
DSSH NO.1 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

DSSH NO.1 LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | W B Hicks Z W Stone |
| Company secretary | Z W Stone |
| Registered number | 02873032 |
| Registered office | 350 Euston Road London United Kingdom NW1 3AX |
| Independent auditors | Deloitte LLP 1 New Street Square London United Kingdom EC4A 3HQ |

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

Introduction

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

Business review

The principal activity of the Company is to act as an 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 profit for the financial year after tax amounted to £2,371,000 (2020: £49,835,000 profit).

The Company is a wholly owned subsidiary of DS Smith Holdings Limited and operates as part of the DS Smith Group ('the Group'). The Group manages its operations on a Group basis. 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 provided in note 14.

Key Performance Indicators

Given the nature of the business of the Company as a holding company, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of the overall DS Smith Group is discussed within DS Smith Group Plc's annual report which does not form part of this report.

Principal risks and uncertainties

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

Liquidity risk

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

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.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021**

Covid 19

The Group'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 Group's sites remained fully operational and continued to trade throughout the period. Changes were made to operating processes and practices to ensure the Group could respond to the specific local government requirements in each country in which it operates.

The Company's risk is low, as it does not trade. The business performance of the Company's subsidiaries (direct and indirect) or parent companies may be adversely impacted by the Covid-19 pandemic resulting in an impairment of investments in Group undertakings and any amounts owed by these subsidiaries or parent companies. However, the Directors consider that this risk is minimal, as the Group has continued to trade. 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 50 to 51 in the Group's 2020/21 Annual Report available at the Group's website at: <https://www.dssmith.com/investors/results-and-presentations>.

Brexit

The UK left the EU in January 2020 and the transition period ended on 31 December 2020. Product for the Group's UK customers is largely manufactured within the UK and materials sourced within the UK, and as such the Group 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 2021, the business have planned, in collaboration with key trading partners, and accordingly the overall impact on the Group has not been material. The Company does not trade, but for the reasons described the impact on the Company's related parties has not been material.

Directors' statement of compliance with duty to promote the success of the Company - S172(1) of the Companies Act 2006

The Directors have regard to section 172(1) of the Companies Act when performing their duties to promote the success of the Company, paying due regard to likely consequences of decisions in the long-term and the interests of its stakeholders, which are internal. As the Company is an investment holding company, it does not have any direct employees, customers or suppliers. The Company operates as part of the Group which has as its purpose 'Redefining Packaging for a Changing World'. Both the Company and Group complies with the principles of good corporate governance with policies in place to support this commitment. The Group's stakeholders include its employees, customers, the communities in which it operates 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), business risk, responsible business matters and the results of stakeholder engagement exercises. For more details on how the Group has regard to the interests of its employees, the impact its 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 can be obtained from the address in note 14.

This report was approved by the board on 20 December 2021 and signed on its behalf.

W B Hicks
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

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

Results and dividends

The profit for the year, after taxation, amounted to £2,371,000 (2020: £49,835,000).

The Company paid a dividend for the year ended 30 April 2021 of £2,371,000 (2020: £49,835,000). There have been no dividends proposed after year end.

Directors

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

W B Hicks
Z W Stone

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 (2020: £nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company is as shown in the statement of financial position on page 13. The profit for the financial year after tax amounted to £2,371,000 (2020: £49,835,000). At 30 April 2021 the Company had net assets of £84,053,000 (2020: £84,053,000).

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.

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 2 to these financial statements.

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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021**

Future developments

The Covid-19 pandemic remains a challenge and the Directors will continue to monitor all aspects of the business, from people, operations and the consequential financial implications and take appropriate actions in response. 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 Group's ability to continue to perform well in the future. The principal activity of the Company is to act as an investment holding company for the Group 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 2021. The Directors do not see that the Covid-19 pandemic will have a direct impact on the position and performance of the entity and whilst recognising that there may be some indirect impact in the future as a consequence of the impact on the wider Group.

Disclosure of information to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Post balance sheet events

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

Auditors

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 December 2021 and signed on its behalf.

W B Hicks
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 APRIL 2021**

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 Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSSH NO.1 LIMITED

Opinion

In our opinion the financial statements of DSSH No.1 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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;
- statement of changes in equity; and
- the related notes 1 to 14.

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"/Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSSH NO.1 LIMITED

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and 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 including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSSH NO.1 LIMITED

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and 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, reviewing internal audit reports, reviewing correspondence with HMRC and licensing authorities.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSSH NO.1 LIMITED

Use Of Our Report

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

Stephen Turner (Senior Statutory Auditor)

for and on behalf of

Deloitte LLP

1 New Street Square
London
United Kingdom
EC4A 3HQ
20 December 2021

DSSH NO.1 LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2021**

| | Note | 2021 £000 | <i>2020 £000</i> |
|---|-------------|----------------------|----------------------|
| Income from other fixed asset investments | 6 | 2,371 | 49,835 |
| Profit before taxation | | 2,371 | 49,835 |
| Tax on profit | 7 | - | - |
| Profit for the financial year | | 2,371 | 49,835 |

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement. Therefore no separate statement of comprehensive income has been presented in the current or prior year.

The notes on pages 13 to 18 form part of these financial statements.

DSSH NO.1 LIMITED
REGISTERED NUMBER: 02873032

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021

| | Note | 2021 £000 | <i>*As restated</i> <i>2020</i> <i>£000</i> |
|-----------------------------|-------------|----------------------------|---|
| Non-current assets | | | |
| Investments | 9 | 83,215 | 83,215 |
| Debtors | 10 | 838 | 838 |
| | | <u>84,053</u> | <u>84,053</u> |
| Total assets | | 84,053 | 84,053 |
| | | <u>84,053</u> | <u>84,053</u> |
| Net assets | | | |
| | | <u>84,053</u> | <u>84,053</u> |
| Capital and reserves | | | |
| Share capital | 11 | 31,391 | 31,391 |
| Share premium account | | 52,661 | 52,661 |
| Profit and loss account | | 1 | 1 |
| | | <u>84,053</u> | <u>84,053</u> |

*The 30 April 2020 comparative has been restated as explained in note 10.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2021.

