

**Company Registration No. 00053913**

**DS Smith Corrugated Packaging Limited**

**Annual report and financial statements  
for the year ended 30 April 2021**

**DS Smith Corrugated Packaging Limited**  
**Annual report and financial statements for the year ended 30 April 2021**

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# **DS Smith Corrugated Packaging Limited**

## **Annual report and financial statements for the year ended 30 April 2021**

### **Officers and professional advisers**

#### **Directors**

W B Hicks

P J Brown

T B Slater

S Rossi

#### **Company Secretary**

Z W Stone

#### **Registered Office**

350 Euston Road

London

NW1 3AX

United Kingdom

#### **Registered Number**

00053913

#### **Auditor**

Deloitte LLP

Statutory Auditor

5 Callaghan Square

Cardiff

CF10 5BT

#### **Banker**

National Westminster Bank Plc

1 Princes Street

London

EC2R 8AQ

# **DS Smith Corrugated Packaging Limited**

## **Strategic report**

The Directors present their Strategic report for the year ended 30 April 2021.

### **Business review and principal activities**

The Company's principal activities are the production of packaging materials, including corrugated packaging and the provision of packaging services. The business operations are located throughout the UK.

The results for the year show a profit before tax of £12,458,000 (2020: £10,732,000), and net assets of £114,771,000 (2020:£104,846,000). The business has overall seen an increase in demand from customers. This increase in demand particularly relates to e-commerce customers due to high street shops being closed or customers avoiding shops to maintain social distancing. In addition, sales to other FMCG customers have been robust as closures to restaurants have resulted in higher demand for food and drink in supermarkets. These factors mean that the UK business is trading at levels significantly ahead of prior year. Given the recent economic uncertainty the Directors are satisfied with the underlying performance of the business during the year.

The Company is a subsidiary of DS Smith Plc and operates as part of the DS Smith Group ('the Group'). The Group manages its operations on a divisional basis. On this basis the Company's Directors believe that the disclosure of performance indicators for the Company, with the exception of those disclosed in the key performance indicators paragraph below, are not necessary for an understanding of the development, performance or position of the business. Further key performance indicators can be found in the Group's annual report.

### **S172(1) of the Companies Act 2006**

The Directors have regard to Section 172(1) of the Companies Act 2006 when performing their duties to promote the success of the Company for the benefit of its shareholder and the Group as a whole. The Board of Directors comprises the Finance Director – Packaging, the Divisional CEO – Packaging, the Finance Director – Packaging North and the Group Financial Controller. The Company operates as part of the Group which has as its purpose 'Redefining Packaging for a Changing World' and contributes to the Group's 3 year corporate plan which provides long-term strategic direction for the business. The Directors and management are continuously thinking about the interests of the Company's stakeholders; about the importance of maintaining the Company's reputation for high standards of business conduct; and about the environment.

The Company's key stakeholders have been identified as its employees, its customers, the communities in which the Company operates, non-governmental organisations and its suppliers. Examples of how this has been achieved are provided below:

### ***Employees***

The Company employed 226 people at 30 April 2021 and is committed to both the principle and achievement of equal opportunities in employment. Policies are designed to provide 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 engages its employees in a number of ways: on site through team briefings and leadership visits, which took place virtually due to Covid-19, online and in print through internal communications channels and through providing mechanisms for feedback. Quarterly Finance Calls hosted by the senior leadership team provides an opportunity for management to update finance employees on financial and other economic factors affecting the Company, and provide employees an opportunity to ask questions.

## **DS Smith Corrugated Packaging Limited**

### **Strategic report (continued)**

#### **S172(1) of the Companies Act 2006 (continued)**

##### ***Employees (continued)***

The Company also has a confidential hotline known as 'Speak Up!' for employees to report concerns anonymously. In 2020/21, the Company celebrated the contribution and success of colleagues through the Group's first global recognition programme – The Smithies – to recognise and celebrate individuals and teams who go above and beyond and excel at what they do. During the year, the Company also rolled out the refreshed and simplified management standards which have been launched across the Group. There are now four core standards: managing health, safety and environment; customer focus; managing my team; and managing 'the DS Smith Way' which is the Company's continuous improvement programme. The standards are all underpinned by a foundation of governance, risk management and compliance measures.

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. Health and safety is taken very seriously and is constantly reviewed and regular training provided to all employees.

Furthermore, the Group operates a Sharesave Plan which encourages employees' involvement in the Group and Company's performance, further details can be found in the Group's 2021 annual report.

