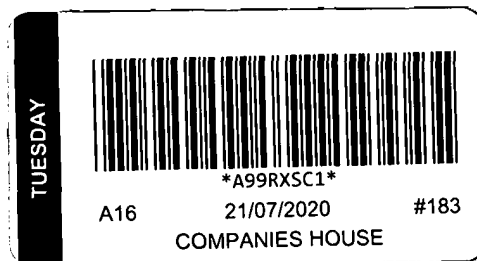


Laleham Health and Beauty Limited

Directors' report and financial statements Year ended 31 March 2020

Registered number: 00997221



Laleham Health and Beauty Limited

Directors' report and financial statements

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Directors and other information

Directors

T O'Connor
M Crawley
S O'Connor
A Williams (resigned 26/06/2020)
C Costigan
R McEvoy
S Fernihough
L Cruikshanks
G Harrison

Company secretary and registered office

G Harrison
Sycamore Park
Mill Lane
Alton
Hampshire
GU34 2PR

Registered number

00997221

Independent auditors

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Solicitors

Stevens & Bolton LLP
The Billings
Guildford
Surrey
GU1 4YD

Bankers

National Westminster Bank
7 Hustlergate
Bradford
West Yorkshire
BD1 1PP

Strategic report for the year ended 31 March 2020

The directors present their strategic report for the year ended 31 March 2020.

Principal activities

The principal activities of the company are the provision of contract manufacturing services to the health, beauty and pharmaceutical industries.

Review of business

The profit and loss account for the year is set out on page 9.

The business monitors several key performance indicators which include key measures on sales, costs, margins and productivity. The company's key financial indicators during the year were as follows:

	2020 £'000	2019 £'000
Turnover	77,773	78,585
Operating profit	1,848	2,057
Profit for the financial year	215	597
Shareholders' funds	15,922	15,606
Current liabilities (excluding intercompany loan) as a % of current assets	49%	53%
Average number of employees	622	579

The business continues to focus on growing its customer base in order to decrease reliance on a low number of key customers, as well as achieving cost efficiencies where possible. The directors are satisfied with the performance, the lower cost base and a stronger mix of customers, which should provide a good platform moving forward. The directors consider the company to be well placed to take advantage of any opportunities that may arise.

Future developments

During 2021, the company will focus on growing profitable sales whilst continuing to reduce material and other costs.

Principal risks and uncertainties

The principal risks of the company are the concentration of business with a low number of key customers, uncertainty over the impact of Brexit relating to sales exports, labour availability and foreign exchange risk and market competition both from a national and international perspective. Business risks are reviewed regularly by the directors and appropriate processes are put in place to monitor and mitigate their impact.

On behalf of the board



G Harrison
10 July 2020
Director

Directors' report for the year ended 31 March 2020

The directors present their directors' report and the audited financial statements of the company for the year ended 31 March 2020.

Future developments

The strategic and future developments of the business are set out in the strategic report on page 2.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in, market prices, credit risk, and foreign exchange rates. The company has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk: The company is exposed to fluctuations in cost and supply of raw materials and packaging used in production. These are mitigated where possible by passing on costs to customers in periods of abnormally high price inflation and using alternative materials and sources.

Credit risk: Policies are implemented by the company's finance department to carefully monitor such risk via credit checking and no material bad debts were incurred during the year. The company's cash funds are included in the DCC group cash pooling arrangement.

Foreign exchange rate: The company reduces exposure on its sales in foreign currency by purchasing materials in the same currency. Where exposed to transactional risk, the company chooses to accept this in the short term, whilst it seeks to pass on the cost to its customers in the long term.

Results and dividends

The profit for the financial year to 31 March 2020 was £215,000 (2019: £597,000) and will be transferred to reserves. The directors recommended no dividend during the year (2019: £nil).

