Fannin (NI) Limited

Directors' Report and Financial Statements

Year Ended 31 March 2020

Registered Number: NI 021850

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DIRECTORS AND OTHER INFORMATION

Board of Directors as at 31 March 2020

Conor Costigan
Redmond McEvoy
Harry Keenan
Leslie Deacon
Patrick Tracey
David Rodgers

Solicitors

Mills Selig
21 Arthur Street
Belfast
BT1 4GA

Secretary and Registered Office

Anthony O'Connor
Unit 2
Heron View
Airport Road West
Belfast
BT3 9LN

Registered No: NI 021850

Auditor

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

Bankers

Ulster Bank Limited
11-16 Donegal Square East
Belfast
BT1 5UB

STRATEGIC REPORT

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

Business review
The principal activity of the Company is the supply of medical and scientific equipment and consumables.

The directors are satisfied with the continued profitability of the Company. No significant future developments are foreseen.

Key performance indicators
We consider that our key financial performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover, gross profit, operating profit and profit on ordinary activities before taxation as set out in the profit and loss account.

Risks and uncertainties
The medical equipment and consumable market in Northern Ireland is highly competitive and margins continue to be under pressure. We are also subject to government policy and the effect on our markets of the general state of the NI economy.

Financial risk management
The Company's operations expose it to a variety of financial risks that include foreign exchange risk and credit risk. The Company has in place a risk management programme that seeks to manage the financial exposures of the Company in conjunction with its ultimate shareholder DCC plc and other group companies.

Foreign exchange risk
The Company is exposed to foreign exchange risks in the normal course of business, principally on purchases in Euro and USD. The Company's policy on mitigating the effect of this currency exposure is to match Euro requirements with Sterling requirements of other group companies. This significantly reduces the net exposure.

Credit risk
The Company has implemented policies that require appropriate checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit which is assessed regularly by the Company.

Price risk
The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will review the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Liquidity and interest rate risk
The Company has adequate cash resources generated from accumulated profits to funds it activities.

Going concern
The Company has assessed the impact of the COVID-19 pandemic on its operations at the reporting date and at the date of approval of the financial statements. This assessment encompassed a detailed recent review of the trading and future outlook of the company which demonstrate that the Company should have adequate resources to continue operating for at least the 12 month period 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.

By order of the board

Leslie Deacon

Leslie Deacon
Director

DIRECTORS' REPORT

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

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

The directors recommend that no dividend be paid in respect of year ended 31 March 2020 (2019: nil).

Future developments
Future developments have been discussed within the strategic report.

Directors
The names of the persons who were directors at any time during the year ended 31 March 2020 are set out below. Unless indicated otherwise they served as directors for the entire year.

Conor Costigan
Leslie Deacon
Patrick Tracey
David Rodgers
Redmond McEvoy
Harry Keenan

Secretary
The secretary of the Company throughout the year was Anthony O'Connor.

Qualifying third party indemnity provisions
Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 March 2020 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

Financial risk management
Financial risk management has been discussed within the strategic report.

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 the Auditors
The directors, who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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

By order of the board

Leslie Deacon

Leslie Deacon
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report, the 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 assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

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

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

By order of the board

Leslie Deacon

Leslie Deacon
Director

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Fannin (NI) Limited ('the Company') for the year ended 31 March 2020 set out on pages 9 to 24, which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity and the 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 Company's state of 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 a 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 twelve months 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.

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.

Report on the audit of the financial statements – continued

Other information - continued

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 has 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, for 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; for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud 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

Respective responsibilities and restrictions on use - ***continued***

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
for and behalf of KPMG, Statutory Audit Firm,
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

15 May 2020

PROFIT AND LOSS ACCOUNT
Year Ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	2	14,378	14,086
Cost of sales		(11,036)	(10,866)
Gross profit		3,342	3,220
Distribution costs		(1,081)	(1,350)
Administrative expenses	3	(1,029)	(825)
Operating profit		1,232	1,045
Interest receivable and similar income	4/5	47	63
Profit on ordinary activities before taxation		1,279	1,108
Taxation	9	(249)	(218)
Profit for the financial year		1,030	890

All of the above results are derived from continuing activities.

STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 March 2020

	2020 £'000	2019 £'000
Profit for the financial year	1,030	890
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income for the year	1,030	890

BALANCE SHEET
As at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	10	561	547
Right of use assets	11	497	-
		1,058	547
Current assets			
Stocks	12	471	555
Debtors	13	17,741	16,781
Cash at bank and in hand		672	904
		18,884	18,240
Creditors (amounts falling due within one year)	14	(3,098)	(2,973)
Net current assets		15,786	15,267
Total assets less current liabilities		16,844	15,814
Net assets		16,844	15,814
Capital and reserves			
Called up share capital	17	50	50
Profit and loss account		16,794	15,764
Total shareholders' funds		16,844	15,814

The notes on pages 13 to 24 form part of the financial statements.

On behalf of the board:

Leslie Deacon

Leslie Deacon
Director

STATEMENT OF CHANGES IN EQUITY
Year Ended 31 March 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2018	**50**	**14,874**	**14,924**
Total comprehensive income for the year			
Profit for the year	-	890	890
Total comprehensive income for the year	-	890	890
Balance at 31 March 2019	**50**	**15,764**	**15,814**
Total comprehensive income for the year			
Profit for the year	-	1,030	1,030
Total comprehensive income for the year	-	1,030	1,030
Balance at 31 March 2020	**50**	**16,794**	**16,844**

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Fannin (NI) Limited (the "Company") is a private company incorporated, domiciled and registered in Northern Ireland.

The Company is exempt by virtue of section 401 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.

Statement of Compliance
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 has 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:

- 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; and
- 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 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.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in note 23.

Measurement convention
The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated net of any permanent impairment: certain financial assets and liabilities.

Tangible fixed assets
All 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. The annual rates of depreciation are as follows:

Fixtures and fittings	16.67 - 33.33%
Land & Buildings	2.5%
Plant and equipment	20 - 33%

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

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies – continued

Stocks
Stocks are valued on the average cost basis, at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

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 expected credit 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 balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Turnover
The Company derives its revenue from the sale of a broad range of third party and own-branded medical devices. Turnover comprises the fair value of the sale of goods and services to customers net of value added tax, allowances and discounts.

Revenue from the sale of goods is recognised when 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. Revenue from the rendering of services is recognised in the period in which the services are rendered.

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws 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 and laws 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies – continued

Foreign currencies

Transactions denominated in foreign currencies relating to revenues, costs and non-monetary assets are translated into pounds at the rates of exchange ruling on the dates on which the transactions occurred. Monetary assets and liabilities denominated in foreign currencies are translated into pounds at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

Pension costs

Retirement benefits to employees are funded by the Company and employees. Defined contributions are made to individual pension funds which are financially separate from the Company and these are charged to the profit and loss account as incurred.

Dividends

Dividends on equity shares are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders and are no longer at the discretion of the Company. Interim dividends declared by the directors are recognised when paid.

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. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately in Operating Lease Payments.

Policy applicable from 1 April 2019

At 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

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 prices.

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 tangible fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies – continued

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. Generally, the Company uses its incremental borrowing rate as the discount 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.

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 the future lease payments arising from a change in an index or rate, if 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, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'right of use assets' and lease liabilities in 'lease liability' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term lease. 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 operating leases are recognised in the profit and loss account 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 expense.

NOTES TO THE FINANCIAL STATEMENTS - continued

Changes in significant accounting policies

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

The company was not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessee, as at 1 January 2019; the Company did not have any arrangements where it is considered the lessee at the transition date.

The Company was not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor; the Company did not have any arrangements where it is considered the lessor at the transition date.

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 new definition of a lease. Under 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 grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not 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 into or changed on or after 1 April 2019.

b) As a lessee

As a lessee, the Company leases assets including a property, plant & equipment, fixtures & fittings and motor vehicles. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises a right-of-use assets and leases 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 property, plant & equipment, fixtures & fittings and motor vehicles as operating leases under IAS 17. On transition, for these leases, 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 1). Right-of-use assets are measured at an amount equal to the lease liability. The Company applied this approach to all leases.

The Company 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, the Company:

- did not recognise right-of-use assets and liabilities for lease for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and,
- used hindsight when determining the lease term.

NOTES TO THE FINANCIAL STATEMENTS – continued

1 Accounting policies – continued

c) Impact on financial statements
*Impact on transition**

On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below and further detail is provided in Note 6.

	1 April 2019 £'000
Right-of-use assets	**529**
Lease liabilities	**483**
Dilapidations provision	**46**

When measuring 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 ranged between 2.553%-4.611%.

