as fair and ethical.

Business Conduct Guidelines
Our Group Business Conduct Guidelines, which are available on our website www.dcc.ie, set out the general standards that are expected of directors, managers and employees across the Group in a range of areas, including anti-bribery and corruption, protection of personal information and competition law. The Guidelines are available in all of the major languages used by employees of the Group. A copy of the Guidelines has been provided to every employee.



Compliance Policies and Training
The Group also maintains more detailed policies on a range of relevant areas, complementing the general requirements set out in the Business Conduct Guidelines. The areas covered by more detailed policies include health and safety, anti-bribery and corruption, competition law, information security, diversity and equal opportunities and share dealing. Depending on the nature of their role, employees of the Group receive more detailed training on those policies.

Having reviewed and updated our Business Conduct Guidelines during 2014, we updated other key compliance policies in 2015 to ensure they accurately reflect the activities of the Group, current regulatory requirements and best practice.

Whistleblowing
Employees across the Group are required to raise a concern if any of our activities are being undertaken in a manner that may not be legal or ethical, and are supported if they do so. Concerns can be raised with a member of management in the business where the employee works,

Corporate Governance Statement Continued

with the Head of Group Legal & Compliance or externally with SafeCall, a third party facility independent of DCC and available in multiple languages and on a 24 hour basis. Employees may raise concerns anonymously if they wish. Our internal policies make clear that retaliation against any employee who raises a concern is prohibited. Where concerns are raised, they are investigated in an appropriate and independent manner.

The Audit Committee has oversight responsibility for our whistleblowing facilities and how they operate.

World's Most Ethical Certification

Following an application made in late 2015, DCC was again recognised by Ethisphere as one of the World's Most Ethical Companies for 2016. This certification reflects our commitment to high standards of business conduct and how that commitment is translated into practice through our compliance policies and procedures.

Board Performance Evaluation

The Board conducts an annual evaluation of its own performance, that of each of its principal committees, the Audit, Remuneration and Nomination and Governance Committees, and that of Committee Chairmen and individual Directors.

In 2015, the entire performance evaluation was externally defined and conducted by the ICSA, in accordance with the requirement to have it externally facilitated every three years under Provision B.6.2 of the Code.

In 2016, the entire performance evaluation process was internally conducted. The various phases of the internal performance evaluation process which commenced in early February and concluded in May 2016 are set out below:

- A questionnaire covering key aspects of Board effectiveness, including the composition of the Board, the content and running of Board and Committee meetings, corporate governance, risk, succession planning and the Directors' continuing education process, was circulated to all Directors.
- Completed questionnaires, including views on performance and recommendations for improvement, were returned directly to the Chairman or the Senior Independent Director.
- Follow up discussions were held with each of the Directors individually to clarify any points raised in the questionnaire and the Chairman and Senior Independent Director then prepared summary reports on the Board and its Committees.
- The Chairman, on behalf of the Board, conducted evaluations of performance individually with each of the non-executive and the executive Directors and also enquired if they had any views they wished to express on the performance of any other Director.
- David Byrne, as Senior Independent Director, conducted an evaluation of the performance of the Chairman.
- The non-executive Directors also evaluated the performance of each executive Director.
- Each of the Audit Committee, the Remuneration Committee and the Nomination and Governance Committee considered the summary report as part of its annual review of its own performance and terms of reference and recommended any changes it considered necessary to the Board for approval.
- The Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman.

A number of actions were agreed which will be implemented by the Chairman during the current year.

All action items arising from the 2015 evaluation were substantially completed during the year ended 31 March 2016.

Relations with Shareholders

DCC recognises the importance of communications with shareholders. Presentations are made to both existing and prospective institutional shareholders, principally after the release of the interim and annual results. DCC issues an Interim Management Statement twice yearly, typically in January/February and July. Major acquisitions are also notified to the market and the Company's website www.dcc.ie provides the full text of all press releases. The website also contains annual and interim reports and incorporates audio and slide show investor presentations.

The Board is kept informed of the views of shareholders through the executive Directors' attendance at investor presentations and results presentations. Furthermore, relevant feedback from such meetings, investor relations reports and brokers notes are provided to the entire Board on a regular basis.

On 4 June 2015, a Capital Markets Day took place in the London Stock Exchange which was attended by the Chairman and a number of the non-executive Directors. Most of DCC's top shareholders as well as various brokers, analysts and fund managers were present at this Capital Markets Day. The previous Investor Day was held in June 2013.

The Company Secretary engages annually with proxy advisors in advance of the AGM.

The Company's AGM provides shareholders with the opportunity to question the Chairman, the Committee Chairmen and the Board. Further details on the Company's AGM is set out in the Report of the Directors on page 109.

Report of the Directors

For the purposes of the European Communities (Directive 2006/46/EC) Regulations 2009, details of substantial shareholdings in the Company and details in relation to the purchase of the Company's own shares are set out in the Report of the Directors on pages 108 to 111.

Compliance Statement

DCC has complied, throughout the year ended 31 March 2016, with the provisions set out in the Code.

John Moloney, Tommy Breen
Directors
16 May 2016

Audit Committee Report

To oversee the Group's risk management and internal control activities and to ensure the Annual Report enables shareholders to properly assess the Company's performance, business model and strategy.

Dear Shareholder,

As Chairman of DCC's Audit Committee, I am pleased to present the report of the Committee for the year ended 31 March 2016 which has been prepared by the Committee and approved by the Board.

The responsibilities of the Audit Committee are summarised in the table on page 78 and are set out in full in its Terms of Reference on the DCC website www.dcc.ie

In September 2014, the FRC issued a revised UK Corporate Governance Code ('the Code') and new guidance entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', both of which applied to DCC's financial year ended 31 March 2016.

This report details how the Audit Committee fulfilled its responsibilities both under its Terms of Reference and under the Code and the related Guidance. I have highlighted below a number of key responsibilities.

The Committee is responsible for monitoring the integrity of the Group's financial statements and in assisting the Board in determining that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The work done in this regard is set out on page 78.

The Committee has delegated responsibility from the Board for the Group's risk management and internal control systems. The work done by the Committee in this regard, encompassing ongoing monitoring and the review of effectiveness, is detailed on page 78.

As set out in last year's Audit Committee Report, the Committee engaged in a formal tender process for the external audit of the Group's financial statements in respect of the year ended 31 March 2016. Full details of the tender process are set out on page 79 of the 2015 Annual Report and Accounts. Following the conclusion of this process, the Board approved the appointment of KPMG as auditors to the Company and this appointment was subsequently approved by our shareholders at the Annual General Meeting held on 17 July 2015. Our engagement with the external auditors and with the Group Internal Audit function are detailed on pages 80 and 81 respectively.

The Audit Committee is mindful of the requirements of the new Irish Companies Act 2014 in relation to the Directors' Audit Statement, which applies to DCC for the year to 31 March 2017, and is taking steps to ensure that DCC will be fully compliant with these requirements.

Our priorities for the coming year include cyber security and a review of the risk aspects of a number of significant IT projects in progress across the Group.

The Board, the Audit Committee and Group management are fully committed to continuous improvement of financial and risk management within the Group.

On behalf of the Audit Committee

J A Lodge

Jane Lodge
Chairman, Audit Committee
16 May 2016

Jane Lodge Chairman, Audit Committee

Audit Committee Report Continued

Role

- Monitor the integrity of the Group's financial statements, including reviewing significant financial reporting judgments contained in them.
- Provide advice on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- To assist the Board in its responsibilities in regard to the assessment of the principal risks facing the Company, the monitoring of risk management and internal control systems, including the review of effectiveness, and the going concern and viability statements.
- Oversee the relationship with the external auditor, including approval of remuneration and terms of engagement.
- Review the effectiveness of the external audit process.
- Make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.
- Ensure the external audit is put to tender at least every ten years.
- Develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence.
- Review the operation and effectiveness of the Group Internal Audit function.
- Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Composition

For the year ended 31 March 2016, the Audit Committee comprised four independent non-executive Directors, Jane Lodge (Chairman), Róisín Brennan, David Jukes and Leslie Van de Walle. Cormac McCarthy was appointed as a Director and a member of the Audit Committee on 16 May 2016. Each member's length of tenure at 31 March 2016 is set out in the table on page 81. Biographical details for these Directors are set out on pages 70 to 71.

The Board is satisfied that Jane Lodge and Cormac McCarthy have recent and relevant financial experience, as required by the Code, and that the members of the Audit Committee have an excellent mix of skills and expertise in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations.

The Company Secretary is the secretary to the Audit Committee.

Meetings

The Committee met four times during the year ended 31 March 2016 and there was full attendance by all members of the Committee, subject to one meeting which David Jukes could not attend.

Typically, the Chief Executive, Chief Financial Officer, Head of Enterprise Risk Management, Head of Internal Audit, Head of Group Finance, Head of Group Legal & Compliance and representatives of the external auditor are invited to attend all meetings of the Committee. Other Directors and executives are invited to attend as necessary.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

The Committee meets a number of times each year with the external auditor and with the Head of Internal Audit, without other executive management being present.

Activities

Financial Reporting and Significant Financial Judgements

In regard to the Annual Report and Accounts, the Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The Committee obtains support from the external auditor, KPMG, in making these assessments.

The Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group's results and particularly those which involve a relatively higher level of complexity, judgement or estimation by management. The table on page 79 sets out the significant issues considered by the Committee in relation to the financial statements for the year ended 31 March 2016.

Management confirmed to the Committee that they were not aware of any material misstatements in the financial statements and KPMG confirmed that they had found no material misstatement in the course of their work.

Fair, Balanced and Understandable

The Code requires that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects and specifically that they consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

At the request of the Board, the Committee considered whether the 2016 Annual Report and Accounts met the requirements.

The Committee considered and discussed with management the established and documented process put in place by management for the preparation of the 2016 Annual Report and Accounts, in particular timetable, co-ordination and review activities. The Committee also noted the formal process undertaken by KPMG. This enabled the Committee, and then the Board, to conclude that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides the necessary information for shareholders to assess performance, business model and strategy.

Risk Management and Internal Control

Details of the Group's system of risk management and internal control are set out in the Risk Report on pages 12 to 17. The Audit Committee has been delegated responsibility by the Board for the ongoing monitoring of the effectiveness of this system as required under the Code.

The Audit Committee receives a report at each meeting on the activities of the Group Internal Audit function, including internal audits, IT audits and special investigations. Reports are also received from the Risk Committee and the Enterprise Risk Management and Group Legal & Compliance functions. Further details on the Group's risk management framework are set out in the Risk Report on page 12.

Significant Issues in relation to the Financial Statements for the year ended 31 March 2016

Business Combinations	As set out in note 5.2 to the Group financial statements, the Group completed a number of acquisitions during the year, including the Group's two largest acquisitions to date, Butagaz and Esso Retail France. In total the Group committed £471.6 million in total consideration to acquisitions completed during the year. This total consideration was satisfied by a net cash outflow of £390.1 million and acquisition related liabilities of £81.5 million. Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition, being the date the Group obtains control of the acquiree. The application of this method requires certain estimates and assumptions, particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition. Management reported to the Committee that in conducting their review of the fair values of the acquired assets and liabilities at the date of acquisition, identifiable net assets (after non-controlling interests) of £257.1 million and goodwill of £214.5 million were acquired. Management engaged independent experts to assist with the valuation of intangible assets on the Butagaz acquisition. In addition the Committee discussed and agreed with management's recommendations on the estimated useful lives of intangible assets arising on the Group's acquisitions. The Committee considered and discussed with management the key assumptions used in determining the fair value of assets and liabilities acquired and was satisfied that the process and assumptions used in determining the fair values of assets and liabilities had been appropriately scrutinised, challenged and were sufficiently robust. The Committee agreed with management's findings with respect to the fair value of assets and liabilities acquired through business combinations and was satisfied that the related disclosures required under IFRS 3 were complete, accurate and understandable.
Goodwill and Intangible Assets	As set out in note 3.2 to the Group financial statements, the Group had goodwill and intangible assets of £1,297.1 million at 31 March 2016. In order to satisfy itself that this balance was appropriately stated, the Committee considered the impairment reviews carried out by management. Impairment reviews are carried out annually using the carrying values of subsidiaries at 31 December and the latest three year plan information. In performing their impairment reviews, management determined the recoverable amount of each cash generating unit ('CGU'), and compared this to the carrying amount. The recoverable amount of each CGU is defined as the higher of its fair value less costs to sell and its value in use. Management uses the present value of future cash flows to determine the value in use. In calculating the value in use, management judgement is required in forecasting cash flows of CGU's, in determining the long-term growth rate and selecting an appropriate discount rate. Management reported to the Committee that future cash flows of each CGU had been estimated based on the most up to date three year plan as approved by the Board and discounted using discount rates that reflected the risks associated with each CGU. Sensitivity analysis was considered on the discount rate, cash flows, operating profit and the long-term growth rate. The Committee considered and discussed with management the key assumptions to understand their impact on the CGU's recoverable amounts. The Committee was satisfied that the significant assumptions used for determining the recoverable amount had been appropriately scrutinised, challenged and were sufficiently robust. The Committee agreed with management's results that the cash flow forecasts supported the carrying value of goodwill and intangible assets.
Other Matters	In addition, the Committee has considered and is satisfied with a number of other judgements which have been made by management including revenue recognition, financial instruments, exceptional items, provisioning for impairment of trade receivables and inventories and tax provisioning.

Audit Committee Report Continued

The Chairman of the Audit Committee reports to the Board at each meeting on the Committee's activities in regard to the Group's risk management and internal control systems. The Board also receives a summary risk report, prepared by the Head of Enterprise Risk Management, at each Board meeting and receives a report on Health, Safety and Environmental matters on a quarterly basis.

The Audit Committee conducts, on behalf of the Board, the annual assessment of the operation of the Group's system of risk management and internal control, as required under the Code. This assessment was based on a detailed review carried out by Enterprise Risk Management and Group Internal Audit, utilising the risk register process described in the Risk Report on page 12. This review took account of the principal business risks facing the Group, the controls in place to manage those risks (including financial, operational and compliance controls) and the procedures in place to monitor them. Where areas for improvement have been identified the necessary actions in respect of the relevant control procedures have been or are being taken.

The Chairman of the Audit Committee has reported to the Board on the conduct of and the findings and agreed actions from this annual assessment of risk management and internal control.

External Auditor

The Audit Committee oversees the relationship with the external auditor, including approval of the external auditor's fee proposals.

As noted in last year's Audit Committee Report, the Committee engaged in a formal tender process for the external audit of the Group's financial statements in respect of the year ended 31 March 2016. Full details of the tender process are set out in the 2015 Annual Report and Accounts. Following the conclusion of this process, the Board approved the appointment of KPMG as auditors to the Company and this appointment was subsequently approved by our shareholders at the Annual General Meeting held on 17 July 2015.

The Audit Committee reviewed the full KPMG external audit plan at the meeting held in November 2015 and received an update at the meeting in April 2016, at the commencement of the audit. Following the audit, the Audit Committee met with KPMG to review the findings from the audit of the Group financial statements.

The Audit Committee reviews the effectiveness of the external audit process. As part of this process, audit effectiveness questionnaires are completed by Group and subsidiary finance executives and the responses are summarised by management in a report to the Audit Committee. Based on its consideration of this report and its own interaction with KPMG, in the form of reports and meetings, the Audit Committee concludes on the effectiveness of the external audit process and reports its conclusions to the Board.

The Audit Committee meets with the external auditors on a regular basis without the presence of management.

In accordance with its Terms of Reference, the Audit Committee is required to make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.

Independence

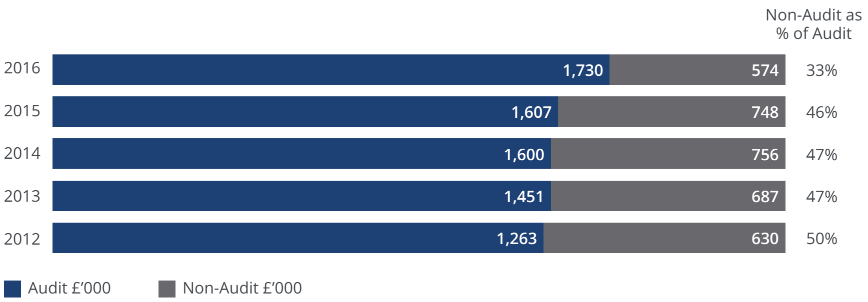
The Audit Committee has a process in place to ensure that the independence of the audit is not compromised, which includes monitoring the nature and extent of services provided by the external auditor through its annual review of fees paid to the external auditor for audit and non-audit work and seeking confirmation from the external auditor that they are in compliance with relevant ethical and professional guidance and that, in their professional judgment, they are independent from the Group.

The Audit Committee has approved a policy on the employment of employees or former employees of the external auditor. This policy provides that the Chief Executive will consult with the Chairman of the Audit Committee prior to the appointment to a senior financial reporting position, to a senior management role or to a Company officer role of any employee or former employee of the external auditor, where such a person was a member of the external audit team in the previous two years.

Non-Audit Services

The Audit Committee has approved a policy on the engagement of the external auditor to provide non-audit services, which provides that the external auditor is permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, providing they have the skill, competence and integrity to carry out the work and are considered to be the most appropriate to undertake such work in the best interests of the DCC Group. The policy also provides that any non-audit work which would result in the aggregate of non-audit fees paid to the external auditor exceeding 50% of annual audit fees must be approved in advance by the Chief Executive and the Chairman of the Audit Committee. Details of the amounts paid to the external auditor during the year for non-audit services are set out in note 2.3 on page 133. The table below sets out the audit and non-audit fees paid to the external auditor over the five year period from 2012 to 2016 inclusive (to KPMG for 2016 and to PricewaterhouseCoopers for 2012 to 2015 inclusive).

Audit vs Non-Audit Fees



Group Internal Audit
The Audit Committee approves the annual work programme for the Group Internal Audit function, ensures that it is adequately resourced and has appropriate standing within the Group.

External Quality Assessments ('EQA') by independent external consultants are conducted at least every five years to confirm compliance by the Group Internal Audit function with the International Professional Performance Framework of the Institute of Internal Auditors. The most recent EQA review is currently being finalised by Deloitte. The previous EQA review was completed by KPMG in 2011. An internal review against the same standards is completed on an annual basis.

Group Internal Audit uses the market leading audit management system, Teammate, to prepare workpapers and audit reports and to record and monitor progress with respect to corrective action plans. The Teammate system is used as a central platform for all related assurance activities including the recording and monitoring of corrective actions arising from Group HSE, Group Legal & Compliance, external audit and management self-assessment reviews.

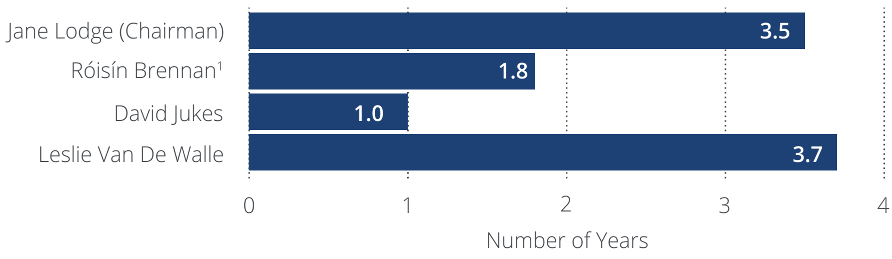
The Control Objectives for Information and related Technology ('COBIT') based IT standards framework previously developed by Group Internal Audit and Group IT continues to be used to underpin the integration of new acquisitions.

A Group Information Security policy has been developed and is underpinned by the IT Standards framework which is subject to review by the IT Audit team within the Group Internal Audit function. Data analytics tools (including ACL and Qlikview) continue to be developed to support the audit process.

A Group IT Security Advisor has been added to the Group Internal Audit team to enhance the available technical expertise with respect to key areas including IT Security, user awareness training and Payment Card Industry Data Security Standards ('PCIDSS').

The Audit Committee receives regular reports from Group Internal Audit, which includes summaries of the key findings of each audit in the period.

Length of Tenure on Audit Committee



1. Róisín Brennan was previously a member of the Audit Committee from September 2005 until March 2009.
2. Cormac McCarthy was appointed as a Director and a member of the Audit Committee on 16 May 2016.

The Audit Committee ensures co-ordination between Group Internal Audit and the external auditor, with four meetings per annum held to maximise the benefits from clear communication and co-ordinated activities.

The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Audit Committee meets with the Head of Internal Audit on a regular basis without the presence of management.

Whistleblowing Arrangements
The Audit Committee is responsible for ensuring that the Group maintains suitable whistleblowing arrangements for its employees. These arrangements are detailed in the Corporate Governance Statement on page 72. The Committee reviewed those arrangements during the year to ensure that they continue to meet the needs of the Group as it grows and develops into new geographies.

Annual Evaluation of Performance
As detailed on page 76, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. In 2016, this process was internally facilitated, having been externally facilitated last year. The conclusion from this process was that the performance of the Committee and of the Chairman of the Committee was satisfactory. Minor changes were made to the Committee's Terms of Reference to reflect current best practice.

Reporting
The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Audit Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Remuneration Report

To set remuneration policy in alignment with the Company's long term strategic goals and the creation of shareholder value.

Introduction

Dear Shareholder,

As Chairman of DCC's Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 March 2016 which has been prepared by the Committee and approved by the Board.

The responsibilities of the Remuneration Committee are summarised in the table on page 84 and are set out in full in its Terms of Reference, which are available on the DCC website www.dcc.ie

DCC's Remuneration Policy seeks to incentivise executive Directors and other senior Group executives to create shareholder value and consequently their remuneration is weighted towards performance related elements with targets incentivising delivery of strategy over the short and long term.

Performance

DCC achieved a record result in the year to 31 March 2016, driven in particular by the performance of DCC Energy. Group operating profit from continuing activities was 35.5% ahead of the prior year (40% ahead on a constant currency basis). Adjusted earnings per share grew by 27.2% on a continuing basis and it is proposed that the dividend for the year will be increased by 15.0%.

Return on capital employed, a key metric for DCC, increased to 21.0% from 18.9% in the prior year, and is again substantially in excess of the Group's cost of capital.

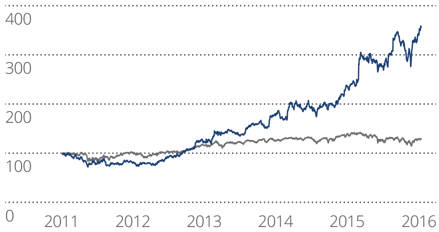
DCC has generated a total shareholder return of 257.4% over the last five years and 521.3% over the last ten years as demonstrated in the charts shown on this page.

Bonuses

The bonuses earned by the executive Directors in respect of the year ended 31 March 2016 are set out on page 94.

These are based on actual performance against targets for growth in Group adjusted earnings per share ('Group EPS') and DCC Energy operating profit, both of which were adjusted during the year to reflect the impact of the acquisition of Butagaz S.A.S., and overall contribution and attainment of personal objectives. Details of the actual performance, of the targets set and the resultant bonuses paid are set out on page 95.

DCC's TSR Vs the FTSE 350 since 1 April 2011



DCC's TSR Vs the FTSE 350 since 1 April 2006

DCC FTSE 350

The charts above show the growth of a hypothetical €100 holding in DCC plc shares since 1 April 2011 and 1 April 2006 respectively, relative to the FTSE 350 index.

Long Term Incentive Plan

Vesting of Long Term Incentives

In December 2015, the Remuneration Committee determined that 100% of the share options granted in November 2012 under the DCC plc Long Term Incentive Plan 2009 ('the LTIP') had vested, based on performance over the three year period ended 31 March 2015 under the TSR and EPS conditions (this was the same as the estimated vesting of 100% included in last year's Report). Further details on this vesting are set out on page 96.

The extent of vesting of the share options granted in November 2013, which will be based on performance over the three year period ended 31 March 2016, will be determined by the Remuneration Committee in December 2016. It is currently estimated that 100% of the share options granted will vest.

Further details in relation to the LTIP are set out on page 87.

Leslie Van de Walle Chairman, Remuneration Committee

Grant of Long Term Incentives

Details of options granted to the executive Directors during the year are set out in the table on page 101. Details of the performance conditions, including an adjustment to the EPS performance condition to take account of the acquisition of Butagaz S.A.S., are set out on page 102.

