Registered number: 00621604

DS SMITH LOGISTICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

COMPANY INFORMATION

Directors	E M Ciechan (appointed 1 May 2022) W B Hicks
Company secretary	Z W Stone
Registered number	00621604
Registered office	350 Euston Road London NW1 3AX United Kingdom
Independent auditor	Deloitte LLP 5 Callaghan Square Cardiff CF10 5BT United Kingdom
Bankers	National Westminster Bank Plc 1 Princes Street London EC2R 8AQ United Kingdom
Solicitors	Slaughter and May One Bunhill Row London EC1Y 8YY United Kingdom

DS SMITH LOGISTICS LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2022

Introduction

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

DS Smith Logistics Limited's (the 'Company') principal activity during the year continued to be haulage contracting. This service is provided to its parent company, certain other companies in the DS Smith Group and external third parties.

Business review

The Company is a wholly-owned subsidiary of DS Smith Plc and operates as part of the DS Smith Group ('the Group').

Revenue increased to £28,538,000 (2021: £24,213,000) due to price increases during the year. Nearly all revenue is to other Group companies and the main driver of sales is UK paper sales volumes (DS Smith Paper Limited to third party customers) and UK fibre sales volumes (DS Smith Recycling UK Limited to DS Smith Paper Limited).

The Company reported a loss before tax of £659,000 (2021: loss £283,000) due to unrecovered operating costs of £475,000 and net finance costs of £184,000. In previous years costs were largely all passed on to intercompany customers, however this was not the case in 2021/22. Net assets increased from £5,061,000 in 2021 to £5,161,000 in 2022 due to total comprehensive income of £100,000.

Principal risks and uncertainties

The volatility of the Company's main input cost, fuel, continues to be a risk, particularly given the price variations over the last year, since additional cost needs to be passed onto the customer in order to maintain margins. The Company has mechanisms in place to ensure a reasonable level of recovery from its customers. Additionally, the Company is very active in implementing productivity improvements and other cost reduction programmes to counter the financial impact of this risk.

Financial key performance indicators

The gross profit margin decreased from 4.3% in 2021 to 3.1% in 2022 largely due to higher external transport costs.

Financial risk management objectives and policies

The Directors meet periodically to discuss financial and other risks such as price risk, credit risk, liquidity risk and cash flow risk. Key management mitigate these risks by regular monitoring throughout the year and consultations with the Group Treasury team. Credit risk is deemed immaterial due to the majority of the trading occurring via intercompany, while price risk is mitigated by a fuel surcharge now charged to clients. No hedging instruments are entered into by the Company.

Liquidity and cash flow risk

The Company actively manages its liquidity risk by short-term debt finance with Group treasury, supported by external borrowings where appropriate, that is designed to ensure the Company has sufficient available funds for operations.

Future developments

The Directors aim to maintain the policies which have enabled the Company to offer a more comprehensive range of haulage services in recent years. In spite of the uncertain economic climate, the Directors expect that the present overall level of activity will be sustained for the foreseeable future, with flexible fleet structure allowing for activity fluctuations. There continues to be global uncertainty within the macroeconomic environment as a result of the Russian invasion of Ukraine and rising inflation, particularly following significant increases in energy costs. Other input costs also remain high. However, these are mitigated by effective supplier arrangements, long-term hedging arrangements and rising packaging prices. The Company has demonstrated resilience throughout the Covid-19 pandemic and customer demand remains strong.

This report was approved by the board on 2 November 2022 and signed on its behalf.

W B Hicks
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2022

The Directors present their report and the financial statements for the year ended 30 April 2022.

Dividends

The Directors have not proposed or paid a dividend for the year ended 30 April 2022 (2021: £nil). No dividends have been declared or paid post year end and to the date of authorising the financial statements.

Directors

The Directors who served during the year and up to the date of signing were were:

W B Hicks
C S McIntyre (resigned 29 April 2022)
N J Miller (resigned 30 April 2022)

Directors' and Officers' indemnity

During the year and up to the date of approval of these financial statements, the ultimate parent company maintained qualifying third-party indemnity arrangements for the Directors and other Officers of the Company.

