Registered number: 09223390

TOTAL MARKETING SUPPORT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

COMPANY INFORMATION

Directors	David Fincham William Beverley Hicks Eleanor Morris
Company secretary	Z W Stone
Registered number	09223390
Registered office	Level 3 1 Paddington Square London United Kingdom W2 1DL
Independent auditors	Deloitte LLP 5 Callaghan Square Cardiff United Kingdom CF10 5BT
Bankers	Citibank Citigroup Centre 33 Canada Square London E14 5LB

TOTAL MARKETING SUPPORT LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2022

The Directors present their strategic report for the year ended 30 April 2022.

Business review and principal activities

Total Marketing Support Limited (‘the Company’) is a subsidiary of DS Smith Plc and operates as part of the DS Smith Group (‘the Group’). The principal activity of the Company is point of sale procurement and related activities.

The results for the year show a loss before taxation of €3,980,000 (2021: loss before taxation of €2,424,000).

Management uses a range of performance measures to monitor and manage the business. The KPIs are used as a performance indicator and are used to highlight any areas of concern where corrective actions need to be taken. Turnover and Operating Profit indicate the level of activity and the resulting profitability of the business. The KPIs for 2022 are shown in the table below along with the prior year comparatives.

	2022 €000	2021 €000	% Change
Turnover	38,832	38,254	1
Operating Loss	(3,887)	(2,306)	(72)
Gross Profit	6,984	7,212	(4)

Turnover has remained static during the financial year, with gross profit reducing as a result of a slight increase in the cost of sales. Operating costs have increased from 2021 due to additional headcount to support customer development. The directors are satisfied with the general performance of the company.

S172(1) of the Companies Act 2006

The Board (comprising the Managing Director, Finance Director and Group Financial Controller) aims to promote the success of the Company for the benefit of its shareholder, taking into account the long-term consequences of its decisions and looking at those decisions through a variety of lenses. This involves the Board and management considering in detail and discussing the interests of the Company’s and Group’s stakeholders; the importance of maintaining our reputation for high standards of business conduct; and the impact of the Company’s operations on the community and environment. Examples of how this is put into practice are given below and in the statement of corporate governance arrangements.

Our key stakeholders include our customers, our people, our investors, our suppliers, the communities in which we operate and non-governmental organisations. The Company is also a participating employer in a UK defined benefit pension scheme of which its ultimate parent, DS Smith Plc, is the sponsoring employer.

Employees

The Company employed 104 people as at 30 April 2022. Our people are interested in a company they can be proud of and a strong supportive culture in which they feel safe, recognised, included and fairly rewarded and in which they can fulfil their potential. We provide development opportunities for all and recognition of personal development, regardless of gender, ethnicity, age or religion. We encourage feedback and have mechanisms through our employee forums, biennial employee survey and more regular pulse surveys, which inform our action plans. We are committed to ensuring our employees work in a safe, fair and productive environment and invest in their development. We base our approach to, and expectation of, our employees on our five DS Smith values (Be caring, Be challenging, Be responsive, Be trusted and Be tenacious).

In 2021/22, we conducted an engagement survey to understand what is working and areas to improve; to listen, respond and act. We continued celebrating the contribution and success of employees with our participation in the Group's second Smithies awards event held virtually. We provided managers with a set of tools to drive high levels of health and safety and wellbeing engagement.

We also continued to develop our leadership pipeline from early talent through to mid and senior leadership, for example, by nominating employees to participate in two Group-wide programmes, the Global Leadership Programme and Aspire (see page 27 of the Group's 2022 Annual Report). We provided more opportunities for employees to develop by offering new ways of accessing learning.

We also accelerated our diversity and inclusion ambition. For example, leaders in the Company participated in an inclusive leadership workshop alongside other leaders from across the Group who are part of a global, diverse alumni network supporting each other. After the inclusive leadership workshop, several leaders were paired with reverse mentors of different backgrounds. Reverse mentoring is an opportunity to connect with our diversity and inclusion agenda on a personal level and drive action to create cultural transformation. It builds a bridge between different backgrounds, benefiting both parties. One of the participating employees from the Company commented that “We talked about areas we can improve and will explore these in future conversations”.

Everyone has a role to play to make the organisation a more diverse and inclusive environment. This year, we have participated in a number of active networks launched by the Group, such as Employee Resource Groups, LGBTQ+ and Allies Network and an Ethnic and Cultural Diversity Network. We also launched the Career Transition Partnership for veterans.

