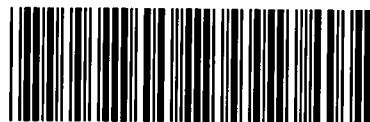


Company Registration No. 00621604

DS Smith Logistics Limited

**Annual report and financial statements
for the year ended 30 April 2018**

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DS Smith Logistics Limited

Annual report and financial statements for the year ended 30 April 2018

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DS Smith Logistics Limited

Annual report and financial statements for the year ended 30 April 2018

Officers and professional advisers

Directors

W B Hicks

N J Miller

C S McIntyre

Company Secretary

A Steele

Registered Office

350 Euston Road
London
NW1 3AX
United Kingdom

Registered Number

00621604

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Bankers

National Westminster Bank Plc
1 Princes Street
London
EC2R 8AQ

Solicitors

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

DS Smith Logistics Limited

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITY

DS Smith Logistics Limited's ('Company') principal activity during the year continued to be haulage contracting. This service is provided to its parent company, certain other companies in the DS Smith Group and external third parties.

REVIEW OF BUSINESS

Turnover has decreased to £22,735,000 (2017: £22,878,000) due to full year effect of closing depots in the prior year.

A profit before tax of £195,000 (2017: loss £156,000) is considered satisfactory for the financial year, as well as the increase in net assets to £7,244,000 from £6,241,000. The Company's financial position remains broadly stable.

The Company is a wholly owned subsidiary of DS Smith Plc and operates as part of the DS Smith Group ('the Group'). The Group manages its operations on a consolidated 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The volatility of the Company's main input cost, fuel, continues to be a risk, particularly given the price variations over the last year, since additional cost needs to be passed onto the customer in order to maintain margins. The Company has mechanisms in place to ensure a reasonable level of recovery from its customers. In the current year this has led to fall in the charges to customers. Additionally, the Company is very active in implementing productivity improvements and other cost reduction programmes to counter the financial impact of this risk.

The majority of sales are to companies in the DS Smith Group, and a significant proportion of the debtors are with these companies.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The directors meet periodically to discuss financial and other risks such as price risk, credit risk, liquidity risk and cash flow risk. Key management mitigate these risks by regular monitoring throughout the year and consultations with the DS Smith Plc Treasury team. Credit risk is deemed immaterial due to the majority of the trading occurring via intercompany, while price risk is mitigated by a fuel surcharge now charged to clients. No hedging instruments are entered into by DS Smith Logistics Limited.

FUTURE DEVELOPMENTS

The Directors aim to maintain the policies which have enabled the Company to offer a more comprehensive range of haulage services in recent years. In spite of the uncertain economic climate, the Directors expect that the present overall level of activity will be sustained for the foreseeable future, with flexible fleet structure allowing for activity fluctuations.

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



W B Hicks

Director

Date:

17

October 2018

DS Smith Logistics Limited

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 30 April 2018.

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

- Financial risk management objectives and policies and
- Future developments.

Dividends

The Directors have not proposed or paid a dividend for the year ended 30 April 2018 (2017: £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:

W B Hicks

C S McIntyre

N J Miller

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.

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 contributions were made during the year (2017: £nil).

Environment

The Company recognises the importance of its environmental responsibilities and monitors its impact on the environment. Initiatives designed to minimise the Company's impact on the environment include reducing and recycling waste, and investment in equipment designed to improve energy efficiencies.

DS Smith Logistics Limited

Directors' report (continued)

Going Concern

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

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

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.

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 pursuant to s487 of the Companies act 2006.

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



W B Hicks

Director

17 October 2018

DS Smith Logistics 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 prepared 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* (FRS 101).

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 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.

DS Smith Logistics Limited

Independent auditor's report to the member of Grovehurst Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at *30 April 2018* and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of DS Smith Logistic Limited (the 'company') which comprise:

- Income statement
- the statement of comprehensive income;
- Statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 21.

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

DS Smith Logistics Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report¹, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

DS Smith Logistics Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

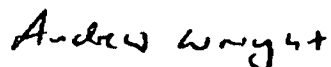
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.



Andrew Wright (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

18 October 2018

DS Smith Logistics Limited
Income statement
For the Year ended 30 April 2018

	Note	2018 £'000	2017 £'000
Revenue	2	22,735	22,878
Cost of sales		(21,417)	(21,016)
Gross profit		1,318	1,862
Administrative expenses		(1,101)	(1,963)
Operating profit/ (loss)	3	217	(101)
Finance income	6	7	-
Finance costs	6	-	(6)
Employment benefit net finance expense	16	(29)	(49)
Net financing costs		(22)	(55)
Profit / (Loss) before income tax		195	(156)
Income tax credit	7	(52)	49
Profit / (Loss) for the financial year		143	(107)

The results shown above are from continuing operations.

