Company Registration No. 00382678

DS Smith Display Holding Limited

Annual Report and Financial Statements for the year ended 30 April 2016

DS Smith Display Holding Limited

Annual Report and Financial Statements for the year ended 30 April 2016

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DS Smith Display Holding Limited

Annual Report and Financial Statements for the year ended 30 April 2016

Officers and Professional Advisers

Directors

W B Hicks
G P Jenkins
S Rossi

Company Secretary

A Steele

Registered Office

350 Euston Road
London
NW1 3AX
United Kingdom

Registered Number

00382678

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol
United Kingdom

DS Smith Display Holding Limited

Strategic Report

The Directors present their Strategic Report for the year ended 30 April 2016.

Business review and principal activities

The principal activity of the Company is to act as a holding company for a subsidiary which is engaged in the manufacture and sale of paper and packaging and the provision of packaging services. There has been no significant change in the Company's principal activity in the year under review. The Directors are not aware, at the date of this report, of any likely significant changes in the Company's activities in the forthcoming financial year.

The results for the financial year show a loss on ordinary activities after taxation of £7,078,000 (2015: loss £6,629,000). No dividends were paid during the year (2015: £nil).

Given the nature of the Company's activities, the Directors are satisfied with the underlying performance of the business during the year.

The Company is a wholly owned subsidiary of DS Smith Plc and operates as part of the Group. The Group manages its operations on a Group basis. For this reason, the Company's Directors believe that further discussion of risks and uncertainties, key performance indicators and future plans on a company only basis are not appropriate for an understanding of the development, performance or position of the business. 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.

Financial risk management objectives and policies

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

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

Liquidity risk

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

Interest rate risk

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

DS Smith Display Holding Limited

Strategic Report (continued)

Going concern

At 30 April 2016 the Company had net liabilities of £13,064,000 (2015: net liabilities of £5,986,000). The Company benefits from the ongoing support of its ultimate parent company, DS Smith Plc, and this has been evidenced through a written undertaking from the 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.

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

W B Hicks

Director

13 January 2017

DS Smith Display Holding Limited

Directors' Report

The Directors present their Annual Report and the audited Financial Statements of the Company for the year ended 30 April 2016.

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

- Financial risk management objectives and policies.
- Going concern

Dividends

The Directors have not proposed or paid a dividend for the year ended 30 April 2016 (2015: £nil).

Directors

The Directors who held office during the year and to the date of signing the financial statements, except as noted, were as follows:

G P Jenkins

M P Jowett (resigned 21 January 2016)

S Rossi

W B Hicks (appointed 21 January 2016)

Directors' and officers' liability insurance

During the year and up to the date of approval of these Financial Statements, the parent company maintained liability insurance for the Directors and other Officers of the Company.

Political contributions

No political contributions were made during the year (2015: £nil).

Future developments

The Company is expected to continue to perform as it has during the year ended 30 April 2016.

Auditor

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

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

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

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

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

W B Hicks

Director

13 January 2017

DS Smith Display Holding Limited

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the members of DS Smith Display Holding Limited

We have audited the financial statements of DS Smith Display Holding Limited for the year ended 30 April 2016 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 *Reduced Disclosure Framework*.

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 those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 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 and the Directors' Report.

Independent Auditor's Report to the members of DS Smith Display Holding Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Andrew Wright

Andrew Wright (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Bristol, United Kingdom

13 January 2017

DS Smith Display Holding Limited

Income Statement

Year ended 30 April 2016

	Notes	2016 £'000	2015 £'000
Finance costs	5	**(8,529)**	(8,065)
Loss before income tax		**(8,529)**	(8,065)
Income tax credit	6	**1,451**	1,436
Loss for the financial year		**(7,078)**	(6,629)

The results shown above are from continuing operations.

There are no recognised gains or losses other than those detailed in the Income Statement, and therefore no separate Statement of Comprehensive Income has been presented.