	1 April 2019 £'000
Operating lease commitment at 31 March 2019 disclosed in the Company's financial statements	**2,179**
Discounted using the incremental borrowing rate at 1 April 2019	**(1,692)**
Finance lease liabilities recognised as at 31 March 2019	**-**
Recognition exemption for leases with less than 12 month of lease term at transition	**(4)**
Lease liabilities recognised at 1 April 2019	**483**

*For the impact of IFRS 16 on profit or loss for the year, see Note 5.

2 Turnover

	2020 £'000	**2019 £'000**
Sale of goods	14,170	13,929
Rendering of services	208	157
Total turnover	14,378	14,086
By geographical market		
United Kingdom	14,309	13,901
Other	69	185
Total turnover	14,378	14,086

NOTES TO THE FINANCIAL STATEMENTS – continued

3 Expenses and auditors' remuneration

	2020 £'000	2019 £'000
Included in operating profit and loss are the following:		
Group management charge	581	503
Loss /(gain) on foreign exchange	2	(14)
Operating lease costs	-	69
Audit fees	12	12

4 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable	68	63

Interest receivable and similar income includes income from group undertakings of £67,812 *(2019: £62,662)*.

5 Interest Costs

	2020 £'000	2019 £'000
Finance cost on lease liabilities	20	-

6 Amounts recognised in profit or loss

	2020 £'000	2019 £'000
Leases under IFRS 16		
Interest on lease liabilities	20	-
Expenses relating to short-term leases	4	-
Depreciation on right of use assets	37	-
Operating leases under IAS 17		
Lease expense	-	69

7 Employee information

	2020 Number	2019 Number
The average number of persons employed by the Company including executive directors, during the year was as follows:		
Sales	7	9
Administration	10	10
	17	19

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Employee information - continued

The Company's employment costs for all employees, including executive directors, comprise:

	2020 £'000	2019 £'000
Wages and salaries	773	924
Social security costs	83	91
Retirement benefit costs	54	59
	910	1,074

8 Directors' remuneration

	2020 £'000	2019 £'000
Directors' remuneration	162	196
Company contributions to money purchase pension plans	18	18
	180	214

9 Taxation

	2020 £'000	2019 £'000
Recognised in the profit and loss account		
UK corporation tax		
Current tax on income for the period	249	217
Adjustments in respect of prior periods	(3)	(1)
Total current tax	246	216
Deferred tax		
Origination and reversal of temporary differences	3	2
Tax on profit on ordinary activities	249	218
Reconciliation of effective tax rate		
Profit on ordinary activities before taxation	1,279	1,108
Tax using the UK corporation tax rate of 19% (2019: 19%)	243	211
Deferred tax on short term timing differences	3	2
Over provided in prior periods	(3)	(1)
Other differences	6	6
Tax on profit on ordinary activities	249	218

The Finance Act 2015 included legislation to reduce the rate of UK corporation tax from 20% to 19% from 1 April 2017.As a result of these changes the rate of corporation tax for the year ended 31 March 2020 is 19% (March 2019: 19%) and deferred tax balances have been remeasured to 17% (March 2019: 17%).

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Tangible assets

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 April 2019	861	134	995
Additions during year	-	38	38
Disposals during year	-	(31)	(31)
At 31 March 2020	861	141	1,002
Accumulated depreciation			
At 1 April 2019	314	134	448
Charge for the year	22	2	24
Disposals during year	-	(31)	(31)
At 31 March 2020	336	105	441

Tangible assets – continued

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Net book value			
At 31 March 2020	525	36	561
At 31 March 2019	547	-	547

11 Right of Use Assets

	Land and buildings £'000	Plant and Machinery £'000	Total £'000
Right of use assets recognised at 1 April 2019	464	65	529
Additions during year	10	-	10
Disposals during year	-	(8)	(8)
At 31 March 2020	474	57	531
Accumulated depreciation			
At 1 April 2019	-	-	-
Charge for the year	4	33	37
Disposals during year	-	(3)	(3)
At 31 March 2020	4	30	34
Net book value			
At 31 March 2020	470	27	497
At 31 March 2019	-	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Stocks

	2020 £'000	2019 £'000
Goods for resale	471	555

The replacement cost of stocks is not significantly different from the amounts shown above.
Stocks are stated net of a provision for obsolescence of £116,487 (2019: £171,175).