DS Smith Logistics Limited
Statement of comprehensive income
Year ended 30 April 2018

	Note	2018 £'000	2017 £'000
Profit / (Loss) for the year		143	(107)
Items which will be not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on employee benefits		1,036	(35)
Income tax on items that will not subsequently be reclassified to profit or loss		(176)	(35)
Other comprehensive income/(loss) for the year, net of tax		860	(70)
Total comprehensive income/(loss) for the year		1,003	(177)

DS Smith Logistics Limited
Statement of financial position
As at 30 April 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	83	78
Deferred tax assets	13	132	356
Other receivables	10	774	774
Total non-current assets		989	1,208
Current assets			
Inventories	9	173	85
Income tax receivable		101	95
Trade and other receivables	10	11,876	11,707
Cash and cash equivalents		1,613	997
Total current assets		13,763	12,884
Total assets		14,752	14,092
Liabilities			
Non-current liabilities			
Employee benefits	16	59	(1,311)
Provisions	12	-	(72)
Total non-current liabilities		59	(1,383)
Current liabilities			
Trade and other payables	11	(7,567)	(6,468)
Total current liabilities		(7,567)	(6,468)
Total assets less current liabilities		7,185	7,624
Total liabilities		(7,540)	(7,851)
Net assets		7,244	6,241
Equity			
Share capital	14	24	24
Share premium account		26	26
Retained earnings		7,194	6,191
Shareholders' equity		7,244	6,241

These financial statements for DS Smith Logistics Limited (registered number 00621604), were approved by the Board of Directors and authorised for issue on 17 October 2018.

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 Logistics Limited
Statement of changes in equity
Year ended 30 April 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 May 2016	24	26	6,368	6,418
Loss for the year	-	-	(107)	(107)
Actuarial loss on employee benefits	-	-	(35)	(35)
Income tax on other comprehensive expense	-	-	(35)	(35)
Total comprehensive expense	-	-	(177)	(177)
At 30 April 2017	24	26	6,191	6,241
Profit for the year	-	-	143	143
Actuarial gain on employee benefits	-	-	1,036	1,036
Income tax on other comprehensive income	-	-	(176)	(176)
Total comprehensive income	-	-	1,003	1,003
At 30 April 2018	24	26	7,194	7,244

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018

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 is a private company limited by shares and is registered in England. The address of the Company's registered office is shown on page 1.

The financial statements are prepared under the historical cost convention.

In these financial statements, the Company, as they are a qualifying entity 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;
- comparative period reconciliations for tangible fixed assets and intangible assets;
- 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.

Revenue

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

Revenue from the sale of goods is recognised when:

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

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

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

1. Principal accounting policies (continued)

Foreign currencies

The Company's financial statements are presented in pound sterling, which is the Company's functional currency and presentation currency.

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

Property, plant and equipment

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

The estimated useful lives are as follows:

Freehold and long leasehold properties	10-50 years
Plant and equipment, fixtures and fittings (including IT hardware)	2-25 years

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

Employee benefits

Defined contribution schemes

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

Defined benefit schemes

The Company is an employer participating in a UK funded, defined benefit scheme, the DS Smith Group Pension scheme (the 'Scheme') of which the ultimate parent, DS Smith Plc is the sponsoring employer.

The Group has in place a stated policy for allocating the net defined benefit cost relating to the Scheme to participating Group entities.

Accordingly, both the Company's statement of financial position and income statement reflect the Company's share of the net defined benefit liability and net defined benefit cost in respect of the Scheme, allocated per the stated policy. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Provisions

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

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

1. Principal accounting policies (continued)

Leases

Operating leases

Operating lease rentals are charged to the income statement on a straight-line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

Inventories

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

Guarantees

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

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. In accordance with Group policy, the Company surrenders current year tax losses to other members of the DS Smith Group, and receives payment for those tax losses at the rate of tax prevailing in the year.

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

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

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

1. Principal accounting policies (continued)

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. Revenue

All revenue originated from the UK in both the current and preceding year.