Political contributions

No political contributions were made during the year (2021: £nil).

Environmental matters

The Company recognises the importance of its environmental responsibilities and monitors its impact on the environment. Initiatives designed to minimise the Company's impact on the environment include reducing and recycling waste, and investment in equipment designed to improve energy efficiencies.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within the strategic report. The financial position of the Company is as shown in the statement of financial position on page 13. At the 30 April 2022 the Company reported net current liabilities of £3,702,000 (2021: £992,000).

The financial statements have been prepared using the going concern basis of accounting. In making their assessment on the appropriateness of using the going concern basis, the Directors have considered any material uncertainties relating to events or conditions that may cast significant doubt upon the continuing use of the going concern basis of accounting in future periods. The Directors have considered a period of at least 12 months from the date the financial statements are expected to be authorised for issue. The going concern assessment was made using latest forecast trading results. As the majority of the Company’s sales are to other Group companies, the respective going concern assessments of these companies are critical in this Company’s going concern assessment. The conclusion of these assessments was that the going concern basis of accounting remains appropriate.

The Company's ultimate parent company and controlling party is DS Smith Plc, whose financial statements include: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has access to considerable financial resources from across the Group. The Company has access to considerable financial resources from across the Group and has received a legally binding letter of support from DS Smith Plc that it will, as required, continue to support the Company to repay its liabilities as they fall due for a period of no less than 12 months from the approval of these financial statements. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Taking into consideration the financial performance and financial position of the Company, they continue to adopt the going concern basis in preparing the financial statements.

Employees

The Company is fully committed to ensuring that sufficient emphasis is placed on employee involvement and communication through a variety of methods, and continues to keep employees informed on matters affecting them as employees and on the various factors affecting the performance of the Company and the wider Group. The Company is committed to both the principle and achievement of equal opportunities in employment and policies are designed to provide such equality irrespective of sex, creed, ethnic origin, nationality, sexual orientation, age or disability. Dependent upon their skills and abilities, the Company applies the same criteria to disabled persons as it does to other employees whether in selection, promotion or training. If any employee becomes disabled during employment with the Company, every effort is made to find suitable continuing employment. The Company fully recognises its responsibilities and continues to promote all aspects of health and safety in the interests of its employees and members of the public.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

At the 2022 AGM of DS Smith Plc, the Company’s ultimate parent company, held on 6 September 2022 Ernst & Young LLP (EY) were appointed as external auditor to the Group. Accordingly Deloitte LLP will not be seeking reappointment as auditor of the Company at the conclusion of their current term of office. There are no circumstances connected with the resignation of Deloitte LLP as external auditor which should be brought to the attention of the stakeholders of the Company.

This report was approved by the board on 2 November 2022 and signed on its behalf.

W B Hicks
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 APRIL 2022

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH LOGISTICS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of DS Smith Logistics Limited (the 'Company'):
- give a true and fair view of the state of the Company's affairs as at 30 April 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclousure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the '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

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.

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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible 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 further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH LOGISTICS LIMITED

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH LOGISTICS LIMITED

Use of our report

This 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 Hedditch (Senior statutory auditor)

for and on behalf of

Deloitte LLP

5 Callaghan Square
Cardiff
CF10 5BT
United Kingdom
2 November 2022

INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2022

	Note	2022 £000	*2021* *£000*
Revenue	4	**28,538**	*24,213*
Cost of sales		**(27,655)**	*(23,175)*
Gross profit		**883**	*1,038*
Administrative expenses		**(1,358)**	*(1,022)*
Operating (loss)/profit	5	**(475)**	*16*
Net finance costs	9	**(184)**	*(299)*
Loss before tax		**(659)**	*(283)*
Income tax (charge)/credit	10	**(13)**	*19*
Loss for the financial year		**(672)**	*(264)*

The results shown above are from continuing operations.

