

EuroCaps Limited

**Annual report and financial statements
for the year ended 31 March 2022**

Registered No: 2878879



EuroCaps Limited

Annual report and financial statements for the year ended 31 March 2022

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EuroCaps Limited

Directors and advisers

Directors

S C O'Connor
D K Niece
C Costigan
R McEvoy
B S C Tomlin
K Orme

Company secretary

K Orme

Registered Office

Crown Business Park
Dukestown
Tredegar
Gwent
NP22 4EF

Auditor

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

Solicitors

ClarksLegal LLP
One Forbury Square
The Forbury
Reading
Berkshire
RG1 3EB

Registered Number

2878879

EuroCaps Limited

Strategic report for the year ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activities

The principal activities of the company are the manufacturing and supply of soft gelatine encapsulation products and the provision of precision engineering services.

Review of business

The profit and loss account for the year is set out on page 11. Turnover increased to just under £53.3m (2021: £44.5m) and profit before taxation decreased to £2.4m (2021: £2.8m). At the end of the year the company had net assets of £18.2m.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs other than those disclosed above is not necessary for an understanding of the development, performance or position of the business.

The directors consider the company to be well placed to take advantage of any opportunities that may arise.

Sustainability

The directors are committed to ensuring the health, safety and welfare of the company's employees and to conducting its business in a way that creates social, environmental and economic value to all of its stakeholders. The directors have taken steps to ensure that the company's statutory duties are met at all times and they have identified a number of key metrics such as reportable accidents, lost time injury frequency and severity rate and CO2 emissions intensity with appropriate targets for improvement for those metrics to ensure that the company's activities meet its sustainability objectives.

Financial position

The directors have reviewed the adequacy of the funding available to the company to meet its operational requirements for the foreseeable future, and have concluded that it is appropriate to prepare these financial statements on the going concern basis.

Principal risks and uncertainties

The management of the business and execution of strategy are subject to a number of risks. Key business risks principally relate to 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



K Orme
Director

27th July 2022

EuroCaps Limited

Directors' report for the year ended 31 March 2022

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

Future developments

The directors carry out a strategic review of the business on an annual basis and consider that it is well positioned to take advantage of business opportunities as they arise.

Dividends and transfers to reserves

A dividend of £nil (2021: £nil) was paid during the year. The profit for the financial year of £1,411k (2021: £2,244k) will be transferred to reserves.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 2.

Each director has been a director for the whole of the year ended 31 March 2022 unless otherwise noted.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effect of changes in market prices, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects of debt finance and the related finance costs on the 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 policy set by the board of directors is implemented by the company's finance department.

Price risk

The company is not exposed to any significant commodity price risk.

Credit risk

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

Liquidity, interest rate cash flow risk

The company is funded through inter-company debt. Interest rate risk, liquidity risk and the interest rate cash flow risk is managed by the DCC Plc (the ultimate holding company) board.

Political contributions

The company did not make any political contributions or incur any political expenditure during the year or preceding period (2019: £Nil)

Auditors

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

EuroCaps Limited

Directors' report for the year ended 31 March 2022 (continued)

Statement on disclosure of information to auditors

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Subsequent events

The loan agreement with DCC Holdings was extended on 15th June 2022 for a further 5 years, moving the date of repayment to 28 February 2028, and the liability out of current and into long term liabilities.

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

EuroCaps Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements for the year ended March 2022

The directors are responsible for preparing the strategic report, directors' 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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.

On behalf of the board



K Orme
Director

27th July 2022



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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROCAPS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of EuroCaps Limited ('the Company') for the year ended 31 March 2022 set out on pages 11 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROCAPS LIMITED (continued)

Conclusions relating to going concern (continued)

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

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

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

Detecting irregularities including fraud

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

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

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

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law.

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

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation and assessing the disclosures in the financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROCAPS LIMITED (continued)

Detecting irregularities including fraud (continued)

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

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROCAPS LIMITED (continued)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

27 July 2022

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

EuroCaps Limited

Profit and Loss Account and Other Comprehensive Income for the year ended 31 March 2022

Registered No: 2878879

	Note	2022 £'000	2021 £'000
Turnover	2	53,264	44,490
Cost of sales		(40,688)	(32,257)
Gross profit		12,576	12,233
Administrative expenses		(9,575)	(8,843)
Other operating income		57	28
Operating profit	5	3,058	3,418
Interest receivable and similar income		-	-
Interest payable and similar charges	6	(639)	(620)
Profit before taxation		2,419	2,798
Tax on profit	7	(1,008)	(554)
Profit and total comprehensive income for the financial year		1,411	2,244

All of the above results are derived from continuing activities.

The notes on pages 14 to 24 form part of the financial statements.