Customers

We have a diverse customer base, serving predominantly FMCG customers and e-commerce. These customers are increasingly concerned about sustainability, both in terms of recyclable packaging materials and reducing overall lifecycle impact, including optimisation in the supply chain. They are interested in transparency in the supply chain, compliance with laws and regulation and competitive pricing. They are also focused on the quality of the product and security of the supply chain and meeting their own sustainability targets.

In 2021/22, we supported our customers throughout the pandemic by maintaining our continuity of service, strengthened our value proposition and helped customers better position themselves for a more circular economy, accelerated innovation programmes, including plastic replacement, and demonstrated flexibility and agility in our co-operation with our customers. Our packaging is fully sustainable which means it helps our customers achieve their own sustainability targets.

Communities and non-governmental organisations

Through the DS Smith Group, the Company takes a leadership role with relevant non-governmental organisations, such as our global partnership with the Ellen MacArthur Foundation. The Group are also engaging with leading ESG organisations such as the Science Based Targets inititative to set meaningful and ambitious goals around our carbon emissions.

Suppliers

The procurement function has first-line responsibility for relationships with suppliers. We engage with all our suppliers, internal and external, to enforce our established supplier standards and Global Supplier Standard, which set out our ways of working, including for example, in relation to our obligations under anti-modern slavery laws.

Environment

Leading in sustainability and care for the environment is core to our Purpose and is one of our four strategic goals. We support the Group in engaging in detailed consultations with government on the topics of recycling and reuse, extended producer responsibility and the decarbonisation of heat. We also participate in industry organisations in the UK to combine our influence. We also engage with the communities in which we operate, for example, through our Community Programme themes of circular economy education and biodiversity.

In January 2022, the Group announced its ambitious commitment to align its global operations to a 1.5°C scenario as set out in the Paris Climate Agreement, by committing to reduce its Scope 1,2 and 3 Green House Gas (GHG) emissions 46 per cent by 2030, compared to 2019 and to reach Net Zero GHG emissions by 2050. The Company monitors its impact on the environment and is working to ensure it contributes to achieving these ambitious targets.

The Company also actively plays its role in contributing to the progress on the Group's Now and Next Sustainability Strategy, such as our target to manufacture 100 per cent recyclable or reusable packaging.

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and foreign currency risk.

Where applicable, the Company follows the DS Smith Group policy, as outlined below. 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 DS Smith 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 payable to DS Smith Plc arising from the continued financial support of the operating business. The DS Smith Group Treasury function is responsible for identifying and managing interest rate exposure.

Foreign currency risk

The Company has transactions in foreign currencies which are then translated into the presentation currency, the GBP, for the purposes of the financial statements. The Group treasury function enters into arrangements such as foreign exchange contracts in order to manage the risk arising upon currency translationn.

Inflation risk

The Company actively monitors and reviews the continued inflationary pressures which are being felt both in the United Kingdom and other economies worldwide. The Company actively mitigates its inflation risk through continuous cost improvement and major programmes with its suppliers and customers on value/price parameters.

Principal risks and uncertainties

Covid-19

The continued Covid-19 pandemic has resulted in the shutdown of economies across the world, resulting in job losses and business failures and a global recession, including the UK. In response to the pandemic the Group has undertaken measures to reinforce its financial position and ongoing performance through conserving cash and managing costs.

The Company's risk is low, as its principal activities and trading have continued uninterrupted. There is a risk that the Company's related party's business performance may be adversely impacted by the Covid-19 pandemic resulting in an impairment of these investments. However, the Directors consider that this risk is minimal, as the Group has continued to trade through the pandemic and has focused on maintaining an uninterrupted supply to its customers.

Going concern

At 30 April 2022 the Company had net liabilities of €9,305,000 (30 April 2021: net liabilities of €5,316,000). The Company benefits from the ongoing support of its ultimate parent company, DS Smith Plc, who the Directors believe have the ability to provide sufficient support and this has been evidenced through a written undertaking from the parent company to provide financial support if required from a period of at least 12 months from the date of signing of the financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board on 30 January 2023 and signed on its behalf.

William Beverley Hicks
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2022

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

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

- Financial risk management, objectives, and policies

- Going concern

Results and dividends

The loss for the year, after taxation, amounted to €3,989,000 (2021 - loss €1,809,000).

No dividends were paid during the year and up to the date of authorising the 30 April 2022 financial statements (2021: €nil).

