Flogas Natural Gas Limited

Directors' report and financial statements

Year ended 31 March 2019

Registered number: NI 622648

Flogas Natural Gas Limited

Directors' report and financial statements

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Flogas Natural Gas Limited

Directors and other information

Directors	J Rooney H Cubbon P Kenny (appointed 31st July 2018) S Johnston M Gannon (resigned 31st July 2018)
Secretary	P Kenny (appointed 31st July 2018) M Gannon (resigned 31st July 2018)
Registered office	Airport Road West Sydenham Belfast BT3 9ED
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Bankers	Nat West Leeds Customer Service Centre 1 Victoria Place Holbeck Leeds, LS11 5 AN
Registered number	NI 622648

Flogas Natural Gas Limited

Directors' report

The directors present their annual report and audited financial statements of the Company for the financial year ended 31 March 2019.

Principal activities, business review and future developments

The principal activity of the Company is the shipment and supply of natural gas to residential, industrial and commercial customers. The regulated nature of the market means that financial performance can vary significantly from one year to the next.

Results

The results for the year are set out on page 8. The directors consider both the level of activity and the year-end financial position to be satisfactory.

Post balance sheet events

No significant events affecting the Company have occurred since the balance sheet date which would require adjustment to, or disclosure in the financial statements.

Dividends

The directors do not recommend any dividend payment in respect of the year ended 31 March 2019 *(2018: €Nil)*.

Transactions involving directors

There are no contracts or arrangements of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2006, at any time during the year ended 31 March 2019.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in the supply price of natural gas on international markets, foreign exchange risk and credit risk. The Company has in place a risk management programme that seeks to manage these financial risks as follows:

Price risk
The Company is exposed to commodity price risk as a result of its operations. Natural gas supply is purchased from a European supplier to service the Company's customer base in Ireland. In common with other fuels, the price of natural gas on international markets fluctuates due to a variety of factors. The Company manages this exposure by entering into commodity hedge contracts in accordance with a predetermined Risk Management Policy.

Foreign exchange risk
The Company policy on mitigating the effect of currency exposure is to enter into hedge contracts in accordance with the Company's predetermined Foreign Exchange Risk Management Policy.

Credit risk
The Company has implemented policies that control the amount of credit given to new customers and manages the credit exposure of all customers on an ongoing basis. Relevant credit performance statistics are prepared regularly and reviewed by management.

Flogas Natural Gas Limited

Directors' report *(continued)*

Going concern

The financial statements have been prepared on a going concern basis. The ability of the Company to operate as a going concern is dependent on the continued financial support from Flogas Ireland Limited, a fellow group company. The board has pledged to continue to provide financial support, as necessary, to enable the Company to continue in operation for the foreseeable future and for a period of at least 12 months from the date of approval of these financial statements. The directors are satisfied that this support will continue to be made available. As a result, the directors believe it is appropriate to prepare the Company's accounts on the going concern basis.

Political donations

The Company made no political donations or incurred any political expenditure during the financial year.

Strategic report

The Company has availed of the exemption under the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 from implementing the strategic report requirements as the Company qualifies as a small company for Company Law purposes.

Relevant audit information

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

Auditor

Pursuant to Section 485 of the Companies Act 2006, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

J Rooney
Director

P Kenny
Director

25 October 2019

Airport Road West
Sydenham
Belfast
BT3 9ED

Flogas Natural Gas Limited

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

The directors are responsible for preparing the 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 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 which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

J Rooney *Director*	P Kenny *Director*	25 October 2019

Independent auditor's report to the members of Flogas Natural Gas Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Flogas Natural Gas Limited ('the Company') for the year ended 31 March 2019 set out on pages 8 to 21, which comprise the comprise the statement of profit or loss and 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 assets, liabilities and financial position of the Company as at 31 March 2019 and of its loss 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 twelve months from the date of approval of the financial statements. 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 Flogas Natural Gas Limited
(continued)

Report on the audit of the financial statements *(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 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
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' 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; or

We have nothing to report on these matters/in regard to these matters.

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 4, 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.

