

Company Registration No. 06739623

DS Smith Holdings Limited

**Annual report and financial statements
for the year ended 30 April 2020**

DS Smith Holdings Limited

Annual report and financial statements for the year ended 30 April 2020

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DS Smith Holdings Limited

Annual report and financial statements for the year ended 30 April 2020

Officers and Professional Advisers

Directors

W B Hicks
S Rossi
I D C Simm

Company Secretary

Z W Stone

Registered Office

350 Euston Road
London
NW1 3AX
United Kingdom

Registered Number

06739623

Bank

National Westminster Bank Plc
Bishopsgate
London
EC2M 4AA

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

DS Smith Holdings Limited

Strategic report

The Directors present their strategic report for the year ended 30 April 2020.

Business review and principal activities

The principal activity of the Company is to act as a Group investment holding company. There has been no significant change in the Company's principal activity in the year under review. The Directors are not aware, at the date of this report, of any likely significant changes in the Company's activities in the forthcoming financial year.

The results for the financial year show a profit before taxation of £49,018,000 (2019: £51,504,000). Dividends were paid during the year of £147,738,000 (2019: £7,253,000). The carrying value of investments at 30 April 2020 was £4,129,623,000 (2019: £4,202,473,000).

The Company is a wholly owned subsidiary of DS Smith Plc and operates as part of the DS Smith Group ('the Group'). On this basis the Company's Directors believe that the disclosure of further performance indicators for the Company is not necessary for an understanding of the development, performance or position of the business. Key performance indicators can be found in the Group's annual report.

We do not consider there to be any non-financial key performance indicators relevant to the entity other than those listed in the Group financial statements. The performance of the Group, which includes this Company, is discussed in the Group's annual report which does not form part of this report. A copy of the Group's annual report can be obtained from the address in note 16.

S172(1) of the Companies Act 2006

The Directors have regard to the matters set out in Section 172(1) of the Companies Act 2006 when performing their duties under Section 172 to promote the success of the Company. When making decisions, the Directors pay due regard to: the likely consequences of decisions in the long-term and the interests of stakeholders. The Company operates as part of the Group. The Group's stakeholders include its employees, customers, the communities in which we operate and its impact on the environment. During the year the Directors of the Group received relevant information to help them understand the interest and views of these key stakeholder groups when making decisions and the potential impact decisions could have on each group. Information included reports regarding financial and operational performance, non-financial key performance indicators, (including accident frequency rate, CO2 equivalent emissions and on-time and in-full deliveries), risk, responsible business matters and the results of specific stakeholder engagement exercises.

As the Company is a Group investment holding company for the DS Smith Group it does not have any direct employees, customers or suppliers. The Directors of this entity make decisions in respect of this Company with regard to its stakeholders, which are internal. For more details on how the Group has regard to the interests of the Group's employees, the impact actions have on the communities in which the Group operate and the environment; maintaining high standards of business conduct; and acting fairly at all times, refer to the Group's annual report which does not form part of this report. A copy of the Group's annual report can be obtained from the address in note 16.

Streamlined Energy and Carbon Reporting

The Company is included in the Group reporting of the ultimate parent company which has provided its consolidated CO2 emissions and energy consumption on page 34 of the Strategic report in the 2020 annual report.

Financial risk management objectives and policies

As the Company's main purpose is to act as an investment holding company, the financial risks that the Company is exposed to are limited.

Where applicable, the Company follows the DS Smith Group policy. The Company's financial risk management is centralised to capitalise on economies of scale and synergy effects and to minimise operational risks.

Interest rate risk

The Company has interest-bearing liabilities held with DS Smith Plc and arise from the operation of the Group's cash pooling arrangements in the UK. The DS Smith Group treasury function is responsible for identifying and managing interest rate exposure.

DS Smith Holdings Limited

Strategic report (continued)

Financial risk management objectives and policies (continued)

Credit risk

The Company's credit risk is primarily attributable to its receivables held on the statement of financial position, all of which are inter-group. Recoverability of these receivables is reviewed regularly against the statement of financial position of the counterparty.

Liquidity 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.