The notes on pages 16 to 38 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2022

	Note	2022 £000	2021 £000
Loss for the financial year		**(672)**	*(264)*
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit schemes	21	**987**	*(302)*
Tax relating to components of other comprehensive income		**(215)**	*57*
Other comprehensive income/(expense) net of tax		**772**	*(245)*
Total comprehensive income/(expense) for the year		**100**	*(509)*

The notes on pages 16 to 38 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	Note		2022 £000		*As restated 2021* £000*
Non-current assets					
Property, plant and equipment	11		**2,794**		*4,532*
Deferred tax asset	18		**57**		*280*
Trade and other receivables	13		**7,428**		*5,080*
			10,279		*9,892*
Current assets					
Inventories	12	**255**		*174*	
Trade and other receivables	13	**7,929**		*5,209*	
Cash at bank and in hand	14	**1,367**		*5,102*	
		9,551		*10,485*	
Trade and other payables	15	**(13,253)**		*(11,477)*	
Net current liabilities		**(3,702)**		*(992)*	
Total assets less current liabilities			**6,577**		*8,900*
Trade and other payables	16		**(1,416)**		*(3,839)*
			5,161		*5,061*
Net assets			**5,161**		*5,061*
Capital and reserves					
Called-up share capital	19		**24**		*24*
Share premium account			**26**		*26*
Profit and loss account			**5,111**		*5,011*
			5,161		*5,061*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 APRIL 2022

*The 2021 comparative has been restated as explained in note 13.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 November 2022.

W B Hicks
Director

The notes on pages 16 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 May 2020	**24**	**26**	**5,520**	**5,570**
Comprehensive loss for the year				
Loss for the year	**-**	**-**	**(264)**	**(264)**
Other comprehensive loss for the year	**-**	**-**	**(245)**	**(245)**
Total comprehensive loss for the year	**-**	**-**	**(509)**	**(509)**
At 1 May 2021	**24**	**26**	**5,011**	**5,061**
Comprehensive (loss)/income for the year				
Loss for the year	**-**	**-**	**(672)**	**(672)**
Other comprehensive income for the year	**-**	**-**	**772**	**772**
Total comprehensive income for the year	**-**	**-**	**100**	**100**
At 30 April 2022	**24**	**26**	**5,111**	**5,161**

The notes on pages 16 to 38 form part of these financial statements.

1. General information

DS Smith Logistics Limited ("the Company") is a private limited company incorporated in the United Kingdom and registered in England and Wales whose shares are not publicly traded. The registered office is located at 350 Euston Road, London, NW1 3AX.

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 1.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within the strategic report. The financial position of the Company is as shown in the statement of financial position on page 13. At 30 April 2022 the Company reported net current liabilities of £3,702,000 (2021: £992,000).

The financial statements have been prepared using the going concern basis of accounting. In making their assessment on the appropriateness of using the going concern basis, the Directors have considered any material uncertainties relating to events or conditions that may cast significant doubt upon the continuing use of the going concern basis of accounting in future periods. The Directors have considered a period of at least 12 months from the date the financial statements are expected to be authorised for issue. The going concern assessment was made using latest forecast trading results. As the majority of the Company's sales are to other Group companies, the respective going concern assessments of these companies are critical in this Company's going concern assessment. The conclusion of these assessments was that the going concern basis of accounting remains appropriate.

The Company's ultimate parent company and controlling party is DS Smith Plc, whose financial statements include: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has access to considerable financial resources from across the Group. The Company has access to considerable financial resources from across the Group and has received a legally binding letter of support from DS Smith Plc that it will, as required, continue to support the Company to repay its liabilities as they fall due for a period of no less than 12 months from the approval of these financial statements. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Taking into consideration the financial performance and financial position of the Company, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Impact of new international reporting standards, amendments and interpretations

The following new standards, amendments or interpretations have been adopted by the Company as of 1 May 2021:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- Covid 19 Related Rent Concessions – amendments to IFRS 16

The adoption of the amendments has not had a material effect on the results for the year or the financial position at the year end. Where relevant, equivalent disclosures have been made in the Group accounts.

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.7 Leases

The Company as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

2. Accounting policies (continued)

2.7 Leases (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• The amount expected to be payable by the lessee under residual value guarantees;
• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

• The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting

2. Accounting policies (continued)

2.7 Leases (continued)

the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘impairment of tangible and intangible assets’ policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the cost of sales line item.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, each entity recognises the net defined benefit cost charged in its own financial statements.