Directors

The directors of the company during the year ended 31 March 2020, all of whom have been directors for the whole year (unless indicated) and up to the date of signing the financial statements, are listed on page 1.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house intranet, briefing groups and the distribution of the Annual Report.

**Directors' report
for the year ended 31 March 2020 (continued)**

Going concern

On 11 March 2020, the World Health Organisation formally declared the COVID-19 outbreak a pandemic. The Company has assessed the impact of the COVID-19 pandemic on its operations at the reporting date and at date of approval of the financial statements. This assessment encompassed a review of recent trading of the company and detailed cash flow projections which demonstrate that the Company should have adequate resources to continue operating for at least the 12 months from date of approval of the financial statements. Accordingly, the directors consider it appropriate that the Company prepares its financial statements on a going concern basis.

Subsequent events

The directors confirm to the best of their knowledge that there have been no subsequent events after the year end that would materially affect the financial statements.

Disclosure of information to auditor

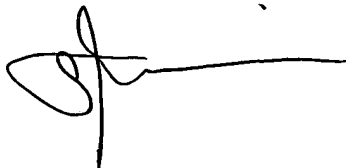
Each director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware.

Auditor

KPMG, Chartered Accountants were reappointed as auditor pursuant to section 487 of the Companies Act 2006.

On behalf of the board

A handwritten signature in black ink, appearing to be 'G Harrison', with a long horizontal line extending to the right.

**G Harrison
Director
10 July 2020
Laleham Health and Beauty Limited
Sycamore Park, Mill Lane, Alton, Hampshire, GU34 2PR**

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

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

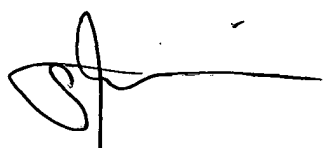
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework.

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

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

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

On behalf of the board



Giles Harrison
10 July 2020



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

Independent auditor's report to the members of Laleham Health and Beauty Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Laleham Health and Beauty Limited ('the Company') for the year ended 31 March 2020, set out on page 9 to 27, which comprise the profit and loss account, Statement of other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 Reduced Disclosure Framework.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

We have nothing to report on going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

Independent auditor's report to the members of Laleham Health and Beauty Limited (continued)

Other information

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

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

Based solely on our work on the other information;

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of Laleham Health and Beauty Limited (*continued*)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

David Moran (Senior Statutory Auditor)
for and on behalf of
KPMG Statutory Auditor
1 Stokes Place,
St. Stephen's Green,
Dublin 2,
Ireland

10 July 2020

**Profit and loss account
for the year ended 31 March 2020**

	Note	2020 £'000	2019 £'000
Turnover	2	77,773	78,585
Cost of sales		(68,995)	(69,893)
Gross profit		8,778	8,692
Administrative expenses		(6,930)	(6,635)
Operating profit before interest and tax	3	1,848	2,057
Interest receivable and similar income	6	7	6
Interest payable and similar charges	7	(1,427)	(1,280)
Profit on ordinary activities before taxation		428	783
Tax on profit on ordinary activities	8	(213)	(186)
Profit for the financial year		215	597

All of the above results are derived from continuing activities.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

**Statement of other comprehensive income
for the year ended 31 March 2020**

	2020 £'000	2019 £'000
Profit for the financial year	215	597
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Movement relating to cash flow hedges	121	(54)
Movement in deferred tax liability on cash flow hedges	(20)	9
Other comprehensive income for the year, net of income tax	101	(45)
Total comprehensive income for the year	316	552