Covid-19

The Covid-19 pandemic has resulted in the shutdown of economies across the world, resulting in job losses and business failures and a global recession, including the UK. In response to the pandemic the Group has undertaken measures to reinforce the Group's financial position and ongoing performance through conserving cash and managing costs. Capital expenditure will be reduced and all non-essential expenditure deferred.

The Company's risk is low, as it does not trade. There is a risk that the Company's related party's business performance may be adversely impacted by the Covid-19 pandemic resulting in an impairment of these investments. However, the Directors consider that this risk is minimal, as the Group has continued to trade through the pandemic, has focused on maintaining an uninterrupted supply to its customers, the majority of whom are fast-moving consumer good (FMCG) companies which are essential in the food supply chain. As such, the Group's sites have generally been classified as essential operations and all sites have remained operational throughout the pandemic to date. New ways of working have been implemented to reflect the latest guidance on safe operations and changes in demand. For a further explanation of how the Directors have considered the impact of Covid-19 on the current and forecast position and performance of the Group; refer to pages 54 to 55 in the Group's 2019/20 Annual Report available at the Group's website at: <https://www.dssmith.com/investors/annual-reports>.

Approved by the Board of Directors and signed on behalf of the Board:

W B Hicks

Director

17 December 2020

DS Smith Holdings Limited

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 30 April 2020.

Disclosures required by s416(4) which have been elevated to the strategic report:

- Financial risk management objectives and policies (page 2)

Dividends

The Company paid an interim dividend of £147,738,000 (2019: £7,253,000). Further details can be found in note 8 to the financial statements. There have been no dividends proposed after year-end.

Directors

The Directors who held office during the year and to the date of signing the financial statements:

W B Hicks

S Rossi

I D C Simm (appointed 21 September 2020)

Z W Stone (resigned 21 September 2020)

Directors' and officers' liability insurance

During the year and up to the date of approval of these financial statements, the ultimate parent company maintained liability insurance for the Directors and other Officers of the Company. The ultimate parent company has also entered into qualifying third-party indemnity arrangements for the benefit of the Directors of the Company.

Political contributions

No political contributions were made during the year (2019: £nil).

Future developments

The Covid-19 pandemic remains a challenge and the Directors will continue to monitor the impact it will have on its related parties including the recoverability of amounts owed by Group undertakings. The Group has already taken actions to conserve cash and manage costs and will continue to do so. Given how well the people and operations have performed during the peak of the pandemic, the Directors are confident in the Company's ability to continue to perform well in the future. The principal activity of the Company is to act as a Group investment holding that is principally party to intra-group transactions. The Directors expect that this will remain the case in the future and that the general level of activity for the Company will remain consistent with 2020. The Directors do not see that the Covid-19 pandemic will have a direct impact on the position and performance of the entity whilst recognising that there may be some indirect impact in the future as a consequence of the impact on the wider DS Smith group.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above and in the Strategic report. The financial position of the Company is as shown in the statement of financial position on page 10.

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.

At 30 April 2020 the Company had net current liabilities of £1,216,557,000 (2019: £1,215,596,000). The net current liabilities substantially relate to intercompany loans. The Company benefits from the ongoing support of its ultimate parent company, DS Smith Plc, and this has been evidenced through a written undertaking from the ultimate parent company to provide financial support if required from a period of at least 12 months from the date of signing of the financial statements.

DS Smith Holdings Limited

Directors' report (continued)

Going concern (continued)

The Covid-19 pandemic has resulted in the slowdown of economies across the world, resulting in job losses and business failures and a global recession, including the UK. In response to the pandemic the Group has undertaken measures to reinforce the Group's financial position and ongoing performance through conserving cash and managing costs. Capital expenditure will be reduced and all non-essential expenditure deferred.

As a Group the primary focus has been the health and wellbeing of the group's employees. Secondly, the Directors have focused on maintaining an uninterrupted supply to the Group's customers, the majority of whom are FMCG companies which are essential in the food supply chain. As such, the Group's sites have generally been classified as essential operations and all sites have remained operational throughout the pandemic to date. New ways of working have been implemented to reflect the latest guidance on safe operations and changes in demand.