2.10 Current and deferred taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

For the year ended 30 April 2021 and prior years the Group policy is, for the tax charge during the year, the ultimate parent company DS Smith Plc pays the tax charged on behalf of the entity and the balance is stated as payable balance to Plc and in case of tax credit balance, the Company surrenders current year tax losses to other members of the DS Smith Group, and receives payment for those tax losses at the rate of tax prevailing in the year.

For the year ended 30 April 2022 and onwards, DS Smith Group entities will no longer receive payment for current year tax losses surrendered or make payment for group relief claimed at the rate of tax prevailing in the year. However where an entity has negative reserves and losses which will be surrendered to other members of the DS Smith Group, Plc will need to make payment for those tax losses at the rate of tax prevailing in the year.

Deferred tax is provided for using the statement of financial position liability method, providing for 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 reporting 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 asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Accounting policies (continued)

2.11 Property, plant and equipment

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 10-50 years
Fixtures and fittings	- 2-25 years
Office equipment	- 2-25 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Right-of-use motor vehicles are depreciated on a straight-line basis over the lease terms, or the useful life if shorter.

2.12 Inventory

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Trade and other receivables

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.15 Trade and other payables

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company’s accounting policies, which are described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ

3. Judgements in applying accounting policies (continued)

from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Critical accounting judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

IFRS 16 Leases

IFRS 16 requires the Company to discount the lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the Company’s incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The determination of the Company’s incremental borrowing rate requires the use of various assumptions, including the credit worthiness of the Company, which, if different from those being used, could result in a significant impact in the amount recognised as right-of-use asset and lease liability, as well as in the amount of depreciation of right-of-use asset and interest expense on lease liability.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Defined benefit pension obligations

The cost of pension benefits is determined using actuarial valuations. This involves making assumptions about future changes in salaries, pension increases, mortality rates and discount rates. Due to the long-term nature of these plans, considerable management judgement is necessary and estimates are subject to uncertainty. Further details about the assumptions used are given in note 21. A 0.5% decrease in the discount rate assumption used in the actuarial valuation would increase the pension liability by approximately £12 million. A 0.5% increase in the inflation rate assumption would increase the pension liability by approximately £9 million and a 1 year increase in the life expectancy assumption would increase the pension liability by approximately £6 million.

4. Revenue

All revenue is from the Company’s principal activity and originated from the UK in both the current and preceding year.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022 **£000**	*2021* *£000*
Cost of inventory	**4,440**	*3,654*
Depreciation of right-of-use assets	**1,786**	*1,848*
Depreciation of tangible fixed assets	**15**	*18*
Foreign exchange losses	**32**	*41*

6. Auditor's remuneration

	2022 **£000**	*2021* *£000*
Fees payable to the Company's Auditor and its associates for the audit of the Company's annual financial statements	**25**	*23*

No fees in relation to non-audit services were paid to the Company's Auditor in the current or preceeding year.

7. Employees

Staff costs were as follows:

	2022 **£000**	*2021* *£000*
Wages and salaries	**5,024**	*4,589*
Social security costs	**520**	*472*
Cost of defined contribution scheme	**486**	*458*
	6,030	*5,519*

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 **No.**	*2021* *No.*
Selling and distribution	**120**	*123*
Management and administration	**11**	*10*
	131	*133*

8. Directors' emoluments

The emoluments of the Directors are paid by other companies within the Group. The Company receives management and operational recharges for relevant pooled group costs which may include a portion of the Directors’ emoluments along with numerous other costs. The Directors who served during the year are also directors of a number of fellow subsidiaries within the Group. It is not practical to make an accurate apportionment of the emoluments in respect of each of the subsidiaries. Accordingly, their emoluments are disclosed in the financial statements of the respective companies with whom they have their primary employment contracts.