13 Debtors

	2020 £'000	2019 £'000
Amounts due within one year		
Trade debtors	1,882	1,255
Prepayments and accrued income	102	121
Deferred tax	3	6
Amount due from group undertakings	15,754	15,399
	17,741	16,781

The movement in the Company's impairment (gain)/loss allowance for trade receivables amounted to (£1,608) for the year (2019: (£nil)). Amounts owed by group undertakings includes both interest bearing and non interest bearing amounts, all are repayable on demand. The expected credit loss associated with the above balances is considered to be insignificant.

14 Creditors (amounts falling due within one year)

	2020 £'000	2019 £'000
Trade creditors	1,553	2,016
Amounts due to group undertakings	49	27
Accruals	442	375
PAYE	9	13
NIC	10	11
VAT	319	295
Corporation tax	249	217
Deferred service income	22	19
IFRS 16 Lease Liability	445	-
	3,098	2,973

Amounts owed to group undertakings are interest free and repayable on demand.

	31 March 2020		
Lease liabilities:	**Future value of minimum lease payments £'000**	**Interest £'000**	**Present value of minimum lease payments £'000**
Less than one year	**38**	**19**	**18**
Between one and two years	**86**	**76**	**10**
More than two years	**1,991**	**1,574**	**417**
	2,115	**1,670**	**445**

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Deferred tax assets and liabilities

	Assets 2020 £'000	Assets 2019 £'000
Recognised deferred tax assets and liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Tangible fixed assets	3	6

Movement in deferred tax during the year	1 April 2019 £'000	Recognised in Income £'000	Recognised in Equity £'000	31 March 2020 £'000
Tangible fixed assets	6	(3)	-	3

16 Pension costs

The Company operates a defined contribution scheme. Total pension costs for the year amounted to £54,402 *(2019: £59,099)*. There was £169 *(2019: £169)* outstanding at year end.

17 Called up share capital

	2020 £'000	2019 £'000
Authorised:		
100,000 ordinary shares of Stg£1 each	100	100
Allotted, called up and fully paid:		
50,000 ordinary shares of Stg£1 each	50	50

18 Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2020 £'000	2019 £'000
Less than one year	-	63
Between one and five years	-	106
More than five years	-	2,010
	-	2,179

During the year, £nil *(2019: £62,000)* was recognised as an expense in the profit and loss account in respect of operating leases.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Lease commitments – continued

Leases as lessee (IFRS 16)

The Company leases property, plant & equipment and motor vehicles. The Property lease runs for a period of 125 years, with other leases typically running for a period of 3 years. Property lease payments are renegotiated every 5 years to reflect market rentals.

The Company leases certain motor vehicles with contract terms of one year. These leases are short term and leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

19 Financial commitments and contingent liabilities

Included in trade creditors is an amount of approximately £1,010,000 *(2019: £1,311,000)* due to creditors who have reserved title to goods supplied. Since the extent to which these creditors are effectively secured at any time depends on a number of conditions, the validity of some of which is not readily determinable, it is not possible to indicate how much of the above amount was effectively secured by reservation of title. However, the amount referred to above is significantly matched in terms of stocks of goods in the possession of the group which were supplied subject to reservation of title and, accordingly, the creditors referred to could be regarded as effectively secured to the extent of at least this amount.

20 Related party disclosures

Fannin (NI) Limited is wholly owned by B.M. Browne (UK Holdings) Limited which is ultimately owned by DCC plc. FRS 101.8(k) exempts the requirement of IAS 24 "*Related Party Disclosures*" to disclose related party transactions between wholly owned subsidiaries.

21 Ultimate parent company and parent company

The Company is wholly owned by B.M. Browne (UK Holdings) Limited, incorporated in United Kingdom. The ultimate controlling party is DCC plc, incorporated in Ireland.

The smallest and largest group in which the results of the Company are consolidated is that headed by DCC Plc, incorporated in Ireland. The consolidated financial statements of DCC Plc are available to the public and may be obtained from the Company Secretary, DCC House, Leopardstown Road, Foxrock, Dublin 18

22 Going concern

The Company has assessed the impact of the COVID-19 pandemic on its operations at the reporting date and at the date of approval of the financial statements. This assessment encompassed a detailed recent review of the trading and future outlook of the company which demonstrate that the Company should have adequate resources to continue operating for at least the 12 month period 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.

23 Accounting estimates and judgements

Recoverability of certain assets
The Company has made provisions against the book value of stocks and trade debtors. The total amount of these provisions at 31 March 2020 was £123,866 *(2019: £180,161)*. These provisions are reviewed regularly and adjustments made as required.

24 Approval of financial statements

The financial statements were approved by the board on 15 May 2020.