

Independent Auditor's report to the members of DS Smith Plc

Opinion

In our opinion:

- DS Smith Plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of DS Smith Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2024 which comprise:

Group	Parent Company
Consolidated statement of financial position as at 30 April 2024	Statement of financial position as at 30 April 2024
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 17 to the financial statements, including material accounting policy information
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 34 to the consolidated financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and parent 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

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. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- performed independent analysis of events and factors that we would expect to be considered by management, prior to inspecting its going concern analysis, in order to determine if there were any scenarios or factors not included;
- audited the key factors and assumptions adopted in the assessment of going concern and the cash flow model, including considering whether management had exercised any bias in selecting their assumptions, by comparing against past performance and available market data;
- understood the operation of management's model, checked the clerical accuracy of management's models, and recalculated management's forecasts of its compliance with borrowing covenants throughout the assessment period under management's scenarios;

- verified the terms of the facilities specifically around existence of change of control clause terms, maturity, interest rates, and any restrictions or covenants of the borrowings held by the group at the date of approving of the financial statements against the original contracts. In addition, we have obtained independent third-party confirmations for the borrowings held by the group;
- checked the consistency of the factors and assumptions adopted in the going concern assessment with other areas of our audit, including the group's asset impairment test and deferred tax assessment;
- challenged the appropriateness and adequacy of the going concern assessment period until 31 October 2025, considering whether any events or conditions foreseeable after the period indicated a longer review period would be appropriate;
- performed independent sensitivity assessment on revenue and EBITDA to identify which events or conditions could lead to the group exhausting all liquidity or breaching the financial covenants during the going concern period;
- assessed management's reverse stress test including reperforming the calculations and agreeing the inputs to the going concern model;
- assessed the reasonableness of management's available mitigations drawing upon our understanding of the business and nature of the mitigations, including their quantum and whether these mitigations are within management's control;
- obtained evidence that the Syndicated Revolving Credit Facility agreement had been amended subsequent to year end which extended the maturity of the facility to May 2027 for an amount of £1.25bn and updated the change of control clause to consider the upcoming all-share combination with International Paper as a permitted transaction;
- considered the implications of the upcoming all-share combination with International Paper Company (International Paper) expected to complete by the end of 2024.

In respect of the proposed transaction, we performed the following procedures:

- obtained management's assessment of the implications of the change of control clause in the group's debt facilities;
- obtained evidence of the intention of the acquirer as to their future plans for the business and the parent company standalone entity. This included examining the acquirer's presentation to the shareholders as published on their website, related announcements including the Rule 2.7 Announcement released by RNS on 16 April 2024, DS Smith board meeting minutes and third-party analyst reports as well as confirming with the DS Smith Board of Directors that the solus entity would continue in existence throughout the going concern period;
- from our review of the terms of the facilities, we understood the nature of the change of control clauses and independently assessed the risk of these being triggered, including consideration of the risk attached to a downgrade in the group's credit rating;
- worked with our EY Debt Advisory team to establish an independent assessment on the group's credit rating should the combination complete and provide their view on the latest published credit agencies' outlook of the group's credit rating;
- inspected International Paper's latest publicly available financial information including its 2023 Annual Report and First Quarter 2024 report alongside statements and investor presentations related to the combination;
- read the co-operation agreement between DS Smith and International Paper as published in both parties' websites to understand conditions precedent which remain to be addressed;
- understood the current status and conditions precedent to finalise the combination.

Disclosures

- considered whether management's disclosures in the Annual Report and Accounts sufficiently and appropriately capture management's assessment of the group and company's ability to continue as a going concern and the impact of the planned all-share combination through consideration of the relevant disclosure standards.

Our key observations

On a business as usual basis before consideration of the proposed transaction, the results from management's evaluation and reverse stress test on the group's forecasts and scenarios indicate that the group would need to be exposed to downside events, significantly greater than the financial effect of the disruption caused in recent years (e.g. due to COVID-19 and high-cost inflation following Russia's invasion of Ukraine), throughout the going concern period in order to breach its covenants or exhaust its available liquidity.