Remuneration Review

During the year, the Remuneration Committee carried out a review of the Company's current Remuneration Policy, with particular regard to the Company's significant increase in scale in recent years, which resulted in its inclusion in the FTSE 100 in December 2015.

DCC's Remuneration Policy is that executive Directors and senior Group executives should receive a level of remuneration that is appropriate to their scale of responsibility and individual performance. The Committee is mindful of the fact that, as the Company has grown significantly, our remuneration arrangements for executive Directors are now below market levels for companies of equivalent size. The Committee believes that it is necessary to maintain a competitive level of remuneration in order to retain our successful executive team and so have proposed to adjust their arrangements, as described below, and will be putting a revised Remuneration Policy to an advisory shareholder vote at the Annual General Meeting to be held on 15 July 2016.

In making the proposed changes to remuneration arrangements, the Committee followed a number of principles:

– Remuneration arrangements should be broadly competitive with companies of similar size. We made comparison with FTSE-listed companies ranked 60 – 120 by market capitalisation, excluding financial services. (DCC is currently ranked 71st).
– The Committee sought to focus any increases on variable pay elements, which would only be realised by executives on the achievement of stretching performance targets. Increases to fixed pay (salary and pension) would be minimised.
– To the extent possible, executives' interests should be further aligned with the interests of shareholders through deferral of bonus earned into shares. This is in addition to DCC's existing share ownership requirements – which the executive Directors' holdings far exceed in any case.

The annual bonus is the only element of executive Director remuneration where we are proposing to make a change. Firstly, it is proposed to amend maximum bonus potentials as follows:

	Annual Bonus	
	Current maximum potential	Proposed maximum potential
Executive Director	% of Base Salary	% of Base Salary
Tommy Breen	120%	200%
Fergal O'Dwyer	100%	200%
Donal Murphy	100%	200%

Secondly, it is proposed to introduce a bonus deferral for all of the executive Directors of 33% of any bonus earned, which would be deferred into DCC shares and be available after three years. This replaces the previous bonus deferral which applied to Mr. Breen only, which specified that any bonus earned by him in excess of 100% of salary would be invested in DCC shares and be available after three years.

Finally, we are proposing the introduction of a target level of performance for which 50% of maximum bonus would be payable.

A letter setting out the background to and details of the proposed changes was sent, on behalf of the Committee, to the Company's major shareholders (representing over 35% of the issued share capital) and to a number of proxy voting agencies. I subsequently engaged with a number of these shareholders and organisations to hear their views on the proposed changes. This engagement was constructive and helpful to the Committee and I would like to thank shareholders and proxy voting agencies for their input. The final proposals, which are set out in the Remuneration Policy table on page 86, are subject to an advisory shareholder vote at the Annual General Meeting to be held on 15 July 2016.

Non-Executive Directors

With effect from 1 April 2016, the basic fee for non-executive Directors increased from €65,000 to €70,000 and the total fee for the non-executive Chairman increased from €225,000 to €242,500. These changes took account of advice from external remuneration consultants on the level of fees in a range of comparable UK and Irish companies. Further details on non-executive Director pay are set out on pages 98 to 99.

Format of Report and Shareholder Votes

In the UK, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the 2013 UK Regulations') require certain disclosures in regard to remuneration and binding shareholder votes on remuneration policy and implementation. While DCC, as an Irish incorporated company, is not subject to the 2013 UK Regulations, we nonetheless recognise that they represent best practice in remuneration reporting and, given our listing on the London Stock Exchange, we continue to substantially apply the 2013 UK Regulations to this report on a voluntary basis. Furthermore, at the 2016 Annual General Meeting, a resolution on the Remuneration Report (excluding the Remuneration Policy) will be put to shareholders, on an advisory rather than on a binding basis. The Remuneration Policy (pages 85 to 92) will also be put to shareholders, again on an advisory basis.

Details of shareholders' proxy votes on the remuneration reports since 2009 and on the remuneration policy in 2014 are set out in the chart on page 84.

It is our intention to operate in line with the approved Policy. We welcome and will consider any shareholder feedback on the Remuneration Policy and the 2016 Remuneration Report.

Conclusion

I am satisfied that the Remuneration Committee has implemented the Group's existing Remuneration Policy in the year ended 31 March 2016 in a manner that properly reflects the performance of the Group in the year. I would strongly recommend that shareholders vote in favour of the proposed new Remuneration Policy and the 2016 Remuneration Report.

On behalf of the Remuneration Committee

Leslie Van de Walle
Chairman, Remuneration Committee
16 May 2016

Remuneration Report Continued

Composition

The Remuneration Committee comprises three independent non-executive Directors, Leslie Van de Walle (Chairman), David Byrne and Pam Kirby and the Chairman of the Board, John Moloney.

The members of the Committee have significant financial and business experience, including in the area of executive remuneration. Each member's length of tenure at 31 March 2016 is set out in the table below. Further biographical details regarding the members of the Remuneration Committee are set out on pages 70 to 71.

The Company Secretary acts as secretary to the Remuneration Committee.

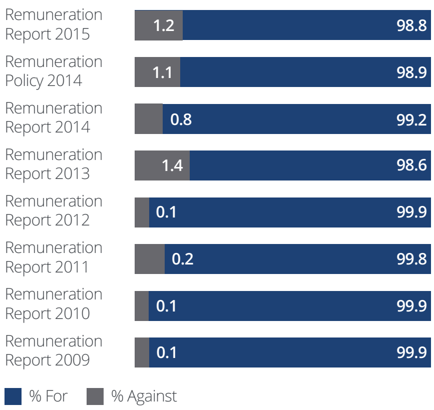
Meetings

The Committee met six times during the year ended 31 March 2016 and there was full attendance by all members of the Committee. The main agenda items included remuneration policy, remuneration trends and market practice, the remuneration packages of the Chairman, the Chief Executive, the other executive Directors and certain senior Group executives, pension matters, grants of share options under the Company's LTIP and approval of this report.

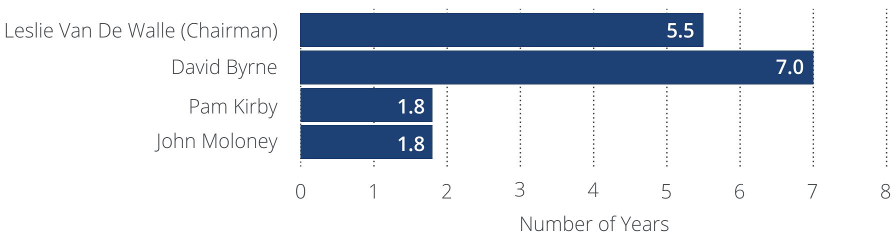
Typically, the Chief Executive is invited to attend all meetings of the Committee. The Head of Group Human Resources and other Directors and executives may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

AGM Votes



Length of Tenure on Remuneration Committee



Roles and Responsibilities

- To determine and agree with the Board the policy for the remuneration of the Chief Executive, other executive Directors and certain Group senior executives (as determined by the Committee).
- To determine the remuneration packages of the Chairman, Chief Executive, other executive Directors and senior executives, including salary, bonuses, pension rights and compensation payments.
- To oversee remuneration structures for other Group and subsidiary senior management and to oversee any major changes in employee benefits structures throughout the Group.
- To nominate executives for inclusion in the Company's long term incentive schemes, to grant options or awards under these schemes, to determine whether the criteria for the vesting of options or awards have been met and to make any necessary amendments to the rules of these schemes.
- To ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the Company.
- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- To obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity.
- To agree the policy for authorising claims for expenses from the Directors.

Remuneration Policy Report

DCC's Remuneration Policy ('the Policy') is set out below. As an Irish incorporated company, DCC is not required to comply with the UK legislation which requires UK companies to submit their remuneration policies to a binding shareholder vote. However, we recognise the need for our remuneration policies, practices and reporting to reflect best corporate governance practice. As such, we submitted our Remuneration Policy to an advisory, non-binding vote at the 2014 Annual General Meeting and will submit a revised Remuneration Policy to an advisory, non-binding vote at the 2016 Annual General Meeting.

The Company intends to operate its remuneration arrangements in line with the approved Remuneration Policy.

The Policy is designed and managed to support a high performance and entrepreneurial culture, taking into account competitive market positioning.

The Board seeks to align the interests of executive Directors and other senior Group executives with those of shareholders, within the framework set out in the UK Corporate Governance Code. Central to this policy is the Group's belief in long-term, performance based incentivisation and the encouragement of share ownership.

The basic policy objective is to have overall remuneration reflect performance and contribution, while having basic pay rates and the short term element of incentive payments at the median of a market capitalisation comparator group.

The Remuneration Committee seeks to ensure:

- that the Group will attract, motivate and retain individuals of the highest calibre;
- that executives are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sectors and geographies within which the Group operates and the markets from which it draws its executives; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages.

DCC's strategy of fostering entrepreneurship requires well designed incentive plans that reward the creation of shareholder value through organic and acquisitive growth while maintaining high returns on capital employed, strong cash generation and a focus on good risk management. The typical elements of the remuneration package for executive Directors and other senior Group executives are base pay, pension and other benefits, annual performance related bonuses and participation in long term performance plans which promote the creation of sustainable shareholder value.

The Remuneration Committee takes external advice from remuneration consultants on market practice to ensure that remuneration structures continue to support the key remuneration policy objectives.

The primary comparator group for benchmarking is the FTSE 60–120 comparator group.

The Remuneration Committee also considers it useful to use a set of other comparators as secondary references to ensure rigorous and comprehensive benchmarking, being the FTSE 75–100 and a group of Irish listed industrial companies which can be taken to be broadly comparable to DCC.

Key elements of pay of executive Directors and other senior Group management under the proposed Policy are set out in the table below:

Element and link to strategy	Operation	Maximum opportunity
Base Salary		
Attract and retain skilled and experienced senior executives.	Base salaries are reviewed annually on 1 April. The factors taken into account include: – Role and experience – Company performance – Personal performance – Competitive market practice – Benchmarking When setting pay policy, account is taken of movements in pay generally across the Group.	No prescribed maximum base salary or maximum annual increase. General intention that any increases will be in line with the general increase across the Group. Increases may be higher in certain circumstances such as changes in role and responsibility or significant changes in market practice.
Benefits		
To provide market competitive benefits.	Benefits include the use of a company car, life/disability cover, club subscriptions or cash equivalent.	No maximum level has been set as payments depend on individual Director circumstances.

Remuneration Report Continued

<table>
<tr><th>Element and link to strategy</th><th>Operation</th><th>Maximum opportunity</th></tr>
<tr><td>Annual Bonus</td><td>Reflects changes which are subject to an advisory shareholder vote at the 2016 AGM</td><td></td></tr>
<tr><td>To reward the achievement of annual performance targets.</td><td>Bonus payments to executive Directors and other senior Group executives are based upon meeting pre-determined targets for a number of key measures, including Group earnings and divisional operating profit and overall contribution and attainment of personal objectives. The contribution and personal targets are focused on areas such as delivery on strategy, organisational development, risk management and talent development/succession planning.

The measures, their weighting and the targets are reviewed on an annual basis.

The current measures for the executive Directors, and their weighting, are set out on page 93. The targets are considered commercially confidential and will not be disclosed on a prospective basis, but may be disclosed retrospectively.

In regard to the executive Directors, 33% of any bonus earned, once the appropriate tax and social security deductions have been made, will be invested in DCC shares which will be made available to them after three years, or on their employment terminating if earlier, together with accrued dividends.

Bonus levels are determined by the Committee after the year end based on actual performance achieved. The Committee can apply appropriate discretion in specific circumstances in respect of determining the bonuses to be awarded. In particular, the Committee has the discretion to reduce bonuses in the event that a predetermined target return on capital employed is not achieved.

A formal clawback policy is in place for the executive Directors and other senior Group, divisional and subsidiary management, under which bonuses are subject to clawback for a period of three years in the event of a material restatement of financial statements or other specified events. Further details on clawback policy are set out on page 89.

The Committee has discretion in relation to bonus payments to joiners and leavers.</td><td>The maximum bonus potential, as a percentage of base salary, for the executive Directors is as follows:

<table><tr><th>Executive Director</th><th>% of Base Salary</th></tr><tr><td>Tommy Breen</td><td>200%</td></tr><tr><td>Fergal O'Dwyer</td><td>200%</td></tr><tr><td>Donal Murphy</td><td>200%</td></tr></table>
The maximum bonus potentials set for each year will be disclosed in the Annual Report on Remuneration.

The maximum bonus potential, as a percentage of base salary, for other senior Group executives ranges between 50% and 80% of base salary.

A defined target level of performance has been set for which 50% of maximum bonus is payable.</td></tr>
</table>

Element and link to strategy	Operation	Maximum opportunity
Long Term Incentive Plan ('LTIP')		
To align the interests of executives with those of the Group's shareholders and to reflect the Group's culture of long term performance based incentivisation.	The LTIP provides for the Remuneration Committee to grant nominal cost (€0.25) options to acquire shares to Group employees, including executive Directors. The vesting period is normally five years from the date of grant, with the extent of vesting being determined over the first three years, based on the performance conditions set out below. In addition to the detailed performance conditions, an award will not vest unless the Remuneration Committee is satisfied that the Company's underlying financial performance has shown a sustained improvement in the three year period since the award date. The extent of vesting for awards granted to participants will be determined by the Remuneration Committee, in its absolute discretion, based on the performance conditions set out below. **Return on Capital Employed ('ROCE'):** Up to 40% of an award will vest depending on ROCE achieved in excess of the Group's Weighted Average Cost of Capital ('WACC') over a three year period with the Remuneration Committee to set a range for threshold and maximum vesting at the time of each award in the light of development activity, including any significant corporate transactions, and three year plans for the Group.	The market value of the shares subject to the options granted in any period of 12 months may not, at the date of the grant, exceed 200% of base pay.

Percentage excess over WACC	% of total award vesting
Below % set as threshold	0%
At % set as threshold	10%
Between % set as threshold and % set as maximum	10%-40% pro rata
Above % set as maximum	40%

The range set will be disclosed in the Annual Report on Remuneration.

The calculation of ROCE will be consistent with the Group financial statements, based on current GAAP.

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Remuneration Report Continued

Element and link to strategy	Operation	Maximum opportunity
Long Term Incentive Plan ('LTIP') Continued		

Earnings per Share ('EPS'):
Up to 40% of an award will vest depending on EPS growth over a three year period starting on 1 April in the year in which the award is granted compared with the change in the UK Retail Price Index ('RPI') as follows:

Annualised EPS growth in excess of annualised change in RPI	% of total award vesting
Less than 3%	0%
At 3%	10%
3% – specified maximum %	10%-40% pro rata
Above specified maximum %	40%

The intention is that the specified maximum percentage (level of excess over RPI) will be set at the time of each award in the light of development activity, including any significant corporate transactions, and three year plans for the Group and prevailing business and economic circumstances. The range set will be disclosed in the Annual Report on Remuneration.

Total Shareholder Return ('TSR'):
Up to 20% of an award will vest depending on TSR performance over a three year period, starting on 1 April in the year in which the award is granted, compared with the FTSE 350 Index (the 'Index').

TSR	% of total award vesting
Below the Index	0%
At the Index	5%
Between the Index and 8% p.a. out-performance	5%-20% pro rata
Above 8% p.a. out-performance of the Index	20%

No re-testing of the performance conditions is permitted.

The performance conditions and their relative weighting may be modified by the Remuneration Committee in accordance with the Rules of the LTIP, provided that they remain no less challenging and are aligned with the interests of the Company's shareholders.

In the case of participants other than the executive Directors, the Remuneration Committee will have discretion to utilise additional specific divisional ROCE and profit growth performance conditions, provided that they remain no less challenging and are aligned with the interests of the Company's shareholders. These additional conditions will not account for more than 20% of vesting, with a corresponding reduction in the percentage of vesting dependent on the ROCE performance condition.

A formal clawback policy is in place, under which awards are subject to clawback in the event of a material restatement of financial statements or other specified events. Further details on this clawback policy are set out on page 89.

Element and link to strategy	Operation	Maximum opportunity
Pension		
To reward sustained contribution.	A small number of senior Group executives, including the executive Directors, are participants in a defined benefit pension scheme. Other senior Group executives participate in a defined contribution pension scheme. The pension scheme gives the Company full discretion to pay appropriate pension levels and the Company reviews market data for pension contributions for each employee group.	Defined benefit pensions are provided through an Irish Revenue approved retirement benefit scheme, up to pension caps, as introduced by the Irish Finance Act 2006 and amended by subsequent Acts (see page 95). All of the executives affected have elected to cease accruing pension benefits at the cap and to receive a taxable non-pensionable cash allowance in lieu of pension benefits foregone. All cash allowances have been calculated based on independent actuarial advice, approved by the Remuneration Committee, as the equivalent of the reduction in liability of the Company arising from the pension benefits foregone. The Company contributes to a defined contribution pension scheme for other senior Group executives at rates reflecting their seniority and experience. The contribution levels also reflect market data. Pensionable salary is calculated as 105% of base salary and does not include any performance related bonuses or benefits.

Payments from Existing Awards
Subject to the achievement of the applicable performance conditions, executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the Remuneration Policy detailed in this report.

Clawback Policy
Bonus payments made to executives may be subject to clawback for a period of three years from payment in certain circumstances including:

- a material restatement of the Company's audited financial statements;
- a material breach of applicable health and safety regulations; or
- business or reputational damage to the Company or a subsidiary arising from a criminal offence, serious misconduct or gross negligence by the individual executive.

The LTIP allows for the giving of discretion to the Remuneration Committee to reduce or impose further conditions on awards prior to vesting in the circumstances as outlined above.

Remuneration Report Continued

Remuneration Policy for Recruitment of New Executive Directors
In determining the remuneration package for a new executive Director, the Remuneration Committee would be guided by the principle of offering such remuneration as is required to attract, retain and motivate a candidate with the particular skills and experience required for a role, if it considers this to be in the best interests of the Company and the shareholders. The Remuneration Committee will generally set a remuneration package which is in accordance with the terms of the approved Remuneration Policy in force at the time of the appointment, though the Committee may make payments outside of the Policy if required in the particular circumstances and if in the best interests of the Company and the shareholders. Any such payments which relate to the buyout of variable pay (bonuses or awards) from a previous employer will be based on matching the estimated fair value of that variable pay and will take account of the performance conditions and the time until vesting of that variable pay.

Other than in such buyout situations, it is the Company's policy not to offer any additional bonuses or awards on recruitment.

For an internal appointment, any variable pay element awarded in respect of the prior role and any other ongoing remuneration obligations existing prior to appointment would be honoured.

Remuneration Policy for Other Employees
While the Remuneration Committee's specific oversight of individual executive remuneration packages extends only to the executive Directors and a number of senior Group executives, it aims to create a broad policy framework, to be applied by management to senior executives throughout the Group, through its oversight of remuneration structures for other Group and subsidiary senior management and of any major changes in employee benefits structures throughout the Group.

DCC employs over 10,500 people in 15 countries. Remuneration arrangements across the Group differ depending on the specific role being undertaken, the industry in which the business operates, the level of seniority and responsibilities, the location of the role and local market practice.

Consultation with Employees
Although the Remuneration Committee does not consult with employees on the Directors Remuneration Policy, it does consider remuneration arrangements and trends across the broader employee population when determining the Policy.

Consultation with Shareholders
The Committee engages in dialogue with major shareholders on remuneration matters, particularly in relation to planned significant changes in policy. The Committee also takes into account the views of shareholder organisations and proxy voting agencies.

As set out in the Chairman's introduction, the Remuneration Committee undertook a detailed consultation process in regard to the proposed changes to executive Director remuneration.

The Committee acknowledges that shareholders have a right to have a 'say on pay' by putting the Remuneration Policy and the Remuneration Report to advisory votes at the Annual General Meeting.

Exit Payments Policy
The provisions on exit in respect of each of the elements of pay are as follows:

Salary and Benefits

Exit payments are made only in respect of base salary excluding benefits for the relevant notice period. For the Chief Executive the notice period is 12 months and for the other executive Directors the notice period is 3 months. In all cases, the notice period applies to both the Company and the executive.

Annual Bonus

The Remuneration Committee can apply appropriate discretion in respect of determining the bonuses to be awarded based on actual performance achieved and the period of employment during the financial year.

Long Term Incentive Plan

To the extent that a share award or option has vested on the participant's cessation date, the participant may exercise the share award or option during a specified period following such date but in no event may the share award or option be exercised later than the expiry date as specified in the award certificate.

In general, a share award or option that has not vested on the participant's cessation date immediately lapses.

The Committee would normally exercise its discretion when dealing with a participant who ceases to be an employee by reason of certain exceptional circumstances e.g. death, injury or disability, redundancy, retirement or any other exceptional circumstances. In such circumstances, any share award or option that has not already vested on the participant's cessation date would be eligible for vesting on a date determined by the Remuneration Committee. The number of shares, if any, in respect of which the share award or option vests would be determined by the Remuneration Committee.

In the event that a participant ceases to be an employee by reason of a termination of his employment for serious misconduct, each share award and option held by the participant, whether or not vested, will automatically lapse immediately upon the service of notice of such termination, unless the Committee in its sole discretion determines otherwise.

Pension

The rules of the Company's defined benefit pension scheme, of which the executive Directors are members, contain detailed provisions in respect of termination of employment.

Service Contracts

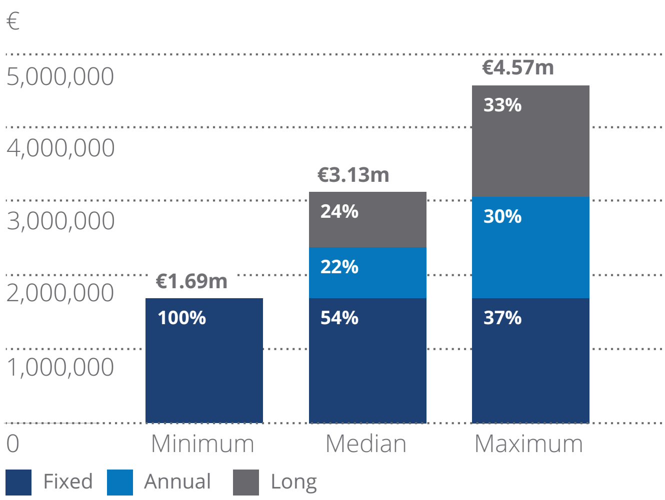
With the exception of Tommy Breen, Chief Executive, who has a service agreement with a notice period of 12 months, none of the other Directors has a service contract with the Company or with any member of the Group. Mr. Breen's service contract provides that either he or the Company can terminate his employment by giving 12 months' notice in writing. The Company may, at its sole discretion, require that Mr. Breen, instead of working out the period of notice, cease employment immediately in which case he would receive compensation in the form of base salary only in respect of the notice period. The service contract also provides for summary termination (i.e. without notice) in a number of circumstances, including material breach or grave misconduct. The service contract does not include any provisions for compensation for loss of office, other than the notice period provisions set out above.

Mr. O'Dwyer and Mr. Murphy have letters of appointment which provide for three months' notice periods.

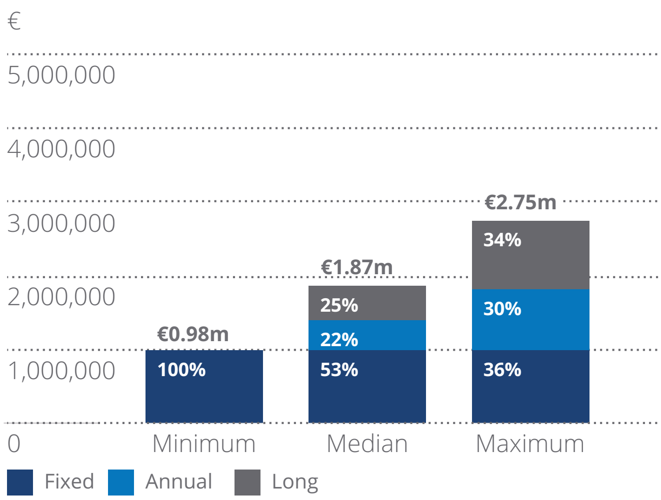
Scenarios Charts

Below is an illustration of the potential future remuneration that could be received by each executive Director for the year commencing 1 April 2016 at minimum, median and maximum performance. As all of the Directors are paid in euro, the Remuneration Committee considers it appropriate that the figures disclosed in this report continue to be presented in euro.