EuroCaps Limited

Balance Sheet As at 31 March 2022

Registered No: 2878879

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	8	29,038	28,111
Intangible assets	9	169	242
		29,207	28,353
Current assets			
Stocks	10	5,726	4,601
Debtors	11	10,301	9,356
Cash at bank and in hand		3,367	1,071
		19,394	15,028
Creditors: amounts falling due within one year	12	(29,172)	(8,958)
Net current assets		(9,778)	6,070
Total assets less current liabilities		19,429	34,423
Creditors: amounts falling due after more than one year	13	-	(17,017)
Provisions for liabilities	14	(1264)	(652)
Net assets		18,165	16,754
Capital and reserves			
Called up share capital	15	2,909	2,909
Share premium account		285	285
Profit and loss account		14,971	13,560
Total shareholder's funds		18,165	16,754

The notes on pages 14 to 24 form part of the financial statements.

The financial statements on pages 11 to 24 were approved by the board of directors on 27th July 2022 and are signed on its behalf by:



K Orme
Director
Company registered number:
2878879

EuroCaps Limited

Statement of Changes in Equity for the year ended 31 March 2022

	Called up share capital £'000	Share Premium Account £'000	Profit and loss account £'000	Total Equity £'000
Balance at 1 April 2020	2,909	285	11,316	14,510
Total comprehensive income for the year				
Profit or loss			2,244	2,244
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	13,560	16,754
Transactions with owners, recorded directly in equity				
Dividends	-	-	-	-
Reserve transfer	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 1 April 2021	2,909	285	13,560	16,754
Total comprehensive income for the year				
Profit for the year			1,411	1,411
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,411	1,411
Balance at 31 March 2022	2,909	285	14,971	18,165

The notes on pages 14 to 24 form part of the financial statements.

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022

1. Accounting policies

EuroCaps Limited (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom. The registered number of the company is 2878879 and the registered address is Crown Business Park, Dukestown, Tredegar, Gwent, NP22 4EF.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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 as adopted by the EU 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 is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- A Cash Flow Statement and related notes; 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 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 3. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in DCC Plc's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The current liability position at the year end is due to a loan agreement with DCC Holdings that was due in February 2023, however since the year end a new agreement has been signed, which extends the facility a further 5 years to February 2028.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of DCC Plc to continue as a going concern or its ability to continue with the current banking arrangements.

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

Tangible fixed assets and depreciation

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

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 depreciation rates are as follows:

	%
Freehold buildings	2.5
Building Improvements	6 - 15
Plant and machinery	5 - 30
Fixtures and fittings	14 - 20

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Intangible fixed assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and Development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

Intangible fixed assets (continued)

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The amortisation rates used are as follows:

	%
Development Costs	8 -9

The basis for choosing this depreciation rate is the term of the relevant technology license agreement.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of Assets when there is an indication that goodwill or an intangible asset may be impaired.

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 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 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.

Foreign currencies

Transactions in foreign currencies are translated into Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into Sterling at the foreign exchange rate ruling at that date.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

Operating leases

Rentals due under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and in the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

Turnover is recognised when goods are invoiced, which corresponds to the date that goods are despatched to customers.

Turnover, net of discounts, credit notes and value added tax, is the invoiced value of goods supplied.

Taxation

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

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

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 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 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.

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

2. Turnover

The company's activities consist of the manufacturing and supply of soft gelatine encapsulation products and the provision of precision engineering services.

	2022 £'000	2021 £'000
Softgel encapsulation	53,092	44,394
Precision engineering services	172	96
	53,264	44,490

The geographical analysis of turnover is as follows:

	2022 £'000	2021 £'000
United Kingdom	33,329	28,686
EU and other European countries	19,131	15,002
USA	191	188
Other	613	614
	53,264	44,490

3. Directors' emoluments

	2022 £'000	2021 £'000
Total directors' emoluments		
Aggregate emoluments	828	637
Company pension contribution to money purchase schemes	25	20
	853	657

Retirement benefits are accruing to three (2021: three) directors under money purchase pension arrangements.

Included within administration expenses are ultimate parent company recharges of £878,803 (2021: £937,711) in respect of the company's non-executive directors and other group services.

The emoluments of the highest paid director were as follows:

	2022 £'000	2021 £'000
Highest paid director		
Aggregate emoluments	435	354
Company pension contribution to money purchase schemes	-	-
	435	354

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

4. Employee information

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

	2022 Number	2021 Number
By activity		
Production and selling	305	260
Administration	10	7
	315	267

	2022 £'000	2021 £'000
Staff costs (for the above persons)		
Wages and salaries	9,499	8,556
Social security costs	965	831
Other pension costs	230	208
	10,694	9,595

There was £46k in relation to pension scheme contributions outstanding at the year end (2021: £nil).