As at the balance sheet date, the total facilities available to the group amounted to £3.9bn, of which, £1.5bn was undrawn. Group facilities totalling £0.4bn are due to expire within the going concern period. Subsequent to the year end, the group successfully amended its revolving credit facility, extending its maturity to May 2027 for an amount of £1.25bn replacing the existing facility for £1.4bn. The group will have access to at least £3.35bn of facilities for the duration of the going concern period to 31 October 2025.

The drawn facilities, which amounted to £2.4bn as at the balance sheet date, all relate to drawdowns from the Euro medium-term note programme, which has a change of control provision. This provision allows the noteholders to request DS Smith to redeem the notes in the event of a change of control with a consequential credit rating downgrade to a non-investment grade. Similarly, the undrawn revolving credit facility, which was subsequently successfully renegotiated by the group, requires the enlarged group's credit rating not to be downgraded to below investment grade on combination with International Paper. The Board considers this scenario to be remote, noting that third party credit rating agency commentary has indicated that the group's proposed all-share combination with International Paper is expected to positively affect the group's credit rating upon completion of the transaction. The Board has considered the future intentions of International Paper and concluded that the Company will continue in existence for the going concern period even in the event of the transaction proceeding.

Going concern has also been determined to be a key audit matter.

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 group and parent company's ability to continue as a going concern for a period to 31 October 2025.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> We performed an audit of the complete financial information of 11 components and audit procedures on specific balances for a further 9 components. The components where we performed full or specific audit procedures accounted for 77% of Profit before tax, 83% of Revenue and 85% of Total assets.
Key audit matters	<p>We identified the following key audit matters that, in our professional judgement, had the greatest effect on our overall audit strategy, the allocation of resources in the audit and in directing the audit team's efforts:</p> <ul style="list-style-type: none"> Carrying value of goodwill of the North America cash generating unit Valuation of uncertain tax positions Going Concern
Materiality	Overall group materiality of £23.8m which represents 4.7% of the group's profit before tax.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal Audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements within the four geographic segments, three in Europe (Northern Europe, Eastern Europe and Southern Europe) and another in North America, we selected 20 components (2023: 19) covering entities within the UK, France, Germany, Spain, Portugal, Italy, USA, Belgium, Denmark, Hungary, Netherlands, Poland, Austria and Sweden, which represent the principal business units within the group.

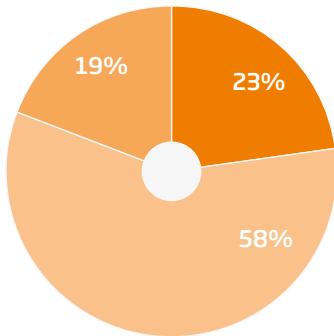
Of the 20 components selected, we performed an audit of the complete financial information of 11 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 9 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 77% (2023: 93%) of the group's profit before tax, 83% (2023: 82%) of the group's revenue and 85% (2023: 85%) of the group's total assets. For the current year, the full scope components contributed 58% (2023: 76%) of the group's profit before tax, 65% (2023: 66%) of the group's revenue and 73% (2023: 74%) of the group's total assets. The specific scope component contributed 19% (2023: 15%) of the group's profit before tax, 18% (2023: 13%) of the group's revenue and 12% (2023: 12%) of the group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the group.

Of the remaining components that together represent 23% of the group's profit before tax, none are individually greater than 4% of the Group's profit before tax. For these components, we performed other procedures, including analytical reviews, testing of cash balances, testing of consolidation journals and enquiry of management about unusual transactions in these components to respond to any potential risks of material misstatement to the group financial statements.