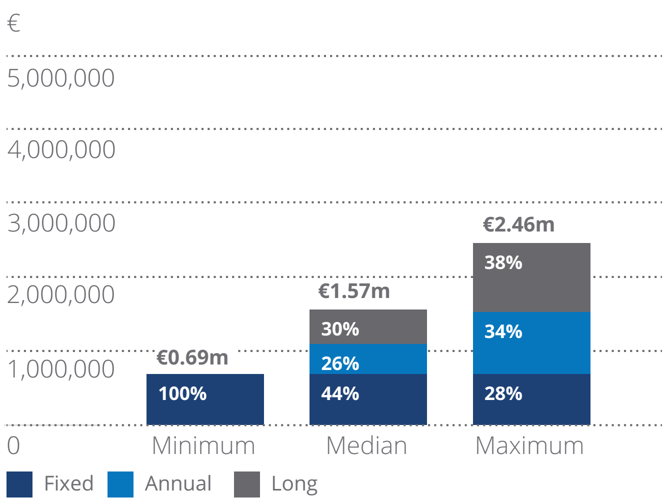
Tommy Breen, Chief Executive



Fergal O'Dwyer, Executive Director



Donal Murphy, Executive Director



Notes:
1. Fixed pay comprises base salary, benefits and retirement benefit expense.
2. Annual pay comprises bonus. The proposed maximum bonus potentials for the year to 31 March 2017, as set out in the Annual Report on Remuneration, of 180% for T. Breen, F. O'Dwyer and D. Murphy are included in these charts. The changes to the maximum bonus potentials, as set out in the Remuneration Policy, are subject to an advisory shareholder vote at the AGM in July 2016.
3. Long term pay comprises the maximum value of options that can be granted under the DCC plc Long Term Incentive Plan 2009.
4. Total pay for minimum performance comprises base salary, benefits and pension (fixed).
5. Total pay for median performance comprises base salary, benefits and pension (fixed), 50% of maximum bonus potential (annual) and 50% of maximum LTIP value (long).
6. Total pay for maximum performance comprises base salary, benefits and pension (fixed), 100% of maximum bonus potential (annual) and 100% of maximum LTIP value (long).
7. In calculating any value that may be delivered in shares, no account has been taken of any potential increase or decrease in share price.

Remuneration Report Continued

Share Ownership Guidelines

DCC's remuneration policy has at its core recognition that the spirit of ownership and entrepreneurship is essential to the creation of long term high performance and that share ownership is important in aligning the interests of executive Directors and other senior Group executives with those of shareholders.

A set of share ownership guidelines is in place, effective from 1 April 2011, under which the Chief Executive, other executive Directors and other senior Group executives are encouraged to build, over a five year period, a shareholding in the Company with a valuation relative to base salary as follows:

Executive	Share ownership guideline
Chief Executive	3 times annual base salary
Other executive Directors	2 times annual base salary
Senior Group executives	1 times annual base salary

The position of the executive Directors and senior Group executives under the Share Ownership Guidelines is reviewed annually by the Remuneration Committee. The position of the executive Directors as at 31 March 2016 is set out in the Annual Report on Remuneration on page 103.

Policy for non-executive Directors

Fees	Operation	Maximum Opportunity
The fees paid to non-executive Directors reflect their experience and ability and the time demands of their Board and Board committee duties. A basic non-executive Director fee is paid for Board membership. Additional fees are paid to the members and the Chairmen of Board Committees, to the Chairman and to the Deputy Chairman/Senior Independent Director. Additional fees may be paid in respect of Company advisory boards.	The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. The Chairman absents himself from the Committee meeting while this matter is being considered. The remuneration of the other non-executive Directors is determined by the Chairman and the Chief Executive for approval by the Board. The fees are reviewed annually, taking account of any changes in responsibilities and advice from external remuneration consultants on the level of fees in a range of comparable Irish and UK companies.	No prescribed maximum annual increase. In accordance with the Articles of Association, shareholders set the maximum aggregate ordinary remuneration (basic fees, excluding fees for committee membership and chairman fees). The current limit of €650,000 was set at the 2014 Annual General Meeting. Non-executives Directors do not participate in the Company's LTIP and do not receive any pension benefits from the Company.

Non-executive Directors Letters of Appointment

The terms and conditions of appointment of non-executive Directors are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

Annual Report on Remuneration

This section of the Remuneration Report sets out how DCC's Remuneration Policy, as described on pages 85 to 92, will operate in the year to 31 March 2017, gives details of remuneration outcomes for the year ended 31 March 2016 and provides additional information on the operation of the Remuneration Committee.

Operation of Remuneration Policy in the year to 31 March 2017

Salary

The salaries of the executive Directors for the year to 31 March 2017, together with comparative figures, are as follows:

Executive Director	Year to March 2017 €	Year to March 2016 €
Tommy Breen	759,110	737,000
Fergal O'Dwyer	466,075	452,500
Donal Murphy	466,075	440,000

The increases in salaries for the executive Directors over recent years are shown in the table below:

	% Increase in Year				
Executive Director	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Tommy Breen	3.0%	3.1%	2.1%	0.0%	0.0%
Fergal O'Dwyer	3.0%	2.8%	2.3%	7.5%	0.0%
Donal Murphy	5.9%	4.8%	2.4%	2.5%	0.0%

The increases in salaries for the executive Directors for the year to 31 March 2017 reflect Company and personal performance and the results of the review of remuneration policy. In Mr. Murphy's case, his increase reflects the growth in the scale and operating profit of the Energy division, for which he has responsibility.

Bonus

As noted in the Introduction on page 82, the proposed changes to maximum bonus potentials and deferral of bonuses for the executive Directors are subject to an advisory shareholder vote at the Annual General Meeting in July 2016.

The Remuneration Committee has set the maximum bonus potential that will apply for the year to 31 March 2017 at 180%, as shown in the table below.

Executive Director	Maximum bonus potential	Deferral of bonus
Tommy Breen	180% of salary	33% of any bonus earned bonus by the executive Directors will be deferred into DCC shares and be available after three years.
Fergal O'Dwyer	180% of salary	
Donal Murphy	180% of salary	

The Committee has set performance targets for the year which will determine the extent of payment of bonuses to the executive Directors, as follows:

Executive Director	Performance Targets
Tommy Breen	70% based on growth in Group adjusted earnings per share and 30% based on overall contribution and attainment of personal objectives.
Fergal O'Dwyer	70% based on growth in Group adjusted earnings per share and 30% based on overall contribution and attainment of personal objectives.
Donal Murphy	20% based on growth in Group adjusted earnings per share, 40% based on growth in DCC Energy operating profit and 40% based on overall contribution and attainment of personal objectives.

Bonuses for other senior Group executives are based upon meeting pre-determined targets which relate to Group earnings, divisional operating profit and overall contribution and attainment of personal objectives.

Growth in Group adjusted earnings per share and in divisional operating profit is measured against pre-determined ranges, with zero payment below threshold up to full payment at the maximum of the range.

The Committee considers that information on the ranges is commercially confidential and therefore it is not being disclosed on a prospective basis but, to the extent no longer commercially confidential, may be disclosed in full on a retrospective basis.

The Committee will keep the performance targets under review in light of acquisition and other development activity during the year to 31 March 2017.

Remuneration Report Continued

Benefits
No changes are proposed to the benefits payable to the executive Directors for the year to 31 March 2017. Benefits include the use of a company car, life/disability cover and club subscriptions or cash equivalent.

Retirement Benefits
No changes are proposed to retirement benefits payable to the executive Directors for the year to 31 March 2017. As noted on page 89, a small number of senior Group executives, including the executive Directors, are participants in a defined benefit pension scheme.

The Irish Finance Act 2006 established a cap on pension assets by introducing a penalty tax charge on pension assets in excess of the higher of €5 million or the value of individual accrued pension entitlements as at 7 December 2005. The Irish Finance Act 2011 reduced these thresholds to the higher of €2.3 million or the value of individual accrued pension entitlements as at 7 December 2010. As a result of this change the Remuneration Committee decided that the executive Directors and the other senior Group executives, who are members of the defined benefit scheme, would have the option of continuing to accrue pension benefits as previously or to cap their benefits in line with the 2011 limits. All of the executive Directors and the other senior Group executives who are members of the defined benefit scheme elected to cap their benefits and receive a taxable non-pensionable cash allowance in lieu of pension benefits foregone.

Other senior Group executives participate in a defined contribution pension scheme.

Long Term Incentives
Details of the LTIP, which was last amended in 2014, are set out in the Remuneration Policy Report on page 87.

For the purposes of the ROCE performance condition, the Remuneration Committee has set a ROCE range for threshold and maximum vesting of 13% to 17% for awards to be made in the year to 31 March 2017.

For the purposes of the EPS performance condition, the Remuneration Committee has set EPS growth equal to UK RPI plus 7% per annum compound for maximum vesting of awards to be made in the year to 31 March 2017.

Both the ROCE Range and the EPS Range will be kept under review and adjusted if necessary in light of acquisition and other development activity in the year to 31 March 2017.

Remuneration outcomes for the year ended 31 March 2016
Executive Directors' Remuneration Details
The table below sets out the details of the remuneration payable to the executive Directors for the year ended 31 March 2016.

	Salary		Bonus		Benefits		Retirement Benefit Expense		LTIP		Audited Total	
	2016 €'000	2015 €'000	**2016 €'000**	2015 €'000	**2016 €'000**	2015 €'000	**2016 €'000**	2015 €'000	**2016 €'000**	2015 €'000	**2016 €'000**	2015 €'000
Executive Directors												
Tommy Breen	**737**	715	**884**	532	**93**	88	**835**	468	**1,913**	2,976	**4,462**	4,779
Fergal O'Dwyer	**453**	440	**453**	273	**33**	33	**483**	323	**979**	1,417	**2,401**	2,486
Donal Murphy	**440**	420	**440**	284	**33**	33	**190**	122	**934**	1,417	**2,037**	2,276
	1,630	1,575	**1,777**	1,089	**159**	154	**1,508**	913	**3,826**	5,810	**8,900**	9,541

There were no payments made to former Directors during the year ended 31 March 2016.

Salary
The salaries of the executive Directors for the year ended 31 March 2016 represented increases over the prior year as shown in the table below:

	Salary	% Increase
Tommy Breen	€737,000	3.1%
Fergal O'Dwyer	€452,500	2.8%
Donal Murphy	€440,000	4.8%

The salaries of other senior Group executives increased by 3% overall during the year, with individual increases reflecting development in roles and responsibilities.

Determination of Bonuses for the year ended 31 March 2016

The table below sets out the actual performance in the year ended 31 March 2016 in terms of growth in Group adjusted earnings per share ('Group EPS') and growth in DCC Energy operating profit, compared to the performance targets set for the year, which were subsequently adjusted to take account of the impact of the acquisition of Butagaz S.A.S.

	Target		
	Minimum	Maximum	Actual
Growth in Group EPS	15.2%	25.1%	27.2%
Growth in DCC Energy operating profit	44.3%	52.3%	71.9%

In both cases, as actual performance exceeded the maximum target, the Remuneration Committee concluded that there should be full payment of the bonuses attributable to these performance targets.

The Committee also concluded that there had been very strong achievement of the targets set in respect of overall contribution and attainment of personal objectives, in particular with regard to delivery on strategy, acquisitions and organisational development.

The resultant bonus payout levels for the year ended 31 March 2016 were as follows:

	Tommy Breen % of Salary		Fergal O'Dwyer % of Salary		Donal Murphy % of Salary	
Component	Max %	Payout %	Max %	Payout %	Max %	Payout %
Group EPS	84.0	84.0	70.0	70.0	20.0	20.0
DCC Energy Operating Profit	–	–	–	–	40.0	40.0
Contribution/Personal	36.0	36.0	30.0	30.0	40.0	40.0
	120.0	120.0	100.0	100.0	100.0	100.0

Mr. Breen's bonus in respect of the year ended 31 March 2016 amounted to 120% of salary, of which 20%, net of tax and social security deductions, will be invested in DCC shares, which will be made available to him after three years, or on his employment terminating if earlier, together with accrued dividends.

Benefits

Benefits include the use of a company car, life/disability cover, club subscriptions or cash equivalent.

Retirement Benefit Expense

As outlined on page 89, the executive Directors have elected to cease accruing pension benefits at the pension cap and to receive a taxable, non-pensionable cash allowance in lieu of pension benefits foregone. All cash allowances have been calculated based on independent actuarial advice approved by the Remuneration Committee as the equivalent of the reduction in liability of the Company arising from the pension benefits foregone.

Retirement Benefits Expense comprises an amount of €835,000 for Tommy Breen, being a cash allowance of €1,090,000 less the value of a reversal of previously funded benefits of €255,000, a cash allowance of €483,000 for Fergal O'Dwyer and a cash allowance of €190,000 for Donal Murphy.

Defined Benefit Pensions

The table below sets out the change in the accrued pension benefits to which executive Directors have become entitled during the year ended 31 March 2016 and the transfer value of the change in accrued benefit, under the Company's defined benefit pension scheme:

	Change in accrued pension benefit (excl inflation) during the year[1] €'000	Transfer value equivalent to the change in accrued pension benefit[1] €'000	Total accrued pension benefit at year end[2] €'000
Tommy Breen	(10)	(255)	289
Fergal O'Dwyer	–	–	158
Donal Murphy	–	–	112
Total	**(10)**	**(255)**	**559**

Notes:
1. The pensions of the executive Directors have been capped in line with the provisions of the Irish Finance Acts as detailed on page 89.
2. Figures represent the total accrued pension payable from normal retirement date, based on pensionable service at 31 March 2016, after the reduction in respect of the Irish pension levy.

Remuneration Report Continued

Long Term Incentive Plan

The values of the LTIP as shown in the table on page 94 for 2016 and 2015 related to awards made in November 2013 and November 2012 respectively. Both of these awards were made under the LTIP prior to it being amended in 2014. The vesting criteria which applied to the 2013 and 2012 awards are summarised below.

TSR

60% of shares vest depending on TSR performance over a three year period starting on 1 April in the year in which the award is granted, compared with the TSR of a designated peer group, which comprises the FTSE 250 on the first day of the performance period excluding financial services type companies and a small number of other companies that are not comparable to the Company, as determined by the Remuneration Committee.

TSR rank	% of total award vesting
Below median	0%
Median	25%
Median – 75th percentile	25%-60% pro rata
Above 75th percentile	60%

EPS

40% of shares vest depending on EPS growth over a three year period starting on 1 April in the year in which the award is granted compared with the change in the Irish Consumer Price Index (‘CPI’).

EPS growth in excess of CPI	% of total award vesting
Below 3%	0%
3%	15%
3%-7%	15%-40% pro rata
Above 7%	40%

2016

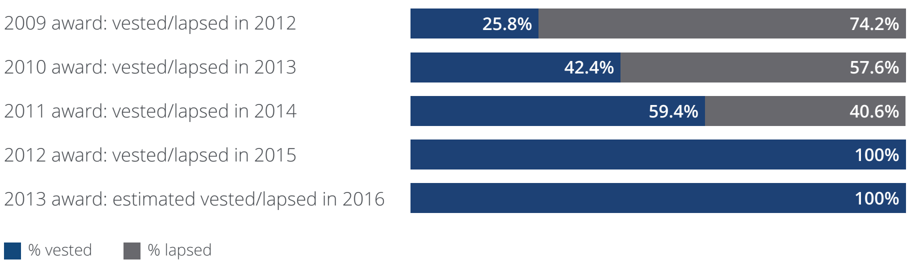
The LTIP awards granted in November 2013 will vest in December 2016. The extent of vesting will be determined by the Committee, taking account of an analysis to be conducted by Willis Towers Watson, and will be based on TSR performance (60% of the total award) and EPS performance (40% of the total award) over the three year period ended 31 March 2016. The Group’s TSR performance is expected to give rise to a vesting of 60% of the total award. The EPS performance condition is expected to give rise to a vesting of 40% of the total award. Consequently, 100% of the 2013 awards are expected to vest. The value of the LTIP for the year ended 31 March 2016 is estimated using the number of options expected to vest in December 2016 and the share price at 31 March 2016 of €77.69 (£61.50) less the amount payable to purchase the shares (i.e. the total exercise cost).

2015

The LTIP awards granted in November 2012 vested in December 2015. The extent of vesting was based on TSR performance (60% of the total award) and EPS performance (40% of the total award) over the three year period ended 31 March 2015. An analysis was conducted by Willis Towers Watson to measure the level of DCC’s TSR performance relative to the FTSE 250 peer group over a 36 month period to 31 March 2015. The result ranked DCC at the 91st percentile, in the upper quartile in TSR performance, which gave rise to a vesting of 60% of the total award. DCC’s adjusted EPS increased by 15% annualised over the three year period. CPI increased by an annualised 0.03% over the same period. This gave rise to a vesting of 40% of the total award. Consequently, the Remuneration Committee determined that 100% of the 2012 awards had vested. The value of the LTIP for the year ended 31 March 2015 is based on the number of options which vested in December 2015 and the share price at the date of vesting of €80.54 (£58.40) less the amount payable to purchase the shares (i.e. the total exercise cost). These final values for 2015 differ from those shown in the 2015 Annual Report, which were based upon estimated vesting of 100% and the share price as at 31 March 2015.

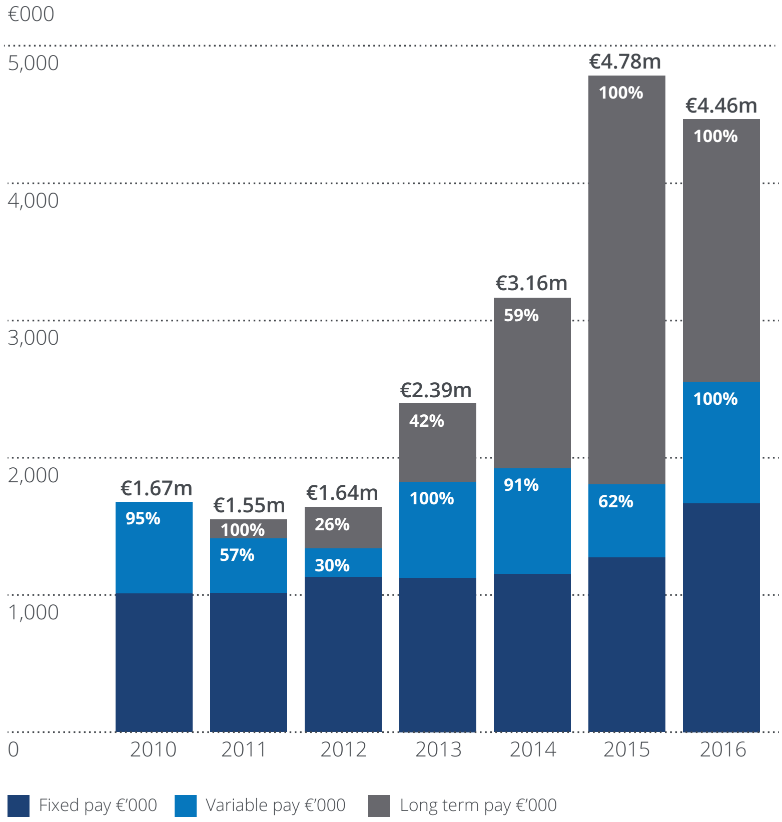
LTIP – Historic vesting

The extent of vesting of awards made under the LTIP since its introduction in 2009 is set out in the table below.

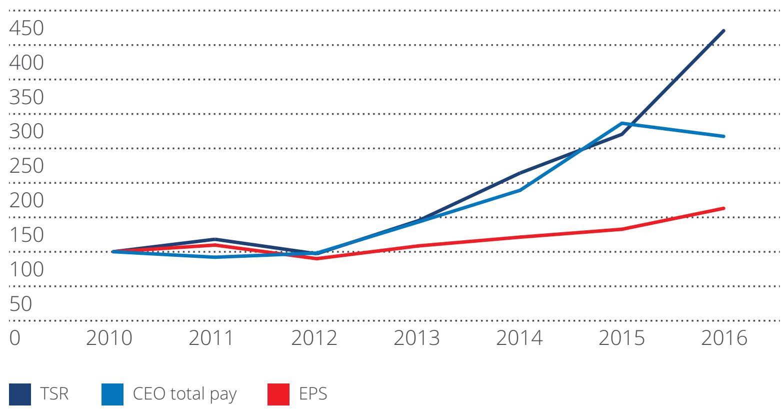


Chief Executive's Remuneration

The charts below show the total remuneration for the Chief Executive for the seven years from 1 April 2009 to 31 March 2016 and map the total remuneration against the seven year trend in EPS and TSR, using a base of 100 for 2010 for comparator purposes.



Notes:
1. Fixed pay comprises salary, benefits and retirement benefits expense.
2. Variable pay comprises the annual bonus; the percentage shown is the value of the bonus paid as a percentage of the maximum opportunity.
3. Long term pay comprises the value of awards under the DCC plc 1998 Employee Share Option Scheme (for 2010 and 2011) and the DCC plc Long Term Incentive Plan 2009 (for 2012 to 2016); the percentage shown is the value of the awards vested as a percentage of the maximum opportunity (actual vesting for 2010 to 2015 and estimated vesting for 2016).



The percentage change in the elements of remuneration for the Chief Executive between the year ended 31 March 2016 and the year ended 31 March 2015 is as follows:

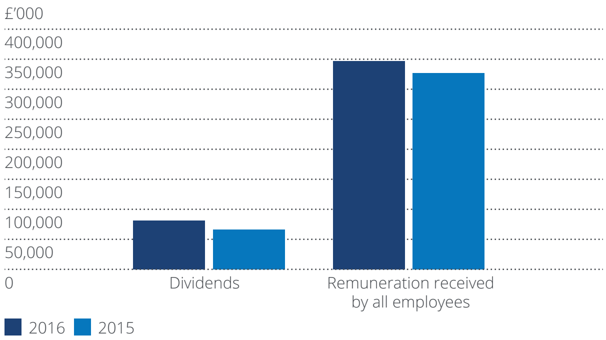
Salary	+3.1%
Benefits	+4.9%
Bonus	+66.3%

The combined percentage change was +28.4%. There was a 6% increase in the total average employment costs in respect of employees in the Group as a whole between the year ended 31 March 2016 and 31 March 2015.

Remuneration Report Continued

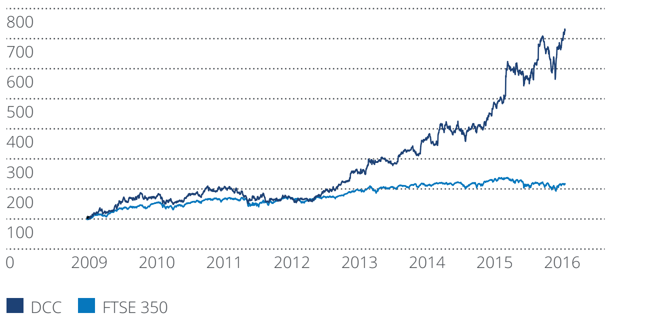
Relative Importance of Spend on Pay

The table below sets out the amount paid in remuneration to all employees of the Group compared to dividends to shareholders, for 2016 and 2015.



Total Shareholder Return

The chart below shows the growth of a hypothetical €100 holding in DCC plc shares since 1 April 2009, relative to the FTSE 350 index. Total Shareholder Return over the last five years and ten years is set out on the charts on page 82.



Policy on External Board Appointments

Executive Directors may accept external non-executive directorships with the prior approval of the Board. The Board recognises the benefits that such appointments can bring both to the Company and to the Director in terms of broadening their knowledge and experience.

The fees received for such roles may be retained by the executive Directors. Tommy Breen took up the position of non-executive director of Essentra plc on 23 April 2015 and will retain the annual fee of £52,000.

Non-executive Directors' Remuneration Details

The remuneration paid to non-executive Directors for the year ended 31 March 2016 is set out in the table below. Non-executive Directors are paid a basic fee. Additional fees are paid to the members and the Chairmen of Board Committees, to the Chairman and to the Deputy Chairman/Senior Independent Director.