The Company has access to considerable financial resources from across the DS Smith Group. 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.

Further details regarding the adoption of the going concern basis can be found in note 1 to these financial statements on page 13.

Auditor

Each person who is a Director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves 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.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be reappointed as Auditor in the absence of an Annual General Meeting pursuant to s487 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board:

W B Hicks

Director

17 December 2020

DS Smith Holdings Limited

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

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

Independent Auditor's report to the members of DS Smith Holdings Limited

Opinion

In our opinion the financial statements of DS Smith Holdings Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure 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 financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Independent Auditor's report to the members of DS Smith Holdings Limited (continued)

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.

Report on other legal and regulatory requirements

Opinions 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have 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 Strategic report or 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.

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.

Stephen Turner FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17 December 2020

DS Smith Holdings Limited
Income statement
For the year ended 30 April 2020

	Notes	2020 £'000	2019 £'000
Investment income	2	272,862	1,525,444
Administrative (expense)/income		(8,357)	8,771
Operating profit before impairment, interest and income tax	3	264,505	1,534,215
Impairment of investments	5	(157,564)	(1,441,125)
Loan waiver	13	(15,044)	-
Operating profit before interest and income tax		91,897	93,090
Finance income	6	397	51
Finance costs	6	(43,276)	(41,637)
Profit before income tax		49,018	51,504
Income tax credit	7	9,735	6,235
Profit for the financial year		58,753	57,739

The results shown above are from continuing operations.

There are no recognised income or expenses other than those detailed in the income statement, and therefore no separate statement of comprehensive income has been presented in the current or prior year.

DS Smith Holdings Limited
Statement of financial position
As at 30 April 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Investments in subsidiaries	9	4,129,623	4,202,473
Other receivables	10	417,921	1,232
Total non-current assets		4,547,544	4,203,705
Current assets			
Income tax receivable		9,069	3,990
Other receivables	10	28,268	23,613
Cash and cash equivalents		289	105
Total current assets		37,626	27,708
Total assets		4,585,170	4,231,413
Liabilities			
Non-current liabilities			
Other payables	11	(551,122)	(551,516)
Total non-current liabilities		(551,122)	(551,516)
Current liabilities			
Other payables	11	(1,254,183)	(1,243,304)
Total current liabilities		(1,254,183)	(1,243,304)
Total liabilities		(1,805,305)	(1,794,820)
Net current liabilities		(1,216,557)	(1,215,596)
Total assets less current liabilities		333,097	2,988,109
Net assets		2,779,865	2,436,593
Equity			
Issued capital	12	448,858	446,933
Share premium	12	2,189,059	1,758,727
Retained earnings		141,948	230,933
Shareholders' equity		2,779,865	2,436,593

The accompanying notes are an integral part of these financial statements.

These financial statements for DS Smith Holdings Limited (registered number 06739623), were approved by the Board of Directors and authorised for issue on 17 December 2020.

Signed on behalf of the Board of Directors:

W B Hicks
Director

DS Smith Holdings Limited
Statement of changes in equity
Year ended 30 April 2020

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 May 2018		446,933	318,436	180,447	945,816
Profit for the year		-	-	57,739	57,739
Total comprehensive income		-	-	57,739	57,739
Share premium increase		-	1,440,291	-	1,440,291
Dividends paid	8	-	-	(7,253)	(7,253)
Other changes in equity in the year		-	1,440,291	(7,253)	1,433,038
At 30 April 2019		446,933	1,758,727	230,933	2,436,593
Profit for the year		-	-	58,753	58,753
Total comprehensive income		-	-	58,753	58,753
Share premium increase	12	-	430,332	-	430,332
Share capital issued		1,925	-	-	1,925
Dividends paid	8	-	-	(147,738)	(147,738)
Other changes in equity in the year		1,925	430,332	(147,738)	284,519
At 30 April 2020		448,858	2,189,059	141,948	2,779,865

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020

1. Principal accounting policies

Basis of preparation

The financial statements of the Company have been prepared on the going concern basis and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and the Companies Act 2006.