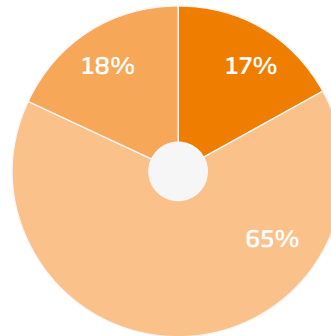
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax



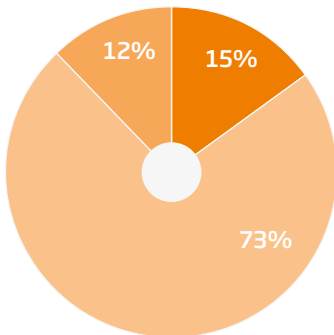
- Full scope components
- Specific scope components
- Other procedures

Revenue



- Full scope components
- Specific scope components
- Other procedures

Total assets



- Full scope components
- Specific scope components
- Other procedures

Changes from the prior year

Our scoping has remained largely consistent with the prior period. The reduction in coverage of profit before tax is mainly due to changes in the profit contribution of the components across the group as a result of movements in paper prices during the year. In addition, Austria has been included as a specific scope component due to an increase in the size of this business relative to the rest of the group.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 11 full scope components, audit procedures were performed on 1 of these directly by the primary audit team who also performed central testing for a number of significant matters, such as the audit of uncertain tax positions, derivatives, pensions, impairment and factoring contracts amongst other areas. For the 9 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

The group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Executive members of the audit team visited the primary operating locations where the group audit scope is focused. During the current year’s audit cycle, visits were undertaken by the primary audit team to the component teams in UK, Spain, USA and Germany (2023: UK, Spain, USA, France, Italy). These visits involved discussing the audit approach with the component team and any issues arising from their work, and meetings with local management and visits to operational sites. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact DS Smith Plc's group. The group has determined that the most significant future impacts from climate change on its operations will be from (i) increased spend on carbon taxes, (ii) increased cost of raw materials or threat to supply, (iii) increased severity of extreme weather events and (iv) increased likelihood of water stress. These are explained on pages 60-77 in the required Task Force on Climate Related Financial Disclosures and on pages 49 to 56 in the principal risks and uncertainties. They have also explained their climate commitments on pages 30 to 37. All of these disclosures form part of the "Other information," rather than the audited consolidated financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its consolidated financial statements.

The group has explained in its basis of preparation, in note 1, how they have reflected the impact of climate change in their consolidated financial statements including how this aligns with their commitment to the aspirations as set out in their TCFD and its defined sustainability targets as outlined in the Strategic report. The basis of preparation also explains management's consideration of the impact of climate change in respect of (a) estimates of future cash flows used in the impairment assessment of goodwill and going concern, (b) assessment of residual values and estimated useful economic lives of property, plant and equipment, (c) adequacy of provisions for liabilities. Whilst management disclosed that the group's sustainability strategy did not have a material impact, management is aware that this will evolve in future periods and will regularly assess these risks against the judgements and estimates made in preparation of the group's consolidated financial statements.

Our audit effort in considering the impact of climate change on the consolidated financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 60-77 and the significant judgements and estimates disclosed in note 1 and whether these have been appropriately reflected in the future cash flows used to assess the carrying value of goodwill, economic life of property, plant and equipment, and adequacy of provisions following the requirements of UK adopted International Accounting Standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the consolidated financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the consolidated financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of goodwill

Refer to the Audit Committee Report (page 103); Accounting policies (page 150); and Note 10 of the Consolidated Financial Statements (pages 164 to 166)

As at 30 April 2024, the total carrying value of goodwill was £2,226m (2023: £2,268m) of which £630m (2023: £633m) relates to the North America Paper and Packaging ("NAPP") CGU.

Whilst NAPP has been generating positive EBITDA in the past several years, its historical performance was impacted by different challenges and underlying operational issues which have contributed to a shortfall in actual performance when compared to budget. In the current year, NAPP continues to experience a shortfall in performance due to slow recovery of demand for consumer goods, with US paper and packaging companies experiencing a trough in pricing and demand.