Directors

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

William Beverley Hicks
David Fincham (appointed 14 October 2022)
Stewart John Clough (resigned 14 October 2022)
Eleanor Morris (appointed 9 May 2022)

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 Company has not made qualifying third-party indemnity provisions for the benefit of the Group’s Directors during the year.

Employees

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

Political contributions

No political or charitable contributions were made during the year (2021: €nil).

Future developments

The Company will strive to remain a low cost, flexible provider of its core services and maintain its focus on quality and customer service.

Subsequent Events

On 19 December 2022, the registered office has changed from 350 Euston Road, London NW1 3AX, United Kingdom to Level 3, 1 Paddington Square, London W2 1DL, United Kingdom.

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 Section 418 of the Companies Act 2006.

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

This report was approved by the board on 30 January 2023 and signed on its behalf.

William Beverley Hicks
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 APRIL 2022

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOTAL MARKETING SUPPORT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Total Marketing Support Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced 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 statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 23.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Manual adjustments to revenue is an area of increased judgement and estimation, giving an opportunity fore management bias in the revenue recognised. Our risk was pinpointed to the manual revenue margin accrual postings. As part of the procedures to address the risk above, we tested the design and implementation of the key controls designed to mitigate the risk. We performed a test of details over the revenue postings to ensure that the revenue was correctly recorded and split between current year revenue and deferred revenue.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors’ report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

David Hedditch (Senior statutory auditor)

for and on behalf of

Deloitte LLP

5 Callaghan Square
Cardiff
United Kingdom
CF10 5BT

30 January 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2022

	Note	**2022 €000**	2021 €000
Turnover	4	**38,832**	38,254
Cost of sales		**(31,848)**	(31,042)
Gross profit		**6,984**	7,212
Administrative expenses		**(10,709)**	(9,644)
Other operating charges		**(162)**	(78)
Exceptional other operating income	11	**-**	204
Operating loss	5	**(3,887)**	(2,306)
Interest payable and similar expenses	9	**(85)**	(118)
Other finance expense		**(8)**	-
Loss before tax		**(3,980)**	(2,424)
Tax on loss	10	**(9)**	615
Loss for the financial year		**(3,989)**	(1,809)

The results shown above are from continuing operations.

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 15 to 33 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	Note		2022 €000		2021 €000
Fixed assets					
Intangible assets	12		**901**		368
Tangible assets	13		**283**		403
Investments			**1**		1
			1,185		772
Current assets					
Debtors: amounts falling due within one year	15	**8,922**		12,913	
Cash at bank and in hand	16	**14,090**		8,615	
		23,012		21,528	
Creditors: amounts falling due within one year	17	**(33,480)**		(27,475)	
Net current liabilities			**(10,468)**		(5,947)
Total assets less current liabilities			**(9,283)**		(5,175)
Creditors: amounts falling due after more than one year	18		**(22)**		(141)
Net liabilities			**(9,305)**		(5,316)
Capital and reserves					
Profit and loss account			**(9,305)**		(5,316)
			(9,305)		(5,316)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 January 2023.

William Beverley Hicks
Director

The notes on pages 15 to 33 form part of these financial statements.

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

	Profit and loss account	Total equity
	€000	€000
At 1 May 2021	**(5,316)**	**(5,316)**
Loss and total comprehensive expense for the year	**(3,989)**	**(3,989)**
At 30 April 2022	**(9,305)**	**(9,305)**

The notes on pages 15 to 33 form part of these financial statements.

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

	Profit and loss account	Total equity
	€000	€000
At 1 May 2020	**(3,507)**	**(3,507)**
Loss and total comprehensive expense for the year	**(1,809)**	**(1,809)**
At 30 April 2021	**(5,316)**	**(5,316)**

1. General information

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 registered address is Level 3, 1 Paddington Square, London, England, W2 1DL.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of DS Smith Plc as at 30 April 2022 and these financial statements may be obtained from:
https://www.dssmith.com/investors/results-presentations/annual-reports.

The following new standards, amendments or interpretations have been adopted by the Company as of 01 May 2021:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

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

2. Accounting policies (continued)

2.3 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:

- Amendments to IAS 16 (Property, Plant and Equipment - Proceeds Before Intended Use)
- Amendments to IFRS 3 (Reference to the Conceptual Framework)
- Amendments to IAS 37 (Onerous Contracts - Cost of Fulfilling a Contract)
- Amendments to IAS 1 and IFRS Practice Statement (Disclosure of Accounting Policies)
- Amendments to IAS 12 (Deferred tax related to Assets and Liabilities arising from a single transaction
- Amendments to IAS 8 (Definition of accounting estimates)
- Amendments to IAS 1 (Classification of liabilities as current or non-current)

These standards are currently not expected to have a material impact on the financial statements of the Company.