W B Hicks
Director

The notes on pages 13 to 18 form part of these financial statements.

DSSH NO.1 LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2021**

| | Called up share capital £000 | Share premium account £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|-------------------------------------|------------------------------------|----------------------|
| At 1 May 2019 | 31,391 | 52,661 | 1 | 84,053 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 49,835 | 49,835 |
| Total comprehensive income for the year | - | - | 49,835 | 49,835 |
| Dividends: Equity capital | - | - | (49,835) | (49,835) |
| Total transactions with owners | - | - | (49,835) | (49,835) |
| At 30 April 2020 | 31,391 | 52,661 | 1 | 84,053 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 2,371 | 2,371 |
| Total comprehensive income for the year | - | - | 2,371 | 2,371 |
| Dividends: Equity capital | - | - | (2,371) | (2,371) |
| Total transactions with owners | - | - | (2,371) | (2,371) |
| At 30 April 2021 | 31,391 | 52,661 | 1 | 84,053 |

The notes on pages 13 to 18 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

1. General information

DSSH No.1 Limited ("the Company") is a company limited by shares and is incorporated in the United Kingdom and registered in England and Wales whose shares are not publicly traded. The registered office is located at 350 Euston Road, London, NW1 3AX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of DS Smith Plc as at 30 April 2021 and these financial statements may be obtained from 350 Euston Road, London, NW1 3AX.

2.3 Exemption from preparing 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. Accounting policies (continued)

2.4 Going concern

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

The 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.

2.5 Taxation

Income tax on the profit or loss for the year comprises current 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, for the tax charge during the year, the ultimate parent company DS Smith PLC pays the tax charged on behalf of the entity and the balance is stated as payable balance to PLC and in case of tax credit balance, the Company surrenders current year tax losses to other members of the DS Smith Group, and receives payment for those tax losses at the rate of tax prevailing in the year.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

3. Judgements in applying accounting policies and 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 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.

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.

4. Auditors' remuneration

| | 2021 | <i>2020</i> |
|---|-------------|-------------|
| | £000 | <i>£000</i> |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 8 | <i>7</i> |

The Auditor's remuneration of £7,500 (2020: £6,500) for the statutory audit of the Company's financial statements for the current and previous year has been borne and not recharged by another Group undertaking. There is no non-audit remuneration paid in the current and prior year.

5. Information regarding Directors and employees

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

6. Income from other fixed asset investments

| | 2021 | <i>2020</i> |
|-------------------------------------|--------------|---------------|
| | £000 | <i>£000</i> |
| Income from fixed asset investments | 2,371 | <i>49,835</i> |
| | 2,371 | <i>49,835</i> |

7. Tax on profit

| | 2021 | <i>2020</i> |
|--------------------------|-------------|-------------|
| | £000 | <i>£000</i> |
| Total current tax | - | <i>-</i> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (*2020: lower than*) the standard rate of corporation tax in the UK of 19% (*2020: 19%*). The differences are explained below:

| | 2021 | <i>2020</i> |
|--|--------------|----------------|
| | £000 | <i>£000</i> |
| Profit on ordinary activities before tax | 2,371 | <i>49,835</i> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (<i>2020: 19%</i>) | (450) | <i>(9,469)</i> |
| Effects of: | | |
| Non-taxable income | 450 | <i>9,469</i> |
| Total tax charge for the year | - | <i>-</i> |

Factors that may affect future tax charges

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

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.

DSSH NO.1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

8. Dividends

| | 2021 £000 | <i>2020 £000</i> |
|------------------|----------------------|----------------------|
| Equity dividends | 2,371 | 49,835 |
| | <u>2,371</u> | <u>49,835</u> |

9. Fixed asset investments

| | Investments in subsidiary companies £000 |
|--------------------------|---|
| Cost or valuation | |
| At 1 May 2020 | 83,215 |
| At 30 April 2021 | <u>83,215</u> |

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

| Name | Registered office | Class of shares | Holding |
|---------------------------------|--|----------------------------|----------------|
| David S. Smith (Netherlands) BV | Coldenhovenseweg 130, 6961 EH Eerbeek, Netherlands | Ordinary | 62.54% |

10. Debtors

| | 2021 £000 | <i>2020 £000</i> |
|-------------------------------------|----------------------|----------------------|
| Due after more than one year | | |
| Amounts owed by group undertakings | 838 | 838 |
| | <u>838</u> | <u>838</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

10. Debtors (continued)

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. The impact on the 30 April 2020 statement of financial position is an increase to non-current assets of £838,000 and an equivalent decrease in current assets.

11. Share capital

| | 2021 | <i>2020</i> |
|---|-------------------|-------------------|
| | £000 | <i>£000</i> |
| Authorised | | |
| 38,500,000 (2020: 38,500,000) Ordinary shares of £1.00 each | 38,500 | <i>38,500</i> |
| | <u> </u> | <u> </u> |
| Allotted, called up and fully paid | | |
| 31,390,952 (2020: 31,390,952) Ordinary shares of £1.00 each | 31,391 | <i>31,391</i> |
| | <u> </u> | <u> </u> |

12. Related party transactions

Under FRS 102, the Company is exempt from the requirement to disclose related party transactions with DS Smith Plc and its associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of DS Smith Plc.

13. Post balance sheet events

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

14. Controlling party

The Company's immediate parent company is DS Smith Holdings 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.