FRS 101 sets out an optional reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements are prepared under the historical cost convention.

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

- statement of cash flows and related notes;
- a comparative period reconciliation for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of key management personnel.

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

- IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments*.

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

The functional currency is GBP (£) because it is the currency of the primary economic environment in which the company operates.

Consolidated financial statements

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of DS Smith Plc which prepares consolidated financial statements which are publicly available at the address in note 16.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the rate of exchange ruling at that date.

Finance income

Finance income is recognised on an accruals basis in the income statement.

Finance costs

Finance costs are recognised on an accruals basis in the income statement.

Dividends

Dividends received from investments in subsidiaries during the year are recognised in the income statement as investment income.

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

1. Principal accounting policies (continued)

Investments in subsidiaries

Investments in subsidiary undertakings are valued at cost less provisions for impairment.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price and, where applicable, are subsequently measured at amortised cost. Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when, and only when, a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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 reporting date, and any adjustment to tax payable in respect of previous years. In accordance with Group policy, 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.

Deferred tax is provided for using the balance sheet 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.

Going concern

The financial position of the Company is as shown in the statement of financial position. Due to the Company being in a net current liability position, a letter of support has been received from the ultimate parent company stating they intend to provide any financial support necessary to meet the Company's financial obligations as they fall due for a period of at least 12 months from the date these financial statements are signed.

The Company has made a profit after tax in the year amounting to £58,753,000, and is in a net asset position of £2,779,865,000.

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.

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

1. Principal accounting policies (continued)

Going concern (continued)

The Group has access to considerable financial resources which would be available to the Company if necessary. As a consequence, the Directors believe the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have formed a judgement at the time of approving these financial statements, that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have continued to adopt the going concern basis in preparing these financial statements.

Critical accounting judgements and estimates

In the application of the accounting policies, the Directors are required to make judgements, 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 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 current and future periods.

In the opinion of the Directors, there are no critical judgements, apart from those involving estimations (which are dealt with separately below), that have been made in the process of applying accounting policies.

Investments in subsidiaries

The carrying values of the investments in subsidiaries are reviewed on a regular basis to assess whether any impairment in value is required. Impairment testing is performed annually for investment in subsidiaries by comparing the carrying amount of each investment with the relevant subsidiary's consolidated balance sheet. Where the net assets are lower than the investment value, a discounted cash flow or value-in-use is utilised to calculate the present value of the investment to confirm whether any impairment is required. Refer to note 5 for impairment of investments in subsidiary takings.

The calculations of value-in-use are inherently judgemental and require management to make a series of estimates and assumptions. These are: cash flow forecasts (including sales volumes, price and cost assumptions and capital expenditure underlying these forecasts), the determination of a long-term growth rate and the determination of an appropriate pre-tax adjusted discount rate.

2. Investment income

	2020	2019
	£'000	£'000
Dividends received from subsidiary undertaking	272,862	1,525,444

3. Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Foreign exchange losses/(gain)	8,357	(8,771)

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

The Auditor's remuneration of £6,500 (2019: £1,500) for the statutory audit of the Company's financial statements for the current or previous year has been borne and not recharged by another Group undertaking.

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

4. Directors' and employee emoluments

The Directors are remunerated by other Group companies and no specific recharge is made in respect of their services to the Company in the current or preceding year.

The Company had no employees during the current and prior year.

5. Impairment of investments

	2020 £'000	2019 £'000
Impairment of investments in subsidiary undertakings	157,564	1,441,125

The impairment of investments has arisen from:

On 30 March 2020, steps were taken to strike off investments held by the Company.

The investment in the following entities were written off during the year:

- David S Smith (pensions contributions) Limited
- DS Smith Dormant Eight Limited
- Pavidda Paper Limited
- Rapak psi Limited
- St Regis Packaging (Scotland) Limited
- St Regis Holdings Limited
- The Wansbrough Paper Company Limited
- Tillotson Corrugated Limited

Additionally, the following 3 investments have been impaired:

- DS Smith Haddox Limited, as this entity's net assets has reduced significantly. This results in an impairment of £25,959,843.
- DS Smith Perch Limited, as this entity's net assets has reduced significantly. This results in an impairment of £89,822,630.
- DSSH No.1 Limited, due to the reduction of the value of its investments, which therefore reduces the carrying value of its own assets. This results in an impairment of £1,391,353.
- The Less Packaging Company Ltd, as this entity's net assets has reduced significantly due to the entity ceasing trading. This resulted in an impairment of £914,975.