5. Operating profit

Operating profit is stated after charging / (crediting):

	2022 £'000	2021 £'000
Depreciation of tangible fixed assets	2,124	1,475
Profit on disposal of fixed assets	(2)	-
Amortisation of intangible fixed assets	99	94
Hire of plant and machinery (operating leases)	102	108
Hire of other assets (operating leases)	38	39
Services provided by the company's auditors		
Fees payable for the audit	9	9

6. Interest payable and similar charges

	2022 £'000	2021 £'000
On loans due within less than 5 years	639	620

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

7. Tax on profit on ordinary activities

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax on profits of the year	461	281
Adjustment in respect of previous years	(65)	-
Total current tax	396	281
Deferred tax:		
Origination and reversal of timing differences		
Excess of tax allowances over depreciation	449	263
Impact of change in rates	(3)	10
Adjustment in respect of previous years	166	-
Total deferred tax (note 14)	612	273
Tax on profit on ordinary activities	1,008	554

The current tax charge for the year is higher (2021: higher), than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation	2,419	2,798
Profit on ordinary activities multiplied by the standard rate in UK 19% (2021: 19%)	460	532
Effects of:		
- Expenses not deductible for tax purposes	148	21
- Impact of changes in rates	-	-
Income not taxable	(10)	(5)
Tax rate change	303	-
Amortisation	6	6
Adjustments in respect of previous years	101	-
Current tax charge for the year	1008	554

On the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge and as such the deferred tax balances have been remeasured to a rate of 25% (2021: 19%).

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

8. Tangible assets

	Freehold Land £'000	Freehold Buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Work in progress £'000	Total £'000
Cost						
At 1 April 2021	466	17,695	20,285	1,417	1,405	41,268
Additions	-	-	208	181	2,663	3,052
Disposals	-	-	(3)	-	-	(3)
Transfers	-	38	3,775	9	(3,822)	-
At 31 March 2022	466	17,733	24,265	1,607	246	44,317
Accumulated depreciation						
At 1 April 2021	-	1,255	11,024	878	-	13,157
Charge for year	-	619	1,345	160	-	2,124
Disposals	-	-	(2)	-	-	(2)
At 31 March 2022	-	1,874	12,367	1,038	-	15,279
Net book value						
At 31 March 2022	466	15,859	11,898	569	246	29,038
At 31 March 2021	466	16,440	9,261	539	1,405	28,111

9. Intangible assets

	Goodwill £'000	Development Costs £'000	Total £'000
Cost			
At 1 April 2021	372	847	1,219
Additions	0	26	26
At 31 March 2022	372	873	1,245
Accumulated amortisation			
At 1 April 2021	372	605	977
Charge for year	-	99	99
At 31 March 2022	372	704	1,076
Net book value			
At 31 March 2022	-	169	169
At 31 March 2021	-	242	242

Goodwill relates to the acquisition of certain elements of the business and operating assets of a precision engineering company and has been fully amortised.

Development costs relate to the production process for vegetarian, Algigel and organic capsule technology.

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

9. Intangible assets (continued)

The amortisation charge is recognised in administrative expenses in the profit and loss account.

10. Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	4,485	3,617
Work in progress	13	52
Finished goods and goods for resale	1,228	932
	5,726	4,601

11. Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year		
Trade debtors	9,251	8,705
Amounts owed by other group undertakings	825	398
Other debtors	9	4
Prepayments and accrued income	216	249
	10,301	9,356

12. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	6,539	5,625
Amounts owed to other group companies	889	449
Corporation Tax	859	515
Taxation and social security	321	182
Other creditors	-	-
Accruals and deferred income	2,005	2,187
Loans from group companies	18,559	-
	29,172	8,958

At 31 March 2022, the loans are unsecured and bear interest at LIBOR plus 3.5%. Since the year end the loan agreement has been extended to become payable in February 2028, and is therefore no longer a current liability.

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

13. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Loans from group companies	-	17,017
	-	17,017

14. Provisions for liabilities

Deferred taxation

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

	2022 £'000	2021 £'000
Excess of tax allowances claimed over depreciation	1,276	661
Short term timing differences	(12)	(9)
	1,264	652

The movement on the deferred tax liability during the year is analysed below **£'000**

At 1 April 2021	652
Charged to the profit and loss account	612
Prior year charge	-
At 31 March 2022	1,264

15. Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
2,909,400 Ordinary shares of £1 each	2,909	2,909

16. Capital Commitments

	2022 £'000	2021 £'000
Contracts placed for future capital expenditure not provided in the in the financial statements	1,316	657

EuroCaps Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

17. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2022		2021	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	2	56	19	79
Two to five years	-	36	-	76
Over five years	-	-	-	-
	2	92	19	155

18. Related Parties

Eurocaps Limited is owned by DCC Healthcare UK Limited which is ultimately owned by DCC plc. Transactions of Eurocaps Limited with other wholly owned subsidiaries of DCC plc are not disclosed as the Company has taken advantage of the exemption available under FRS102 1.12 from disclosing such transactions.

19. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is DCC plc, a company incorporated in the Republic of Ireland. DCC plc is the parent undertaking of the largest and smallest group to consolidate these financial statements. Copies of DCC Plc consolidated financial statements can be obtained from the Secretary, DCC plc, DCC House, Leopardstown Road, Foxrock, Co Dublin.

20. Accounting estimates and judgements

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Areas where accounting estimates have been applied in arriving at the carrying amounts of assets or liabilities are provisions for bad debts, provisions for credit notes, provisions for slow moving or obsolete stocks, the useful lives and residual values of tangible and intangible fixed assets and certain accruals.

The fair value of intangibles resulting from business combinations represent the excess of the purchase consideration over the fair values of the assets acquired.