**Balance sheet
as at 31 March 2020**

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	9	4,664	4,664
Tangible assets	10	19,295	16,589
Investments	11	15,313	15,313
Right of use leased assets	12	7,027	-
		<u>46,299</u>	<u>36,566</u>
Current assets			
Stocks	13	9,694	11,424
Debtors	14	15,651	16,125
Cash at bank and in hand		2,548	2,397
		<u>27,893</u>	<u>29,946</u>
Creditors: amounts falling due within one year	15	<u>(51,459)</u>	<u>(50,582)</u>
Net current liabilities		<u>(23,566)</u>	<u>(20,636)</u>
Total assets less current liabilities		<u>22,733</u>	<u>15,930</u>
Non-current liabilities			
Deferred tax liability	16	(494)	(324)
Lease liability	17	(6,317)	-
Net assets		<u>15,922</u>	<u>15,606</u>
Capital and reserves			
Called up share capital	19	5,050	5,050
Cash flow hedge reserve		56	(45)
Profit and loss account		10,816	10,601
Shareholders' funds		<u>15,922</u>	<u>15,606</u>

These financial statements were approved by the board of directors on 10 July 2020 and were signed on its behalf by:



G Harrison
Director

Company registered number: 00997221

**Statement of changes in equity
for the year ended 31 March 2020**

	Called up share capital £'000	Profit and loss account £'000	Cash flow hedge reserve £'000	Total £'000
Balance at 1 April 2018	5,050	10,004	-	15,054
Profit for the year	-	597	-	597
Movements relating to cash flow hedges	-	-	(45)	(45)
Balance at 31 March 2019	5,050	10,601	(45)	15,606
Balance at 1 April 2019	5,050	10,601	(45)	15,606
Profit for the year	-	215	-	215
Movements relating to cash flow hedges	-	-	101	101
Balance at 31 March 2020	5,050	10,816	56	15,922

Notes to the financial statements for the year ended 31 March 2020

1 Accounting policies

Laleham Health and Beauty Limited (the "Company") is a private limited company incorporated, domiciled and registered in the UK. The registered number is 00997221 and the registered address is Sycamore Park, Mill Lane, Alton, Hampshire, GU34 2PR.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS") but makes amendments where necessary in order to comply with Companies Act 2006 and set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

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

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

As set out on page 4, on 11 March 2020, the World Health Organisation formally declared the COVID-19 outbreak a pandemic. The Company has assessed the impact of the COVID-19 pandemic on its operations at the reporting date and at date of approval of the financial statements. This assessment encompassed a review of recent trading of the company and detailed cash flow projections which demonstrate that the Company should have adequate resources to continue operating for at least the 12 months from date of approval of the financial statements. Accordingly, the directors consider it appropriate that the Company prepares its financial statements on a going concern basis.

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

The principal accounting policies which have been applied consistently throughout the year are set out below:

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Investments

Investments in subsidiaries are carried at cost less impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Plant and machinery	10 – 17 years
Tooling	3 years
Fixtures and fittings	3 – 10 years
Motor vehicles	4 years
IT equipment and software	7 years
Buildings	40 years

Depreciation methods, useful lives and residual values are reviewed periodically.

Intangible assets – Goodwill

Goodwill is stated at cost less any accumulated impairment losses. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Notes (continued)**1 Accounting policies (continued)****Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on the weighted average basis. In respect of work in progress and finished goods, cost includes overheads, transportation, and duty costs where appropriate. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at average rates of exchange during the year except for material items which are translated at the rate on the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Exchange gains or losses arising through normal trading activities into sterling are included in operating profit in the year which they arise.

Leases

The Company has initially adopted IFRS 16 Leases from 1 April 2019. The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Policy applicable from 1 April 2019

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component and non-lease component on the basis of its relative stand-alone price.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate with reference to its current financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes (continued)**1 Accounting policies (continued)****Leases (continued)**

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 April 2019

Operating lease payments: Payments (excluding costs for services and insurance) made under operation leases are recognised on a straight-line basis over the term of the lease, Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expenses.

Turnover

Turnover comprises the fair value of sale of goods and services to external customers net of value added tax, allowances and discounts.

Turnover is recognised when an identified performance obligation has been met and the customer can direct the use of, and obtain substantially all the remaining benefits from, a good or service as a result of obtaining control of that good or service.