##### ***Customers***

The Company supplies both external and internal customers. The Company works closely with all customers to continuously add value to their supply chains through product innovation and improvement, reducing waste and while also helping make progress towards a circular economy. During the Covid-19 pandemic, the Company has continued to support its customers, particularly in the FMCG sector.

##### ***Communities and non-governmental organisations***

The Directors consult with government and industry organisations as well as non-governmental organisations such as the Ellen MacArthur Foundation on the circular economy and broader sustainability issues. In 2020/21 employees were actively encouraged to engage in local biodiversity projects with support from the DS Smith Charitable Foundation, thereby having a positive impact on the environment and engaging with local communities.

##### ***Suppliers***

The Company engages with its suppliers in connection with the Group's Now and Next sustainability strategy and their progress towards a circular economy. This strategy is supported by appropriate policies, including the Global Supplier Standard which ensures the Company's suppliers and business partners are in alignment with the Company's core values and work to high ethical standards.

##### ***Environment***

The Company continuously monitors its impact on the environment and takes steps to reduce its impact. In 2020/21 the Group launched its Now and Next sustainability strategy, unveiling its ambitions for the coming decade.

##### ***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 33 of the Strategic report in the Group's 2021 annual report.

## DS Smith Corrugated Packaging Limited

### Strategic report (continued)

#### Future developments

The external commercial environment is expected to remain competitive during 2021/22. However, the Directors are confident that the business outlook is positive. The Covid-19 pandemic remains a challenge and the Directors will continue to monitor the impact the pandemic will have on its stakeholders. 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.

#### Key performance indicators ('KPIs')

The Directors monitor the performance of the Company by reference to the following KPIs.

	2021	2020	Definition, method of calculation and analysis
Return on sales (RoS) (%)	<b>16.4%</b>	15.5%	RoS is the ratio of earnings before interest, taxation, adjusting items, and discontinued operations to sales expressed as a percentage.
Return on capital employed (ROCE) (%)	<b>11%</b>	10.5%	ROCE is the ratio of earnings before interest, taxation, adjusting items, and discontinued operations to net assets expressed as a percentage.
Orders on time and in full (OTIF) %	<b>95%</b>	97%	Total number of orders on time and in full to total orders in the period expressed as a percentage.

The Company has been performing well in a competitive market environment.

The ROCE and ROS has increased as the business has overall seen an increase in demand from customers during the Covid-19 pandemic. OTIF has decreased slightly following increased demand and in the face of increased operating challenges during the Covid-19 pandemic.

#### Principal risks and uncertainties

##### *Energy price risk*

Due to its energy-intensive operations, the Company is exposed to risks relating to changes in the price of energy, particularly gas and electricity. A proportion of energy prices is hedged at Group level, but when the energy price is not hedged, price changes in the energy market have a direct impact on the Company's operating result.

##### *Paper price risk*

An element of the Company's operations convert paper into corrugated packaging. The Company is exposed to risks relating to changes in the price of paper, as additional cost needs to be passed onto the customer in order to maintain margins. The Company has an active programme in place to manage its supplies and costs of CCM (corrugated container material) paper. Additionally, the Company is very active in implementing productivity improvements and other cost reduction programmes to counter the financial impact of this risk and to protect the margin from inflationary increases, particularly ongoing labour cost and other significant input cost increases, for example energy.

##### *Brexit*

The UK left the EU in January 2020 and the transition period ended on 31 December 2020. Product for UK customers is largely manufactured within the UK and materials sourced within the UK, and as such we did not experience substantial disruption in the first few months of 2021 as the new trading arrangements between the UK and the EU came into place. While there are some friction impacts of Brexit, in particular limited capacity with carriers and brokers at the start of the year, we have planned, in collaboration with key trading partners, and accordingly the overall impact on the Company has not been material.

## **DS Smith Corrugated Packaging Limited**

### **Strategic report (continued)**

#### **Financial risk management objectives and policies**

The Company's operations expose it to a variety of financial risks that include the effects of changes in energy price, paper price, credit risk, liquidity risk, interest rate risk and foreign exchange risk.

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

#### *Credit risk*

The risk that customers cannot meet their obligations constitutes a customer credit risk. The Company runs credit checks on customers where information about customers' financial position is obtained from various credit rating companies. Counterparty credit risk of financial institutions holding cash on deposit is considered by Group treasury prior to making deposits.

#### *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.

#### *Interest rate risk*

The Company has interest-bearing liabilities held with fellow subsidiaries. The Group treasury function is responsible for identifying and managing interest rate exposure.

#### *Foreign exchange risk*

The Company is exposed to foreign currency exchange rate fluctuations between sterling and the euro and the US dollar.