The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. The Chairman absents himself from the Committee meeting while this matter is being considered. The remuneration of the other non-executive Directors is determined by the Chairman and the Chief Executive for approval by the Board.

The fees are reviewed annually, taking account of any changes in responsibilities and advice from external remuneration consultants on the level of fees in a range of comparable Irish and UK companies.

	Basic Fee		Committee Chair and Membership Fees		Chairman/Deputy Chairman/Senior Independent Director Fees		France Advisory Board Fee		Audited Total	
	2016 €'000	2015 €'000	**2016 €'000**	2015 €'000	**2016 €'000**	2015 €'000	**2016 €'000**	2015 €'000	**2016 €'000**	2015 €'000
Non-executive Directors										
John Moloney[1]	**65**	60	**8**	8	**152**	76	**–**	–	**225**	144
Róisín Brennan	**65**	60	**8**	8	**–**	–	**–**	–	**73**	68
David Byrne	**65**	60	**8**	8	**35**	35	**–**	–	**108**	103
David Jukes[2]	**65**	–	**8**	–	**–**	–	**–**	–	**73**	–
Pamela Kirby	**65**	60	**5**	5	**–**	–	**–**	–	**70**	65
Jane Lodge	**65**	60	**20**	20	**–**	–	**–**	–	**85**	80
Leslie Van de Walle[3]	**65**	60	**24**	24	**–**	–	**10**	–	**99**	84
Michael Buckley[4]	**–**	30	**–**	2	**–**	61	**–**	–	**–**	93
Kevin Melia[5]	**–**	15	**–**	2	**–**	–	**–**	–	**–**	17
	455	405	**81**	77	**187**	172	**10**	–	**733**	654
Ex gratia pension to dependant of retired Director[6]									**3**	10
Total									**736**	664

Notes:
1. John Moloney was appointed as Chairman on 30 September 2014.
2. David Jukes was appointed as a Director on 31 March 2015.
3. Since 1 October 2015, Leslie Van de Walle is being paid an additional €20,000 per annum in respect of his membership of the France Advisory Board.
4. Michael Buckley retired as a non-executive Director and Chairman on 30 September 2014.
5. Kevin Melia passed away in June 2014.
6. The dependant of the retired Director passed away in June 2015.
7. Cormac McCarthy was appointed as a Director and a member of the Audit Committee on 16 May 2016.

The non-executive Director fee structure for the year to 31 March 2017 is set out below:

	€
Chairman (to include basic and Committee fees)	242,500
Basic Fee	70,000
Committee Fees:	
Audit	8,000
Nomination and Governance	3,000
Remuneration	5,000
Additional Fees:	
Audit Committee Chairman	12,000
Remuneration Committee Chairman	7,500
Deputy Chairman Fee	23,000
Senior Independent Director Fee	12,000

The basic fee for non-executive Directors increased from €65,000 to €70,000 with effect from 1 April 2016. The total fee for the Chairman increased from €225,000 to €242,500 with effect from 1 April 2016.

Total Directors' Remuneration

	Audited Total	
	2016 €'000	2015 €'000
Executive Directors		
Salary	**1,630**	1,575
Bonus	**1,777**	1,089
Benefits	**159**	154
Retirement Benefit Expense	**1,508**	913
LTIP	**3,826**	5,810
Total executive Directors' remuneration	**8,900**	9,541
Non-executive Directors		
Fees	**733**	654
Total non-executive Directors' remuneration	**733**	654
Ex gratia payment to dependant of retired Director	**3**	10
Total Directors' remuneration	**9,636**	10,205

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Remuneration Report Continued

Executive and Non-executive Directors' and Company Secretary's Interests

The interests of the Directors and the Company Secretary (including their respective family interests) in the share capital of DCC plc at 31 March 2016 (together with their interests at 31 March 2015) are set out below:

	No. of Ordinary Shares At 31 March 2016	No. of Ordinary Shares At 31 March 2015
Directors		
John Moloney	**2,000**	2,000
Tommy Breen	**220,744**	250,744
Róisín Brennan	**–**	–
David Byrne	**1,200**	1,200
David Jukes[1]	**94**	–
Pam Kirby	**2,500**	2,500
Jane Lodge	**3,000**	3,000
Donal Murphy	**90,913**	90,913
Fergal O'Dwyer	**208,889**	240,389
Leslie Van de Walle	**670**	670
Company Secretary		
Gerard Whyte	**150,000**	145,000

1. David Jukes was appointed as a Director on 31 March 2015.
2. Cormac McCarthy was appointed as a Director on 16 May 2016.

All of the above interests were beneficially owned. Apart from the interests disclosed above, the Directors and the Company Secretary had no interests in the share capital or loan stock of the Company or any other Group undertaking at 31 March 2016.

There were no changes in the above Directors and Secretary's interests between 31 March 2016 and 16 May 2016.

The shareholdings held by the executive Directors are substantially in excess of the share ownership guidelines in place, which are set out on page 92 of this Report.

The Company's Register of Directors Interests (which is open to inspection) contains full details of Directors' shareholdings and share options.

Deferred Shares

The current Remuneration Policy, which applied to the years ended 31 March 2016, 31 March 2015 and 31 March 2014, states that in regard to Mr. Breen, any actual bonus earned in excess of 100% of salary, once the appropriate tax and social security deductions have been made, will be invested in DCC shares which will be made available to him after three years, or on his employment terminating if earlier, together with accrued dividends.

The table below shows what Mr. Breen received in deferred shares in respect of the years ended 31 March 2015 and 2014.

Mr. Breen's bonus for the year ended 31 March 2016 amounted to 120% of salary, of which 20%, once the appropriate tax and social security deductions have been made, will be invested in DCC shares.

Deferred Shares – Tommy Breen

Year ended	Net value of deferred bonus[1]	Number of shares	Share price	Release date
31 March 2015[2]	–	–	–	–
31 March 2014	€31,200	744	£33.53 (€41.94)	November 2017

Notes:
1. The net value of the deferred bonus is calculated by deducting tax and social security contributions from the gross value of the deferred bonus.
2. No deferred bonus was payable for the year ended 31 March 2015 as the bonus earned by Mr. Breen was 74.4% of salary and therefore did not exceed 100% of salary.

The proposed new Remuneration Policy, which is subject to an advisory shareholder vote at the Annual General Meeting in July 2016, states that 33% of any bonus earned by all executive Directors, once the appropriate tax and social security deductions have been made, will be invested in DCC shares which will be made available to them after three years or on their employment terminating if earlier, together with accrued dividends.

Executive Directors' and Company Secretary's Long Term Incentives

DCC plc Long Term Incentive Plan 2009

Details of the executive Directors' and the Company Secretary's awards, in the form of nominal cost (€0.25) options, under the DCC plc Long Term Incentive Plan 2009 are set out in the table below:

	Number of options								
	At 31 March 2015	Granted in year	Exercised in year	Lapsed in year	**At 31 March 2016**	Date of grant	Market price on grant	Three year performance period end	Exercise period
Executive Directors									
Tommy Breen	13,887	–	–	–	**13,887**	20.08.09	€15.63	31 Mar 2012	20 Aug 2012 – 19 Aug 2016
	16,760	–	–	–	**16,760**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017
	28,526	–	–	–	**28,526**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018
	37,070	–	–	–	**37,070**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019
	24,706	–	–	–	**24,706**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020
	28,406	–	–	–	**28,406**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021
	–	18,140	–	–	**18,140**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022
	149,355	**18,140**	**–**	**–**	**167,495**				
Fergal O'Dwyer	6,034	–	–	–	**6,034**	20.08.09	€15.63	31 Mar 2012	20 Aug 2012 – 19 Aug 2016
	8,011	–	–	–	**8,011**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017
	13,584	–	–	–	**13,584**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018
	17,652	–	–	–	**17,652**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019
	12,647	–	–	–	**12,647**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020
	17,481	–	–	–	**17,481**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021
	–	11,138	–	–	**11,138**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022
	75,409	**11,138**	**–**	**–**	**86,547**				
Donal Murphy	5,456	–	–	–	**5,456**	20.08.09	€15.63	31 Mar 2012	20 Aug 2012 – 19 Aug 2016
	8,011	–	–	–	**8,011**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017
	13,584	–	–	–	**13,584**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018
	17,652	–	–	–	**17,652**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019
	12,059	–	–	–	**12,059**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020
	16,686	–	–	–	**16,686**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021
	–	10,830	–	–	**10,830**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022
	73,448	**10,830**	**–**	**–**	**84,278**				
Company Secretary									
Gerard Whyte	3,038	–	(3,038)*	–	**0**	20.08.09	€15.63	31 Mar 2012	20 Aug 2012 – 19 Aug 2016
	3,666	–	–	–	**3,666**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017
	6,240	–	–	–	**6,240**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018
	8,109	–	–	–	**8,109**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019
	5,559	–	–	–	**5,559**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020
	5,834	–	–	–	**5,834**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021
	–	3,574	–	–	**3,574**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022
	32,446	**3,574**	**(3,038)**	**–**	**32,982**				

* Market price at date of exercise £52.18.

Remuneration Report Continued

As at 31 March 2016, the total number of options granted under the LTIP, net of options lapsed, amounted to 1.1% of issued share capital, of which 0.9% is currently outstanding.

The extent of vesting of the LTIP awards which were granted in November 2015 will be based on the three year performance period from 1 April 2015 to 31 March 2018. The ranges set by the Remuneration Committee in respect of these performance conditions were set out at page 93 of the 2015 Annual Report.

Following the acquisition of Butagaz S.A.S. in November 2015, the Committee reviewed these ranges and made an appropriate adjustment to the base EPS figure to be used in the calculation of performance under the EPS performance condition.

DCC plc 1998 Employee Share Option Scheme

Details of the executive Directors' and the Company Secretary's basic tier options to subscribe for shares under the DCC plc 1998 Employee Share Option Scheme are set out in the table below.

	Number of options								Options exercised in year	
	At 31 March 2015	Granted in year	Exercised in year	Lapsed in year	**At 31 March 2016**	Date of grant	Option price	Exercise Period	Option price €	Market price at date of exercise £
Executive Directors										
Tommy Breen	10,000	–	(10,000)	–	**0**	15.12.05	€16.70	15 Dec 2008 – 14 Dec 2015	€16.70	£50.70
	15,000	–	–	–	**15,000**	23.06.06	€18.05	23 Jun 2009 – 22 Jun 2016	–	–
	40,000	–	–	–	**40,000**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	–	–
	20,000	–	–	–	**20,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	85,000	**–**	**(10,000)**	**–**	**75,000**					
Fergal O'Dwyer	10,000	–	(10,000)	–	**0**	15.12.05	€16.70	15 Dec 2008 – 14 Dec 2015	€16.70	£57.68
	10,000	–	–	–	**10,000**	23.06.06	€18.05	23 Jun 2009 – 22 Jun 2016	–	–
	22,500	–	–	–	**22,500**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	–	–
	15,000	–	–	–	**15,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	57,500	**–**	**(10,000)**	**–**	**47,500**					
Donal Murphy	15,000	–	–	–	**15,000**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	–	–
	15,000	–	–	–	**15,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	30,000	**–**	**–**	**–**	**30,000**					
Company Secretary										
Gerard Whyte	7,500	–	(7,500)	–	**0**	15.12.05	€16.70	15 Dec 2008 – 14 Dec 2015	€16.70	£52.18
	7,500	–	(7,500)	–	**0**	23.06.06	€18.05	23 Jun 2009 – 22 Jun 2016	€18.05	£57.68
	10,000	–	–	–	**10,000**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	–	–
	10,000	–	–	–	**10,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	35,000	**–**	**(15,000)**	**–**	**20,000**					

The ten year period during which share options could be granted under the DCC plc 1998 Employee Share Option Scheme expired in June 2008. Over the life of the Scheme, the total number of basic and second tier options granted, net of options lapsed, amounted to 7.1% of issued share capital, of which 0.4% is currently outstanding.

There are no second tier options outstanding under this Scheme.

The basic tier options cannot normally be exercised earlier than three years from the date of grant and second tier options not earlier than five years from the date of grant. Basic tier options can normally be exercised only if there has been growth in the adjusted earnings per share of the Company equivalent to the increase in the Consumer Price Index plus 2%, compound, per annum over a period of at least three years following the date of grant.

Second tier options could normally be exercised only if the growth in the adjusted earnings per share over a period of at least five years is such as would place the Company in the top quartile of companies on the ISEQ index in terms of comparison of growth in adjusted earnings per share and if there has been growth in the adjusted earnings per share of the Company equivalent to the increase in the Consumer Price Index plus 10%, compound, per annum in that period.

The market price of DCC shares on 31 March 2016 was £61.50 and the range during the year was £40.90 to £61.90.

Additional information in relation to the DCC plc Long Term Incentive Plan 2009 and the DCC plc 1998 Employee Share Option Scheme appears in note 2.5 on pages 135 to 137.

Share Ownership Guidelines

The shareholdings held by the executive Directors as at 31 March 2016, as shown below, are substantially in excess of the guidelines set out on page 92.

Executive	Number of shares held as at 31 March 2016	Shareholding as a multiple of base salary for the year ended 31 March 2016	Share ownership guideline
Tommy Breen	220,744	23.3	3.0
Fergal O'Dwyer	208,889	35.9	2.0
Donal Murphy	90,913	16.1	2.0

The shareholdings in the table comprise only the shares held by the executive Directors. Unvested and unexercised share options are not included. The shareholdings are calculated based on the share price at 31 March 2016 of £61.50 (€77.69).

Governance

Annual Evaluation of Performance

As detailed on page 76, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. Following an externally facilitated evaluation process in 2015, the process was internally facilitated in 2016. The conclusion from this process was that the performance of the Remuneration Committee and of the Chairman of the Committee were satisfactory and that no changes were necessary to the Committee's Terms of Reference.

Reporting

The Chairman of the Remuneration Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Remuneration Committee attends the Annual General Meeting to answer questions on the report on the Committees' activities and matters within the scope of the Committee's responsibilities.

External Advice

The Remuneration Committee seeks independent advice when necessary from external consultants. Willis Towers Watson acts as independent remuneration advisors to the Committee and during the year provided advice in relation to market trends, competitive positioning and developments in remuneration policy and practice. Willis Towers Watson is a signatory to the Remuneration Consultants Group Code of Conduct and any advice was provided in accordance with this code. In light of this, and the level and nature of the service received, the Committee remains satisfied that the advice is indeed objective and independent.

In the year ended 31 March 2016, Willis Towers Watson received fees of €121,768 in respect of advice provided to the Committee in regard to executive Director remuneration. Willis Towers Watson also provided services to the Group on market trends, incentive design, the Directors Remuneration Report and in relation to the LTIP.

In the year ended 31 March 2016, Mercer received fees of €23,826 as pension advisors to the Committee. Mercer also provides specific advice on pension practice and developments and act as actuaries and pension advisors to a number of companies in the Group.

2015 Annual General Meeting Votes on Annual Report on Remuneration

Vote	Total votes cast	Total votes for	Total votes against	Total abstentions
Advisory vote on 2015 Annual Report on Remuneration	66,213,439	65,419,249 (98.8%)	794,190 (1.2%)	347,166

This table shows the voting outcome at the 2015 AGM in relation to the 2015 Annual Report on Remuneration.

Nomination and Governance Committee Report

To focus on the leadership needs of the organisation and to ensure compliance with corporate governance best practice.

Dear Shareholder,

As Chairman of DCC's Nomination and Governance Committee, I am pleased to present the report of the Committee for the year ended 31 March 2016 which has been prepared by the Committee and approved by the Board.

The responsibilities of the Committee are summarised in the table on page 105 and are set out in full in its Terms of Reference, which are available on the DCC website www.dcc.ie

The Nomination and Governance Committee is responsible for keeping Board composition under constant review, including the skills, knowledge and experience required, taking account of the Group's businesses, strategic direction and diversity objectives. The Committee has overseen the development of an excellent balance of background and experience on our Board in recent years.

In this context, the Committee undertook a formal process which led to the recommendation to the Board that Cormac McCarthy be appointed as a new non-executive Director of the Company on 16 May 2016.

The Committee is conscious of the merits of diversity, including gender diversity, on the Board, as set out on page 107 of this Report.

The Committee is also responsible for reviewing corporate governance developments and in particular has reviewed the revised version of the UK Corporate Governance Code issued in September 2014 ('the Code'), which applied to DCC for the financial year ended 31 March 2016. The Committee is satisfied that DCC was fully compliant with the Code.

The Irish Companies Act 2014 ('the Act') was commenced on 1 June 2015 and affects all Irish registered companies. The new Act consolidates all previous Irish Companies Acts and introduces some significant new provisions, in particular the codification of directors' duties, the introduction of new forms of limited companies and of a directors' compliance statement and a directors' audit statement. The directors' compliance statement and directors' audit statement provisions apply to DCC for the year to 31 March 2017.

The Committee has oversight of a process being undertaken by the Company Secretarial function, with external legal advice, in respect of implementation of the new provisions of the Act.

The Committee's priorities for the next 12 months include Board renewal and developments in corporate governance and legislation, including the new Market Abuse Regulation and the Irish Companies Act.

On behalf of the Nomination and Governance Committee

John Moloney
Chairman, Nomination and Governance Committee
16 May 2016

John Moloney Chairman, Nomination and Governance Committee

Role

Board Composition and Renewal

- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- Before making a nomination, to evaluate the balance of skills, knowledge, independence and experience on the Board, and, in the light of this evaluation, to prepare a description of the role and capabilities required for a particular appointment.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Give consideration to succession planning for Directors, in particular the Chairman and the Chief Executive.
- Make recommendations to the Board as regards the re-appointment of non-executive Directors at the conclusion of their specified term of office and the re-election of all Directors by shareholders at the Annual General Meeting.
- Keep under review the Board Diversity Policy and the setting of measurable objectives for implementing the Policy.

Corporate Governance

- Monitor the Company's compliance with corporate governance best practice and with applicable legal, regulatory and listing requirements (including but not limited to the Companies Acts, the UK Listing Authority's Listing Rules and the UK Corporate Governance Code) and recommend to the Board such changes or additional action as the Committee deems necessary.
- Advise the Board of significant developments in the law and practice of corporate governance.
- Oversee the conduct of the annual evaluation of Board, Committee and individual Director performance.

Composition

The Nomination and Governance Committee comprises John Moloney (Chairman) and two independent non-executive Directors, David Byrne and Leslie Van De Walle. Each member's length of tenure at 31 March 2016 is set out in the table on page 106. Further biographical details regarding the members of the Nomination and Governance Committee are set out on pages 70 to 71.

The Company Secretary is the secretary to the Nomination and Governance Committee.

Meetings

The Nomination and Governance Committee met five times during the year ended 31 March 2016 and there was full attendance by all members of the Committee.

Typically, the Chief Executive is invited to attend all meetings of the Committee and other executives and external advisers are invited to attend as necessary.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

Activities

Board Composition and Renewal

At each of its meetings, the Nomination and Governance Committee considers the composition of the Board to ensure it has the appropriate combination of skills, knowledge and experience, taking account of the development of the Group and of the length of tenure of the existing non-executive Directors.

Appointment of new Non-executive Director

In early 2015, the Committee identified a need for a new non-executive Director with international financial and general business experience.

An external professional search firm, MWM Consulting, was employed to carry out a wide ranging, international search. The search firm produced a long list of possible candidates, which was reviewed by the Chairman, who undertook preliminary interviews with a number of candidates. A short list was then drawn up, reviewed with and approved by the Committee. Those on the short list were interviewed by the Chairman and by a number of the executive and non-executive Directors. When Cormac McCarthy emerged as the preferred candidate, he further met on an individual basis with the executive Directors and most of the non-executive Directors, before a formal proposal was made to the Board. This culminated in Cormac being appointed to the Board and to the Audit Committee on 16 May 2016.

The Committee remains focused on the identification of potential new non-executive Director candidates in the context of Board succession and renewal and David Byrne's planned retirement as a Director at the conclusion of the Annual General Meeting on 15 July 2016.

Re-appointment of Non-executive Directors

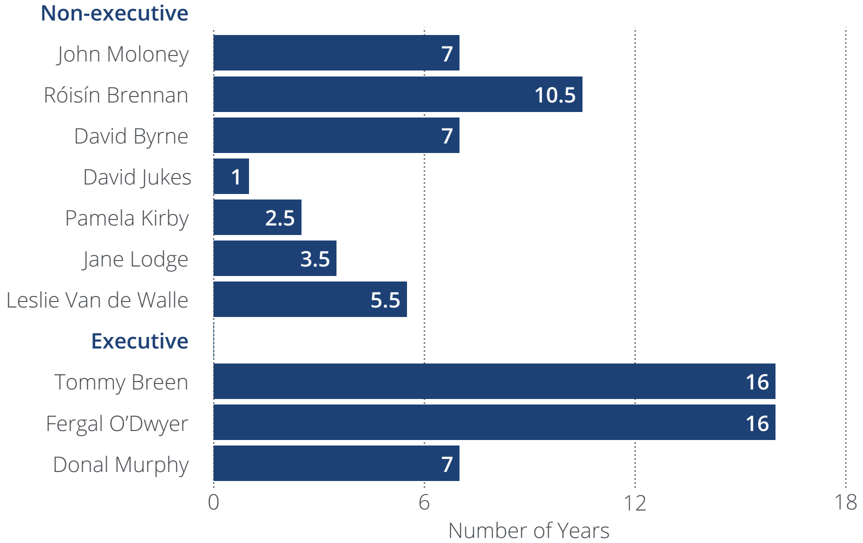
During the year, Jane Lodge, Leslie Van de Walle and Róisín Brennan each completed terms as non-executive Directors. After detailed consideration, including of performance and independence, the Committee recommended to the Board and the Board requested that they serve additional terms.

Nomination and Governance Committee Report Continued

As noted in the Corporate Governance Statement on page 74, particular regard was taken of the fact that Róisín Brennan has served on the Board for ten and a half years.

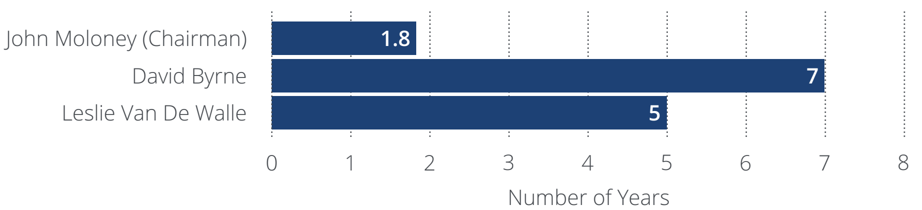
The length of tenure of the Directors on the Board and on the Nomination and Governance Committee is set out below. The length of tenure of members of other Board Committees is dealt with in the individual Committee reports.

Length of Tenure on Board[1]



1. Cormac McCarthy was appointed as a Director and a member of the Audit Committee on 16 May 2016.

Length of Tenure on Nomination and Governance Committee



Formation of France Advisory Board

The France Advisory Board was established by the Board of DCC plc to provide advice, support and recommendations to the Board in respect of the Group's businesses and activities in France. The France Advisory Board is not a formal board of directors and final decision making authority in respect of all matters within its remit remains with the Board of DCC plc.

The purpose of the France Advisory Board is to give the Board a greater awareness of activities and market trends in the relevant French industry sectors and the benefit of having an expert group acting on their behalf analysing and assessing the Group's French operations, strategies, plans and acquisitions. It also provides DCC management with access to valuable industry knowledge and expertise based on relevant experiences, access to relevant contacts and critical expert analysis of operations, strategies, planned developments and acquisitions in France.

The France Advisory Board currently comprises John Moloney, Leslie Van de Walle, Tommy Breen and Donal Murphy and two French nationals, Frank Dangeard and Didier Trutt.

Frank Dangeard is a senior business advisor and director of a number of large businesses. He is a graduate of Ecole des Hautes Etudes Commerciales (HEC) (Prix Jouy-Enterprise), of Institut d'Etudes Politiques de Paris (Sciences Po – Lauréat) and of the Harvard Law School (Fulbright Scholar, HLS Fellow). He currently serves as a non-executive director on the boards of Royal Bank of Scotland Group plc (UK), Symantec (US) and RPX (US). Earlier in his career, he served as Deputy CEO of Thomson SA, Deputy CEO of France Telecom, Chairman & CEO of Thomson and Deputy Chairman of Telenor.