9. Net finance costs

	2022 **£000**	*2021* *£000*
Interest received from Group undertakings	**(9)**	*(9)*
Bank interest (received)/payable	**(5)**	*34*
Interest on lease liabilities	**178**	*258*
Employment benefit expense (see note 21)	**20**	*16*
	184	*299*

10. Income tax (charge)/credit

	2022 **£000**	*2021* *£000*
Corporation tax		
Current tax on profits for the year	**-**	*(78)*
Adjustments in respect of previous periods	**5**	*(14)*
Total current tax	**5**	*(92)*
Deferred tax		
Origination and reversal of timing differences	**88**	*23*
Changes to tax rates	**(61)**	*-*
Adjustment in respect of prior years	**(19)**	*50*
Total deferred tax	**8**	*73*
Taxation on profit/(loss) on ordinary activities	**13**	*(19)*

10. Income tax (charge)/credit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(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*
Loss on ordinary activities before tax	**(659)**	*(283)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(125)**	*(54)*
Effects of:		
Permanent differences	**-**	*(1)*
Capital allowances for year in excess of depreciation	**(40)**	*-*
Adjustment respect to prior years	**(14)**	*36*
Group relief	**192**	*-*
Total tax charge for the year	**13**	*(19)*

Factors that may affect future tax charges

Finance Act 2021 included a 6% increase in the main UK corporation tax rate to 25% from 1 April 2023, which was substantially enacted on 10 June 2021. Accordingly, the deferred tax balances have been remeasured in the current year.

11. Property, plant and equipment

	Leasehold property £000	ROU - Motor vehicles £000	Plant and machinery £000	Total £000
Cost or valuation				
At 1 May 2021	**50**	**7,979**	**1,791**	**9,820**
Additions	**-**	**12**	**50**	**62**
Disposals	**-**	**(12)**	**-**	**(12)**
At 30 April 2022	**50**	**7,979**	**1,841**	**9,870**
Depreciation				
At 1 May 2021	**39**	**3,508**	**1,740**	**5,287**
Charge for the year on owned assets	**2**	**-**	**13**	**15**
Charge for the year on right-of-use assets	**-**	**1,786**	**-**	**1,786**
Disposals	**-**	**(12)**	**-**	**(12)**
At 30 April 2022	**41**	**5,282**	**1,753**	**7,076**
Net book value				
At 30 April 2022	**9**	**2,697**	**88**	**2,794**
At 30 April 2021	*11*	*4,470*	*51*	*4,532*

The net book value of land and buildings may be further analysed as follows:

	2022 £000	*2021 £000*
Freehold	**9**	*10*
	9	*10*

11. Property, plant and equipment (continued)

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2022 **£000**	*2021* *£000*
Tangible fixed assets owned	**98**	*62*
Right-of-use tangible fixed assets	**2,696**	*4,470*
	2,794	*4,532*

Information about right-of-use assets is summarised below:

Net book value

	2022 **£000**	*2021* *£000*
Motor vehicles	**2,696**	*4,470*
	2,696	*4,470*

Depreciation charge for the year ended

	2022 **£000**	*2021* *£000*
Motor vehicles	**1,786**	*1,848*
	1,786	*1,848*

12. Inventory

	2022 **£000**	*2021* *£000*
Raw materials and consumables	**255**	*174*
	255	*174*

There is no material difference between the statement of financial position value of inventories and their replacement cost. There were no inventory provisions at 30 April 2022 (2021: nil).

13. Trade and other receivables

	2022 £000	*As restated* *2021* *£000*
Non-current		
Amounts owed by group undertakings	**7,173**	*5,080*
Employee benefits (see note 21)	**255**	-
	7,428	*5,080*

	2022 £000	*As restated* *2021* *£000*
Current		
Trade debtors	**483**	*45*
Amounts owed by group undertakings	**5,698**	*3,730*
Other debtors	**1,089**	*655*
Income tax receivable from group undertakings	**191**	*292*
Prepayments and accrued income	**468**	*487*
	7,929	*5,209*

Non-current amounts owed by group undertakings previously included balances of £3,730,000 which were expected to be repaid within 12 months, being the entity's normal operating cycle. These therefore did not meet the criteria to be classified as non-current assets and have been reclassified to current assets.

In 2022 and 2021 no interest was charged in the year on amounts owed by Group undertakings which are all unsecured. Amounts owed by Group undertakings are repayable on demand, however the intention is not to recall these in the immediate future therefore these balances have been categorised as non-current assets.