There is a risk that estimates and assumptions used by management to calculate the cash flows in the impairment assessment, particularly on volume and pricing may be incorrect. This could result in an impairment charge against the carrying values specifically for NAPP.

Risk - Carrying value of goodwill (continued)

Our response to the risk

- We tested the estimated recoverable amount of goodwill by performing the following procedures:
- We obtained an understanding of and identified management’s internal controls designed to respond to the risk related to the impairment of goodwill.
 - We assessed the appropriateness of the Group’s cash generating units (CGUs) identified by management, including management’s determination of which assets or liabilities should be included in the carrying value of the CGUs.
 - We reviewed the valuation methodology for consistency with the requirements of IAS 36 and tested the integrity of models.
 - We tested the forecast cash flows by comparing the assumptions, such as price, volume and capital expenditures, used within the impairment models to market prices, approved budgets and business plans. This includes corroborating management’s price and volume assumptions to external market data and industry peers’ expectation.
 - We involved valuation specialists to assist us in challenging the reasonableness of management’s valuation assumptions, such as discount rates and long-term growth rates as well as the discounted cash flow methodology used by management.
 - We performed sensitivity analyses to assess the potential impact of a range of reasonably possible outcomes.
 - We evaluated the appropriateness of the financial statement disclosures.
 - We assessed the historical accuracy of forecasts by looking back at actual results versus those forecast for each CGU.
 - We reviewed the FY24 actual results in comparison to budget and forecast to understand the status of operational issues previously discussed and expectations of future growth to ensure that estimates are reasonable and supportable.

Key observations communicated to the Audit Committee

Based on our audit procedures, considering the long term growth rate and NAPP’s recent trading results, we consider management’s assessment that no impairment is required against goodwill relating to NAPP is appropriate. However, we concluded that there were reasonably possible changes in certain key assumptions which could result in impairment in the NAPP CGU which required disclosure. We are satisfied that the disclosures in the Annual Report and financial statements on the sensitivity of the forecasts, including NAPP, are appropriate and reflect the reasonably possible change in assumption as required by IAS 36.

Valuation of Uncertain Tax Positions

Refer to the Audit Committee Report (page 103); Refer to Accounting policies (page 153); and Note 7 to the Consolidated Financial Statements (pages 160 to 162)

For the year ended 30 April 2024 the group recognised a total tax risk provision (including interest) of £94m (2023: £114m).

The group is subject to income tax in numerous jurisdictions and is routinely under audit by tax authorities in the ordinary course of business.

Management applies judgement in assessing uncertain tax positions in each jurisdiction, which requires interpretation of local tax laws and specific facts and circumstances. Specifically, each tax provision involves the evaluation of unique and evolving facts and circumstances.

Given this judgement, there is a risk that tax provisions may be misstated.

Risk - Valuation of Uncertain Tax Positions (continued)

Our response to the risk

Our approach focused on the following procedures:

- We obtained an understanding of management's key controls over their tax provision in supporting the prevention, detection and correction of material errors in the financial statements.
- The group audit team, evaluated the tax positions taken by management in each significant jurisdiction in the context of local tax law, correspondence with tax authorities and the status of any tax audits. Our work utilised support from local country tax specialists in jurisdictions where the group has more significant tax exposures.
- We assessed the group's transfer pricing judgements, considering the way in which the group's businesses operate and the correspondence and agreements reached with tax authorities, including correspondence on tax audits and reviewing tax returns.
- We evaluated the methodology adopted by management to calculate uncertain tax provisions and whether this is compliant with IFRIC 23.
- In evaluating management's accounting, we developed our own range of acceptable provision levels for the group's tax exposures, based on the evidence we obtained.
- The group audit team evaluated the completeness of uncertain tax positions by understanding the group's process for determining the completeness of identified tax risks and challenging whether risks provided for in one jurisdiction were applicable in other jurisdictions.
- We evaluated the adequacy of the related disclosures provided in the group financial statements.