6. Finance income and costs

	2020 £'000	2019 £'000
Interest on loans to Group undertakings	394	50
Bank interest	3	1
Finance income	397	51
Interest on loans from Group undertakings	(43,276)	(41,637)
Finance costs	(43,276)	(41,637)

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

7. Income tax credit

	2020 £'000	2019 £'000
Continuing operations		
Current tax credit		
UK Corporation tax in respect of current year	9,735	6,235
Total current tax	9,735	6,235
Deferred tax expense		
Adjustment in respect of prior years	-	-
Total deferred tax	-	-
Total income tax credit in the income statement from continuing operations	9,735	6,235

The difference between the actual tax charge and the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) is as follows:

	2020 £'000	2019 £'000
Profit before tax	49,018	51,504
Income tax at the UK standard rate of corporation tax of 19.00% (2019: 19.00%)	(9,313)	(9,786)
Effects of:		
• Income not taxable for tax purposes	51,844	289,834
• Permanent differences	(32,796)	(273,813)
• Adjustments in respect of prior years	-	-
Income tax credit	9,735	6,235

In the Finance Act 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted).

In future years, the tax charge will be affected by the extent to which any capital gains can either be rolled over or sheltered by capital losses within the Group as well as subsequently enacted changes in tax rate.

8. Dividends on equity shares

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend paid during the year £0.329 per ordinary share (2019: £0.016 per ordinary share)	147,738	7,253

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

9. Investments in subsidiaries

	Shares in subsidiary undertakings £'000
Cost	
At 1 May 2019	5,662,582
Additions	84,714
At 30 April 2020	5,747,296
Provision for impairment	
At 1 May 2019	(1,460,109)
Impairment	(157,564)
At 30 April 2020	(1,617,673)
Net book value	
At 30 April 2020	4,129,623
At 30 April 2019	4,202,473

The following transactions all happened as part of various steps to reorganise the Group:

- On 29 November 2019 the Company subscribed for one share of £1, with the rest as share premium in DS Smith International Limited, its 100% UK subsidiary company, in exchange for the transfer of its SEK 509,328,077 (£41,137,000) receivable due from DS Smith Packaging Sweden Holding.
- On 28 November 2019 the Company contributes a receivable of CHF 41,888,504 (£32,464,000) directly to DS Smith Packaging Switzerland AG as a contribution to the capital of DS Smith Packaging Switzerland AG by way of a novation. As a result, the CHF receivables are settled and extinguished.
- On 24 April 2020 the Company subscribes for 2,724,787 shares of £1 each in DS Smith International Limited, in exchange for the transfer of a Loan to the GBP equivalent of EUR 10.9m (£9,504,800).
- On 21 January 2020 the Company subscribes for 1,285 shares of £1 each in Rapak Psi for a loan note payable of £1,258. Rapak psi Limited then applies to be struck off. DS Smith Holdings Limited writes off its investment in Rapak psi Limited, see note 13.
- On 21 January 2020 the Company subscribes for 1,607,150 shares of £1 each in The Wansborough Paper Company Limited for a loan note payable of £1,607,152. The Wansborough Company then applies to be struck off. DS Smith Holdings Limited writes off its investment in The Wansborough Paper Company Limited, see note 13.