DS Smith Display Holding Limited

Statement of Financial Position

As at 30 April 2016

	Note	2016 £'000	2015 £'000
Assets			
Non-current assets			
Investments in subsidiaries	7	**135,348**	135,348
Total non-current assets		**135,348**	135,348
Current assets			
Income tax receivable		**688**	2,175
Trade and other receivables	8	**27,746**	24,810
Total current assets		**28,434**	26,985
Total assets		**163,782**	162,333
Liabilities			
Non-current liabilities			
Other payables	9	**(176,821)**	(168,319)
Total non-current liabilities		**(176,821)**	(168,319)
Current liabilities			
Trade and other payables	9	**(25)**	-
Total current liabilities		**(25)**	-
Total liabilities		**(176,846)**	(168,319)
Total assets less current liabilities		**163,847**	162,333
Net liabilities		**(13,064)**	(5,986)
Equity			
Issued capital	10	**42,313**	42,313
Share premium account		**124,393**	124,393
Retained earnings		**(179,770)**	(172,692)
Shareholder's deficit		**(13,064)**	(5,986)

These financial statements for DS Smith Display Holding Limited (registered number 00382678) were approved by the Board of Directors and authorised for issue on 13 January 2017.

Signed on behalf of the Board of Directors:

W B Hicks
Director

The accompanying notes are an integral part of these Financial Statements.

DS Smith Display Holding Limited
Statement of Changes in Equity
Year ended 30 April 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 May 2014	42,313	124,393	(166,063)	**643**
Loss for the year	-	-	(6,629)	**(6,629)**
Total comprehensive expense	-	-	(6,629)	**(6,629)**
At 30 April 2015 [1]	**42,313**	**124,393**	**(172,692)**	**(5,986)**
Loss for the year	-	-	(7,078)	**(7,078)**
Total comprehensive expense	-	-	(7,078)	**(7,078)**
At 30 April 2016	**42,313**	**124,393**	**(179,770)**	**(13,064)**

[1] Restated on adoption of Financial Reporting Standard 101 (FRS 101), *Reduced Disclosure Framework* (see note 15)

DS Smith Display Holding Limited

Notes to the financial statements for the year ended 30 April 2016

1. Principal accounting policies

Basis of preparation

The financial statements of the Company have been prepared on the going concern basis and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and the UK Companies Act. The Company has applied the amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

The Financial Statements are prepared under the historical cost convention.

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

- Statement of Cash Flows and related notes;
- a comparative period reconciliation for share capital;
- disclosures in respect of transactions with wholly-owned subsidiaries;
- an additional Statement of Financial Position for the beginning of the earliest comparative period as required by IFRS 1 First-time Adoption of International Financial Reporting Standards;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of Key Management Personnel.

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

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

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

In the transition to FRS 101, the Company has applied IFRS 1 *First-time adoption of International Financial Reporting Standards* (IFRS 1) whilst applying the exemption noted above. An explanation of how the transition to FRS 101 has affected the Company is provided in note 14.

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.

Investments in subsidiaries

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

Guarantees

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

1. Principal accounting policies (continued)

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, 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.

Financial assets and liabilities

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

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 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.

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. Critical accounting judgements

In the application of the accounting policies, which are described in note 1, 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.

(a) Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' value in use. The value in use calculations requires the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate the present values. The carrying amount of investments in subsidiaries at the balance sheet date was £135,348,000 with no impairment recognised in 2016 or 2015.

3. Loss before income tax

The auditor's remuneration of £2,500 (2015: £2,500) 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 or prior year.

4. Directors' emoluments

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

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

5. Finance costs

	2016 £'000	2015 £'000
Interest on loans from Group undertakings	**(8,529)**	(8,065)
Finance costs	**(8,529)**	(8,065)

DS Smith Display Holding Limited

Notes to the financial statements for the year ended 30 April 2016 (continued)

6. Income tax credit

Continuing operations	2016 £'000	2015 £'000
Current tax credit		
UK Corporation tax in respect of current year	**1,451**	1,436
Total current tax	**1,451**	1,436
Total income tax credit in the Income Statement from continuing operations	**1,451**	1,436

The difference between the actual tax credit and the standard rate of corporation tax in the UK of 20.00% (2015: 20.92%) is as follows:

	2016 £'000	2015 £'000
Loss before tax	**(8,529)**	(8,065)
Income tax at the UK standard rate of corporation tax of 20.00% (2015: 20.92%)	**1,706**	1,687
Effects of:		
- Expenses not deductible for tax purposes	**(255)**	(251)
Income tax credit	**1,451**	1,436

The Finance Act 2015 included a staged 2% reduction to the main UK Corporation tax rate to 18% which was substantively enacted on 26 October 2015. Accordingly, the rate applied to UK deferred tax assets and liabilities is 18% (2014/15: 20%). There has subsequently been an announcement that the rate of UK corporation tax will reduce to 17% from 2020. As this further reduction has not yet been substantively enacted, the impact is not included in these Financial Statements.