#### *Covid -19*

The Company's operations were affected throughout the year by the Covid-19 pandemic. However, as an essential supplier for critical supply chains in areas such as FMCG food and drink, pharmaceuticals and other essential suppliers, the Company's sites remained fully operational throughout the period.

#### **Going concern**

The Company's business activities, financial performance and position and factors likely to affect it in the future are set out in the business review and principal activities paragraph of this report, and within the consolidated financial statements of DS Smith Plc. The current economic conditions mean there are inherent future uncertainties that may impact the business. The main risks are described in the principal risks and uncertainties paragraphs above. The Company has a positive cash balance and is in a net asset position and the Directors believe the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

As a result the Directors have made enquiries and considered the Company's financial and operational resources and have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements for the year ended 30 April 2021.

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

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

W B Hicks  
Director  
28 January 2022

## **DS Smith Corrugated Packaging Limited**

### **Directors' report**

The Directors present their annual report and the audited financial statements of the Company for the year ended 30 April 2021.

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

- Financial risk management objectives and policies;
- Future developments
- Going concern

### **Dividends**

The Directors have not proposed or paid a dividend for the year ended 30 April 2021 (2020: £nil). 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, were as follows:

P J Brown

S Rossi

W B Hicks

R H Newman (resigned 29 January 2021)

T P Slater (appointed 1 February 2021)

### **Company Secretary**

Z W Stone

### **Directors' and officers' liability insurance**

During the year, DS Smith Plc maintained liability insurance for the Directors and Officers of DS Smith Corrugated Packaging Limited and its parent company. Neither the insurance nor the indemnity provides cover where a Director acts fraudulently or dishonestly. The Company has not made qualifying third-party indemnity provisions for the benefit of the Group's Directors during the year.

### **Events after the balance sheet date**

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

### **Political contributions**

No political contributions were made during the year (2020: £nil).



# **DS Smith Corrugated Packaging Limited**

## **Directors' report**

### **Auditor**

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

- so far as the Director is 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.

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

W B Hicks

Director

28 January 2022

## **DS Smith Corrugated Packaging 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 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;
- 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 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 member of DS Smith Corrugated Packaging Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of DS Smith Corrugated Packaging Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2021 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 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 strategic report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the strategic 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 a 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.

## **Independent auditor's report to the member of DS Smith Corrugated Packaging 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](http://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 of the Company and group 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 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.

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.

## **Independent auditor's report to the member of DS Smith Corrugated Packaging Limited (continued)**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

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**

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 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 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.

David Hedditch (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Cardiff, United Kingdom

28 January 2022

**DS Smith Corrugated Packaging Limited**  
**Income statement**  
**For the year ended 30 April 2021**

	<b>Note</b>	<b>2021</b> <b>£'000</b>	2020 £'000
Continuing operations			
Revenue	3	<b>77,273</b>	71,101
Cost of sales		<b>(50,086)</b>	(44,335)
<b>Gross profit</b>		<b>27,187</b>	26,766
Distribution costs		<b>(5,243)</b>	(4,808)
Administrative expenses		<b>(9,239)</b>	(10,990)
Other operating income		-	41
<b>Operating profit</b>	4	<b>12,705</b>	11,009
Loss on disposal of property, plant and equipment		<b>(12)</b>	-
Finance income	7	<b>114</b>	247
Finance costs	7	<b>(349)</b>	(524)
<b>Net financing costs</b>		<b>(235)</b>	(277)
<b>Profit before tax</b>		<b>12,458</b>	10,732
Income tax expense	8	<b>(2,533)</b>	(1,382)
<b>Profit for the year</b>		<b>9,925</b>	9,350

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. All the results are from continuing operations.

**DS Smith Corrugated Packaging Limited**  
**Statement of financial position**  
**As at 30 April 2021**

	Note	2021 £'000	As restated* 2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	153	166
Property, plant and equipment	10	18,930	19,605
Right of use assets	11	2,335	1,175
Other receivables	13	151,144	142,259
Deferred tax assets	17	-	1,225
<b>Total non-current assets</b>		<b>172,562</b>	164,430
<b>Current assets</b>			
Inventories	12	2,491	2,453
Trade and other receivables	13	13,228	6,474
Cash and cash equivalents		3,034	2,777
<b>Total current assets</b>		<b>18,753</b>	11,704
<b>Total assets</b>		<b>191,315</b>	176,134
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other payables	14	(147)	(147)
Lease obligations	16	(1,701)	(571)
Deferred tax liabilities	17	(149)	-
<b>Total non-current liabilities</b>		<b>(1,997)</b>	(718)
<b>Current liabilities</b>			
Trade and other payables	14	(72,539)	(68,830)
Income tax liabilities		(1,342)	(1,065)
Provisions	15	-	(45)
Lease obligations	16	(666)	(630)
<b>Total current liabilities</b>		<b>(74,547)</b>	(70,570)
<b>Net current liabilities</b>		<b>(55,794)</b>	(58,866)
<b>Total assets less current liabilities</b>		<b>116,768</b>	105,564
<b>Total liabilities</b>		<b>(76,544)</b>	(71,288)
<b>Net assets</b>		<b>114,771</b>	104,846
<b>Equity</b>			
Called-up share capital	18	19,737	19,737
Share premium account		79,343	79,343
Revaluation reserve		44	44
Retained earnings		15,647	5,722
<b>Shareholder's equity</b>		<b>114,771</b>	104,846