Respective responsibilities and restrictions on use *(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.

25 October 2019

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

Flogas Natural Gas Limited

Statement of profit and loss and other comprehensive income

for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	*2*	**13,581**	13,154
Cost of sales		**(11,703)**	(13,208)
Gross profit/(loss)		**1,878**	(54)
Selling costs		**(433)**	(64)
Administration expenses		**(412)**	(584)
Profit/(loss) on ordinary activities before taxation		**1,033**	(702)
Taxation on loss on ordinary activities	*5*	**(196)**	133
Profit/(loss) for the financial year		**837**	(569)

All of the above amounts are in respect of continuing operations.

	2019 £'000	2018 £'000
Loss for the year	**837**	(569)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Movements relating to cash flow hedges	**(265)**	375
Movement in deferred tax liability on cash flow hedges	**45**	(65)
Total comprehensive income for the year	**617**	(259)

The notes on pages 11 to 20 form part of these financial statements.

Flogas Natural Gas Limited

Balance sheet
as at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	6	**33**	6
Current assets			
Debtors	7	**2,341**	2,576
Cash at bank and in hand		**208**	-
		2,549	2,576
Creditors: amounts falling due within one year	8	**(3,505)**	(4,122)
Net current liabilities		**(956)**	(1,546)
Net liabilities		**(923)**	(1,540)
Capital and reserves			
Called up share capital	9	**-**	-
Cash flow hedge reserve	10	**(8)**	212
Profit and loss account		**(915)**	(1,752)
Shareholder's deficit		**(923)**	(1,540)

These financial statements were approved by the board of directors on 25 October 2019 and were signed on its behalf by:

J Rooney
Director

P Kenny
Director

Registered number: NI622648

Flogas Natural Gas Limited

Statement of changes in equity

	Called up share capital £'000	Cash flow Hedge Reserve £'000	Profit and Loss Account £'000	Total Equity £'000
Balance at 1 April 2017	-	(98)	(1,183)	(1,281)
Total comprehensive income for the year				
Loss for the year	-	-	(569)	(569)
Other comprehensive income				
Movements relating to cash flow hedges	-	375	-	375
Movement in deferred tax liability on cash flow hedges	-	(65)	-	(65)
Total comprehensive income for the year	-	310	(569)	(259)
Balance at 31 March 2018	**-**	**212**	**(1,752)**	**(1,540)**
Balance at 1 April 2018	-	212	(1,752)	(1,540)
Total comprehensive income for the year				
Profit for the year			837	837
Other comprehensive income				
Movements relating to cash flow hedges		(265)		(265)
Movement in deferred tax liability on cash flow hedges		45		45
Total comprehensive income for the year		(220)	837	617
Balance at 31 March 2019		**(8)**	**(915)**	**(923)**

The notes on the following pages form part of the financial statements.

Notes
forming part of the financial statements

1 Accounting policies

Flogas Natural Gas Limited (the "Company") is a company limited by shares and incorporated and domiciled in Northern Ireland. The registered number is NI6226148 and the registered office is at Airport Road West, Sydenham, Belfast, BT3 9ED.

The Company is exempt by virtue of Section 400, as appropriate 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 ("EU IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions 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 Airport Road West, Sydenham, Belfast, BT3 9ED, Northern 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.

The financial statements have been prepared in sterling and are rounded to the nearest thousand.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 12.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: share-based payments, post-employment benefit obligations and certain financial assets and liabilities including derivative financial instruments.

Flogas Natural Gas Limited

Notes *(continued)*

1 Accounting policies *(continued)*

IFRS 9 Financial Instruments: This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, classification, and de-recognition of financial instruments, a new expected credit loss model for calculating impairment on financial assets carried at amortised cost and new rules for hedge accounting. The new standard also introduced expanded disclosure requirements and changes in presentation. The company has adopted IFRS 9 from 1 April 2018, with the practical expedients permitted under the standard. Comparatives for previous year have not been restated. There was no adjustment to retained earnings on application at 1 April 2018.
• Impairment of Financial Assets: The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as was the case under IAS 39. Trade receivables represent one of the Company's most significant financial assets and are subject to IFRS 9's new expected credit losses model. The Company's impairment methodology has been revised in line with the new requirements of IFRS 9 and the simplified approach to providing for expected credit losses has been applied which uses a lifetime expected loss allowance for all trade receivables.