Interest receivable and interest payable

Interest income on funds invested and on loans to Group companies is credited to the profit and loss account on an accruals basis. Interest payable arising on borrowings and on loans from Group companies is also charged to the profit and loss account on an accruals basis.

Interest payable and similar charges may include finance charges.

Notes (continued)**1 Accounting policies (continued)****Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

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

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

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

Pension scheme arrangements

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

Derivative financial instruments

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

Cash flow hedges

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 forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

Impairment excluding stocks and deferred tax assets*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes (continued)**1 Accounting policies (continued)****Impairment excluding stocks and deferred tax assets (continued)***Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

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

Related party transactions

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

1.1 Change in accounting policy

The Company has initially adopted IFRS 16 Leases from 1 April 2019. A number of other new standard (IFRIC 23 Uncertainty on Tax Treatments and Annual Improvements to IFRS 2015-2017) are effective from 1 April 2019 but they do not have a material effect on the Company's financial statements.

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognizing the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 April 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out below. The Company's new accounting policy is included in Note 1 Accounting Policies. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Notes (continued)**1.1 Change in accounting policy (continued)***(a) Definition of a lease*

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease. On transition to IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered in to or changed on or after 1 April 2019.

(b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognized on the balance sheet. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Leases classified as operating leases under IAS 17

Previously, the Company classified land and buildings, plant and machinery and motor vehicles as operating leases under IAS 17. On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019 (see Note 17). Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company applied this approach to all other leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value assets; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

For these finance leases, the carrying amount of the right-of-use asset was determined at the carrying amount of the lease asset under IAS 17 at 31 March 2019. There was no change made to the lease liability.

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 3.752%.

Notes (continued)**1.1 Change in accounting policy (continued)***(c) Impact on transition**

On transition to IFRS 16, the Company recognized additional right-of-use assets and additional lease liabilities. The impact on transition is summarized below and further detail is provided in Note 12 and 17.

	1 April 2019 £'000
Right-of-use assets	3,789
Lease liabilities	(3,789)

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The discount rate applied for all leases is 3.752%.

	1 April 2019 £'000
Operating lease commitments at 31 March 2019 disclosed in the Company's financial statements	3,897
Recognition exemption for leases of low value assets	(57)
Recognition exemption for leases with less than 12 months of lease term at transition	(51)
Lease liabilities recognised at 1 April 2019	3,789

*For the impact of IFRS 16 on profit or loss for the year, see Note 12 and 17.

2 Turnover**Analysis by geographical area**

	2020 £'000	2019 £'000
United Kingdom	72,430	70,460
Continental Europe	4,460	7,438
United States of America	883	674
Rest of the world	-	13
	77,773	78,585

Analysis by class of business

The directors regard revenue as being derived from only one class of business and therefore additional segmental information is not required.

Notes (continued)**3 Expenses and auditors remuneration**

Included in operating profit are the following:

	2020 £'000	2019 £'000
Exchange loss	106	42
Depreciation of tangible fixed assets		
- owned assets	2,076	1,809
- leased assets	928	-
Services provided by the company's auditor		
- fees payable for the audit	18	18
Net (gain)/loss on disposal of tangible fixed assets	-	(5)

4 Directors' remuneration

	2020 £'000	2019 £'000
Aggregate emoluments	658	563
Company pension contribution to defined contribution schemes	36	35
	694	598

Retirement benefits are accruing to 4 (2019: 4) directors under a defined contribution scheme.