Key observations communicated to the Audit Committee

Management's provision falls within our independently determined range and as a result we are satisfied that the estimates and judgements made by management in the valuation and accounting of uncertain tax provisions are reasonable and in accordance with IAS 12 and IFRIC 23. We are satisfied that appropriate disclosures on the uncertain tax positions have been made in the consolidated financial statements.

In the current year, going concern was considered as a key audit matter as a result of the proposed all-share combination with International Paper. There have been no other changes in our assessment of key audit matters compared with the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £23.8 million (2023: £33.5 million), which is 4.7% of profit before tax (2023: 5% of profit before tax). We have set materiality based on profit before tax as it is a key performance measure for the users of the financial statements.

We determined materiality for the parent company to be £35.9 million (2023: £35.2 million), which is 1% (2023: 1%) of equity which we consider to be an appropriate basis for materiality for a holding company, as the users of the financial statements focus on a capital-based measure.

During the course of our audit, we reassessed initial materiality and there has been no change from our original assessment determined during planning.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% (2023: 50%) of our planning materiality, namely £11.9m (2023: £16.7m). We have set performance materiality at this percentage consistent with prior year and includes considerations from the findings of our previous year audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £2.4m to £9.5m (2023: £3.3m to £7.5m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.1m (2023: £1.6m), which is set at 4.6% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 131, including the Strategic Report and Governance sections (including the Directors' Report; Chair's introduction to Governance; Division of Responsibilities; Board Leadership and Company Purpose; Nomination Committee Report; Audit, risk and internal control; Audit Committee Report; Remuneration Committee Report, and Additional information), 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 58;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 57 to 58;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 58;
- Directors' statement on fair, balanced and understandable set out on page 131;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 49 to 56;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 102; and;
- The section describing the work of the audit committee set out on pages 100 to 105.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 131, 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 group and parent 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 group or the parent 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant and directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (UK adopted International Accounting Standards and FRS 101), the Companies Act 2006, the UK Corporate Governance Code, the Listing Rules of the UK Listing Authority and the relevant tax compliance regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, mainly relating to health and safety, employee matters and environmental legislation.
- We understood how DS Smith Plc is complying with those frameworks by making enquiries of management, Internal Audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee and attendance at meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the group to either corroborate or provide contrary evidence which was then followed up. We tested management's entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand which areas were susceptible to fraud. We also considered performance targets and their propensity to influence management to manage earnings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing Board minutes to identify non-compliance with such laws and regulations, review of reporting to the Audit Committee on compliance with regulations and enquires of the Company Secretary and management.
- We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where risk was considered as higher, we performed audit procedures to address each identified fraud risk.
- With the assistance of our forensic specialists and considering our understanding of the group, we designed our audit procedures to identify non-compliance with such laws and regulations that could have a material impact on the financial statements. Our procedures involved: enquiries of group management, those charged with governance, head of legal and external legal advisors, and internal audit; review of internal and external reports; challenging the assumptions and judgements made by management in respect of significant accounting estimates; incorporating data analytics across our audit approach, testing of manual journal entries recorded to revenue and group-level adjustments and any other large or unusual transactions to gain reasonable assurance that the financial statements were free from fraud and error. Where observations are raised about management's process or controls surrounding compliance with laws and regulations by us or others, we consider the potential effect of those observations. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

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

Other matters we are required to address

- Following the recommendation from the audit committee, we were re-appointed by the company at the Annual General Meeting on 5 September 2023 to audit the financial statements for the year ended 30 April 2024 and subsequent financial periods.
The period of total uninterrupted engagement including previous renewals and reappointments is two years, covering the years ended 30 April 2023 to 30 April 2024.
- The audit opinion is consistent with the additional report to the audit committee.