\*The 30 April 2020 comparative has been restated as explained in note 13 and 14

The financial statements for DS Smith Corrugated Packaging Limited (registered number 00053913) were approved by the Board of Directors and authorised for issue on 28 January 2022.

Signed on behalf of the Board of Directors:

W B Hicks  
Director

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

**DS Smith Corrugated Packaging Limited**  
**Statement of changes in equity**  
**For the year ended 30 April 2021**

	<b>Called-up share capital £'000</b>	<b>Share premium £'000</b>	<b>Revaluation reserve £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
At 1 May 2019	<b>19,737</b>	<b>79,343</b>	<b>44</b>	<b>(3,628)</b>	<b>95,496</b>
Profit for the year	-	-	-	9,350	<b>9,350</b>
<b>Total comprehensive income</b>	-	-	-	9,350	<b>9,350</b>
<b>At 30 April 2020</b>	<b>19,737</b>	<b>79,343</b>	<b>44</b>	<b>5,722</b>	<b>104,846</b>
Profit for the year	-	-	-	9,925	<b>9,925</b>
<b>Total comprehensive income</b>	-	-	-	9,925	<b>9,925</b>
<b>At 30 April 2021</b>	<b>19,737</b>	<b>79,343</b>	<b>44</b>	<b>15,647</b>	<b>114,771</b>



## **DS Smith Corrugated Packaging Limited**

### **Notes to the financial statements for the year ended 30 April 2021**

#### **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 UK 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;
- disclosures in respect of transactions with other Group entities, including the ultimate parent company;
- comparative period reconciliations for tangible fixed assets and intangible assets;
- disclosures in respect of capital management;
- disclosures in respect of key management personnel;
- disclosures in respect of IAS 36 *Impairment of Assets*; and
- disclosure in respect of IFRS 15 *Revenue from Contracts with Customers*.

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*.
- 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 following new standards, amendments or interpretations have been adopted by the Company as of 1 May 2020:

- Amendments to IFRS 3 *Business Combinations*;
- Reform amendments to IAS 1 and IAS 8 *Definition of Material*; and
- Amendments to the Conceptual Framework for Financial Reporting.

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.

##### **IFRS standards and interpretations in issue but not yet effective**

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued new standards and interpretations with an effective date after the date of these financial statements.

## **DS Smith Corrugated Packaging Limited**

### **Notes to the financial statements for the year ended 30 April 2021 (continued)**

#### **1. Principal accounting policies (continued)**

##### **Interest Rate Benchmark Reform**

Benchmark interest rates such as the London Inter-bank Offered Rates (LIBOR) and other inter-bank offered rates have been prioritised for reform and replacement with Risk Free Rates (RFR) by global regulators. Reform of LIBOR rates is expected to be largely completed by the end of 2021. To prepare for this reform, the Group established an IBOR Reform project towards the end of 2020 to determine the impact of a change in benchmark rates on the Group, with particular focus on treasury, tax, accounting, systems, commercial contracts and other agreements. The Company has no hedge accounting relationships that reference LIBOR and did not adopt the Phase 1 amendments to IFRS 9, IAS 39 and IFRS 7, which provided relief from hedge accounting requirements for hedge relationships affected by IBOR reform. The Group's borrowings are substantially fixed rate. The Group has a floating-rate revolving credit facility which references, amongst others, the GBP and USD LIBOR rates. The most significant impact from IBOR reform is expected to be with regard to this facility. It is intended that the Sterling Overnight Index Average rate (SONIA) will form the basis of a replacement for GBP LIBOR and the Secured Overnight Financing Rate (SOFR) will be the replacement for USD LIBOR for GBP and USD borrowings under the revolving credit facility. These RFR indices plus a credit adjustment spread are expected to be economically equivalent to the existing currency LIBOR rates. The drafting of an amendment agreement with the banking group, as a direct consequence of rate reform, is at an advanced stage. The Group will adopt Interest Rate Benchmark reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) in the next financial year. It is not anticipated that the adoption of these standards and interpretations will have a material effect on the Company's financial statements.