Didier Trutt is President and CEO of the Imprimerie Nationale Group, which supports public and private operators with the production of secure credentials, the securing of documents and the integration of trusted services and technological solutions. He is also board member of FDJ, the operator of France's national lottery games, as well as a foreign trade advisor for France.

Diversity
In reviewing the composition of the Board and giving consideration to the appointment of new non-executive Directors, the Committee takes into account the benefits of diversity of business background and diversity of geographical location, as well as gender diversity.

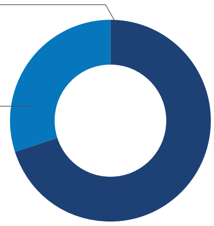
For the year under review, the Board comprised 30% female Directors. As I noted in my introduction to the Governance section, the Women on Boards Davies Review Five Year Summary – October 2015 ranks DCC at ninth in the FTSE 250 companies for its level of female Board representation.

Board diversity was a regular agenda item at Committee meetings during the year. A Board Diversity Policy, developed by the Committee and approved by the Board in 2013, is available on the Company's website www.dcc.ie.

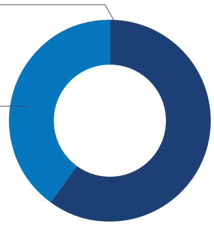
A Group Diversity and Equal Opportunities Policy Statement, developed by Group Human Resources, has also been implemented in Group subsidiaries.

The composition of the Board in terms of gender and geographic location as at 31 March 2016 is illustrated below.

Gender Diversity



Geographical Spread



Succession Planning
The Committee has particular regard to the leadership needs of the organisation and gives full consideration to succession planning for Directors, in particular the Chairman and Chief Executive, taking into account Group strategy, as well as the challenges and opportunities facing the Group and the skills and expertise required.

The Committee also has oversight of Group management talent development programmes and reviews these with the Chief Executive before they are presented to the Board.

Corporate Governance
The Committee advises the Board on significant developments in the law and practice of corporate governance and monitors the Company's compliance with corporate governance best practice, with particular reference to the UK Corporate Governance Code. The Committee recommends any necessary action required to be adopted and implemented by the Board in respect of the Code, with particular reference to any revisions to the Code.

In particular, the Committee has reviewed the changes in the revised Code issued in September 2014, which apply to the financial year ended 31 March 2016 and can confirm full compliance with the Code.

As noted in the Introduction, the Committee is overseeing the requirements of the Irish Companies Act 2014.

The Nomination and Governance Committee reviewed and approved the Corporate Governance Statement in the Annual Report and other material being made public in respect of the Company's corporate governance.

The terms and conditions of appointment of non-executive Directors are set out in their letters of appointment and include expected time commitment in respect of Board and Committee meetings, boardroom development training and visits to Group subsidiaries. The letters of appointment are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

Annual Evaluation of Performance
As detailed on page 76, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. In 2016, this process was internally facilitated having been externally facilitated in 2015 in accordance with the Code. The conclusion from this process was that the performance of the Committee and of the Chairman of the Committee was satisfactory and that no changes were necessary to the Committee's Terms of Reference.

Reporting
The Chairman of the Nomination and Governance Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Nomination and Governance Committee attends the Annual General Meeting to answer questions on the report on the Committees' activities and matters within the scope of the Committee's responsibilities.

Report of the Directors

The Directors of DCC plc present their report and the audited financial statements for the year ended 31 March 2016.

Principal Activities

DCC plc is an international sales, marketing, distribution and business support services group headquartered in Dublin with operations in Britain, Continental Europe and Ireland. DCC has four divisions – DCC Energy, DCC Healthcare, DCC Technology and DCC Environmental. DCC employs over 10,500 people in 15 countries. DCC's shares are listed on the London Stock Exchange and are included in the FTSE 100 Index.

Results and Review of Activities

Revenue for the year (on a continuing basis) amounted to £10,601.1 million (2015: £10,606.1 million). The profit for the year attributable to owners of the Parent amounted to £178.0 million (2015: £144.4 million). Adjusted earnings per share (on a continuing basis) amounted to 257.1 pence (2015: 202.2 pence). Further details of the results for the year are set out in the Group Income Statement on page 117.

The Chairman's Statement on pages 2 to 3, the Chief Executive's Review on pages 4 to 5, the Operating Reviews on pages 26 to 53 and the Financial Review on pages 54 to 61 contain a review of the development and performance of the Group's business during the year, of the state of affairs of the business at 31 March 2016, of recent events and of likely future developments. Information in respect of events since the year end is included in these sections and in note 5.8 on page 185.

Dividends

An interim dividend of 33.04 pence per share, amounting to £30.29 million, was paid on 7 December 2015. The Directors recommend the payment of a final dividend of 64.18 pence per share, amounting to £56.82 million (based on the number of shares in issue at 16 May 2016). Subject to shareholders' approval at the Annual General Meeting on 15 July 2016, this dividend will be paid on 21 July 2016 to shareholders on the register on 27 May 2016. The total dividend for the year ended 31 March 2016 amounts to 97.22 pence per share, a total of £87.11 million. This represents an increase of 15% on the prior year's total dividend per share.

The profit attributable to owners of the Parent, which has been transferred to reserves, and the dividends paid during the year ended 31 March 2016 are shown in note 4.3 on page 169.

Share Placing

During the year, DCC completed a share placing of 4,200,000 new ordinary shares representing 5% of the issued share capital (excluding treasury shares). The new shares rank pari passu in all respects with the existing ordinary shares of the Company, including the right to receive all future dividends and other distributions declared or paid after the date of placing. The closing of the placing and admission of the shares to the official list of the London Stock Exchange took place on 21 May 2015.

Share Capital and Treasury Shares

DCC's authorised share capital is 152,368,568 ordinary shares of €0.25 each, of which 88,525,584 shares (excluding treasury shares) and 3,903,820 treasury shares were in issue at 31 March 2016. All of these shares are of the same class. With the exception of treasury shares which have no voting rights and no entitlement to dividends, they all carry equal voting rights and rank for dividends.

The number of shares held as treasury shares at the beginning of the year (and the maximum number held during the year) was 4,211,270 (4.77% of the then issued share capital (including treasury shares)) with a nominal value of €1.053 million.

A total of 307,450 shares (0.33% of the issued share capital (including treasury shares)) with a nominal value of €0.077 million were re-issued during the year at prices ranging from €0.25 to €23.35 consequent to the exercise of share options under the DCC plc 1998 Employee Share Option Scheme and the DCC plc Long Term Incentive Plan 2009, leaving a balance held as treasury shares at 31 March 2016 of 3,903,820 shares (4.22% of the issued share capital (including treasury shares)) with a nominal value of €0.976 million.

At the Annual General Meeting ('AGM') held on 17 July 2015, the Company was granted authority to purchase up to 9,242,940 of its own shares (10% of the issued share capital (excluding treasury shares)) with a nominal value of €2.310 million. This authority has not been exercised and will expire on 15 July 2016, the date of the next AGM of the Company. A special resolution will be proposed at the AGM to renew this authority.

At the AGM held on 17 July 2015, the Directors were given authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €7.37 million, representing approximately one third of the issued share capital (excluding treasury shares) of the Company. They were also given authority to allot shares for cash, other than strictly pro-rata to existing shareholdings. This authority was limited to the allotment of shares in specific circumstances relating to rights issues and other issues up to approximately 5% of the issued share capital (excluding treasury shares) of the Company.

These authorities have not been exercised and will expire on 15 July 2016, the date of the next AGM of the Company. Resolutions will be proposed at the AGM to renew these authorities.

The authorities obtained at the 2014 AGM in relation to the allotment of shares and the disapplication of pre-emption rights were exercised through the placing in May 2015 of 4,200,000 shares (as noted above), representing 5% of the then issued share capital (excluding treasury shares).

Details of the share capital of the Company are set out in note 4.1 on page 167 and are deemed to form part of this Report.

Principal Risks and Uncertainties

Under Section 327(1)(b) of the Companies Act 2014 and Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007, DCC is required to give a description of the principal risks and uncertainties facing the Group. These are addressed in the Risk Report on pages 12 to 17.

Directors

The names of the Directors and a short biographical note on each Director appear on pages 70 to 71. In accordance with the UK Corporate Governance Code, all Directors submit to re-election at each Annual General Meeting. With the exception of Tommy Breen, who has a service agreement with a notice period of twelve months, none of the other Directors has a service contract with the Company or with any member of the Group. Details of the Directors' interests in the share capital of the Company are set out in the Remuneration Report on pages 82 to 103.

Corporate Governance

The Corporate Governance Statement on pages 72 to 76 sets out the Company's appliance of the principles and compliance with the provisions of the UK Corporate Governance Code and the Group's system of risk management and internal control. The Corporate Governance Statement shall be treated as forming part of this Report.

DCC plc is fully compliant with the 2014 version of the UK Corporate Governance Code, which applied to the Company for the year ended 31 March 2016.

For the purposes of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, details concerning the appointment and the re-election of Directors are set out in the Corporate Governance Statement.

General Meetings

The Company's AGM provides shareholders the opportunity to question the Chairman, the Board and the Chairmen of the Audit, Remuneration and Nomination and Governance Committees. The Chief Executive presents at the AGM on the Group's business and its performance during the prior year and answers questions from shareholders.

Notice of the AGM, the Form of Proxy and the Annual Report are sent to shareholders at least 20 working days before the AGM. At the AGM, resolutions are voted on by a show of hands of those shareholders attending, in person or by proxy. After each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the numbers for, against and withheld.

If validly requested, resolutions can be voted by way of a poll. In a poll, the votes of shareholders present and voting at the AGM are added to the proxy votes received in advance of the AGM and the total number of votes for, against and withheld for each resolution are announced.

All other general meetings are called Extraordinary General Meetings ('EGM'). An EGM called for the passing of a special resolution must be called by at least twenty one clear days' notice. Provided shareholders have passed a special resolution to that effect at the immediately preceding AGM and the Company continues to allow shareholders to vote by electronic means, an EGM to consider an ordinary resolution may be called at fourteen clear days' notice.

A quorum for an AGM or an EGM of the Company is constituted by three shareholders, present in person, by proxy or by a duly authorised representative in the case of a corporate member. The passing of resolutions at a general meeting, other than special resolutions, requires a simple majority. To be passed, a special resolution requires a majority of at least 75% of the votes cast.

Shareholders have the right to attend, speak, ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice convening the meeting.

Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote on some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the notes to the Notice convening the meeting.

A shareholder or a group of shareholders, holding at least 5% of the issued share capital of the Company, has the right to requisition a general meeting. A shareholder or a group of shareholders, holding at least 3% of the issued share capital, has the right to put an item on the agenda of an AGM or to table a draft resolution for an item on the agenda of a general meeting.

The 2016 AGM will be held at 11.00 a.m. on 15 July 2016 at the InterContinental Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland.

Report of the Directors Continued

Memorandum and Articles of Association
The Company's Memorandum and Articles of Association sets out the objects and powers of the Company. The Articles of Association detail the rights attaching to shares, the method by which the Company's shares can be purchased or re-issued, the provisions which apply to the holding of and voting at general meetings and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers.

The Company's Articles of Association may be amended by a special resolution passed by the shareholders at an AGM or EGM of the Company.

A copy of the Memorandum and Articles of Association can be obtained from the Company's website www.dcc.ie.

Transparency Rules
As required by the Transparency Rules published by the Central Bank of Ireland under Section 22 of the Investment Funds, Companies and Miscellaneous Provisions Act 2006, the following sections of the Annual Report shall be treated as forming part of this Report: the Chairman's Statement on pages 2 to 3, the Chief Executive's Review on pages 4 to 5, the Operating Reviews on pages 26 to 53, the Financial Review on pages 54 to 61, the Principal Risks and Uncertainties on pages 15 to 17, the earnings per ordinary share in note 2.13 on page 143, the Key Performance Indicators on page 10 and the derivative financial instruments in note 3.10 on page 153.

Substantial Holdings
The Company has been notified of the following shareholdings of 3% or more in the issued share capital (excluding treasury shares) of the Company as at 31 March 2016 and 16 May 2016:

	As at 31 March 2016		As at 16 May 2016	
	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)
FMR LLC and FIL Limited on behalf of its direct and indirect subsidiaries*	10,466,712	11.82%	10,407,870	11.76%
Allianz*	5,490,610	6.20%	4,794,760	5.42%
Blackrock*	4,958,822	5.60%	4,766,285	5.38%
Invesco*	3,959,322	4.47%	3,851,748	4.35%
Mawer*	3,859, 019	4.36%	3,516,305	3.97%
Legal and General*	3,322,066	3.75%	3,244,893	3.67%
Jim Flavin	2,680,000	3.03%	2,680,000	3.03%

* notified as non-beneficial interests.

Principal Subsidiaries and Joint Ventures
Details of the Company's principal operating subsidiaries and joint ventures are set out on pages 194 to 198.

Research and Development
Certain Group companies are involved in ongoing development work aimed at improving the quality, competitiveness, technology and range of their products.

Political Contributions
There were no political contributions which require to be disclosed under the Electoral Act, 1997.

Accounting Records
The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 281 to 285 of the Companies Act, 2014, are kept by the Company. The Directors believe that they have complied with this requirement by providing adequate resources to maintain proper books and accounting records throughout the Group including the appointment of personnel with appropriate qualifications, experience and expertise. The books and accounting records of the Company are maintained at the Company's registered office, DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Takeover Regulations
The Company has certain financing facilities which may require repayment in the event that a change in control occurs with respect to the Company. In addition, the Company's long term incentive plans contain change of control provisions which can allow for the acceleration of the exercise of share options or awards in the event that a change of control occurs with respect to the Company.

Auditors

As noted in last year's Annual Report, KPMG were selected by the Board as the new statutory auditors in respect of the financial year ended 31 March 2016, following a formal tender process which was undertaken by the Audit Committee on behalf of the Board. The appointment was subsequently approved by shareholders at the 2015 AGM.

PricewaterhouseCoopers resigned as statutory auditors with effect from 30 June 2015 and confirmed, in accordance with Section 400 of the Companies Act 2014, that there are no circumstances connected with their resignation which should be brought to the attention of members or creditors of the Company.

KPMG will continue in office in accordance with the provisions of Section 383 of the Companies Act 2014.

As required under Section 381(1)(b) of the Companies Act 2014, a resolution authorising the Directors to determine the remuneration of the auditors will be proposed at the 2016 AGM.

John Moloney, Tommy Breen
Directors
16 May 2016

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Financial Statements

Statement of Directors' Responsibilities

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

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

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

In preparing each of the Group and Parent Company financial statements, the Directors are required to:
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union, and as regards the Company, as applied in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/EC0) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Company comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provision of the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility Statement as required by the Transparency Directive and UK Corporate Governance Code
Each of the Directors, whose names and functions are listed on pages 70 to 71 of this Annual Report, confirm that, to the best of each person's knowledge and belief:
- the Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of Companies Act 2014, give a true and fair view of the assets, liabilities, financial position of the Group and Company at 31 March 2016 and of the profit or loss of the Group for the year then ended;
- the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, provide the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

John Moloney Non-executive Chairman	**Tommy Breen** Chief Executive

Independent Auditors' Report to the Members of DCC plc

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of DCC plc ('the Group') for the year ended 31 March 2016 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Cash Flow Statements, and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

In our opinion:
- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2016 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2016;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on the overall audit strategy, the allocation of resources in our audit and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express discrete opinions on these individual risks.

In arriving at our audit opinion above on the Group financial statements the risks of material misstatement that had the greatest effect on our Group audit were as follows:

Acquisition accounting for Butagaz S.A.S ('Butagaz')

Refer to page 79 (Audit Committee Report), page 188 (accounting policy) and pages 171 to 174 (financial disclosures).

The risk

During the financial year, the Group completed the acquisition of Butagaz for a total consideration of £319 million. Given the scale and nature of the Butagaz acquisition in the current year, we have identified specific risks in respect of this transaction, as noted below.

The Butagaz acquisition is discussed in the Audit Committee Report on page 79, the Group's accounting policy for business combinations is set out in note 5.9 to these financial statements on page 188 and the detailed business combination note on pages 171 to 174 of the Consolidated Financial Statements provides further detail as to how the Group has accounted for Butagaz.

Significant judgement has been exercised by management in establishing the initial estimates of the fair values of the identifiable assets and liabilities acquired together with the goodwill, intangible assets and deferred tax arising on acquisition in preparing their purchase price allocation. The Group engaged a specialist valuation expert to assist in the valuation of the goodwill and intangible assets arising, in addition to considering the estimated useful lives of the identified intangible assets.

Our response

Our audit engagement team, supported by our tax and valuation specialists, challenged the purchase price allocation adjustments, and the identification of and valuation of acquired intangible assets as all such elements involved significant judgement by management.

Our procedures included the following:
- reviewing the appropriateness of the acquisition accounting applied, including the timing at which control was deemed to have passed;
- reviewing and considering the appropriateness of the fair values ascribed to assets and liabilities of the acquired business;
- challenging the assumptions in the specialist valuation report supporting goodwill and intangible assets with the valuation specialist; and
- consideration of the appropriateness of the period over which the intangible assets, principally brand and customer relationships, will be amortised.

We also considered the adequacy of the related disclosures in the notes to the financial statements.

Significant audit resources were allocated to these procedures, including evaluation of the work done by experts utilised by management, involvement of our own specialists and audit of the opening balance sheet.

Our audit procedures in respect of this risk were performed as planned. We concluded that the acquisition of Butagaz was appropriately recognised and disclosed.

2. Our assessment of risks of material misstatement Continued

Valuation of goodwill and intangible assets of £1,297m (2015: £759 million)

As described in the Group Accounting Policies in note 5.9 and the Intangible Asset note 3.2, the Group had £960m of goodwill and £337m of brand and customer & supplier related intangible assets at year end.

The risk

There is a risk that the carrying amounts of goodwill and intangible assets will be more than the estimated recoverable amount. The recoverable amount of goodwill and intangible assets is arrived at based on value in use calculations for each Cash Generating Unit ('CGU') which rely on certain key assumptions including:

- future trading performance;
- future long-term growth rates; and
- country specific discount rates.

Our response

We considered the key judgements made in the determination of the values in use for each CGU, including the manner in which CGU's were identified. We assessed the Group's impairment models and calculations by:

- checking the mathematical accuracy of the model;
- considering the historical accuracy of the Group's forecasts;
- assessing the appropriateness of the country specific discount rates applied in determining the value in use of each CGU;
- assessing the reasonableness of the long-term economic growth rates applied;
- performing an overall evaluation of the individual CGU valuation models based on our knowledge of the Group and our reading of the Group's strategic plan combined with external data which we considered relevant; and
- reading the description of the impairment testing of goodwill and intangible assets set out in note 3.2 to the financial statements.

Our procedures in respect of this risk were performed as planned. We concluded that the assumptions applied in the Group's value in use models were appropriate and no impairment provisions were identified as a result of the audit work performed.

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

The materiality for the Group financial statements as a whole was set at £12m. This has been calculated as 5% of the benchmark of expected Group profit before taxation and exceptional items of £240m (this estimated figure was based upon discussion with management and was driven by significant acquisitions and stronger performance during the year), which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.6m, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The materiality used by the predecessor auditor in 2015 was £8.5m which was based on circa 5% of profits before taxation and exceptional items.

All of the Group's reporting components were subjected to audit for group reporting purposes.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for components, which ranged from £1.5m to £3m, having regard to the mix of size and risk profile of the Group across the components. The work on all components was performed by component auditors.

The Group audit team visited all significant components in order to assess the audit risk and strategy and work undertaken. Video and telephone conference meetings were also held with these component auditors and certain others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' Corporate Governance Statement on pages 72 to 76, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over three years to 31 March 2019; or
- the disclosures in note 1.1 of the financial statements concerning the use of the going concern basis of accounting.

5. We have nothing to report in respect of the matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and provides information necessary for shareholders to assess the entity's performance, business model and strategy; or
- the Audit Committee Report does not appropriately disclose those matters that we communicated to the Audit Committee.

Independent Auditors' Report to the Members of DCC plc
Continued

The Listing Rules of the London Stock Exchange require us to review:
- the Director's statement in relation to going concern and longer term viability set out on page 14;
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

In addition, the Companies Act require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

6. Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below
We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

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

In our opinion the information given in the Report of the Directors is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the Group financial statements.

In addition we report, in relation to information given in the Corporate Governance Statement on pages 72 to 76, that:
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- based on the work undertaken in the course of our audit, in our opinion:
  - the description of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and specified by the Companies Act 2014 for our consideration, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014; and
  - the Corporate Governance Statement contains the information required by the Companies Act 2014.

Basis of our report, responsibilities and restrictions on use
As explained more fully in the Statement of Directors' Responsibilities set out on page 113, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and Company financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK & Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expenses as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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

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

16 May 2016

Group Income Statement

For the year ended 31 March 2016

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

Group Statement of Comprehensive Income

For the year ended 31 March 2016

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

Group Balance Sheet

As at 31 March 2016

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

John Moloney, Tommy Breen, Directors

Group Statement of Changes in Equity

For the year ended 31 March 2016	**Attributable to owners of the Parent**						
	Share capital (note 4.1) £'000	**Share premium (note 4.1) £'000**	**Retained earnings (note 4.3) £'000**	**Other reserves (note 4.2) £'000**	**Total £'000**	**Non-controlling interests (note 4.4) £'000**	**Total equity £'000**
At 1 April 2015	**14,688**	**83,032**	**849,119**	**35,909**	**982,748**	**4,245**	**986,993**
Profit for the financial year	–	–	**178,031**	–	**178,031**	**3,012**	**181,043**
Other comprehensive income:							
Currency translation	–	–	–	**35,706**	**35,706**	**2,265**	**37,971**
Group defined benefit pension obligations:							
– remeasurements	–	–	**4,894**	–	**4,894**	–	**4,894**
– movement in deferred tax asset	–	–	**(570)**	–	**(570)**	–	**(570)**
Movements relating to cash flow hedges	–	–	–	**2,230**	**2,230**	–	**2,230**
Movement in deferred tax liability on cash flow hedges	–	–	–	**120**	**120**	–	**120**
Total comprehensive income	–	–	**182,355**	**38,056**	**220,411**	**5,277**	**225,688**
Issue of share capital	**767**	**194,179**	–	–	**194,946**	–	**194,946**
Re-issue of treasury shares	–	–	**2,781**	–	**2,781**	–	**2,781**
Share based payment	–	–	–	**2,198**	**2,198**	–	**2,198**
Dividends	–	–	**(80,938)**	–	**(80,938)**	–	**(80,938)**
Non-controlling interest arising on acquisition	–	–	**(5,001)**	**2,498**	**(2,503)**	**21,311**	**18,808**
At 31 March 2016	**15,455**	**277,211**	**948,316**	**78,661**	**1,319,643**	**30,833**	**1,350,476**

For the year ended 31 March 2015	Attributable to owners of the Parent						
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total £'000	Non-controlling interests (note 4.4) £'000	Total equity £'000
At 1 April 2014	14,688	83,032	786,158	57,540	941,418	4,837	946,255
Profit for the financial year	–	–	144,427	–	144,427	(3)	144,424
Other comprehensive income:							
Currency translation:							
– arising in the year	–	–	–	(14,418)	(14,418)	(589)	(15,007)
– recycled to the Income Statement on disposal	–	–	–	(2,721)	(2,721)	–	(2,721)
Group defined benefit pension obligations:							
– remeasurements	–	–	(19,302)	–	(19,302)	–	(19,302)
– movement in deferred tax asset	–	–	2,187	–	2,187	–	2,187
Movements relating to cash flow hedges	–	–	–	(6,942)	(6,942)	–	(6,942)
Movement in deferred tax liability on cash flow hedges	–	–	–	324	324	–	324
Total comprehensive income	–	–	127,312	(23,757)	103,555	(592)	102,963
Re-issue of treasury shares	–	–	1,699	–	1,699	–	1,699
Share based payment	–	–	–	2,126	2,126	–	2,126
Dividends	–	–	(66,050)	–	(66,050)	–	(66,050)
At 31 March 2015	14,688	83,032	849,119	35,909	982,748	4,245	986,993

Group Cash Flow Statement

For the year ended 31 March 2016

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

Company Balance Sheet

As at 31 March 2016

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

John Moloney, Tommy Breen, Directors

Company Statement of Changes in Equity

For the year ended 31 March 2016

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total equity £'000
At 1 April 2015	**14,688**	**83,032**	**69,865**	**34,839**	**202,424**
Profit for the financial year	**–**	**–**	**92,625**	**–**	**92,625**
Other comprehensive income:					
Currency translation	**–**	**–**	**–**	**35,535**	**35,535**
Total comprehensive income	**–**	**–**	**92,625**	**35,535**	**128,160**
Issue of share capital	**767**	**194,179**	**–**	**–**	**194,946**
Re-issue of treasury shares	**–**	**–**	**2,781**	**–**	**2,781**
Dividends	**–**	**–**	**(80,938)**	**–**	**(80,938)**
At 31 March 2016	**15,455**	**277,211**	**84,333**	**70,374**	**447,373**

For the year ended 31 March 2015

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total equity £'000
At 1 April 2014	14,688	83,032	7,031	59,801	164,552
Profit for the financial year	–	–	127,185	–	127,185
Other comprehensive income:					
Currency translation	–	–	–	(24,962)	(24,962)
Total comprehensive income	–	–	127,185	(24,962)	102,223
Re-issue of treasury shares	–	–	1,699	–	1,699
Dividends	–	–	(66,050)	–	(66,050)
At 31 March 2015	14,688	83,032	69,865	34,839	202,424

Company Cash Flow Statement

For the year ended 31 March 2016

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

Notes to the Financial Statements

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

Section 1 Basis of Preparation

1.1 Statement of Compliance

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

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

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

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

1.2 Basis of Preparation

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

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

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2016 are set out in note 5.9. These policies have been applied consistently by the Group's subsidiaries and equity accounted investments for all periods presented in these consolidated financial statements.