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.

Kevin Harkin (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London, 20 June 2024

Consolidated income statement

Year ended 30 April 2024

	Note	Before adjusting items 2024 £m	Adjusting items 2024 (note 4) £m	After adjusting items 2024 £m	Before adjusting items 2023 £m	Adjusting items 2023 (note 4) £m	After adjusting items 2023 £m
Continuing operations							
Revenue	2	6,822	-	6,822	8,221	-	8,221
Operating costs	3,4	(6,121)	-	(6,121)	(7,360)	-	(7,360)
Operating profit before amortisation, acquisitions and divestments	2	701	-	701	861	-	861
Amortisation of intangible assets; acquisitions and divestments	10, 4	(98)	1	(97)	(113)	(15)	(128)
Operating profit	4	603	1	604	748	(15)	733
Finance income	5	14	-	14	2	-	2
Finance costs	5, 4	(116)	-	(116)	(75)	-	(75)
Employment benefit net finance expense	25	(1)	-	(1)	(1)	-	(1)
Net financing costs		(103)	-	(103)	(74)	-	(74)
Profit after financing costs		500	1	501	674	(15)	659
Share of profit of equity accounted investments, net of tax	13	2	-	2	2	-	2
Profit before income tax		502	1	503	676	(15)	661
Income tax (expense)/credit	7, 4	(119)	1	(118)	(172)	3	(169)
Profit for the year from continuing operations		383	2	385	504	(12)	492
Discontinued operations							
Profit for the year from discontinued operations, net of tax	30(b)	-	-	-	-	11	11
Profit for the year		383	2	385	504	(1)	503

Profit for the year attributable to:

Owners of the parent	383	2	385	503	(1)	502
Non-controlling interests	-	-	-	1	-	1

Earnings per share

Earnings per share from continuing and discontinued operations

Basic	8	28.0p	36.6p
Diluted	8	27.9p	36.3p

Earnings per share from continuing operations

Basic	8	28.0p	35.8p
Diluted	8	27.9p	35.5p

Adjusted earnings per share from continuing operations

Basic	8, 32	33.1p	43.0p
Diluted	8	32.9p	42.7p

Consolidated statement of comprehensive income

Year ended 30 April 2024

	Note	2024 £m	2023 £m
Profit for the year		385	503
Items which will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on employee benefits	25	(2)	11
Income tax on items which will not be reclassified subsequently to profit or loss	7	1	(2)
Items which may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(147)	194
Reclassification to income statement on asset write-down		-	(3)
Cash flow hedges fair value changes		(236)	(72)
Reclassification from cash flow hedge reserve to income statement	21(c)	25	(573)
Movement in net investment hedge		41	(74)
Income tax on items which may be reclassified subsequently to profit or loss	7	43	149
Other comprehensive expense for the year, net of tax		(275)	(370)
Total comprehensive income for the year		110	133
Total comprehensive income attributable to:			
Owners of the parent		110	132
Non-controlling interests		-	1