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 rates.

7. Investments in subsidiaries

	Shares in subsidiary undertakings £'000
Net book value	
At 1 May 2015 and 30 April 2016	**135,348**

The Company's interests in subsidiary undertakings are:

Name of Company	Nature of business	Country of incorporation	Share class	Percentage of share capital held
DS Smith Corrugated Packaging Limited	Manufacture of corrugated cases	England and Wales	£1 ordinary shares	100%
DS Smith Corrugated Packaging Limited	Manufacture of corrugated cases	England and Wales	£1 7.5% cumulative preference shares	100%

The registered office of the subsidiary undertaking is the same as that of the ultimate parent company (see note 12).

8. Other receivables

	2016 Current £'000	2015 Current £'000
Amounts owed by Group undertakings	**27,746**	24,810

The amounts owed by Group undertakings are not interest bearing and have no fixed repayment date.

9. Other payables

	2016		2015	
	Non-current £'000	**Current £'000**	Non-current £'000	Current £'000
Amounts owed to Group undertakings	**176,821**	**-**	168,319	-
Accruals and deferred income	**-**	**25**	-	-
	176,821	**25**	168,319	-

Interest is charged on the loans as follows:

- £176,281,000 is interest-bearing at 12m LIBOR plus 4%, with a loan maturity date of 31 July 2017. These leases are renewable on maturity.

DS Smith Display Holding Limited

Notes to the financial statements for the year ended 30 April 2016 (continued)

10. Share capital

	2016 £'000	2015 £'000
Allotted, called-up and fully paid:		
42,312,508 (2015: 42,312,508) ordinary shares of £1 each	**42,313**	42,313

11. Contingent liabilities

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

12. Related parties

The Company has taken the exemption available under FRS 101 from disclosing related party transactions entered into between two or more members of the DS Smith Group, provided that the fellow group entities are wholly-owned by the Group. See note 3 for details of Directors' remuneration. There were no other related party transactions.

13. Ultimate parent undertaking and controlling party

The Company's immediate parent company is DS Smith Packaging Holding BV, a company incorporated in the Netherlands.

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

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

14. Subsequent events

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

15. Explanation of transition to FRS 101 from previously applied UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 April 2016, the comparative information for the year ended 30 April 2015 and the opening FRS 101 Statement of Financial Position as at 1 May 2014 (the Company's date of transition).

There were no material adjustments to the income statement for the year ended 30 April 2015 as a result of the adoption of FRS 101. All FRS 101 adjustments upon transition are balance sheet reclassifications, and as such, have a nil impact on the total equity position at 1 May 2014 (transition date) and at 30 April 2015.

15. Explanation of transition to FRS 101 from previously applied UK GAAP (continued)

RECONCILIATION OF EQUITY AT 30 APRIL 2015

	Note	Previous UK GAAP £'000	FRS 101 transition adjustments £'000	FRS 101 £'000
Assets				
Non-current assets				
Investments in subsidiaries		135,348	-	135,348
Total non-current assets		135,348	-	135,348
Current assets				
Income tax receivable	(a)	-	2,175	2,175
Other receivables	(a)	26,985	(2,175)	24,810
Total current assets		26,985	-	26,985
Total assets		162,333	-	162,333
Liabilities				
Non-current liabilities				
Other payables	(b)	-	(168,319)	(168,319)
Total non-current liabilities		-	(168,319)	(168,319)
Current liabilities				
Other payables	(b)	(168,319)	168,319	-
Total current liabilities		(168,319)	-	-
Total liabilities		(168,319)	-	(168,319)
Net liabilities		(5,986)	-	(5,986)
Equity				
Issued capital		42,313	-	42,313
Share premium account		124,393	-	124,393
Retained earnings		(172,692)	-	(172,692)
Shareholder's deficit		(5,986)	-	(5,986)

Explanation of material adjustments between previous UK GAAP and FRS 101

(a) As part of the FRS 101 transition, income tax assets, netted within other receivables (named debtors under previous UK GAAP) have been disclosed separately on a gross basis.

(b) Under FRS 101, at 30 April 2015, £168,319,000 amounts due to fellow Group entities have been reclassified between current and non-current payables, to reflect the expected nature in which they will be settled, in light of guidance in IAS 32 *Financial Instruments: Presentation.*