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

Adoption of IFRS and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations

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

Standards, interpretations and amendments to published standards that are not yet effective

The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective, the most significant of which are as follows:

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

Notes to the Financial Statements Continued

1.2 Basis of Preparation Continued

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

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

1.3 Basis of Consolidation

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

Subsidiaries

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

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

Equity accounted investments

The Group's interests in equity accounted investments comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investments, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

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

1.4 Critical Accounting Estimates and Judgements

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

The Group's main accounting policies affecting its results of operations and financial condition are set out in note 5.9. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and judgements:

Goodwill

The Group has capitalised goodwill of £960.2 million at 31 March 2016. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. The Group uses the present value of future cash flows to determine recoverable amount. In calculating the value in use, management judgement is required in forecasting cash flows of cash-generating units, in determining terminal growth values and in selecting an appropriate discount rate. Sensitivities to changes in assumptions are detailed in note 3.2.

1.4 Critical Accounting Estimates and Judgements Continued

Business Combinations

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

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

Taxation

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

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

Provision for Impairment of Trade Receivables

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

Useful Lives for Property, Plant and Equipment and Intangible Assets

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

Post Employment Benefits

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

Notes to the Financial Statements Continued

Section 2 Results for the Year

2.1 Segment Information

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

Segmental analysis

DCC is a sales, marketing, distribution and business support services group headquartered in Dublin, Ireland. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as Mr. Tommy Breen, Chief Executive and his executive management team. The Group is organised into four operating segments: DCC Energy, DCC Healthcare, DCC Technology and DCC Environmental.

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

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

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

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

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

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

2.1 Segment Information Continued

The segment results for the year ended 31 March 2016 are as follows:

Income Statement items

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

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

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

Notes to the Financial Statements Continued

2.1 Segment Information Continued
Balance Sheet items

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

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

2.1 Segment Information Continued
Other segment information

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

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

Geographical analysis
The Group has a presence in 15 countries worldwide. The following represents a geographical analysis of the segment information presented above in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets.

	Revenue		**Non-current assets***	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Republic of Ireland (country of domicile)	**659,723**	717,077	**132,892**	120,238
United Kingdom	**6,985,521**	8,023,403	**1,010,908**	951,649
France	**1,487,875**	210,275	**733,287**	6,866
Other	**1,467,966**	1,655,325	**181,620**	150,078
	10,601,085	10,606,080	**2,058,707**	1,228,831

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

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

Notes to the Financial Statements Continued

2.2 Other Operating Income/Expenses

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

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

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

2.3 Group Profit for the Year

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

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

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

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

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

Auditor statutory disclosure

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

Notes to the Financial Statements Continued

2.4 Employment

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

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

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

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

	2016 £'000	2015 £'000
Wages and salaries	**346,461**	326,427
Social welfare costs	**45,697**	37,696
Share based payment expense (note 2.5)	**2,198**	2,126
Pension costs – defined contribution plans	**12,119**	11,173
Pension costs – defined benefit plans (note 3.14)	**(668)**	394
	405,807	377,816

The employee benefit expense is analysed as:		
Continuing operations	**405,807**	362,799
Discontinued operations	**–**	15,017
	405,807	377,816

Directors' emoluments (which are included in operating costs) and interests are presented in the Remuneration Report on pages 82 to 103. Details of the compensation of key management personnel for the purposes of the disclosure requirements under IAS 24 are provided in note 5.6.

2.5 Employee Share Options and Awards

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

The Group's employee share options and awards are equity-settled share-based payments as defined in IFRS 2 *Share-based Payment*. The IFRS requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The expense reported in the Income Statement of £2.198 million (2015: £2.126 million) has been arrived at by applying a Monte Carlo simulation technique for share awards issued under the DCC plc Long Term Incentive Plan 2009 and a binomial model, which is a lattice option-pricing model, for options issued under the DCC plc 1998 Employee Share Option Scheme.

Impact on Income Statement

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

The total share option expense is analysed as follows:

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

Share options and awards

DCC plc Long Term Incentive Plan 2009

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

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

The DCC plc Long Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

A summary of activity under the DCC plc Long Term Incentive Plan 2009 over the year is as follows:

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

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2.5 Employee Share Options and Awards Continued

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

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

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

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

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

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

Analysis of closing balance – outstanding at end of year

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

Analysis of closing balance – exercisable at end of year

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

2.5 Employee Share Options and Awards Continued

DCC plc 1998 Employee Share Option Scheme

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

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

The DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which are not taken into account when estimating the fair value of entitlements as at the grant date. The expense in the Income Statement represents the product of the total number of options anticipated to vest and the grant date fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement. The cumulative charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

A summary of activity under the DCC plc 1998 Employee Share Option Scheme over the year is as follows:

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

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

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

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

Notes to the Financial Statements Continued

2.6 Exceptionals

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

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

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

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

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

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

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

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

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

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

2.7 Finance Costs and Finance Income

This note details the interest income generated by our financial assets and the interest expense incurred on our financial liabilities. Finance income principally comprises interest on cash and term deposits whilst finance costs mainly comprise interest on Unsecured Notes, bank debt and finance leases. The net gain/loss arising on derivative financial instruments and the net finance income/cost arising on defined benefit pension schemes are included as a net income/cost as appropriate.

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

Notes to the Financial Statements Continued

2.8 Share of Equity Accounted Investments' Profit after Tax

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

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

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

2.9 Income Tax Expense

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

(i) Income tax expense recognised in the Income Statement

	2016 £'000	2015 £'000
Current taxation		
Irish corporation tax at 12.5%	**1,743**	1,741
Exceptional taxation credit (note 2.6)	**(710)**	–
United Kingdom corporation tax at 20% (2015: 21%)	**17,181**	17,897
Other overseas tax	**25,650**	4,548
Over provision in respect of prior years	**(3,508)**	(5,359)
Total current taxation	**40,356**	18,827
Deferred tax		
Irish at 12.5%	**(6,886)**	(4,589)
United Kingdom at 18% (2015: 20%)	**1,140**	814
Other overseas deferred tax	**908**	1,638
(Over)/under provision in respect of prior years	**(204)**	2,191
Total deferred tax	**(5,042)**	54
Total income tax expense	**35,314**	18,881
The total income tax expense for the financial year is analysed as follows:		
Continuing operations	**35,314**	18,477
Discontinued operations	**–**	404
Total income tax expense	**35,314**	18,881

2.9 Income Tax Expense Continued

(ii) Deferred tax recognised in Other Comprehensive Income

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

(iii) Reconciliation of effective tax rate

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

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

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

No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%. The standard rate of corporation tax in the UK reduced from 21% to 20% with effect from 1 April 2015. A UK tax rate of 19% applies with effect from 1 April 2017 and a rate of 18% applies with effect from 1 April 2020. As the legislation to give statutory effect to the reduction in the UK rate to 18% had been substantially enacted at the balance sheet date, account has been taken of these changes in these financial statements. This reduction in the UK tax rate has resulted in a deferred tax credit of £1.014 million.

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

Notes to the Financial Statements Continued

2.10 Net Result from Discontinued Operations

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

Net Result from Discontinued Operations

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

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

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

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

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

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

2.11 Profit Attributable to DCC plc

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

Profit after taxation for the year attributable to owners of the Parent amounting to £92.625 million (2015: £127.185 million) has been accounted for in the financial statements of the Company. In accordance with Section 304(2) of the Companies Act, 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting. The Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

2.12 Dividends

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

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

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

2.13 Earnings per Ordinary Share

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

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

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

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

Notes to the Financial Statements Continued

2.13 Earnings per Ordinary Share Continued

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

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

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2016 was 88.564 million (2015: 84.594 million). A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earnings per ordinary share amounts is as follows:

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

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and awards are the Company's only category of dilutive potential ordinary shares.

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

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

Section 3 Assets and Liabilities

3.1 Property, Plant and Equipment

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

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

Notes to the Financial Statements Continued

3.1 Property, Plant and Equipment Continued

Assets held under finance leases

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

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

3.2 Intangible Assets

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

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

3.2 Intangible Assets Continued

Customer and supplier related intangible assets principally comprise contractual and non-contractual customer and supplier relationships arising from business combinations and are amortised over their estimated useful lives. The weighted average remaining amortisation period for customer related intangibles is 11.5 years (2015: 2.6 years). Brand related intangible assets comprise registered trade names and logos which are well established and recognised within the industries in which the Group operates. The weighted average remaining amortisation period for brand related intangibles is 38.4 years (2015: 9.0 years). There are no internally generated brand related intangibles recognised on the Group Balance Sheet.

Cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units ('CGUs') that are expected to benefit from that business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*. A total of 27 CGUs (2015: 27 CGUs) have been identified and these are analysed between the Group's operating segments below together with a summary of the allocation of the carrying value of goodwill by segment.

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

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

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

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

Impairment testing of goodwill

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

The recoverable amount of each CGU is based on a value in use computation. The cash flow forecasts employed for this computation are extracted from a three year plan that has been formally approved by the Board of Directors and specifically excludes future acquisition activity. Cash flows for a further two years are based on the assumptions underlying the three year plan. A long-term growth rate reflecting the lower of the extrapolated cash flow projections and the long-term GDP rate for the country of operation is applied to the year five cash flows. The weighted average long-term growth rate used in the impairment testing was 1.6% (2015: 2.4%).

A present value of the future cash flows is calculated using a before-tax discount rate representing the Group's estimated before-tax weighted average cost of capital, adjusted to reflect risks associated with each CGU. The range of discount rates applied ranged from 7.7% to 8.5% (2015: 8.2% to 8.5%).

Key assumptions include management's estimates of future profitability, working capital investment and capital expenditure requirements. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business. The prior year assumptions were prepared on the same basis.

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

Notes to the Financial Statements Continued

3.2 Intangible Assets Continued

Sensitivity Analysis

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

3.3 Equity Accounted Investments

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

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

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

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

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

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

3.4 Investments in Subsidiary Undertakings

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

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

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

The Group's principal overseas holding company subsidiaries are DCC Limited, a company operating, incorporated and registered in England and Wales and DCC International Holdings B.V., a company operating, incorporated and registered in The Netherlands. The registered office of DCC Limited is at Hill House, 1 Little New Street, London EC4A 3TR, England. The registered office of DCC International Holdings B.V. is Teleport Boulevard 140, 1043 EJ Amsterdam, The Netherlands.

3.5 Inventories

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

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

3.6 Trade and Other Receivables

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

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

Notes to the Financial Statements Continued

3.6 Trade and Other Receivables Continued

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

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

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

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

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

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

All amounts owed by subsidiary undertakings are interest-free and repayable on demand. There were no past due or impaired trade receivables in the Company at 31 March 2016 (31 March 2015: nil).

3.7 Trade and Other Payables

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

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

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

3.8 Movement in Working Capital

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

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

Notes to the Financial Statements Continued

3.8 Movement in Working Capital Continued

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

3.9 Cash and Cash Equivalents

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

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

Cash at bank earns interest at floating rates based on daily bank deposit rates. The short-term deposits are for periods up to three months and earn interest at the respective short-term deposit rates.

Cash and cash equivalents include the following for the purposes of the Group Cash Flow Statement:

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

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

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

3.10 Derivative Financial Instruments

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

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

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

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts designated as fair value hedges under IAS 39 at 31 March 2016 total US$43.0 million, £95.0 million and €105.0 million. At 31 March 2016, the fixed interest rates vary from 3.0% to 6.18% and the floating rates are based on US$ LIBOR, sterling LIBOR and EURIBOR.

Notes to the Financial Statements Continued

3.10 Derivative Financial Instruments Continued

Currency swaps

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

Cross currency interest rate swaps

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

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

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2016 total £82.762 million (2015: £119.935 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2016 on forward foreign exchange contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to twelve months after the balance sheet date.

Commodity price forward contracts

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

3.11 Borrowings

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

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

* Secured on specific plant and equipment

The maturity of non-current borrowings is as follows:

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

3.11 Borrowings Continued

Bank borrowings and finance leases

Interest on bank borrowings is at floating rates set in advance for periods ranging from overnight to six months by reference to inter-bank interest rates (EURIBOR, sterling LIBOR and US$ LIBOR) and consequently fair value approximates carrying amounts. The majority of finance leases are at fixed rates.

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

Unsecured Notes

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

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

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

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

Of the 2020/23/25 Notes denominated in US$, $255.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR, $140.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR, $85.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed euro rates and $45.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed sterling rates.

Of the 2021/24/26/29 Notes denominated in US$, $269.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR, $60.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR, $135.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed euro rates, $52.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed sterling rates. The 2021/24/26/29 Notes denominated in euro have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed euro to floating euro rates, repricing quarterly based on EURIBOR. The 2021/24/26/29 Notes denominated in sterling have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed sterling to floating sterling rates, repricing quarterly based on sterling LIBOR.

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

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

* Issued and repayable at par

Notes to the Financial Statements Continued

3.12 Analysis of Net (Debt)/Cash

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

Reconciliation of opening to closing net cash/(debt)

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

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

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

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

3.12 Analysis of Net (Debt)/Cash Continued

Currency profile

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

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

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

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

Interest rate profile

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

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

3.13 Deferred Income Tax

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

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2016:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2015	**14,397**	**12,391**	**(2,979)**	**(1,837)**	**(1,761)**	**942**	**21,153**
Consolidated Income Statement movement	**454**	**(7,943)**	**1,597**	**714**	**(1,798)**	**136**	**(6,840)**
Recognised in Other Comprehensive Income	**–**	**–**	**–**	**570**	**(120)**	**–**	**450**
Arising on acquisition	**270**	**100,857**	**(52)**	**(1,768)**	**–**	**(9,738)**	**89,569**
Exchange differences and other	**713**	**8,552**	**(154)**	**(173)**	**–**	**(909)**	**8,029**
At 31 March 2016	**15,834**	**113,857**	**(1,588)**	**(2,494)**	**(3,679)**	**(9,569)**	**112,361**
Analysed as:							
Deferred tax asset	**(761)**	**–**	**(1,588)**	**(2,845)**	**(3,679)**	**(12,412)**	**(21,285)**
Deferred tax liability	**16,595**	**113,857**	**–**	**351**	**–**	**2,843**	**133,646**
	15,834	**113,857**	**(1,588)**	**(2,494)**	**(3,679)**	**(9,569)**	**112,361**

Notes to the Financial Statements Continued

3.13 Deferred Income Tax Continued

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2015:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2014	9,590	14,438	(3,009)	(2,420)	(1,258)	(1,074)	16,267
Consolidated Income Statement movement	2,433	(5,156)	(257)	1,725	(179)	1,488	54
Recognised in Other Comprehensive Income	–	–	–	(2,187)	(324)	–	(2,511)
Arising on acquisition	3,028	4,382	–	–	–	616	8,026
Deferred tax on disposals	(218)	(277)	–	875	–	3	383
Deferred tax attributable to asset held for sale	10	–	–	–	–	38	48
Exchange differences and other	(446)	(996)	287	170	–	(129)	(1,114)
At 31 March 2015	14,397	12,391	(2,979)	(1,837)	(1,761)	942	21,153
Analysed as:							
Deferred tax asset	(1,265)	–	(2,979)	(1,944)	(1,761)	(1,431)	(9,380)
Deferred tax liability	15,662	12,391	–	107	–	2,373	30,533
	14,397	12,391	(2,979)	(1,837)	(1,761)	942	21,153

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant jurisdiction. The majority of the deferred tax asset at 31 March 2016 of £21.285 million is expected to be settled/recovered more than twelve months after the balance sheet date.

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

3.14 Post Employment Benefit Obligations

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

Group

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

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

Full actuarial valuations were carried out between 31 August 2012 and 1 April 2015. In general, actuarial valuations are not available for public inspection, although the results of valuations are advised to the members of the various pension schemes. Actuarial valuations have been updated to 31 March 2016 for IAS 19 by a qualified actuary.

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

Discount rates

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

Asset volatility

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

Inflation risk

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

Mortality risk

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

The principal actuarial assumptions used were as follows:

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

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

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

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

Notes to the Financial Statements Continued

3.14 Post Employment Benefit Obligations Continued

The mortality assumptions disclosed for 'current retirees' relate to assumptions based on longevity, in years, following retirement at the balance sheet date, with 'future retirees' being that relating to an employee retiring in 20 years time. The mortality assumptions are as follows:

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

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

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

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

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

3.14 Post Employment Benefit Obligations Continued

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

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

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

Remeasurements recognised in Other Comprehensive Income are as follows:

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

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

Notes to the Financial Statements Continued

3.14 Post Employment Benefit Obligations Continued

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

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

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

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

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

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

Employer contributions for the forthcoming financial year are estimated at £3.5 million. The difference between the actual employer contributions paid in the current year of £4.5 million and the expectation of £4.0 million included in the 2015 Annual Report was primarily due to the timing of contributions in certain of the Group's pension schemes which could not have been anticipated at the time of preparation of the 2015 financial statements.

3.14 Post Employment Benefit Obligations Continued

Sensitivity analysis for principal assumptions used to measure scheme liabilities

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

Assumption	Change in assumption	Impact on Irish plan liabilities	Impact on UK plan liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 5.5%	Decrease/increase by 5.3%
Price inflation	Increase/decrease by 0.25%	Increase/decrease by 3.1%	Increase/decrease by 4.7%
Mortality	Increase/decrease by one year	Increase/decrease by 3.2%	Increase/decrease by 2.9%

Split of scheme assets

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

Notes to the Financial Statements Continued

3.15 Acquisition Related Liabilities

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

Group

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

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

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

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

3.16 Provisions for Liabilities

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

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

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

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

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

Notes to the Financial Statements Continued

3.16 Provisions for Liabilities Continued

Rationalisation, restructuring and redundancy

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

Environmental and remediation

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

Cylinder and tank deposits

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

Insurance and other

The Group operates a level of self-insurance for motor liability and public and products liability. Under these arrangements the Group retains certain insurance exposure up to pre-determined self-insurance thresholds. This provision reflects an estimation of claims that are classified as incurred but not reported and also the outstanding loss reserve. A significant element of the provision is subject to external assessments. The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. Historically, the average time for settlement of outstanding claims ranges from 3-5 years from the date of the claim.

3.17 Government Grants

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

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

Section 4 Equity

4.1 Share Capital and Share Premium

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

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

Issued

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

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

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

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

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

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

Details of share options and awards granted under the Company's share option and award schemes and the terms attaching thereto are provided in note 2.5 to the financial statements and in the Remuneration Report on pages 101 and 102.

Restriction on transfer of shares

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

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

Restriction of voting rights

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

Notes to the Financial Statements Continued

4.2 Other Reserves

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

Group	Share based payment reserve[1] £'000	Cash flow hedge reserve[2] £'000	Foreign currency translation reserve[3] £'000	Other reserves[4] £'000	Total £'000
At 1 April 2014	10,630	(3,844)	49,822	932	57,540
Currency translation:					
– arising in the year	–	–	(14,418)	–	(14,418)
– recycled to the Income Statement on disposal	–	–	(2,721)	–	(2,721)
Cash flow hedges:					
– fair value gain in year – private placement debt	–	37,131	–	–	37,131
– fair value loss in year – other	–	(15,901)	–	–	(15,901)
– tax on fair value net gains	–	(2,633)	–	–	(2,633)
– transfers to sales	–	4,893	–	–	4,893
– transfers to cost of sales	–	7,889	–	–	7,889
– transfers to operating expenses	–	(40,954)	–	–	(40,954)
– tax on transfers	–	2,957	–	–	2,957
Share based payment	2,126	–	–	–	2,126
At 31 March 2015	**12,756**	**(10,462)**	**32,683**	**932**	**35,909**
Currency translation	**–**	**–**	**35,706**	**–**	**35,706**
Cash flow hedges:					
– fair value loss in year – private placement debt	**–**	**(6,453)**	**–**	**–**	**(6,453)**
– fair value loss in year – other	**–**	**(16,819)**	**–**	**–**	**(16,819)**
– tax on fair value net losses	**–**	**4,199**	**–**	**–**	**4,199**
– transfers to sales	**–**	**(399)**	**–**	**–**	**(399)**
– transfers to cost of sales	**–**	**20,068**	**–**	**–**	**20,068**
– transfers to operating expenses	**–**	**5,833**	**–**	**–**	**5,833**
– tax on transfers	**–**	**(4,079)**	**–**	**–**	**(4,079)**
Transfer to non-controlling interests arising on acquisition	**–**	**–**	**2,498**	**–**	**2,498**
Share based payment	**2,198**	**–**	**–**	**–**	**2,198**
At 31 March 2016	**14,954**	**(8,112)**	**70,887**	**932**	**78,661**

1 The share based payment reserve comprises the amounts expensed in the Income Statement in connection with share-based payments.
2 The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
3 The Group's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Group's non-sterling denominated operations, including the translation of the profits and losses of such operations from the average rate for the year to the closing rate at the balance sheet date.
4 The Group's other reserves comprise a capital conversion reserve fund and an unrealised gain on the disposal of an associate.

4.2 Other Reserves Continued

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

1 The Company's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Company's euro denominated operations into sterling (the presentation currency), including the translation of the profits and losses of the Company from the average rate for the year to the closing rate at the balance sheet date.

2 The Company's other reserves is a capital conversion reserve fund.

4.3 Retained Earnings

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

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

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

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

Notes to the Financial Statements Continued

4.4 Non-Controlling Interests

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

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

Section 5 Additional Disclosures

5.1 Foreign Currency

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

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

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

5.2 Business Combinations

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

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

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

Notes to the Financial Statements Continued

5.2 Business Combinations Continued

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

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

5.2 Business Combinations Continued

The acquisitions of Butagaz and Esso Retail France have been deemed to be substantial transactions and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations. The carrying amounts of the assets and liabilities acquired, determined in accordance with IFRS, before completion of the combination together with the adjustments made to those carrying values disclosed above were as follows:

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

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

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

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

Notes to the Financial Statements Continued

5.2 Business Combinations Continued

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of a number of the business combinations above given the timing of closure of these transactions. Any amendments to these fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2017 Annual Report as stipulated by IFRS 3.

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

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

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

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

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £100.127 million. The fair value of these receivables is £97.904 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £2.223 million.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable for acquisitions in the current year range from nil to £4.325 million.

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

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

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

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

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

5.3 Cash Generated from Operations

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

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

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

Notes to the Financial Statements Continued

5.4 Commitments

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

Capital Expenditure Commitments

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

Commitments under Operating and Finance Leases

Group

Operating leases

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

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

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

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

Finance leases

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

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

5.5 Contingencies

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

Guarantees
The Company has given guarantees of £1,626.453 million (2015: £1,593.381 million) in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings.