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

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

3. Operating profit

Operating profit is stated after charging:

	2018 £'000	2017 £'000
Auditor's remuneration – fees payable for the audit of the Company's financial statements	5	5
Depreciation of owned property, plant and equipment	49	47
Hire of plant and machinery – rentals payable under operating leases	1,637	1,572

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

4. Directors' emoluments

The emoluments of the Directors are paid by other companies within the Group. The Company receive 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. Full disclosure can be obtained from DS Smith Plc.

5. Employee information

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

	2018 Number	2017 Number
Average number of staff (full time equivalent) by activity during the year:		
Selling and distribution	139	112
Management and administration	14	18
	153	130

	2018 £'000	2017 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	4,579	4,430
Social security costs	482	470
Contributions to defined contribution pension plans (note 16)	225	229
	5,286	5,129

6. Finance income and costs

	2018 £'000	2017 £'000
Bank interest	7	-
Finance income	7	-
Bank interest	-	(6)
Finance costs net	-	(6)

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

7. Income tax (expense) / credit

	2018 £'000	2017 £'000
Continuing operations		
Current tax credit		
UK Corporation tax in respect of current year	20	70
Adjustment in respect of prior years	(24)	(5)
Total current tax	(4)	65
Deferred tax credit		
Origination and reversal of temporary differences	(48)	(33)
Reduction in tax rate	-	17
Total deferred tax	(48)	(16)
Total income tax (expense)/credit in the income statement from continuing operations	(52)	49
	2018 £'000	2017 £'000
Tax on other comprehensive income and equity		
Tax on actuarial loss	(176)	(35)
Total tax expense included in other comprehensive income and equity	(176)	(35)

The difference between the actual tax charge and the standard rate of corporation tax in the UK of 19.92% (2017: 19.92%) is as follows:

	2018 £'000	2017 £'000
Profit / (Loss) before tax	195	(156)
Income tax at the UK standard rate of corporation tax of 19.92% (2017: 20.00%)	(37)	31
Effects of:		
- Permanent Differences	3	-
- Effect of change in corporation tax rate	6	22
- Adjustments in respect of prior years	(24)	(4)
Income tax expense	(52)	49

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.

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

8. Property, plant and equipment

	Leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 May 2017	34	1,711	1,745
Additions	-	54	54
At 30 April 2018	34	1,765	1,799
At 1 May 2017	(34)	(1,633)	(1,667)
Charge for the year	-	(49)	(49)
At 30 April 2018	(34)	(1,682)	(1,716)
Net book value			
At 30 April 2018	-	83	83
At 30 April 2017	-	78	78

9. Inventories

	2018 £'000	2017 £'000
Raw materials and consumables	173	85
	173	85

There is no material difference between the balance sheet value of inventories and their replacement cost. Inventory provisions at 30 April 2018 Nil (2017: Nil).

10. Trade and other receivables

	2018		2017	
	Non- current £'000	Current £'000	Non- current £'000	Current £'000
Trade receivables	-	39	-	18
Amounts owed by Group undertakings	774	10,769	774	10,806
VAT	-	631	-	509
Prepayments and accrued income	-	437	-	374
	774	11,876	774	11,707

There is no interest charged on the loans which are unsecured and repayable on demand.

11. Trade and other payables

	2018 £'000	2017 £'000
Trade payables	4,854	4,963
Amounts owed to Group undertakings	1,886	154
Other taxes and social security	11	19
Accruals and deferred income	816	1,332
	7,567	6,468

There is no interest charged on the loans which are unsecured and repayable on demand.

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

12. Provisions

	Total £'000
At 1 May 2017	(72)
Charged to income statement	-
Utilised during the year	72
At 30 April 2018	-

Provisions related to employee redundancies which was settled in full during the year.

13. Deferred tax

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

	Accelerated capital allowances £'000	Employee benefits including pensions £'000	Total £'000
At 1 May 2017	134	222	356
Credited to income statement	9	(57)	(48)
Credited to other comprehensive income	-	(176)	(176)
At 30 April 2018	143	(11)	132

14. Share capital

	2018 £'000	2017 £'000
Allotted, called-up and fully paid:		
12,121 (2017: 12,121) ordinary shares of £1 each	12	12
12,121 (2017: 12,121) 5% non-cumulative preference shares of £1 each	12	12
	24	24

The company has one class of ordinary shares which carries no right to fixed income.

15. 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.

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

16. Employee benefits

Defined benefits scheme

The Company is a participating employer in the DS Smith Group Pension Scheme (the 'Scheme'), a defined benefit scheme. The Scheme closed to future accrual from 30 April 2011 with pensions calculated based on pensionable salaries up to the point of closure (or the date of leaving the Scheme, if earlier).