2.4 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.

2.5 Going concern

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

The Company’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.

2. Accounting policies (continued)

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. The Directors have considered the impact of the Covid-19 pandemic and believe the risk for the Company to be minimal, as outlined in Strategic report. Accordingly, they have continued to adopt the going concern basis in preparing these financial statements.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional currency is Euros, which is the currency of the primary economic environment in which the Company operates.

Transactions and balances

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

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

2.7 Revenue

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

- the Company has 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 the goods are unloaded at the delivery address if the Company is responsible for delivery.

2.8 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease

2. Accounting policies (continued)

2.8 Leases (continued)

term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of Financial Position.

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

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

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

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.14.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.9 Finance costs

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

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

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

2.11 Taxation

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

For the year ended 30 April 201 and prior years the Group policy is, for the tax charge during the year, the ultimate parent company DS Smith Plc pays the tax charged on behalf of the entity and the balance is stated as payable to Plc and in the case of a tax credit balance, the Company surrenders its current year tax losses to other members of the DS Smith Group, and receives payment for those tax losses at the rate of tax prevailing in the year.

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

Deferred tax is provided for using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Computer software	-	3 - 5 years

Amortisation of intangible assets (excluding goodwill) 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 (other than goodwill) are amortised from the date they are available for use.

2.14 Tangible fixed assets

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

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

The estimated useful lives range as follows:

Long-term leasehold property	-	1 - 10 years
Office equipment	-	2 - 25 years

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

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

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.17 Debtors

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

2. Accounting policies (continued)

2.18 Cash and cash equivalents

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

2.19 Creditors

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

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

2. Accounting policies (continued)

2.20 Financial instruments

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

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

Financial assets

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

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.

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.

The Directors do not deem there to be any critical accounting judgements or key sources of estimation uncertainty in the preparation of the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 €000	2021 €000
Sale of goods	**38,832**	38,254
	38,832	38,254

Analysis of turnover by country of destination:

	2022 €000	2021 €000
United Kingdom	**8,410**	6,569
Europe	**30,422**	31,683
Rest of the world	**-**	2
	38,832	38,254

5. Operating loss

The operating loss is stated after charging:

	2022 €000	2021 €000
Depreciation of tangible fixed assets	**209**	157
Amortisation of intangible assets, including goodwill	**116**	108
Exchange differences	**295**	184
Share based payments	**51**	-
Defined contribution pension cost	**469**	365

6. Auditors' remuneration

	2022 **€000**	2021 €000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**58**	36

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

7. Directors' emoluments

The emoluments of the highest paid Director were €291k (2021: €244k) including pension contributions of €8k (2021: €9k)

The number of Directors for which pension contributions have been paid by the Company during the financial year was 1 (2021: 1)

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

8. Employees

Staff costs were as follows:

	2022 €000	2021 €000
Wages and salaries	**5,783**	5,424
Social security costs	**878**	517
Cost of defined contribution scheme	**469**	365
	7,130	6,306

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

	2022 No.	2021 No.
Selling and distribution	**76**	80
Management and administration	**28**	14
	104	94

9. Interest payable and similar expenses

	2022 €000	2021 €000
Bank interest payable	**72**	80
Loans from Group undertakings	**5**	29
Interest on lease liabilities	**8**	9
	85	118

10. Taxation

	2022	2021
	€000	€000
Corporation tax		
Current tax on profits for the year	**-**	(455)
Adjustments in respect of previous periods	**9**	(160)
	9	(615)
Total current tax	**9**	(615)
Deferred tax		
Total deferred tax	**-**	-
Taxation on loss	**9**	(615)

Factors affecting tax charge for the year

The difference between the actual tax charge and the standard rate of corporation tax in the UK of 19% (2021 - 19%) is as follows:

	2022	2021
	€000	€000
Loss before tax	**(3,980)**	(2,424)
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(756)**	(460)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**44**	5
Adjustments to tax charge in respect of prior periods	**9**	(160)
Group relief	**712**	-
Total tax credit for the year	**9**	(615)

10. Taxation (continued)

Factors that may affect future tax charges

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 to 25% effective 01 April 2023, which was substantially enacted on 10 June 2021. Accordingly, the deferred tax balances have been remeasured in the current year.