Hedge Accounting: The Company has made the accounting policy choice allowed under IFRS 9 to continue to apply the hedge accounting requirements of IAS 39 until the amended standard resulting from an IASB project on macro hedge accounting becomes effective. Accordingly, there has been no impact on the accounting for hedging relationships.

IFRS 15 Revenue from Contracts with Customers: This standard replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. This standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. It specifies how and when revenue should be recognised as well as requiring enhanced disclosures. Revenue 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. The company has adopted IFRS 15 from 1 April 2018, using the modified retrospective approach and has not restated comparatives for previous year.

Going concern

The financial statements have been prepared on a going concern basis. The ability of the Company to operate as a going concern is dependent on the continued financial support from Flogas Ireland Limited, a fellow group company. The board has pledged to continue to provide financial support, as necessary, to enable the Company to continue in operation for the foreseeable future and for a period of at least 12 months from the date of approval of these financial statements. The directors are satisfied that this support will continue to be made available. As a result, the directors believe it is appropriate to prepare the Company's accounts on the going concern basis.

1 Accounting policies *(continued)*

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

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. The estimated useful lives are as follows:

- plant and machinery 10 years

Expenditure on fully depreciated assets which enhances or restores their economic benefits is capitalised and depreciated on a straight line basis over the estimated remaining life of the asset.

The Company does not adopt a policy of revaluing tangible fixed assets. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency 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 to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

Impairment excluding Stocks, Investment and Properties and Deferred Tax Assets

Policy from 1 April 2018

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

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

Policy up to 31st March 2018

1 Accounting policies *(continued)*

Impairment excluding Stocks, Investment and Properties and Deferred Tax Assets *(continued)*

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.

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

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

Employee benefits

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

1 Accounting policies *(continued)*

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits
Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Turnover

Policy from 1st April 2018

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

Sales of goods
Revenue from the sale of Natural Gas is recognised when we receive a meter read and bill the customer based on their actual usage for the period.

Flogas Natural Gas, the Company derives the majority of its revenue from the sale of Natural Gas. Revenue is recognised when the customer is billed for the gas. Natural Gas can be sold at a discount off the regulated tariffs or at pre-agreed fixed rates.

Interest income
Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

1 Accounting policies *(continued)*

Dividend income
Dividend income from investments is recognised when shareholders' right to receive payment have been established.

Policy up to 31st March 2018

Turnover comprises the fair value of the sale of goods and services to external customers net of value added tax, volume and promotional rebates, allowances and discounts. Turnover is recorded when the collection of the amount is reasonably assured and when specific criteria have been met for the Company's activities as detailed below.

Sales of goods
Revenue from the sale of Natural Gas is recognised when we receive a meter read and bill the customer based on their actual usage for the period.

Flogas Natural Gas, the Company derives the majority of its revenue from the sale of Natural Gas. Revenue is recognised when the customer is billed for the gas. Natural Gas can be sold at a discount off the regulated tariffs or at pre-agreed fixed rates.

Interest income
Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income
Dividend income from investments is recognised when shareholders' right to receive payment have been established.

Expenses

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.

Interest payable
Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

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 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 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.

2 Turnover

The directors have availed of the exemption in the Companies Act 2006 and have not provided an analysis of turnover on the grounds that it would be seriously prejudicial to the Company.

3 Expenses and auditor's remuneration

	2019	2018
	£'000	£'000
Included in profit/loss are the following:		
Depreciation	**4**	3

Audit fees and directors remuneration are borne by a fellow group undertaking.