The Scheme has a normal retirement age of 65 although some members are able to take their benefits earlier than this. Increases to pensions are affected by changes in the rate of inflation for the majority of members.

The Scheme exposes the Group to risks, such as longevity risk, currency risk, inflation risk, interest rate risk and investment risk. As the Scheme's obligation is to provide lifetime pension benefits to members upon retirement, increases in life expectancy will result in an increase in the Scheme's liabilities. Other assumptions used to value the defined benefit obligation are also uncertain.

The Group has in place a stated policy for allocating the net defined benefit cost relating to the Scheme to participating Group entities. The consolidated financial statements for the year to 30 April 2018 for DS Smith Plc included information about the funding position of the Scheme as a whole as at 30 April 2018.

	2018 £'000	2017 £'000
Present value of funded obligations	(1,029,379)	(1,133,482)
Fair value of scheme assets	1,022,596	1,051,400
Total IAS 19 deficit, net	(6,783)	(82,082)
Allocated to other participating employers	(6,724)	(80,771)
Company's share of IAS 19 deficit, net	59	(1,311)

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 May 2017	18,767	(20,078)	(1,311)
Employment benefit net finance expense			(29)
Contribution of fellow group entity			363
Actuarial profit			1,036
Company's share of IAS 19 deficit, net			59

Principal actuarial assumptions for the Scheme are as follows:

	2018 %	2017 %
Discount rate for scheme liabilities	2.8	2.5
Inflation	2.0	2.2
Pre-retirement pension increases	2.0	2.2
Future pension increases for pre 30 April 2005 service	2.0	2.2
Future pension increases for post 30 April 2005 service	1.5	1.8

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

16. Employee benefits (continued)

Assumptions regarding future mortality experience are set based on actuarial advice and in accordance with the relevant standard mortality tables in each country. For the Group Scheme at 30 April 2018, the mortality base table used is S2PA (year of birth) with a +1 year age rating, with CMI 2017 projections with a 1.25% per annum long-term rate of improvement used for future longevity improvement. At 30 April 2017 the mortality base table used is S2PA (year of birth), with CMI 2016 projections with a 1.25% per annum long-term rate of improvement used for future longevity improvement. As part of the Group Scheme actuarial valuation exercise the projected life expectancies were as follows:

	2018 Male	2018 Female	2017 Male	2017 Female
Life expectancy at age 65				
Member currently aged 65	21.0	23.2	21.2	23.2
Member currently aged 45	22.0	24.9	22.1	25.0

The sensitivity of the liabilities in the Scheme to each significant actuarial assumption is summarised in the following table, showing the impact on the defined benefit obligation if each assumption is altered by the amount specified in isolation, whilst assuming that all other variables remain the same. In practice, this approach is not necessarily realistic since some assumptions are related. This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability, the measurement of which depends on a number of factors including the fair value of plan assets.

	Increase in pension liability £m
0.5% decrease in discount rate	(86)
0.5% increase in inflation	(59)
1 year increase in life expectance	(34)

Defined contribution scheme

The Company participates in a UK defined contribution scheme, which is a trust-based arrangement offering members a range of investments. All assets are held independently from the Group.

The amount recognised as an expense for the defined contribution scheme in the year, relating to current period contributions was £224,723 (2017: £229,000).

DS Smith Logistics Limited

Notes to the financial statements for the year ended 30 April 2018 (continued)

17. Capital commitments

Annual commitments payable under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
Within one year	712	345
Between two and five years	2,495	1,307
Over five years	891	0
	4,098	1,652

18. Related parties

The Company has taken the exemption available under FRS 101 from disclosing related party transactions entered into between two or more members of the DS Smith Group, provided that the fellow group entities are wholly owned by the Group. See note 4 for details of Directors' remuneration. There were no other related party transactions.

19. Ultimate parent undertaking and controlling party

The Company's immediate parent company is DS Smith Paper Limited, a company incorporated in the United Kingdom.

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

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

The Company does not have any subsidiary undertakings.

20. Subsequent events

There are no subsequent events after the reporting date requiring disclosure.

21. Related Parties

Trading balance with related parties in ordinary course of business are as follows.

	Receivable		Payables	
	2018	2017	2018	2017
	£ '000	£ '000	£ '000	£ '000
Parent Company	8,431	9,452	(637)	(154)
Subsidiaries	-	-	-	-
Other fellow group undertakings	3,112	2,128	(1,249)	-
	11,543	11,580	(1,886)	(154)

Amount due to/from related parties arise from normal trading activities including financing activities.