##### **Leases**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of end of lease dismantling or restoration costs, less any incentives received and related provisions.

Lease liabilities are recorded at the present value of lease payments, which include:

- Fixed lease payments;
- Variable payments that depend on an index or rate, initially measured using the commencement date index or rate;
- Any amounts expected to be payable under residual value guarantees; and
- The exercise price of purchase options, if it is reasonably certain they will be exercised.

The interest rate implicit in the lease is used to discount lease payments, or, if that rate cannot be 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.

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

Interest is recognised on the lease liability, resulting in a higher finance cost in the earlier years of the lease term.

Lease payments relating to low value assets or to short-term leases are recognised as an expense on a straight-line basis over the lease term. Short-term leases are those with 12 or less months duration.

## **DS Smith Corrugated Packaging Limited**

### **Notes to the financial statements for the year ended 30 April 2021 (continued)**

#### **1. Principal accounting policies (continued)**

##### **Revenue**

Revenue comprises the fair value of the sale of goods and services, net of value added tax and other sales taxes, rebates and discounts.

Revenue from the sale of goods is recognised when:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- all significant performance obligations have been met;
- the Company retains neither continuing managerial involvement nor effective control over the goods sold;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the amount of revenue can be measured reliably.

This is typically when either the goods are loaded onto the collection vehicle if the buyer is collecting them, or when the goods are unloaded at the delivery address if the Company is responsible for delivery.

##### **Foreign currencies**

Transactions in foreign currencies are recorded using 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.

##### **Intangible assets**

Computer software that is integral to a related item of hardware is included within property, plant and equipment. All other computer software is treated as an intangible asset.

Other intangible assets that are acquired by the Company are carried at cost less accumulated amortisation and impairment.

Amortisation of intangible assets is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Licences	Up to 20 years
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##### **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item of property, plant and equipment, to leave the estimated residual values. Major components are accounted for separately (or in the case of leased assets, the lease period, if shorter). Land and assets under construction are not depreciated.

The estimated useful lives are as follows:

Freehold buildings	10-50 years
Plant and machinery, fixtures and fittings (including IT hardware)	2-25 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of property, plant and equipment is charged to the income statement as appropriate.

##### **Employee benefits**

###### *Defined contribution schemes*

Contributions to defined contribution pension schemes are recognised as an employee benefit expense within personnel expenses in the income statement, as incurred.

## **DS Smith Corrugated Packaging Limited**

### **Notes to the financial statements for the year ended 30 April 2021 (continued)**

#### **1. Principal accounting policies (continued)**

##### **Provisions**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, a reliable estimate can be made of the amount of the obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted to present value where the effect is material.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on a weighted average cost or first-in first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Guarantees**

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

##### **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 Group, and receives 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.

##### **Government grants**

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions attached to them. Grants that compensate the Company for expenses incurred are offset against the expenses in the same periods in which the expenses are incurred. Grants relating to assets are released to the income statement over the expected useful life of the asset(s) to which they relate on a basis consistent with the depreciation policy. Depreciation is provided on the full cost of the assets before deducting grants.

## **DS Smith Corrugated Packaging Limited**

### **Notes to the financial statements for the year ended 30 April 2021 (continued)**

#### **1. Principal accounting policies (continued)**

##### **Financial instruments**

The Company uses derivative financial instruments to manage currency risks associated with the Company's underlying business activities.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative financial instruments are accounted for as hedges when designated as hedges at the inception of the contract and when the financial instruments provide an effective hedge of the underlying risk. Any gains or losses arising from the hedging instruments are offset against the hedged items.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability; and
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

##### **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.

##### **Reserves**

The revaluation reserve has arisen on the revaluation of assets in prior years. Retained earnings comprises the cumulative net earnings of the Company, that have not been paid out as dividends.

##### **Going concern**

The Company's business activities, financial performance and position and factors likely to affect it in the future are set out in the business review and principal activities paragraph of this report, and within the consolidated financial statements of DS Smith Plc. The current economic conditions mean there are inherent future uncertainties that may impact the business. The main risks are described in the principal risks and uncertainties paragraphs above. The Company has a positive cash balance and is in a net asset position and the Directors believe the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

As a result the Directors have made enquiries and considered the Company's financial and operational resources and have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements for the year ended 30 April 2021.