Other
Pursuant to the provisions of Section 357 of the Companies Act, 2014, the Company has guaranteed the liabilities of the following subsidiaries; Alvabay Limited, DCC Corporate Partners Limited, DCC Energy Limited, DCC Facilities Limited, DCC Finance Limited, DCC Finance & Treasury Limited, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Limited, DCC Technology Limited, DCC Technology (Holdings) Limited, DCC Treasury Ireland 2013 Limited, DCC Treasury Solutions Limited, Emo Oil Limited, Energy Procurement Limited, Energy Procurement Ireland 2013 Limited, Exertis Ireland Limited, Fannin Limited, Flogas Ireland Limited, Great Gas Petroleum (Ireland) Limited, Heleconia Limited, SerCom (Holdings) Limited and Shannon Environmental Holdings Limited. As a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014.

5.6 Related Party Transactions

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

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

Group
Subsidiaries, joint ventures and associates
The consolidated financial statements include the financial statements of the Company and its subsidiaries, joint ventures and associates as documented in the accounting policies in note 5.9 and the basis of consolidation in note 1.3. A listing of the principal subsidiaries, joint ventures and associates is provided in the Group Directory on pages 194 to 198 of this Annual Report.

Transactions are entered into in the normal course of business on an arm's length basis.

Sales to and purchases from, together with outstanding payables and receivables to and from subsidiaries are eliminated in the preparation of the consolidated financial statements.

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

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

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

Notes to the Financial Statements Continued

5.7 Financial Risk and Capital Management

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

Capital risk management

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

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

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

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

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

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

Financial risk management

Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board of Directors, most recently in December 2015. These policies and guidelines primarily cover credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price risk. The principal objective of these policies and guidelines is the minimisation of financial risk at reasonable cost. The Group does not trade in financial instruments nor does it enter into any leveraged derivative transactions. DCC's Group Treasury function centrally manages the Group's funding and liquidity requirements. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign exchange and commodity price exposures within approved policies and guidelines. Monitoring of compliance with the policies and guidelines is managed by the Group Risk Management function.

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

(i) Credit risk management

Credit risk arises from credit exposure to trade receivables, cash and cash equivalents including deposits with banks and financial institutions and derivative financial instruments.

The Group's trade receivables are generally unsecured and non-interest bearing and arise from a wide and varied customer base spread throughout the Group's operations and, as such, there is no significant concentration of credit risk. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance.

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

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

Where appropriate, certain of the Group's operations selectively utilise supply chain financing solutions to sell, on a non-recourse basis, a portion of their receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2016 was £153.743 million (2015: £148.090 million).

5.7 Financial Risk and Capital Management Continued

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled within a framework of dealing with high quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. DCC transacts with a variety of high credit quality financial institutions for the purpose of placing deposits and entering into derivative contracts. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy. Of the total cash and cash equivalents at 31 March 2016 of £1,182.034 million, 56.0% (£662.114 million) was with financial institutions with a minimum rating in the P-1 (short-term) category of Moody's and 99.8% (£1,179.860 million) was with financial institutions with a minimum rating in the P-2 (short-term) category of Moody's. In the normal course of business, the Group operates notional cash pooling systems, where a legal right of set-off applies. As at 31 March 2016 derivative transactions were with counterparties with ratings ranging from AA- to BB+ (long-term) with Standard and Poors or Aa2 to Ba1 (long-term) with Moody's.

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

(ii) Liquidity risk management

The Group maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to three months. Wherever possible, surplus funds in the Group are transferred to the centralised treasury department through the repayment of borrowings, deposits and dividends. These are then lent to Group companies, contributed as equity to fund Group operations, used to retire external debt or invested externally. The Group does not use off-balance sheet special purpose entities as a source of liquidity or for other financing purposes. In addition, the Group maintains significant committed and uncommitted credit lines with its relationship banks. Compliance with the Group's debt covenants is monitored continually based on management accounts. Sensitivity analysis using various scenarios are applied to forecasts to assess their impact on covenants and net debt/cash. During the year to 31 March 2016 all covenants have been complied with and based on current forecasts it is expected that all covenants will continue to be complied with for the foreseeable future. Further analysis of the Group's debt covenants is included in the Financial Review.

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

Group As at 31 March 2016	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(1,437,832)	–	–	–	(1,437,832)
Interest bearing loans and borrowings	(190,943)	(54,993)	(273,961)	(847,139)	(1,367,036)
Interest payments on interest bearing loans and borrowings	(60,140)	(52,355)	(134,590)	(106,302)	(353,387)
Acquisition related liabilities	(41,231)	(13,926)	(67,485)	–	(122,642)
Cross currency swaps – gross cash outflows	(94,123)	(40,367)	(277,023)	(667,326)	(1,078,839)
Other derivative financial instruments	(2,377)	(317)	(5)	–	(2,699)
	(1,826,646)	(161,958)	(753,064)	(1,620,767)	(4,362,435)
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	4,477	3,066	8,115	6,742	22,400
Cross currency swaps – gross cash inflows	133,409	76,519	392,616	802,977	1,405,521
	137,886	79,585	400,731	809,719	1,427,921

Notes to the Financial Statements Continued

5.7 Financial Risk and Capital Management Continued

Group As at 31 March 2015	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(1,312,136)	–	–	–	(1,312,136)
Interest bearing loans and borrowings	(149,196)	(95,150)	(267,058)	(875,415)	(1,386,819)
Interest payments on interest bearing loans and borrowings	(61,480)	(56,590)	(146,062)	(138,989)	(403,121)
Acquisition related liabilities	(3,235)	(8,394)	(31,755)	–	(43,384)
Cross currency swaps – gross cash outflows	(34,439)	(91,054)	(257,247)	(697,976)	(1,080,716)
Other derivative financial instruments	(5,117)	–	–	–	(5,117)
	(1,565,603)	(251,188)	(702,122)	(1,712,380)	(4,231,293)
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	4,080	4,061	7,449	8,418	24,008
Cross currency swaps – gross cash inflows	66,573	129,713	372,261	864,604	1,433,151
	70,653	133,774	379,710	873,022	1,457,159

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

Company As at 31 March 2016	**Less than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**	**Total £'000**
Financial liabilities – cash outflows					
Trade and other payables	**103,197**	**–**	**–**	**–**	**103,197**

Company As at 31 March 2015	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	164,890	–	14,128	–	179,018

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

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

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

The Group does not hedge translation exposure on the translation of the profits of foreign currency subsidiaries on the basis that they are not intended to be repatriated.

The Group has investments in non-sterling, primarily euro denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in or swapped (utilising currency swaps or cross currency interest rate swaps) into the relevant currency, although this hedge is offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The 6.3% weakening in the value of sterling against the euro during the year ended 31 March 2016 was the main element of the translation gain of £38.0 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2016 as set out in the Group Statement of Comprehensive Income.

5.7 Financial Risk and Capital Management Continued

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

Sensitivity to currency movements

Group

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

Company

The Company does not have any material assets or liabilities denominated in any currency other than euro at 31 March 2016 or at 31 March 2015 which would give rise to a significant transactional currency exposure. However, as the presentation currency for the Company is sterling, it is exposed to fluctuations in the sterling/euro exchange rate. A change in the value of euro by 10% against sterling would have an £8.4 million (2015: £11.6 million) impact on the Company's profit before tax, would change the Company's equity by £41.1 million and change the Company's net cash by £3.0 million (2015: £20.2 million and £0.1 million respectively).

Interest rate risk management

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

Sensitivity of interest charges to interest rate movements

Group

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

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

Company

Based on the composition of net cash at 31 March 2016 a one percentage point (100 basis points) change in average floating interest rates would have a £0.3 million (2015: nil) impact on the Company's profit before tax. Finance income principally comprises guarantee fees charged at fixed rates on intergroup loans. Finance costs comprise interest on intergroup loans payable at variable market rates.

Commodity price risk management

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

Sensitivity to commodity price movements

Group

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

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

Company

The Company has no exposure to commodity price risk.

Notes to the Financial Statements Continued

5.7 Financial Risk and Capital Management Continued

Fair values of financial assets and financial liabilities

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

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

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

5.7 Financial Risk and Capital Management Continued

Group

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

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

Fair value measurement as at 31 March 2016	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets				
Derivative financial instruments (note 3.10)	**–**	**225,433**	**–**	**225,433**
	–	**225,433**	**–**	**225,433**
Financial liabilities				
Acquisition related liabilities (note 3.15)	**–**	**–**	**122,642**	**122,642**
Derivative financial instruments (note 3.10)	**–**	**8,744**	**–**	**8,744**
	–	**8,744**	**122,642**	**131,386**

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

Level 2 fair value measurement:

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

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

Level 3 fair value measurement:

The specific valuation techniques used to value contingent consideration that is carried at fair value using level 3 valuation techniques are:

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

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

Company

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

Notes to the Financial Statements Continued

5.7 **Financial Risk and Capital Management** Continued

Offsetting financial assets and financial liabilities

(i) Financial assets

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

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

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

(ii) Financial liabilities

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

Group As at 31 March 2016	**Gross amounts of recognised financial liabilities £'000**	**Gross amounts of recognised financial assets set off in the Balance Sheet £'000**	**Net amounts of financial liabilities presented in the Balance Sheet £'000**	**Related amounts not set off in the Balance Sheet** **Financial assets £'000**	 **Cash collateral provided £'000**	**Net amount £'000**
Derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**
Bank borrowings	**85,228**	**–**	**85,228**	**(85,228)**	**–**	**–**
	85,228	**–**	**85,228**	**(85,228)**	**–**	**–**

Group As at 31 March 2015	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet Financial assets £'000	 Cash collateral provided £'000	Net amount £'000
Derivative financial instruments	92	–	92	(92)	–	–
Bank borrowings	85,227	–	85,227	(85,227)	–	–
	85,319	–	85,319	(85,319)	–	–

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

5.8 Events after the Balance Sheet Date

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

There have been no material events subsequent to 31 March 2016 which would require disclosure in this report.

5.9 Summary of Significant Accounting Policies

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

Revenue Recognition

Revenue comprises the fair value of the sale of goods and services to external customers net of value added tax, volume and promotional rebates, allowances and discounts. Revenue is generally recognised on a duty inclusive basis where applicable. Revenue is recorded when the collection of the amount is reasonably assured and when specific criteria have been met for each of the Group's activities as detailed below.

Sales of goods

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

DCC Energy derives the majority of its revenue from the sale of oil and LPG. Revenue is recognised when the products are delivered to the customer. Products can be sold under short or long-term agreements at prevailing market prices or at fixed prices for which DCC Energy will have fixed supply prices.

DCC Healthcare derives its revenue from the sale of a broad range of third party and own-branded pharmaceutical and medical devices. Revenue is also generated from the manufacture of products for health and beauty brand owners focused principally on the areas of nutrition and beauty. Revenue is recognised on delivery of the product to the customer in the majority of cases.

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

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

Sales of services

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

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

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

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

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

Interest income

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

Dividend income

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

Rental income

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

Notes to the Financial Statements Continued

5.9 Summary of Significant Accounting Policies Continued

Segment Reporting

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

Foreign Currency Translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

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

Finance Costs

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

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

Finance Income

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

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

Exceptional Items

The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Such items may include restructuring, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment, IAS 39 ineffective mark to market movements together with gains or losses arising from currency swaps offset by gains or losses on related fixed rate debt, acquisition costs, profit or loss on defined benefit pension scheme restructuring, adjustments to contingent consideration (arising on business combinations from 1 April 2010) and impairment of assets. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be presented in the Income Statement and disclosed in the related notes as exceptional items.

5.9 Summary of Significant Accounting Policies Continued

Income Tax

Current tax

Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments stemming from prior years.

Deferred tax

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

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

Deferred tax assets are recognised in respect of all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items except:
- where the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of deductible temporary differences associated with investment in subsidiaries, joint ventures and associates, a deferred tax asset is recognised only if it is probable that the deductible temporary difference will reverse in the foreseeable future and that sufficient taxable profits will be available against which the temporary difference can be utilised.

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

Property, Plant and Equipment

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

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

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

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

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

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

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

Investments in Subsidiary Undertakings

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

Notes to the Financial Statements Continued

5.9 Summary of Significant Accounting Policies Continued

Business Combinations

Business combinations from 1 April 2010

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in the Income Statement.

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

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

Business combinations prior to 1 April 2010

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

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

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

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

Non-Current Assets Held for Sale

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

Intangible Assets – Goodwill

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

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill acquired in a business combination is allocated, from the acquisition date, to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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

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

5.9 Summary of Significant Accounting Policies Continued

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

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

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

Intangible Assets – other than Goodwill

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

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

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

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

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

Inventories

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

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

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

Financial Instruments

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

Leases

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

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

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

Trade and Other Receivables

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

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Income Statement.

Notes to the Financial Statements Continued

5.9 Summary of Significant Accounting Policies Continued

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

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

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

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

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

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

Changes in the fair value of currency swaps that are hedging borrowings and for which the Group has not elected to apply hedge accounting, along with changes in the fair value of derivatives hedging borrowings, that are part of designated fair value hedge relationships, are reflected in the Income Statement in 'Finance Costs' and presented in note 2.7.

Changes in the fair value of other derivative financial instruments for which the Group has not elected to apply hedge accounting are reflected in the Income Statement, in 'Other Operating Income' or 'Other Operating Expenses' and presented in note 2.2.

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

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

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

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

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

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

5.9 Summary of Significant Accounting Policies Continued

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

Provisions

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

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

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

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

Environmental Provisions

The Group's waste management and recycling activities are subject to various laws and regulations governing the protection of the environment. In addition, the Group has certain site remediation obligations to be incurred in compliance with local or national environmental regulations together with constructive obligations stemming from established best practice. The measurement of these provisions is based on the evaluation of currently available facts with respect to each individual site and is adjusted periodically as remediation efforts progress or as additional information becomes available. Inherent uncertainties exist in such measurements primarily due to unknown timing, site conditions and changing regulations.

Full provision is made for the net present value of the estimated costs in relation to the Group's environmental liabilities. The net present value of the estimated costs is capitalised as property, plant and equipment and the unwinding of the discount element on the environmental provision is reflected in the Income Statement.

Pension and Other Post Employment Obligations

The Group operates defined contribution and defined benefit pension schemes.

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

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

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

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

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

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

Notes to the Financial Statements Continued

5.9 Summary of Significant Accounting Policies Continued

Share-Based Payment Transactions

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

The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. The fair value at the grant date is determined using a Monte Carlo simulation technique for the DCC plc Long Term Incentive Plan 2009 and a binomial model for the DCC plc 1998 Employee Share Option Scheme.

The DCC plc Long Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

The DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which are not taken into account when estimating the fair value of entitlements as at the grant date. The expense in the Income Statement represents the product of the total number of options anticipated to vest and the fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement with a corresponding credit to Share Based Payment Reserve. The cumulative charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

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

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

Government Grants

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

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

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Equity

Treasury shares

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

Dividends

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

Non-Controlling Interests

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

5.10 Approval of Financial Statements

The financial statements were approved by the Board of Directors on 16 May 2016.

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Supplementary Information

Principal Subsidiaries, Joint Ventures and Associates[1]

DCC Energy

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
DCC Energy Limited DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100	Tel: +353 1 2799 400 Email: energy@dcc.ie www.dcc.ie
LPG				
Butagaz SAS 47-53 Rue Raspail, 92300 Levallois – Perret, Paris, France	Procurement, sales, marketing and distribution of liquefied petroleum gas	France	100	Tel: +33 1463 93333 Email: info@butagaz.fr www.butagaz.fr
Flogas Britain Limited 81 Rayns Way, Syston, Leicester LE7 1PF, England	Procurement, sales, marketing and distribution of liquefied petroleum gas	Britain	100	Tel: +44 116 2649 000 Email: enquiries@flogas.co.uk www.flogas.co.uk
Flogas Ireland Limited Knockbrack House, Matthews Lane, Donore Road, Drogheda, Co. Louth, Ireland	Procurement, sales, marketing and distribution of liquefied petroleum gas and natural gas	Ireland	100	Tel: +353 41 9831 041 Email: info@flogas.ie www.flogas.ie
Benegas BV Zuiderzeestraatweg 1, 3882NC, Putten, The Netherlands	Procurement, sales, marketing and distribution of liquefied petroleum gas	Netherlands	100	Tel: +31 3417 23300 Email: info@benegas.com www.benegas.nl
Flogas Sverige AB Brännkyrkagatan 63, 11822 Stockholm, Sweden	Procurement, sales, marketing and distribution of liquefied petroleum gas	Sweden	100	Tel: +46 08 6750 080 Email: info@flogas.se www.flogas.se
Flogas Norge AS Nydalsveien 153, 3 etg, 0484 Oslo, Norway	Procurement, sales, marketing and distribution of liquefied petroleum gas	Norway	100	Tel: +47 9024 8000 Email: info@flogas.no www.flogas.no
Oil				
Certas Energy UK Limited 302 Bridgewater Place, Birchwood Park, Warrington WA3 6XG, England	Procurement, sales, marketing and distribution of petroleum and lubricant products	Britain	100	Tel: +44 1925 858 500 Email: info@certasenergy.co.uk www.certasenergy.co.uk
DCC Energi Danmark A/S Naerum Hovedgade 8, 2850 Naerum, Denmark	Procurement, sales, marketing and distribution of petroleum products and natural gas	Denmark	60	Tel: +45 7010 2010 Email: info@dccenergi.dk www.dccenergi.dk
Energie Direct MineralölhandelsgesmbH Alte Poststraße 400, A-8055 Graz, Austria	Procurement, sales, marketing and distribution of petroleum products	Austria	100	Tel: +43 316 210 Email: info@energiedirect.at www.energiedirect.at
Emo Oil Limited Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Procurement, sales, marketing and distribution of petroleum products	Ireland	100	Tel: +353 578 674 700 Email: info@emo.ie www.emo.ie
DCC Energy Limited Airport Road West, Sydenham, Belfast BT3 9ED, Northern Ireland	Procurement, sales, marketing and distribution of petroleum products	Northern Ireland	100	Tel: +44 28 9045 6789 Email: enquiries@emooil.com www.emooil.com
Swea Energi AB Storgatan 35, 434 32 Kungsbacka, Sweden	Procurement, sales, marketing and distribution of petroleum products	Sweden	100	Tel: +46 300 687000 Email: info@sweaenergi.se www.sweaenergi.se

1 The information in this section relates only to the Group's principal subsidiaries, joint ventures and associates. A full list of subsidiaries, joint ventures and associates will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.

DCC Energy Continued

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
Retail & Fuel Card				
Fuel Card Services Limited Alexandra House, Lawnswood Business Park, Redvers Close, Leeds LS16 6QY, England	Sale and administration of petroleum products through the use of fuel cards	Britain	100	Tel: +44 113 384 6264 Email: info@fuelcardservices.com www.fuelcardservices.com
Certas Energy France Limited 9 Avenue Edouard Belin, 92500 Rueil Malmaison, Paris, France	Procurement, sales and marketing of petroleum products	France	100	Tel: +33 1 55 940610 Email: info@certasenergyretail.fr www.certasenergyretail.eu
Energy Procurement Ireland 2013 Limited DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Procurement, sales and marketing of petroleum products	Ireland	100	Tel: +353 1 2799 400 Email: energy@dcc.ie www.dcc.ie
Qstar Försäljning AB Spårgatan 5, Box 633, 601 14 Norrköping, Sweden	Procurement, sales and marketing of petroleum products	Sweden	100	Tel: +46 11 280 000 Email: info@qstar.se www.qstar.se

DCC Healthcare

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
DCC Healthcare Limited DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100	Tel: +353 1 2799 400 Email: healthcare@dcc.ie www.dcc.ie
DCC Vital				
DCC Vital Limited Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Holding company for the operations of the DCC Vital group of companies	Ireland	100	Tel: +353 1 2907 000 Email: info@dccvital.com www.dccvital.com
Fannin Limited Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Sales, marketing and distribution of medical and pharmaceutical products to healthcare providers	Ireland	100	Tel: +353 1 2907 000 Email: info@fannin.eu www.fannin.eu
Fannin (UK) Limited Westminster Industrial Estate, Repton Road, Measham, Swadlincote, Derbyshire DE12 7DT, England	Sales, marketing and distribution of medical devices to healthcare providers	Britain	100	Tel: +44 1189 305 333 Email: serviceuk@fannin.eu www.fannin.eu
Kent Pharmaceuticals Limited Joshna House, Crowbridge Road, Orbital Park, Ashford, Kent TN24 0GR, England	Sales, marketing and distribution of pharmaceuticals to hospital and community pharmacies in Britain	Britain	100	Tel: +44 845 437 5565 Email: info@kentpharm.co.uk www.kentpharm.co.uk
Athlone Laboratories Limited Ballymurray, Co. Roscommon, Ireland	Manufacture and supply of oral beta – lactam antibiotics for the British, Irish and international markets	Ireland	100	Tel: +353 9066 61109 www.athlone-laboratories.com
Williams Medical Services Ltd Craiglas House, The Maerdy Industrial Estate, Rhymney, Gwent, NP22 5PY, Wales	Sales, marketing and distribution of medical supplies and services to UK healthcare market, primarily GPs and primary care organisations	Britain	100	Tel: +44 1685 844739 Email: sales@wms.co.uk www.wms.co.uk
Squadron Medical Limited Greaves Close, Markham Vale, Chesterfield, Derbyshire, S44 5FB, England	Provision of value-added distribution services to healthcare providers and brand owners/manufacturers	Britain	100	Tel: +44 1246 822 822 Email: enquiries@squadronmedical.co.uk www.squadronmedical.co.uk

Principal Subsidiaries, Joint Ventures and Associates
Continued

DCC Healthcare Continued

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
The TPS Healthcare Group Limited 27-35 Napier Place, Wardpark, North Cumbernauld, Glasgow G68 0LL, Scotland	Provision of value-added distribution services to healthcare providers and brand owners/manufacturers	Britain	100	Tel: +44 1236 739 668 Email: corporate@tpshealthcare.com www.tpshealthcare.com

Health & Beauty Solutions

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
DCC Health & Beauty Solutions 9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Outsourced solutions for the health and beauty industry	Britain	100	Tel: +44 1928 573 734 Email: enquiries@dcchealthandbeauty.com www.dcchealthandbeauty.com
Thompson & Capper Limited 9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	Britain	100	Tel: +44 1928 573 734 Email: enquiries@thompsonandcapper.com www.thompsonandcapper.com
EuroCaps Limited Crown Business Park, Dukestown, Tredegar, Gwent NP22 4EF, Wales	Development and contract manufacture of nutritional products in soft gel capsule format	Britain	100	Tel: +44 1495 308 900 Email: info@eurocaps.co.uk www.eurocaps.co.uk
Laleham Health and Beauty Limited Sycamore Park, Mill Lane, Alton, Hampshire GU34 2PR, England	Development, contract manufacture and packing of liquids and creams for the beauty and consumer healthcare sectors	Britain	100	Tel: +44 1420 566 500 Email: info@laleham.com www.laleham.com
Design Plus Holdings Limited Rowan House, 3 Stevant Way, White Lund, Morecambe, Lancashire LA3 3PU, England	Development, contract manufacture and packing of liquids and creams for the beauty and consumer healthcare sectors	Britain	100	Tel: +44 1524 842 558 Email: sales@designplusuk.com www.designplusuk.com
Vitamex Manufacturing AB Box 715, SE-601 16 Norrköping, Sweden	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	Sweden	100	Tel: +46 11 23 00 00 Email: info@vitamex.se www.vitamex.se

DCC Technology

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
DCC Technology Limited DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100	Tel: +353 1 2799 400 Email: technology@dcc.ie www.dcc.ie
Exertis (UK) Ltd Shorten Brook Way, Altham Business Park, Altham, Accrington, Lancashire BB5 5YJ, England	Sales, marketing and distribution of technology products	Britain	100	Tel: +44 1282 776 776 Email: enquiries@exertis.co.uk www.exertis.co.uk
Exertis Ireland Limited M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Sales, marketing and distribution of technology products	Ireland	100	Tel: +353 1 4087 171 Email: ireland.info@exertis.com www.exertis.ie
Exertis Supply Chain Services Limited M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Provision of supply chain management and outsourced procurement services	Ireland	100	Tel: +353 1 4056 500 Email: info@exertissupplychain.com www.exertissupplychain.com
Exertis France Paris Nord 2, Parc des Reflets, 99 Avenue de la Pyramide, 95700, Roissy, France	Sales, marketing and distribution of technology peripherals and accessories	France	100	Tel: +33 1 4990 9393 Email: information@exertis.fr www.exertisbanquemagnetique.fr