11. Exceptional items

	2022	2021
	€000	€000
Income	**-**	(204)
	-	(204)

Total amount recognised as exceptional items relates to legal settlement costs and associated legal fees.

12. Intangible assets

	Computer software €000
Cost	
At 1 May 2021	**966**
Additions - external	**662**
Disposals	**(503)**
At 30 April 2022	**1,125**
Amortisation	
At 1 May 2021	**598**
Charge for the year on owned assets	**116**
On disposals	**(490)**
At 30 April 2022	**224**
Net book value	
At 30 April 2022	**901**
At 30 April 2021	368

13. Tangible fixed assets

	Long-term leasehold property €000	Office equipment €000	Total €000
Cost			
At 1 May 2021	**343**	**225**	**568**
Additions	**106**	**85**	**191**
At 30 April 2022	**449**	**310**	**759**
Depreciation			
At 1 May 2021	**104**	**61**	**165**
Charge for the year on owned assets	**-**	**90**	**90**
Charge for the year on right-of-use assets	**119**	**-**	**119**
Reclassification	**94**	**8**	**102**
At 30 April 2022	**317**	**159**	**476**
Net book value			
At 30 April 2022	**132**	**151**	**283**
At 30 April 2021	239	164	403

14. Investment in subsidiaries

	Shares in subsidiary undertakings €000
Cost and Net book value	
At 1 May 2021 and 30 April 2022	1

The Company's interest in subsidiary undertakings are:

Name	Registered office	Class of shares	Holding
Total Marketing Support Global Limited	350 Euston Road, London, NW1 3AX, United Kingdom	'A' Ordinary 'B' Ordinary	100%
Total Marketing Support Bolivia S.A.	Santa Cruz De La Sierra, Calle Dr. Mariano, Zambrana, No.700, UV: S/N MZNO: S/N ZONA: OESTE, Bolivia	BOB 100 Ordinary	2%
PT Total Marketing Support Indonesia	Tempo Scan Tower Lantai 32, Jalan H.R. Rasuna Said Kav 3-4, Kel. Kuningan Timur, Kec. Setiabudi, Kota Adm. Jakarta Selatan, Prov. DKI Jakarta, Indonesia	IDR 1.00	1%

15. Debtors

	2022 €000	2021 €000
Trade debtors	**4,023**	3,912
Amounts owed by Group undertakings	**68**	6,090
Other debtors	**2,222**	1,381
Prepayments and accrued income	**2,609**	1,530
	8,922	12,913

No interest was charged on the amounts owed by Group undertakings which are unsecured and repayable on demand.

16. Cash and cash equivalents

	2022 €000	2021 €000
Cash at bank and in hand	**14,090**	8,615
	14,090	8,615

17. Creditors: Amounts falling due within one year

	2022 €000	2021 €000
Trade creditors	**11,557**	10,620
Amounts owed to Group undertakings	**19,048**	15,065
Lease liabilities	**117**	95
Other creditors	**1,966**	707
Accruals and deferred income	**792**	988
	33,480	27,475

Amounts owed to Group undertakings includes €8,809,000 loan drawing down against a loan facility with DS Smith Plc, on which interest is charged at LIBOR plus 2% and is repayable on demand. No interest was charged on other amounts to Group undertakings.

Following the discontinuation of LIBOR as an interest rate benchmark, from 01 January 2022 risk free rates will be applied to intercompany loans within the DS Smith Group that are impacted by the reform. To ensure the economics of the transactions are consistent before and after the transition, a credit adjustment spread will be applied to the risk free rates.

18. Creditors: Amounts falling due after more than one year

	2022 €000	2021 €000
Lease liabilities	**22**	141
	22	141

19. Deferred Tax

Deferred tax asset not recognised

	2022 €000
Loss	49
Decelerated capital allowances	186
	235

20. Share capital

1 (2021: 1) ordinary share of £1 each

21. Related party transactions

The Company has taken the exemption available under FRS 101 from disclosing related party transactions entered into between two or more members of the DS Smith Group, provided that the fellow group entities are wholly owned by the Group. See note 7 for details of Directors' remuneration. There were no other related party transactions.

22. 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 Level 3, 1 Paddington Square, London W2 1DL, which is its registered address.

23. Subsequent Events

On 19 December 2022, the registered office has changed from 350 Euston Road, London NW1 3AX, United Kingdom to Level 3, 1 Paddington Square, London W2 1DL, United Kingdom.