Financial statements *continued*

Consolidated statement of financial position

At 30 April 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Intangible assets	10	2,811	2,927
Biological assets		11	11
Property, plant and equipment	11	3,743	3,529
Right-of-use assets	12	237	224
Equity accounted investments	13	17	17
Other investments	14	17	17
Employee benefits	25	50	24
Deferred tax assets	22	23	11
Other receivables	16	4	1
Derivative financial instruments	21	15	165
Total non-current assets		6,928	6,926
Current assets			
Inventories	15	591	619
Biological assets		5	6
Income tax receivable		37	24
Trade and other receivables	16	1,130	1,256
Cash and cash equivalents	19	499	472
Derivative financial instruments	21	64	154
Total current assets		2,326	2,531
Total assets		9,254	9,457
Liabilities			
Non-current liabilities			
Borrowings	20	(2,040)	(1,742)
Employee benefits	25	(82)	(79)
Other payables	17	(31)	(34)
Provisions	23	(8)	(11)
Lease liabilities	12	(164)	(154)
Deferred tax liabilities	22	(213)	(262)
Derivative financial instruments	21	(71)	(49)
Total non-current liabilities		(2,609)	(2,331)
Current liabilities			
Bank overdrafts	19	(89)	(104)
Borrowings	20	(397)	(74)
Trade and other payables	17	(1,819)	(2,253)
Income tax liabilities		(134)	(165)
Provisions	23	(60)	(54)
Lease liabilities	12	(75)	(70)
Derivative financial instruments	21	(122)	(319)
Total current liabilities		(2,696)	(3,039)
Total liabilities		(5,305)	(5,370)
Net assets		3,949	4,087
Equity			
Issued capital	24	138	138
Share premium		2,258	2,251
Reserves	24	1,553	1,695
Total equity attributable to owners of the parent		3,949	4,084
Non-controlling interests		-	3
Total equity		3,949	4,087

Approved by the Board of Directors of DS Smith Plc on 20 June 2024 and signed on its behalf by:

M W Roberts
Director

R Pike
Director

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

Consolidated statement of changes in equity

Year ended 30 April 2024

Note	Share capital £m	Share premium £m	Hedging reserve £m	Translation reserve £m	Own shares £m	Retained earnings ¹ £m	Total equity attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
At 1 May 2022	137	2,248	609	(105)	(9)	1,352	4,232	2	4,234
Profit for the year	-	-	-	-	-	502	502	1	503
Actuarial gain on employee benefits	25	-	-	-	-	11	11	-	11
Reclassification to income statement on asset write-down	-	-	-	-	-	(3)	(3)	-	(3)
Foreign currency translation differences	-	-	-	194	-	-	194	-	194
Cash flow hedges fair value changes	-	-	(72)	-	-	-	(72)	-	(72)
Reclassification from cash flow hedge reserve to income statement	21(c)	-	(573)	-	-	-	(573)	-	(573)
Movement in net investment hedge	-	-	-	(74)	-	-	(74)	-	(74)
Income tax on other comprehensive income	-	-	149	-	-	(2)	147	-	147
Total comprehensive (expense)/income	-	-	(496)	120	-	508	132	1	133
Issue of share capital	1	3	-	-	-	-	4	-	4
Employee share trust	-	-	-	-	(5)	(3)	(8)	-	(8)
Share-based payments (net of tax)	-	-	-	-	-	13	13	-	13
Dividends paid	9	-	-	-	-	(289)	(289)	-	(289)
Other changes in equity in the year	1	3	-	-	(5)	(279)	(280)	-	(280)
At 30 April 2023	138	2,251	113	15	(14)	1,581	4,084	3	4,087
Profit for the year	-	-	-	-	-	385	385	-	385
Actuarial loss on employee benefits	25	-	-	-	-	(2)	(2)	-	(2)
Foreign currency translation differences	-	-	-	(147)	-	-	(147)	-	(147)
Cash flow hedges fair value changes	-	-	(236)	-	-	-	(236)	-	(236)
Reclassification from cash flow hedge reserve to income statement	21c	-	25	-	-	-	25	-	25
Movement in net investment hedge	-	-	-	41	-	-	41	-	41
Income tax on other comprehensive income	-	-	41	2	-	1	44	-	44
Total comprehensive (expense)/income	-	-	(170)	(104)	-	384	110	-	110
Issue of share capital	-	7	-	-	-	-	7	-	7
Employee share trust	-	-	-	-	5	(9)	(4)	-	(4)
Share-based payments (net of tax)	-	-	-	-	-	(4)	(4)	-	(4)
Dividends paid	9	-	-	-	-	(247)	(247)	-	(247)
Transactions with non-controlling interests	-	-	-	-	-	3	3	(3)	-
Other changes in equity in the year	-	7	-	-	5	(257)	(245)	(3)	(248)
At 30 April 2024	138	2,258	(57)	(89)	(9)	1,708	3,949	-	3,949