Included within administrative expenses are ultimate parent company recharges of £499,857 (2019: £851,415) in respect of the company's non-executive directors and other group services. No amounts regarding directors' emoluments have been included above as it is not possible to split the charge.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2020 Number	2019 Number
By activity		
Production and selling	538	489
Administration	84	90
	622	579

The aggregate payroll costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages and salaries	17,857	16,301
Social security costs	1,668	1,496
Contributions to defined contribution plans	462	336
	19,987	18,133

Notes (continued)

6 Interest receivable and similar income

	2020 £'000	2019 £'000
Bank interest	7	6
	<u>7</u>	<u>6</u>

7 Interest payable and similar charges

	2020 £'000	2019 £'000
Payable on parent company loan	1,233	1,280
Lease interest	194	-
	<u>1,427</u>	<u>1,280</u>

8 Tax on profit on ordinary activities

	2020 £'000	2019 £'000
Current Tax:		
UK corporation tax on profits of the year	67	195
Adjustment in respect of previous periods	(4)	(6)
Total current tax	<u>63</u>	<u>189</u>
Deferred tax:		
Origination and reversal of timing differences	72	(3)
Effect of changes in tax rates	43	-
Adjustment in respect of previous periods	35	-
Total deferred tax (note 16)	<u>150</u>	<u>(3)</u>
Tax on profit on ordinary activities	<u>213</u>	<u>186</u>

The tax assessed for the year is higher than the standard rate applying in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	<u>428</u>	<u>783</u>
Expected tax charge at the UK standard rate of 19%	81	149
<i>Effects of:</i>		
- Expenses not deductible for tax purposes	58	43
- Adjustment in respect of previous periods	31	(6)
- Tax rate changes	43	-
Current tax charge for the year	<u>213</u>	<u>186</u>

Notes (continued)

9 Intangible assets

	Goodwill £'000
Cost	
At 31 March 2019	4,664
At 31 March 2020	4,664

10 Tangible assets

	Land and buildings	Plant and machinery	Tooling	Fixtures and fittings	Motor vehicles	IT equipment and software	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2019	9,280	19,390	756	2,373	61	919	32,779
Additions	11	4,825	48	1	-	32	4,917
Transfers	(143)	3	-	-	-	5	(135)
At 31 March 2020	9,148	24,218	804	2,374	61	956	37,561
Accumulated depreciation							
At 1 April 2019	2,247	11,017	371	1,968	61	526	16,190
Charge for the year	269	1,462	207	24	-	114	2,076
At 31 March 2020	2,516	12,479	578	1,992	61	640	18,266
Net book value							
At 31 March 2020	6,632	11,739	226	382	-	316	19,295
At 31 March 2019	7,033	8,373	385	405	-	393	16,589

The transfers relate to initial direct costs incurred on a lease contract which is now recognised as right-of-use leased asset in line with IFRS 16.

11 Fixed assets investments

	Shares in group undertakings £'000
Cost	
At 1 April 2019	22,979
At 31 March 2020	22,979
Provisions for impairments	
At 1 April 2019	7,666
At 31 March 2020	7,666
Net book value	
At 31 March 2020	15,313
At 31 March 2019	15,313

Notes (continued)

11 Fixed assets investments (continued)

The Company has the following investments in subsidiaries:

Name of undertaking	Registered address	Class of shares held	Ownership 2020	Ownership 2019
Design Plus (Holdings) Ltd	Sycamore Park, Mill Lane, Alton, Hampshire, GU34 2PR	Ordinary shares	100%	100%

12 Right-of-use leased assets

	Land and buildings	Plant and machinery	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2019	-	-	-	-
IFRS 16 transition adjustment	3,373	372	44	3,789
Additions	4,103	387	-	4,490
Disposals	(407)	(66)	-	(473)
At 31 March 2020	7,069	693	44	7,806
Accumulated depreciation				
At 1 April 2019	-	-	-	-
Charge for the year	707	200	21	928
Disposals	(122)	(27)	-	(149)
At 31 March 2020	585	173	21	779
Net book value				
At 31 March 2020	6,484	520	23	7,027
At 31 March 2019	-	-	-	-

13 Stocks

	2020	2019
	£'000	£'000
Raw materials and consumables	6,263	7,577
Work in progress	714	829
Finished goods	2,717	3,018
	9,694	11,424

Included in the stock positions above is a provision of £1,252,740 (2019: £1,097,000) for slow moving and obsolete stock.