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

## DS Smith Corrugated Packaging Limited

### Notes to the financial statements for the year ended 30 April 2021 (continued)

#### 1. Principal accounting policies (continued)

##### Adjusting items

Items of income or expenditure that are significant by their nature, size or incidence, and for which separate presentation would assist in the understanding of the trading and financial results of the Group, are classified and disclosed as adjusting items.

Such items include business disposals.

##### Finance income

Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 2. Critical accounting judgements and key sources of estimation uncertainty

##### Critical accounting judgements

There were no critical judgements that the Directors have made in the process of applying the Company's accounting policies.

##### Key sources of estimation uncertainty

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 key sources of estimation uncertainty.

#### 3. Revenue

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Revenue by geographical destination</b>		
United Kingdom	<b>75,580</b>	67,231
Continental Europe	<b>1,661</b>	3,779
Rest of World	<b>32</b>	91
	<b>77,273</b>	71,101

All revenue is derived from the principal activities of the Company.

## DS Smith Corrugated Packaging Limited

### Notes to the financial statements for the year ended 30 April 2021 (continued)

#### 4. Operating profit

Operating profit is stated after charging/(crediting):

<b>Continuing operations</b>	<b>2021 £'000</b>	2020 £'000
Auditor's remuneration – fees payable for the audit of the Company's financial statements	<b>48</b>	51
Depreciation of owned property, plant and equipment	<b>1,045</b>	985
Depreciation of Right of use assets	<b>639</b>	825
Amortisation of intangible assets	<b>53</b>	48
Inventory recognised as an expense	<b>49,696</b>	47,915
Foreign exchange losses	<b>1</b>	2
Research and development costs	-	2
Government grant	-	(87)

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

#### Government grants

Government grants in the prior year relate to the furlough claims made in relation to the furlough job retention scheme. These were repaid in the year.

#### 5. 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 practicable 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 which they have their primary employment contracts.

#### 6. Employee information

The average monthly number of staff (including Directors) employed by the Company during the financial year was:

<b>Continuing operations</b>	<b>2021 Number</b>	2020 Number
<b>Average number of staff (full-time equivalent) by activity during the year:</b>		
Production	<b>145</b>	230
Selling and distribution	<b>57</b>	82
Management and administration	<b>21</b>	40
	<b>223</b>	352

## DS Smith Corrugated Packaging Limited

### Notes to the financial statements for the year ended 30 April 2021 (continued)

#### 6. Employee information (continued)

	2021 £'000	2020 £'000
<b>The aggregate payroll costs of these persons were as follows:</b>		
Wages and salaries	7,618	7,359
Social security costs	784	664
Contributions to defined contribution pension plans (note 20)	716	752
Redundancy costs	3	2
	<b>9,121</b>	<b>8,777</b>

Redundancy costs relate to redundancies made in the ordinary course of business.

#### 7. Finance income and costs

Continuing operations	2021 £'000	2020 £'000
Bank interest	23	234
Factoring interest receivable	91	13
<b>Finance income</b>	<b>114</b>	<b>247</b>
Interest on loans from Group undertakings	(298)	(434)
Interest on Right of use assets	(45)	(82)
Other interest	(6)	(8)
Factoring interest payable	-	-
<b>Finance costs</b>	<b>(349)</b>	<b>(524)</b>

#### 8. Income tax expense

Continuing operations	2021 £'000	2020 £'000
<b>Current tax expense</b>		
UK corporation tax in respect of current year	(1,587)	(1,945)
Adjustment in respect of prior years	428	1,168
<b>Total current tax</b>	<b>(1,159)</b>	<b>(777)</b>
<b>Deferred tax credit/(expense)</b>		
Origination and reversal of temporary differences	(489)	211
Change in tax rate	-	107
Adjustment in respect of prior years	(885)	(923)
<b>Total deferred tax</b>	<b>(1,374)</b>	<b>(605)</b>
<b>Total income tax expense in the income statement from continuing operations</b>	<b>(2,533)</b>	<b>(1,382)</b>
<b>Total income tax expense in the income statement from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Total Charge</b>	<b>(2,533)</b>	<b>(1,382)</b>



## DS Smith Corrugated Packaging Limited

### Notes to the financial statements for the year ended 30 April 2021 (continued)

#### 8. Income tax expense (continued)

The difference between the actual tax charge and the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) is as follows:

	<b>2021</b> <b>£'000</b>	2020 £'000
Profit before income tax	<b>12,458</b>	10,732
Income tax at the UK standard rate of corporation tax of 19.00% (2020: 19.00%)	<b>(2,367)</b>	(2,039)
Effects of:		
- Expenses not deductible for tax purposes	<b>297</b>	311
- Permanent differences	<b>(6)</b>	(6)
- Effect of change in corporation tax rate	-	107
- Adjustments in respect of prior years	<b>(457)</b>	245
<b>Income tax expense</b>	<b>(2,533)</b>	(1,382)

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. The Finance Act 2021 included a 6% increase in the main UK corporation tax rate from 19% to 25% effective 1 April 2023, which was substantially enacted on 10 June 2021. As these changes had not been substantially enacted at the balance sheet date, the deferred tax balance as at 30 April 2021 continue to be measured at a rate of 19% (2020: 19%).