14. Cash at bank in hand

	2022 £000	*2021* *£000*
Cash at bank and in hand	**1,367**	*5,102*
	1,367	*5,102*

15. Trade and other payables - current

	2022 £000	2021 £000
Trade creditors	**5,512**	*4,664*
Amounts owed to group undertakings	**4,509**	*4,072*
Other taxation and social security	**16**	*12*
Lease liabilities	**1,469**	*1,933*
Accruals and deferred income	**1,747**	*796*
	13,253	*11,477*

There is no interest charged on amounts owed to group undertakings which are unsecured and repayable on demand.

16. Trade and other payables - non-current

	2022 £000	2021 £000
Lease liabilities	**1,416**	*2,742*
Employee benefits (see note 21)	**-**	*1,097*
	1,416	*3,839*

17. Leases

Company as a lessee

Lease liabilities are in respect of motor vehicles (see note 11).

Lease liabilities are due as follows:

	2022 **£000**	*2021* *£000*
Not later than one year	**1,469**	*1,933*
Between one year and five years	**1,416**	*2,742*
	2,885	*4,675*

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2022 **£000**	*2021* *£000*
Interest expense on lease liabilities	**178**	*258*

	2022 **£000**
Lease liabilities	
At 1 May 2021	**4,675**
Additions	**12**
Accretion of interest	**178**
Payments	**(1,980)**
At 30 April 2022	**2,885**

18. Deferred taxation asset

	2022 **£000**
At beginning of year	**280**
Charged to the profit or loss	**(8)**
Charged to other comprehensive income	**(215)**
At end of year	**57**

18. Deferred taxation asset (continued)

The deferred tax asset is made up as follows:

	2022 £000	*2021 £000*
Depreciation in excess of capital allowances	**121**	*72*
Employee benefits including pensions	**(64)**	*208*
	57	*280*

19. Called-up share capital

	2022 £000	*2021 £000*
Allotted, called up and fully paid		
12,121 *(2021 - 12,121)* ordinary shares of £1.00 each	**12**	*12*
12,121 *(2021 - 12,121)* 5% non-cumulative preference shares of £1.00 each	**12**	*12*
	24	*24*

20. Contingent liabilities

The Company is a participant in the DS Smith Group’s uncommitted overdraft facility with a net limit of £5m. The participants in the facility cross-guarantee the overdrawn balances under the facility.

21. Employee benefits

The Company is a participating employer in the DS Smith Group Pension Scheme (the 'Scheme'). The Scheme is a UK funded final salary defined benefit scheme providing pensions and lump sum benefits to members and dependants. The Scheme closed to future accrual from 30 April 2011 with pensions calculated based on pensionable salaries up to the point of closure (or the date of leaving the Scheme, if earlier).

The Scheme has a normal retirement age of 65 although some members are able to take their benefits earlier than this. Increases to pensions are affected by changes in the rate of inflation for the majority of members.

The Scheme exposes the Group to risks, such as longevity risk, currency risk, inflation risk, interest rate risk and investment risk. As the Scheme’s obligation is to provide lifetime pension benefits to members upon retirement, increases in life expectancy will result in an increase in the Scheme’s liabilities. Other assumptions used to value the defined benefit obligation are also uncertain. The Group has in place a stated policy for allocating the net defined benefit cost relating to the Scheme to participating Group entities. The consolidated financial statements for the year to 30 April 2022 for DS Smith Plc included information about the funding position of the Scheme as a whole as at 30 April 2022.

21. Employee benefits (continued)

	2022	*2021*
	£000	*£000*
Present value of funded obligations	**(1,055,810)**	*(1,188,736)*
Fair value of Scheme assets	**1,057,462**	*1,120,094*
Total IAS 19 surplus/(deficit), net	**1,652**	*(68,642)*
Allocated to other participating employers	**(1,397)**	*67,545*
Company's share of IAS 19 surplus/(deficit), net	**255**	*(1,097)*

21. Employee benefits (continued)

Reconciliation of Scheme assets and liabilities:

	Assets	Liabilities	Total
	£000	£000	£000
At 1 May 2021	17,900	(18,997)	(1,097)
Employment benefit net finance expense			(20)
Contribution of fellow Group entity			385
Actuarial gains – financial assumptions			2,133
Actuarial gains - demographic			39
Actuarial losses - experience			(74)
Actuarial losses – Scheme assets			(1,111)
Company's share of IAS 19 surplus, net			255

A breakdown of the Scheme assets is provided below:

	2022	*2021*
	£000	*£000*
Equities/multi-strategy	85,407	*-*
Debt instruments	586,662	*526,156*
Derivatives	315,244	*464,912*
Cash and cash equivalents	17,305	*6,433*
Other	52,844	*122,593*
	1,057,462	*1,120,094*

21. Employee benefits (continued)

The most recent funding valuation of the Scheme was carried out on 30 April 2019, following which a deficit recovery plan was agreed with the Trustee Board on 14 April 2020. The Group has agreed to maintain the previous Schedule of Contributions. The contribution for the year ended 30 April 2022 under the plan was £20 million. The recovery plan is expected to be completed on or around September 2025. The Trustee Board and the Group have in place a secondary Long-Term Funding Target ('LTFT'), in addition to the statutory funding requirement, the purpose of which is to achieve material additional security for the Scheme's members. The objective of the LTFT is for the Scheme to be funded by 30 April 2035 to a level that does not expect to rely on future contributions from the Group.

	2022	*2021*
	%	*%*
Discount rate for scheme liabilities	**3.1**	*2.0*
Inflation	**3.2**	*2.7*
Pre-retirement pension increases	**2.5**	*2.2*
Future pension increases for pre 30 April 2005 service	**3.1**	*2.7*
Future pension increases for post 30 April 2005 service	**2.2**	*2.0*

For the Group Scheme at 30 April 2022, the mortality base table used is SAPS 3 (year of birth), with CMI 2019 projections with a 1.25% per annum long-term rate of improvement used for future longevity improvement. At 30 April 2020 the mortality base table used was SAPS 3 (year of birth), with CMI 2019 projections with a 1.25% per annum long-term rate of improvement used for future longevity improvement. As part of the Group Scheme actuarial valuation exercise the projected life expectancies were as follows:

	2022	**2022**	*2021*	*2021*
	Male	**Female**	*Male*	*Female*
Life expectancy at age 65				
Member currently aged 65	**21.3**	**23.5**	*21.2*	*23.4*
Member currently aged 45	**22.3**	**25.1**	*22.2*	*25.0*

21. Employee benefits (continued)

Sensitivity analysis

The sensitivity of the liabilities in the Scheme to each significant actuarial assumption is summarised in the following table, showing the impact on the defined benefit obligation if each assumption is altered by the amount specified in isolation, whilst assuming that all other variables remain the same. In practice, this approach is not necessarily realistic since some assumptions are related. This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability, the measurement of which depends on a number of factors including the fair value of plan assets.

	Increase in pension liability
	£m
0.5% decrease in discount rate	**(2)**
0.5% increase in inflation	**(1)**
1 year increase in life expectance	**(1)**

Defined contribution scheme

The Company participates in a UK defined contribution scheme, which is a trust-based arrangement offering members a range of investments. All assets are held independently from the Group. The amount recognised as an expense for the defined contribution scheme in the year, relating to current year contributions was £486,156 (2021: £457,529).

22. Related party transactions

The Company has taken the exemption available under FRS 101 from disclosing related party transactions entered into between two or more members of the DS Smith Group, provided that the fellow group entities are wholly owned by the Group. See note 8 for details of Directors' remuneration.

23. Post balance sheet events

There are no subsequent events after the reporting date requiring disclosure.

24. Controlling party

The Company's immediate parent company is DS Smith Paper Limited, a company incorporated in the United Kingdom.

The ultimate parent company and the ultimate controlling party is DS Smith Plc, a company incorporated in the United Kingdom.

DS Smith Plc represents both the largest and smallest group of undertakings for which Group financial statements are prepared and of which the Company is a member. Copies of the Group financial statements are available from the Company Secretary of DS Smith Plc at 350 Euston Road, London, NW1 3AX which is the registered address.

The Company does not have any subsidiary undertakings.