Notes (continued)

14 Debtors

	2020 £'000	2019 £'000
Trade debtors	15,020	15,576
Amounts owed by group undertakings	63	68
Prepayments and accrued income	429	423
Derivative asset	106	-
Corporation tax receivable	33	-
Supplier deposit	-	58
	15,651	16,125

15 Creditors – amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	8,581	11,577
Amounts owed to group undertakings	37,910	34,843
Corporation tax payable	-	94
Other taxation and social security	2,228	1,457
Other creditors	373	430
Accruals and deferred income	1,533	1,715
Lease liability (note 17)	834	-
Derivative liability	-	104
Customer deposit	-	362
	51,459	50,582

Amounts owed to group undertakings are repayable on demand.

16 Deferred tax liability

The deferred taxation liability, provided in the financial statements, is as follows:

	£'000
At 1 April 2019	324
Profit and loss account (note 8)	150
Derivative financial instruments	20
At 31 March 2020	494

	2020 £'000	2019 £'000
Tax effect of timing differences:		
Accelerated capital allowances	490	338
Short term timing differences	(7)	(5)
Derivative financial instruments	11	(9)
	494	324

Notes (continued)

17 Lease liability

	2020 £'000	2019 £'000
At 1 April 2019	-	-
IFRS 16 lease transition adjustment	3,789	-
At 1 April 2019 (restated)	3,789	-
Lease interest in P&L account	194	-
Additions during the year	4,490	-
Lease repayments	(1,036)	-
Lease liability disposals	(286)	-
At 31 March 2020	7,151	-

	2020 £'000	2019 £'000
Amounts falling due within one year	834	-
Between one and two years	794	-
Between two and five years	2,417	-
Over five years	3,106	-
Total amount falling due after more than one year	6,317	-
Total lease liabilities	7,151	-

18 Lease commitments

The Company leases land and building, plant and machinery and motor vehicles. Land and building leases run for a period of 15 years, with other leases typically running for a period of 5 years. Land and building leases are renegotiated every 5 years to reflect market rentals.

For short term leases and low-value leases, the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

	31 March 2020		
	Future minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000
Amounts falling due within one year	1,088	(254)	834
Between one and two years	1,019	(225)	794
Between two and five years	2,912	(495)	2,417
Over five years	3,630	(524)	3,106
Total amount falling due after more than one year	7,561	(1,244)	6,317
Total lease liabilities	8,649	(1,498)	7,151

Notes (continued)**18 Lease commitments (continued)**

Non-cancellable operating lease rentals at 31 March 2019 were as follows:

	2019
	£'000
Amounts falling due within one year	960
Between one and five years	2,348
Over five years	589
	3,897

During the year, £108,000 (2019: £992,000) was recognised as an expense in the profit and loss account in respect of operating leases.

19 Capital and reserves**Share capital**

	2020	2019
	£'000	£'000
Authorised		
5,050,000 (2019: 5,050,000) Ordinary shares of £1 each	5,050	5,050
Allotted, called up and fully paid		
5,050,000 (2019: 5,050,000) Ordinary shares of £1 each	5,050	5,050

20 Pension commitments

The company operates a defined contribution pension scheme, the assets of which are held in a separately administered fund. The aggregate pension contributions paid during the year are given in note 5. The contributions outstanding at 31 March 2020 were £102,284 (2019: £71,334). In addition there were no amounts prepaid.

21 Subsequent events

The directors confirm to the best of their knowledge that there have been no subsequent events after the year end that would materially affect the financial statements.

22 Ultimate parent company and controlling party

The immediate parent undertaking is Laleham Health & Beauty Solutions Limited.

The ultimate parent undertaking and controlling party is DCC plc, a company registered in the Republic of Ireland, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements of DCC plc are available to the public and may be obtained from DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.