#### 9. Intangible assets

	<b>Licences</b> <b>£'000</b>	<b>Under</b> <b>construction</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
<b>Cost</b>			
At 1 May 2020	629	-	629
Additions	-	60	60
Reclassification	40	(60)	(20)
Disposals	(279)	-	(279)
<b>At 30 April 2021</b>	<b>390</b>	<b>-</b>	<b>390</b>
<b>Amortisation and impairment</b>			
At 1 May 2020	(463)	-	(463)
Amortisation	(53)	-	(53)
Reclassification	29	-	29
Disposals	250	-	250
<b>At 30 April 2021</b>	<b>(237)</b>	<b>-</b>	<b>(237)</b>
<b>Net book value</b>			
<b>At 30 April 2021</b>	<b>153</b>	<b>-</b>	<b>153</b>
At 30 April 2020	166	-	166

## DS Smith Corrugated Packaging Limited

### Notes to the financial statements for the year ended 30 April 2021 (continued)

#### 10. Property, plant and equipment

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Under construction £'000	Total £'000
<b>Cost</b>					
At 1 May 2020	37,411	124,144	7,483	1,041	170,079
Additions	-	109	4	336	449
Reclassification	-	638	118	(736)	20
Disposals	(1)	(1,769)	(811)	-	(2,581)
<b>At 30 April 2021</b>	<b>37,410</b>	<b>123,122</b>	<b>6,794</b>	<b>641</b>	<b>167,967</b>
<b>Accumulated depreciation</b>					
At 1 May 2020	(30,859)	(114,068)	(5,547)	-	(150,474)
Charge for the year	(179)	(686)	(181)	-	(1,046)
Disposals	-	1,676	807	-	2,483
<b>At 30 April 2021</b>	<b>(31,038)</b>	<b>(113,078)</b>	<b>(4,921)</b>	<b>-</b>	<b>(149,037)</b>
<b>Net book value</b>					
<b>At 30 April 2021</b>	<b>6,372</b>	<b>10,044</b>	<b>1,873</b>	<b>641</b>	<b>18,930</b>
At 30 April 2020	6,552	10,076	1,936	1,041	19,605

The net book value of freehold land and buildings includes £4,110,000 (2020: £4,410,000) of depreciable assets.

#### 11. Right of use assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 May 2020	1,228	588	23	1,839
Additions	1,533	283	(1)	1,815
Disposals	(459)	(80)	1	(538)
<b>At 30 April 2021</b>	<b>2,302</b>	<b>791</b>	<b>23</b>	<b>3,116</b>
<b>Accumulated depreciation</b>				
At 1 May 2020	(454)	(203)	(7)	(664)
Charge for the year	(435)	(197)	(7)	(639)
Disposals	459	64	(1)	522
<b>At 30 April 2021</b>	<b>(430)</b>	<b>(336)</b>	<b>(15)</b>	<b>(781)</b>
<b>Net book value</b>				
<b>At 30 April 2021</b>	<b>1,872</b>	<b>455</b>	<b>8</b>	<b>2,335</b>
At 30 April 2020	774	385	16	1,175

The Company leases several assets including buildings and plant. The average lease term is 4 years.

	<b>2021</b> <b>£'000</b>
<b>Amounts recognised in profit and loss</b>	
Depreciation expense on right of use assets	<b>639</b>
Interest expense on lease liabilities	<b>45</b>

## DS Smith Corrugated Packaging Limited

### Notes to the financial statements for the year ended 30 April 2021 (continued)

#### 12. Inventories

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Raw materials and consumables	<b>1,025</b>	773
Work in progress	<b>103</b>	35
Finished goods	<b>1,363</b>	1,645
	<b>2,491</b>	2,453

There is no material difference between the statement of financial position value of inventories and their replacement cost. Inventory provisions at 30 April 2021 were £322,000 (2020: £554,000). £378,000 was charged to the income statement during the year (2020: £183,000).