4 Staff numbers and costs

The average number of employees, including executive directors, during the year, analysed by category, was as follows:

	2019 Number	2018 Number
Administration	**4**	3
Sales	**2**	3
	6	6

The aggregate payroll costs of these employees charged in arriving at operating profit were as follows:

	2019 £'000	2018 £'000
Wages and salaries	**93**	123
Social insurance costs	**14**	12
	107	135

5 Taxation

	2019 £'000	2018 £'000
Income tax recognised in profit and loss account		
UK corporation tax		
Corporation tax on profit for the year	**196**	(133)
Adjustments in respect of previous periods	**-**	-
Total current tax credit	**196**	(133)

	2019 £'000	2018 £'000
Reconciliation of effective tax rate		
Profit/(Loss) on ordinary activities before taxation	**1,033**	(702)
Profit on ordinary activities multiplied by UK corporation tax rate of 19% *(2018: 19%)*	**196**	(133)
Effects of:		
Group relief	**-**	-
Adjustment in respect of prior years	**-**	-
Total tax credit	**196**	(133)

6 Tangible fixed assets

	Plant and Machinery £'000
Cost	
At 1 April 2018	14
Additions	31
At 31 March 2019	**45**
Depreciation	
At 1 April 2018	8
Charge for year	4
At 31 March 2019	**12**
Net book value	
At 31 March 2018	6
At 31 March 2019	**33**

7 Debtors

	2019 £'000	2018 £'000
Trade debtors	**1,155**	659
Prepayments and accrued income	**1,186**	1,705
Corporation tax receivable	**-**	-
Derivative financial asset	**-**	212
	2,341	2,576
Due within one year	**2,341**	2,576
Due after more than one year	**-**	-

Trade debtors are stated net of a provision for bad debt of £47k *(2018: £27k).*

Amounts owed by fellow group undertakings are unsecured, interest free and have no fixed date of repayment.

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Bank loans and overdrafts	**-**	617
Amounts owed to group undertakings	**1,420**	1,034
Taxation and social insurance	**438**	364
Accruals	**1,264**	2,062
Derivative financial liability	**8**	-
Corporation Tax payable	**375**	45
	3,505	4,122

	2019	2018
Taxation and social insurance	**£'000**	£'000
VAT	**322**	222
Climate change levy	**116**	142
	438	364

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

9 Called up share capital

	2019	2018
	£	£
Authorised		
2 ordinary shares of £1 each	**2**	2
	£	£
Allotted, called up and fully paid - presented as equity		
2 ordinary shares of £1 each	**2**	2

10 Reserves

Cash flow hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Notes *(continued)*

11 Commitments and contingent liabilities

Flogas Natural Gas Limited is committed to purchase gas under a long-term gas supply agreement with Shell. This commitment is in place to ensure sufficient supply to Flogas Natural Gas' current customer base. This commitment is denominated in British Pounds. At 31 March 2019, the estimated minimum commitment for the supply of gas under this contract amounts to £279,750 *(2018: £2,228,506).*

12 Accounting estimates and judgements

The Company's main accounting policies affecting its results of operations and financial condition are set out in note 1. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate of assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a difference choice would be more appropriate. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and judgements.

Provision for impairment of trade receivables
The Company trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The Company uses estimates based on historical experience and current information in determining the level of debts for which a provision for impairment is required. The level of provision required is reviewed on an ongoing basis.

13 Related party transactions

The Company is a wholly owned subsidiary within the DCC plc Group. Transactions with other wholly owned subsidiaries of DCC plc are not disclosed as the Company has taken advantage of the exemption available under FRS 101.8(k) *Related Party Disclosure* from disclosing such transactions.

The directors are considered key management of the Company.

14 Ultimate holding company

The Company is a subsidiary of Flogas Natural Gas Limited in the Republic of Ireland. The Company's ultimate holding undertaking is DCC plc and the largest and the smallest group in which its financial statements are incorporated are the consolidated financial statements prepared by that company. The consolidated financial statements of DCC plc, a company incorporated in the Republic of Ireland, may be obtained from its registered office at DCC House, Leopardstown Road, Foxrock, Dublin 18.

15 Post balance sheet events

No significant events affecting the Company have occurred since the balance sheet date which would require adjustment to, or disclosure in the financial statements.

16 Approval of financial statements

The board of directors approved these financial statements on 25 October 2019