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

9. Investments in subsidiaries (continued)

The Company's interests in subsidiary undertakings are:

Name of Company	Nature of business	Country of Incorporation	Share Class	Percentage of share capital held
Abbey Corrugated Limited	Dormant	England and Wales	Ordinary	100%
Ashton Corrugated (Southern) Limited	Dormant	England and Wales	Ordinary	100%
Avonbank Paper Disposal Limited	Dormant	England and Wales	Ordinary	100%
Biber Paper Converting Limited	Dormant	England and Wales	Ordinary	100%
Calara Holding Limited	Dormant	England and Wales	Ordinary	100%
Conew Limited	Dormant	England and Wales	Ordinary	100%
Conew Limited	Dormant	England and Wales	Preference	100%
Corrugated Products Limited	Dormant	England and Wales	Ordinary	100%
D.W. Plastics (UK) Limited	Plastic Packaging	England and Wales	Ordinary	100%
David S Smith (Pension Contributions) Limited	Financing	England and Wales	Ordinary	100%***
David S. Smith Nominees Limited	Dormant	England and Wales	Ordinary	100%
DS Smith (UK) Limited	Dormant	England and Wales	Ordinary	100%
DS Smith Business Services Limited	Shared Service Centre	England and Wales	Ordinary	100%
DS Smith Dormant Eight Limited	Dormant	England and Wales	Ordinary	100%***
DS Smith Dormant Five Limited	Dormant	England and Wales	Ordinary	100%
DS Smith Dormant Five Limited	Dormant	England and Wales	Preference	100%
DS Smith Euro Finance Limited	Financing	England and Wales	Ordinary	100%
DS Smith Europe Limited	Financing	England and Wales	Ordinary	100%
DS Smith Haddox Limited	Financing	England and Wales	Ordinary	100%
DS Smith Holdings, Inc.**	Holding Company	USA	Ordinary	100%
DS Smith International Limited	Holding Company	England and Wales	Ordinary	100%
DS Smith Paper Limited	Paper Packaging	England and Wales	Ordinary	100%
DS Smith Paper Limited	Paper Packaging	England and Wales	Preference	100%
DS Smith Pension Trustees Limited	Dormant	England and Wales	Ordinary	100%
DS Smith Perch Limited	Financing	England and Wales	Ordinary	100%
DS Smith Roma Limited	Financing	England and Wales	Ordinary	100%
DS Smith Supplementary Life Cover Scheme Limited	Dormant	England and Wales	Ordinary	100%
DS Smith Ukraine Limited	Holding Company	England and Wales	Ordinary	100%
DSS Eastern Europe Limited	Financing	England and Wales	Ordinary	100%
DSS Poznan Limited	Holding	England and Wales	Ordinary	100%

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

9. Investments in subsidiaries (continued)

Name of Company	Nature of business	Country of Incorporation	Share Class	Percentage of share capital held
DSSH (No.1) Limited	Holding	England and Wales	Ordinary	100%
Miljoint Limited	Holding	England and Wales	Ordinary	100%
Pavidda Paper Limited	Dormant	England and Wales	Ordinary	100%***
Pavidda Paper Limited	Dormant	England and Wales	Preference	100%***
rapak psi Limited	Dormant	England and Wales	Ordinary	100%***
Reed & Smith Limited	Dormant	England and Wales	Ordinary	100%
St Regis Holdings Limited	Dormant	England and Wales	Ordinary	100%***
St Regis International Limited	Holding Company	England and Wales	Ordinary	100%
St Regis Packaging Scotland Limited *	Dormant	Scotland	Ordinary	100%***
St Regis Paper Company Limited	Dormant	England and Wales	Ordinary	100%
The Less Packaging Company Limited	Packaging	England and Wales	Ordinary	100%
The Wansborough Paper Company Limited	Dormant	England and Wales	Ordinary	100%***
Tillotsons Corrugated Cases Limited	Dormant	England and Wales	Ordinary	100%***
Total Marketing Support Limited	Procurement	England and Wales	Ordinary	100%
Treforest Mill Plc	Dormant	England and Wales	Ordinary	100%
United Shopper Marketing Limited	Dormant	England and Wales	Ordinary	100%
Waddington & Duval Limited	Dormant	England and Wales	Ordinary	100%

The registered office address for each of the above subsidiaries, except as noted below, is 350 Euston Road, London, NW1 3AX.

* The registered office address is Muir Road, Houstoun Industrial Estate, Livingston, West Lothian, EH54 5DR.