#### 13. Trade and other receivables

	<b>2021</b>		2020 (as restated)	
	<b>Non-current</b>	<b>Current</b>	Non-current	Current
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
Trade receivables	-	<b>11,286</b>	-	3,873
Amounts owed by Group undertakings	<b>151,144</b>	<b>1,002</b>	142,259	1,095
Other receivables	-	<b>3</b>	-	78
Prepayments and accrued income	-	<b>937</b>	-	1,428
	<b>151,144</b>	<b>13,228</b>	142,259	6,474

Amounts owed by Group undertakings were previously presented as current assets as these amounts had no specified repayment terms attached and therefore it was assumed these balances were receivable on demand. However, there was no expectation that these amounts would be repaid within 12 months, being the entity's normal operating cycle, and therefore did not meet the criteria to be classified as current assets and have been reclassified to non-current assets. The impact on the 30 April 2020 statement of financial position of the above is an increase in non-current assets by £142,259,000 and an equivalent decrease in current assets.

No interest was charged on amounts owed by Group undertakings, which have no fixed repayment date.

#### 14. Trade and other payables

	<b>2021</b>		2020 (as restated)	
	<b>Non-current</b>	<b>Current</b>	Non-current	Current
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
Trade payables	-	<b>7,079</b>	-	5,115
Amounts owed to Group undertakings	-	<b>63,206</b>	-	61,373
Other taxes and social security	-	<b>383</b>	-	1,227
Preference shares	<b>147</b>	-	147	-
Other creditors	-	<b>437</b>	-	359
Accruals and deferred income	-	<b>1,434</b>	-	756
	<b>147</b>	<b>72,539</b>	147	68,830

## DS Smith Corrugated Packaging Limited

### Notes to the financial statements for the year ended 30 April 2021 (continued)

#### 14. Trade and other payables (continued)

Interest is charged on the amounts owed to Group undertakings as follows:

- £12,118,000 is interest-bearing at 12-month IBOR plus 4%, with a loan maturity date of 29 July 2022. The loan is repayable on demand therefore the loan has been reclassified from non-current to current. The impact on the 30 April 2020 statement of financial position is an increase in current liabilities of £12,118,000 and an equivalent decrease in non-current liabilities.
- No interest was charged on all other amounts owed to Group undertakings, which have no fixed repayment date.

7.5% Cumulative preference shares of £1 have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemptions.

#### 15. Provisions

	Dilapidations and onerous leases £'000	Restructuring £'000	Total £'000
At 1 May 2020	45	-	45
Charged to income statement	(45)	127	82
Utilised during the year	-	(127)	(127)
<b>At 30 April 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>

The dilapidations and onerous lease provisions relate to obligations on a number of leasehold properties. The restructuring provisions relate primarily to redundancy costs across the Company's trading divisions.

#### 16. Lease obligations

The carrying amounts of lease liabilities and the movements during the year are as follows:

	Total £'000
At 1 May 2020	1,201
Additions	1,764
Accretion of interest	45
Payments	(643)
<b>At 30 April 2021</b>	<b>2,367</b>
<b>Current</b>	<b>666</b>
<b>Non-Current</b>	<b>1,701</b>
	<b>2,367</b>

#### Maturity of lease liabilities

	1 year or less £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000	Total £'000
<b>At 30 April 2021</b>	<b>666</b>	<b>583</b>	<b>1,118</b>	<b>-</b>	<b>2,367</b>
At 30 April 2020	630	240	331	-	1,201

## DS Smith Corrugated Packaging Limited

### Notes to the financial statements for the year ended 30 April 2021 (continued)

#### 17. Deferred tax

The following are the major deferred tax liabilities recognised by the Company and movements during the current reporting period.

	<b>Capital allowances and depreciation £'000</b>
At 1 May 2020	1,225
Charged to income statement	(1,374)
<b>At 30 April 2021</b>	<b>(149)</b>

#### 18. Called-up share capital

	<b>2021 £'000</b>	2020 £'000
<b>Authorised, allotted, called-up and fully paid:</b>		
19,737,772 (2020: 19,737,772) ordinary shares of £1 each	<b>19,737</b>	19,737

#### 19. 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.

#### 20. Employee benefits

##### 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 period contributions, was £716,000 (2020: £752,000).

#### 21. 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 5 for details of Directors' remuneration. There were no other related party transactions.

#### 22. Capital commitments and other commitments

The Company had no capital commitments for the year (2020: nil).

## **DS Smith Corrugated Packaging Limited**

### **Notes to the financial statements for the year ended 30 April 2021 (continued)**

#### **23. Ultimate parent undertaking and controlling party**

The Company's immediate parent company is DS Smith Display Holding 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 office address.

The Company does not have any subsidiary undertakings.

#### **24. Subsequent events**

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