DCC Technology Continued

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
Exertis CUC Zone Industriel Buchelay 3000, BP 1126, 78204 Mantes en Yvelines Cedex, France	Sales, marketing and distribution of technology products and connecting solutions	France	100	Tel: +33 1 3479 4800 Email: cde@cuc.fr www.cuc.fr
Exertis CapTech AB Ekonomivagen 11, 436 33 Askim, Sweden	Sales, marketing and distribution of technology products	Sweden	100	Tel: +46 31 450 400 Email: info@exertis.se www.exertis.se
Exertis Go Connect Laan Van Kopenhagen 100, 3317 DM Dordrecht, The Netherlands	Sales, marketing and distribution of unified communications and audio visual products.	Netherlands	100	Tel: +31 7888 00 700 Email: info@exertisgoconnect.nl
Exertis Arc Telecom Unit No. 702, x3 Building, Jumeirah Lake Towers, Dubai, UAE	Sales, marketing and distribution of technology products.	Ireland	100	Tel: +971 4453 7255 Email: dubai.info@exertis.com

DCC Environmental

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
DCC Environmental Limited DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100	Tel: +353 1 2799 400 Email: environmental@dcc.ie www.dcc.ie
William Tracey Limited 49 Burnbrae Road, Linwood Industrial Estate, Linwood, Renfrewshire, PA3 3BD, Scotland	Recycling and waste management	Britain	75	Tel: +44 1505 321 000 Email: info@wmtracey.co.uk www.williamtraceygroup.com
Wastecycle Limited Enviro Building, Private Road No. 4, Colwick Industrial Estate, Nottingham NG4 2JT, England	Recycling and waste management	Britain	75	Tel: +44 115 9403 111 Email: enquiries@wastecycle.co.uk www.wastecycle.co.uk
Oakwood Fuels Limited Brailwood Road, Bilsthorpe, Newark, Nottinghamshire, NG22 8UA, England	Specialist waste treatment/management services	Britain	75	Tel: +44 1623 871 964 Email: mail@oakwoodgroup.uk.com www.oakwoodfuels.co.uk
Enva Ireland Limited Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Specialist waste treatment/management services	Ireland	100	Tel: +353 578 678 600 Email: info@enva.ie www.enva.com

Principal Subsidiaries, Joint Ventures and Associates
Continued

Joint Venture

Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
KSG Dining Limited McKee Avenue, Finglas, Dublin 11, Ireland	Restaurant and hospitality service provider	Ireland	50	Tel: +353 1 814 0600 Email: info@ksg.ie www.ksg.ie

Associates

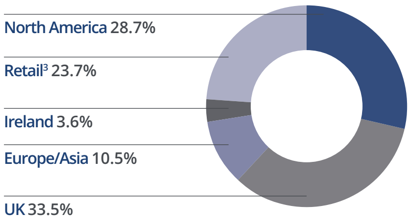
Company name & address	Principal activity	Incorporated and operating in	Group shareholding %	Contact details
Lee Oil (Cork) Limited Clonminam Industrial Estate, Portlaoise, Co Laois, Ireland	Sale and distribution of oil products	Ireland	50	Tel: +353 21 431 3261 Email: info@leeoil.ie www.leeoil.ie
Geogaz Lavera SA 2 Rue des Martinets, 92500, Rueil Malmaison, Paris, France	Owns and operates an LPG storage facility	France	25	Tel: +33 1463 93333 Email: info@butagaz.fr www.butagaz.fr

Shareholder Information

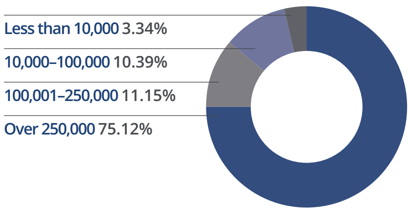
Share Price Data	2016 £	2015 £
Share price at 16 May	**61.50**	43.90
Market capitalisation at 16 May	**5,444m**	3,688m
Share price at 31 March	**61.50**	40.23
Market capitalisation at 31 March	**5,444m**	3,380m
Share price movement during the year		
– High	**61.90**	41.96
– Low	**40.90**	30.33

Shareholdings as at 31 March 2016

By location



By size of holding



Geographic division[1]	Number of shares[2]	% of shares
UK	29,675,723	33.5
North America	25,404,190	28.7
Europe/Asia	9,272,150	10.5
Ireland	3,184,896	3.6
Retail[3]	20,988,625	23.7
Total	88,525,584	100.0

Range of shares held	Number of accounts	% of accounts	Number of shares[2]	% of shares
Over 250,000	65	2.12	66,503,715	75.12
100,001 – 250,000	62	2.02	9,871,012	11.15
10,000 – 100,000	268	8.74	9,198,100	10.39
Less than 10,000	2,672	87.12	2,952,757	3.34
Total	3,067	100.0	88,525,584	100.0

Notes:
1 This represents the best estimate of the number of shares controlled by fund managers resident in the relevant geographic regions.
2 Excludes 3,903,820 shares held as Treasury Shares.
3 Retail includes private shareholders, management and broker holdings.

Share Listing
DCC's shares have a Premium Listing on the Official List of the United Kingdom Listing Authority ('UKLA Official List') and are traded solely on the London Stock Exchange in sterling.

Dividends
DCC normally pays dividends twice yearly, in July and in November/December. An interim dividend of 33.04 pence per share was paid on 7 December 2015.

Subject to shareholders' approval at the Annual General Meeting, a final dividend of 64.18 pence per share will be paid in respect of ordinary shares on 21 July 2016, to shareholders on the register of members at the close of business on 27 May 2016.

Dividends are declared in sterling and shareholders have the option to elect to receive dividends in either sterling or euro.

Shareholders may also elect to receive dividend payments by electronic funds transfer directly into their bank accounts, rather than by cheque. Shareholders should contact the Company's Registrar for details of these options.

The Company is obliged to deduct Dividend Withholding Tax ('DWT') at the standard rate of income tax in Ireland (currently 20%) from dividends paid to its shareholders, unless a particular shareholder is entitled to an exemption from DWT and has completed and returned to the Company's Registrar a declaration form claiming entitlement to the particular exemption. Exemption from DWT may be available to shareholders resident in another EU Member State or in a country with which the Republic of Ireland has a double taxation agreement in place and to non-individual shareholders resident in Ireland (for example companies, pension funds and charities).

An explanatory leaflet entitled 'Dividend Withholding Tax – General Information Leaflet' has been published by the Irish Revenue Commissioners and can be obtained by contacting the Company's Registrar. This leaflet can also be downloaded from the Irish Revenue Commissioners' website at www.revenue.ie. Declaration forms for claiming an exemption are available from the Company's Registrar.

Shareholder Information Continued

CREST
DCC is a member of the CREST share settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of paper share certificates. Shareholders should consult their stockbroker if they wish to hold shares in electronic form.

Where shares are held in CREST, dividends are automatically paid in sterling unless a currency election is made. CREST members should use the facility in CREST to make currency elections. Such elections must be made in respect of entire holdings as partial elections are not permissible.

Financial Calendar

Final results announced for 2016	17 May 2016
Ex-dividend date for the final dividend	26 May 2016
Record date for the final dividend	27 May 2016
Interim Management Statement	15 July 2016
Annual General Meeting	15 July 2016
Proposed payment date for final dividend	21 July 2016
Interim results to be announced	14 November 2016
Proposed payment date for the interim dividend	December 2016
Interim Management Statement	February 2017

Annual General Meeting, Electronic Proxy Voting and CREST Voting
The 2016 Annual General Meeting will be held at The InterContinental Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland on Friday 15 July 2016 at 11.00 a.m. The Notice of Meeting together with an explanatory letter from the Chairman and a Form of Proxy accompany this Report.

Shareholders may lodge a Form of Proxy for the 2016 Annual General Meeting via the internet. Shareholders who wish to submit their proxy in this manner may do so by accessing the Company's Registrar's website at www.eproxyappointment.com and following the instructions which are set out on the Form of Proxy or in the email broadcast that you would have received if you have elected to receive communications via electronic means.

CREST members who wish to appoint a proxy or proxies via the CREST electronic proxy appointment service should refer to the notes in the Notice of Annual General Meeting or on the Form of Proxy.

Electronic Communications
Following the introduction of the Transparency Regulations 2007, and in order to adopt a more environmentally friendly and cost-effective approach, the Company provides information concerning the Company (such as the Annual Report and Notice of Annual General Meeting) to shareholders electronically via DCC's website, www.dcc.ie, and only sends a printed copy to those shareholders who specifically request a copy. Shareholders who receive information electronically will continue to receive certain communications by post (such as share certificates, dividend cheques, dividend payment vouchers and tax vouchers). Shareholders who wish to alter the method by which they receive communications should contact the Company's Registrar.

Website
Through DCC's website, www.dcc.ie, stakeholders and other interested parties can access information on DCC in an easy-to-follow and user-friendly format. As well as information on the Group's activities, users can keep up to date on DCC's financial results and share price performance through downloadable reports and interactive share price tools. The site also provides access to archived financial data, annual reports, stock exchange announcements and investor presentations.

Registrar
All administrative queries about the holding of DCC shares should be addressed to the Company's Registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

Tel: + 353 1 247 5698
Fax: + 353 1 447 5571
www.investorcentre.com/ie/contactus

Investor Relations
For investor enquiries please contact Kevin Lucey, Head of Group Finance, DCC plc, DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Tel: + 353 1 2799 400
Fax: + 353 1 2831 017
email: investorrelations@dcc.ie

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Allied Irish Banks
Bank of Ireland
Bank of America Merrill Lynch
Barclays
BNP Paribas
Danske Bank
Deutsche Bank
HSBC
ING Bank
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KBC Bank
Lloyds Banking Group
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Independent Limited Assurance Report to the Directors of DCC plc

We have been engaged by DCC plc ('DCC') to provide limited assurance over the Selected Information described below for the year ended 31 March 2016.

Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

Selected Information

The scope of our work includes only the information included within the Sustainability Report ('the Report') of the DCC Annual Report and Accounts for the year ended 31 March 2016 marked with the symbol Δ ('the Selected Information').

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed elsewhere on DCC's website for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The carbon emissions data has been evaluated against DCC's Carbon Reporting Criteria as set out at http://www.dcc.ie/~/media/Files/D/DCC-Corp/pdfs/carbon-LTI-reporting-criteria-a.pdf for the Selected Information. The Selected Information needs to be read together with the Reporting Criteria.

We have not performed any work, and do not express any conclusion, over any other information that may be displayed in the DCC Annual Report and Accounts or on the Company's website for the current year or for previous periods unless otherwise indicated.

Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

Directors' responsibilities

The Directors of DCC are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and,
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria and to report to DCC in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ('ISAE 3000') and International Standard on Assurance Engagements 3410 – 'Assurance Engagements on Greenhouse Gas Statements' ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence, professional standards and quality control

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (UK and Ireland) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements'. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with DCC management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- agreeing a selection of the Selected Information to the corresponding source documentation;
- considering the appropriateness of the carbon conversion factor calculations and other unit conversion factor calculations used by reference to widely recognised and established conversion factors;
- re-performing a selection of the carbon conversion factor calculations and other unit conversion factor calculations;
- performing analytical review procedures over the aggregated Selected Information, including a comparison to the prior periods' amounts having due regard to changes in business volume and the business portfolio; and
- reading the Report and narrative accompanying the Selected Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

This report's intended use

This assurance report is made solely to DCC in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of DCC showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than DCC for our work, for this assurance report or for the conclusions we have reached.

KPMG
Chartered Accountants
Dublin
16 May 2016

Non-GAAP Information

The Group reports certain financial measures that are not required under International Financial Reporting Standards ('IFRS') which represent the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that the presentation of these non-GAAP measures provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions.

These non-GAAP financial measures are primarily used for the following purposes:
– to evaluate the historical and planned underlying results of our operations;
– to set director and management remuneration; and
– to discuss and explain the Group's performance with the investment analyst community.

None of the non-GAAP measures should be considered as an alternative to financial measures derived in accordance with GAAP. The non-GAAP measures can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP.

The principal non-GAAP measures used by the Group, together with reconciliations where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Operating profit before net exceptionals and amortisation of intangible assets ('EBITA')

Definition
This comprises operating profit as reported in the Group Income Statement before net operating exceptional items and amortisation of intangible assets.

Calculation	Reference in Financial Statements	**2016 £'000**	2015 £'000
Operating profit before net exceptionals and amortisation of intangible assets ('EBITA') – continuing	Income Statement	**300,523**	221,716
Operating profit before net exceptionals and amortisation of intangible assets ('EBITA') – discontinued	note 2.10	**–**	6,483
Operating profit before net exceptionals and amortisation of intangible assets ('EBITA')		**300,523**	228,199

Operating profit before net exceptionals, depreciation and amortisation of intangible assets ('EBITDA')

Definition
EBITDA represents earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items.

Calculation	Reference in Financial Statements	**2016 £'000**	2015 £'000
EBITA	Per above	**300,523**	228,199
Depreciation	note 2.1	**74,822**	59,710
EBITDA		**375,345**	287,909

Net interest

Definition
The Group defines net interest as the net total of finance costs and finance income before interest related exceptional items as presented in the Group Income Statement.

Calculation	Reference in Financial Statements	**2016 £'000**	2015 £'000
Finance costs before exceptional items	Income Statement	**(64,970)**	(60,216)
Finance income before exceptional items	Income Statement	**35,981**	31,288
Net interest – continuing		**(28,989)**	(28,928)
Net interest – discontinued	note 2.10	**–**	(194)
Net interest		**(28,989)**	(29,122)

Non-GAAP Information Continued

Interest cover
– EBITA Interest Cover
Definition
The EBITA interest cover ratio measures the Group's ability to pay interest charges on debt from operating profits.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
EBITA	Per above	**300,523**	228,199
Net interest	Per above	**(28,989)**	(29,122)
EBITA interest cover (times)		**10.4x**	7.8x

– EBITDA Interest Cover
Definition
The EBITDA interest cover ratio measures the Group's ability to pay interest charges on debt from cash flows.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
EBITDA	Per above	**375,345**	287,909
Net interest	Per above	**(28,989)**	(29,122)
EBITDA interest cover (times)		**12.9x**	9.9x

Effective tax rate
Definition
The Group's effective tax rate expresses the income tax expense before exceptionals and deferred tax attaching to the amortisation of intangible assets as a percentage of EBITA less net interest.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
EBITA	Per above	**300,523**	228,199
Net interest	Per above	**(28,989)**	(29,122)
EBT		**271,534**	199,077
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets	note 2.9	**43,445**	23,889
Effective tax rate (%)		**16.0%**	12.0%

Adjusted earnings per share
Definition
The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact of net exceptional items and amortisation of intangible assets.

Calculation	Reference in Financial Statements	2016 pence	2015 pence
Adjusted earnings per share – continuing	note 2.13	**257.14**	202.22
Adjusted earnings per share – discontinued	note 2.13	**–**	6.97
Adjusted earnings per share		**257.14**	209.19

Dividend cover
Definition
The dividend cover ratio measures the Group's ability to pay dividends from earnings.

Calculation	Reference in Financial Statements	2016 pence	2015 pence
Adjusted earnings per share	Per above	**257.14**	209.19
Dividend	note 2.12	**97.22**	84.54
Dividend cover (times)		**2.6x**	2.5x

Net capital expenditure

Definition

Net capital expenditure comprises purchases of property, plant and equipment, proceeds from the disposal of property, plant and equipment and government grants received in relation to property, plant and equipment.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
Purchase of property, plant and equipment	Group Cash Flow Statement	**134,172**	79,401
Proceeds from disposal of property, plant and equipment	Group Cash Flow Statement	**(13,523)**	(16,054)
Government grants received	Group Cash Flow Statement	**–**	(52)
Net capital expenditure		**120,649**	63,295

Free cash flow

Definition

Free cash flow is defined by the Group as cash generated from operations before exceptional items as reported in the Group Cash Flow Statement after interest paid, income tax paid, net capital expenditure, dividends received from equity accounted investments and interest received.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
Cash generated from operations before exceptionals	Group Cash Flow Statement	**411,712**	377,818
Interest paid	Group Cash Flow Statement	**(64,432)**	(59,678)
Income tax paid	Group Cash Flow Statement	**(35,346)**	(32,361)
Net capital expenditure	Per above	**(120,649)**	(63,295)
Dividends received from equity accounted investments	Group Cash Flow Statement	**365**	828
Interest received	Group Cash Flow Statement	**36,004**	31,222
Free cash flow		**227,654**	254,534

Free cash flow (before interest and tax payments)

Definition

Free cash flow (before interest and tax payments) is defined by the Group as cash generated from operations before exceptional items as reported in the Group Cash Flow Statement after net capital expenditure.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
Cash generated from operations before exceptionals	Group Cash Flow Statement	**411,712**	377,818
Net capital expenditure	Per above	**(120,649)**	(63,295)
Free cash flow (before interest and tax payments)		**291,063**	314,523

Cash conversion ratio

Definition

The cash conversion ratio expresses free cash flow before interest paid, income tax paid and interest received as a percentage of EBITA.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
Free cash flow (before interest and tax payments)	Per above	**291,063**	314,523
EBITA	Per above	**300,523**	228,199
Cash conversion ratio (%)		**97%**	138%

Non-GAAP Information Continued

Return on capital employed ('ROCE')

Definition

ROCE represents operating profit before net operating exceptional items and amortisation of intangible assets expressed as a percentage of the average total capital employed. Total capital employed represents total equity adjusted for net debt/cash, goodwill and intangibles written off, acquisition related liabilities and equity accounted investments.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
Total equity	Group Balance Sheet	**1,350,476**	986,993
Net debt/(cash)	note 3.12	**54,502**	(27,635)
Goodwill and intangibles written off		**200,181**	164,409
Equity accounted investments	Group Balance Sheet	**(22,139)**	(4,963)
Acquisition related liabilities (non-current)	Group Balance Sheet	**81,411**	40,149
Acquisition related liabilities (current)	Group Balance Sheet	**41,231**	3,235
Assets classified as held for sale	Group Balance Sheet	**–**	(12,196)
Liabilities associated with assets classified as held for sale	Group Balance Sheet	**–**	8,216
		1,705,662	1,158,208
Average total capital employed		**1,431,935**	1,173,424
EBITA – continuing	Per above	**300,523**	221,716
Return on capital employed (%)		**21.0%**	18.9%

Committed acquisition expenditure

Definition

The Group defines committed acquisition expenditure as the total acquisition cost of subsidiaries as presented in the Group Cash Flow Statement (excluding amounts related to acquisitions which were committed to in previous years) and future acquisition related liabilities for acquisitions committed to during the year.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
Net cash outflow on acquisitions during the year	Group Cash Flow Statement	**390,042**	107,223
Cash outflow on acquisitions which were committed to in the previous year		**(351,045)**	(38,695)
Acquisition related liabilities arising on acquisitions during the year	note 3.15	**81,519**	8,489
Acquisition related liabilities committed to in the previous year		**(79,288)**	–
Amounts committed in the current year		**39,000**	477,014
Committed acquisition expenditure		**80,228**	554,031

Net working capital

Definition

Net working capital represents the net total of inventories, trade and other receivables (excluding interest receivable), and trade and other payables (excluding interest payable, amounts due in respect of property, plant and equipment and current government grants).

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
Inventories	note 3.5	**393,948**	320,655
Inventories (asset classified as held for sale)	note 16 of the 2015 Accounts	**–**	2,537
Trade and other receivables	note 3.6	**916,069**	847,274
Trade and other receivables (asset held for sale)	note 16 of the 2015 Accounts	**–**	6,612
Interest receivable included in trade and other receivables		**(230)**	(235)
Trade and other payables	note 3.7	**(1,437,832)**	(1,312,136)
Trade and other payables (asset held for sale)	note 16 of the 2015 Accounts	**–**	(7,863)
Interest payable included in trade and other payables	note 3.7	**3,967**	4,469
Amounts due in respect of property, plant and equipment	note 3.7	**2,967**	3,112
Government grants	note 3.7	**26**	24
Net working capital		**(121,085)**	(135,551)

Working capital (days)

Definition

Working capital days measures how long it takes in days for the Group to convert working capital into revenue.

Calculation	Reference in Financial Statements	2016 £'000	2015 £'000
Net working capital	Per above	**(121,085)**	(135,551)
March revenue		**967,014**	853,307
Working capital (days)		**(3.9 days)**	(4.9 days)

5 Year Review

Group Income Statement Year ended 31 March	2012 £'m	2013 £'m	2014 £'m	2015 £'m	2016 £'m
Revenue	9,266.5	10,552.4	11,210.8	10,749.4	10,601.1
Operating profit before exceptional items and amortisation of intangible assets	159.5	185.5	207.3	228.2	300.5
Exceptional items	(19.4)	(23.4)	(13.3)	(8.7)	(14.6)
Amortisation of intangible assets	(9.9)	(14.4)	(20.4)	(25.4)	(31.6)
Operating profit	130.2	147.7	173.6	194.1	254.3
Finance costs (net)	(14.9)	(15.4)	(23.5)	(31.3)	(38.4)
Share of equity accounted investments	–	0.5	0.9	0.5	0.5
Profit before tax	115.3	132.8	151.0	163.3	216.4
Income tax expense	(25.8)	(26.2)	(27.1)	(18.9)	(35.4)
Non-controlling interests	(0.6)	(0.3)	(2.7)	–	(3.0)
Profit attributable to owners of the Parent	88.9	106.3	121.2	144.4	178.0
Earnings per share					
– basic (pence)	106.62p	127.17p	144.70p	171.97p	202.64p
– basic adjusted (pence)	141.99p	171.20p	191.20p	209.19p	257.14p
Dividend per share (pence)	67.64p	69.86p	76.85p	84.54p	97.22p
Dividend cover (times)	2.1	2.5	2.5	2.5	2.6
Interest cover (times)*	10.3	13.2	9.7	7.8	10.4

* excludes exceptional items.

Group Balance Sheet As at 31 March	2012 £'m	2013 £'m	2014 £'m	2015 £'m	2016 £'m
Non-current and current assets:					
Property, plant and equipment	371.8	436.8	464.9	464.7	739.5
Intangible assets	653.3	747.8	742.5	759.2	1,297.1
Equity accounted investments	6.5	5.8	6.1	5.0	22.1
Cash/derivatives	639.8	655.9	1,019.5	1,499.4	1,407.5
Other assets	1,481.4	1,536.0	1,470.6	1,189.5	1,331.3
Total assets	3,152.8	3,382.3	3,703.6	3,917.8	4,797.5
Equity	845.6	892.3	946.3	987.0	1,350.5
Non-current and current liabilities:					
Borrowings/derivatives	782.0	842.6	1,106.8	1,471.8	1,462.0
Retirement benefit obligations	12.3	19.4	16.0	10.2	0.3
Other liabilities	1,512.9	1,628.0	1,634.5	1,448.8	1,984.7
Total liabilities	2,307.2	2,490.0	2,757.3	2,930.8	3,447.0
Total equity and liabilities	3,152.8	3,382.3	3,703.6	3,917.8	4,797.5
Net (debt)/cash included above	(108.3)	(186.6)	(87.3)	30.0	(54.5)

Group Cash Flow Year ended 31 March	2012 £'m	2013 £'m	2014 £'m	2015 £'m	2016 £'m
Operating cash flow	239.8	264.5	346.9	377.8	411.7
Capital expenditure	60.1	61.6	78.6	79.4	134.2
Acquisitions	146.0	168.1	50.1	123.5	394.0

Other Information	2012	2013	2014	2015	2016
Return on capital employed (%)	14.2%	15.6%	16.3%	18.9%	21.0%
Working capital (days)	2.5	2.2	(0.6)	(4.9)	(3.9)

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