** The registered office address is Corporation Trust Centre, 1209 Orange Street, Wilmington, Newcastle, DE19801, USA.

*** These entities applied for strike off during the year

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

10. Other receivables

	2020		2019	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Amounts owed by Group undertakings	417,921	28,268	1,232	23,613

Interest is charged on the loans as follows:

- €455,656,126 (Principal: £405,570,423; interest accrued: £12,350,971) at 1 year EURIBOR plus 4.0%, maturing on 29 July 2022
- SEK (201,926) (Principal: (£16,456); interest accrued: £16,452) at 1 year SEK IBOR plus 4.0%, maturing on 29 July 2022

All other amounts owed by Group undertakings are non-interest bearing, have no fixed repayment date and are therefore repayable on demand. All amounts owed by Group undertakings are unsecured.

£422m of the receivables held cannot be distributed by the Company except on winding up.

11. Other payables

	2020		2019	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Amounts owed to Group undertakings	551,122	1,254,183	551,516	1,243,304

Interest is charged on the loans as follows:

- €1,150,955 (Principal: £1,000,221; interest accrued: £6,335) at 1.5% above IBOR, maturing on 30 April 2021
- €13,602,191 (Principal: £11,820,797; interest accrued: £74,865) at 1.5% above IBOR, maturing on 30 April 2021
- €400,239,161 (Principal: £347,822,335; interest accrued: £1,404,263) at 4% above IBOR, maturing on 26 March 2023
- €8,999,300 (Principal: £7,820,744; interest accrued: £238,097) at 4% over IBOR, maturing on 29 July 2022
- £187,025,104 (Principal: £187,025,104; interest accrued: £6,811,919) at 4% over IBOR, maturing on 29 July 2022

All other amounts owed to Group undertakings are interest bearing, have no fixed repayment date and are therefore repayable on demand. All amounts owed to Group undertakings are unsecured. Loans from UK dormant entities are non-interest bearing.

DS Smith Holdings Limited

Notes to the financial statements for the year ended 30 April 2020 (continued)

12. Share capital and share premium

Share Capital	2020 £'000	2019 £'000
Authorised:		
456,932,794 (2019: 456,932,794) ordinary shares of £1 each	456,933	456,933
Allotted, called-up and fully paid:		
448,858,471 (2019: 446,932,800) ordinary shares of £1 each	448,858	446,933

Share premium

On 29 November 2019 the Company issued one share of £1 to DS Smith Plc, in exchange for a loan note receivable of CHF 428,329 (£332,046) due from DS Smith Packaging Switzerland AG, therefore creating a share premium of £332,045.

On 24 April 2020 the Company issued 1,925,668 shares of £1 to DS Smith PLC in exchange for a loan note of EUR 10.9m (£9,504,800), therefore creating a share premium of £7,579,132.

On 23 April 2020 the Company issued 2 shares of £1 to DS Smith PLC, in exchange for a loan note receivable of €480m (£422,422,612,) from DS Smith Recycling Benelux BV (£20,438,104), DS Smith Packaging Holding BV (£62,453,665), DS Smith Packaging International BV (£255,034,804) and DS Smith Packaging Netherlands BV (£84,497,039), therefore creating a share premium of £422,422,610.

13. Loan waiver

	2020 £'000	2019 £'000
Loan Waiver	(15,044)	-

The following steps occurred in February as part of the Sale of the Plastics division. DS Smith Plc issued a loan note to the Company for €17,7m, The Company then assigned the loan note to DS Smith Foams UK Limited. The Company therefore has a loan receivable from DS Smith Foams UK Limited and an intercompany payable to DS Smith Plc. DS Smith Foams UK Limited is sold as part of the sale of the Plastics division in February 2020. The Company waives the loan receivable from DS Smith Foams UK Limited.

14. 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.

15. Related parties

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 4 for details of Directors' remuneration. There were no other related party transactions.

16. Ultimate parent undertaking and controlling party

The immediate parent company, 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 (registered office).

DS Smith Holdings Limited

**Notes to the financial statements for the year ended 30 April 2020
(continued)**

17. Subsequent events

There are no subsequent events after the reporting date which require disclosure.