1. Retained earnings include a reserve related to merger relief (note 24).

Financial statements *continued*

Consolidated statement of cash flows

Year ended 30 April 2024

<i>Continuing operations</i>	Note	2024 £m	2023 £m
Operating activities			
Cash generated from operations	27	555	1,078
Interest received		14	2
Interest paid		(80)	(78)
Tax paid		(169)	(136)
Cash flows from operating activities		320	866
Investing activities			
Acquisition of subsidiary businesses, net of cash and cash equivalents	30	(113)	-
Divestment of equity accounted investment	30	5	-
Capital expenditure		(547)	(545)
Proceeds from sale of property, plant and equipment and intangible assets		41	19
Cash outflows from restricted cash and other deposits		-	(2)
Other investing activities		-	2
Cash flows used in investing activities		(614)	(526)
Financing activities			
Proceeds from issue of share capital		7	4
Repayment of borrowings		(616)	(679)
Proceeds from borrowings		1,284	332
(Payments)/proceeds from derivative financial instruments		(2)	14
Repayment of principal on lease liabilities	12	(72)	(106)
Dividends paid to Group shareholders	9	(247)	(289)
Other financing activities		(2)	(4)
Cash flows from/(used in) financing activities		352	(728)
Increase/(decrease) in cash and cash equivalents		58	(388)
Net cash and cash equivalents at beginning of the year		368	746
Exchange (losses)/gains on cash and cash equivalents		(16)	10
Net cash and cash equivalents at end of the year	19	410	368

Notes to the consolidated financial statements

1. Material accounting policies

(a) Basis of preparation

(i) Consolidated financial statements

These financial statements are the consolidated financial statements for the Group consisting of DS Smith Plc, a company registered in England and Wales, and all its subsidiaries. The consolidated financial statements have been prepared and approved by the Directors in accordance with the recognition, measurement and presentation requirements of UK-adopted International Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the requirements of the Companies Act 2006. UK-adopted IFRS are equivalent to those issued by the IASB for the purposes of the consolidated financial statements.

The consolidated financial statements are prepared on the historical cost basis with the exception of biological assets, other investments, assets and liabilities of certain financial instruments and employee benefit plans that are stated at their fair value and share-based payments that are stated at their grant date fair value.

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect whether and how policies are applied, and the reported amounts of assets and liabilities, income and expenses. Estimates with a significant risk of material adjustment and the critical accounting judgement are discussed in accounting policies 1(z) and 1(aa).

Going concern: the consolidated financial statements have been prepared on a going concern basis. The Board has reviewed a detailed consideration of going concern, based on the Group's recent trading and forecasts, and including scenario analysis. This takes into account reasonably foreseeable changes in trading performance, including the continued uncertainty caused by high inflation and the ongoing war in Ukraine and reactivation of Middle East conflict. At 30 April 2024 there was significant headroom on the Group's committed debt facilities, at a level of c.£1.6 billion. The going concern assessment included the period to 31 October 2025. Based on the resilience of the Group's operations to both the high-cost environment experienced throughout the last 18 months and the weak demand experienced during FY24, as well as the current and forecast liquidity available, the Board believes that the Group is well placed to manage its business risks successfully despite the uncertainties inherent in the current economic outlook, and to operate within its current debt facilities. The Group's current committed bank facility headroom, its forecast liquidity headroom over the going concern period of assessment and potential mitigating activities available to management have been considered by the Directors in forming their view that it is appropriate to conclude that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements. The financial statements have been prepared on the going concern basis with no material uncertainty identified after a detailed assessment. Further details, including the analysis performed and conclusion reached, are set out below.

Liquidity and financing position: the total debt facilities at 30 April 2024 were £3.9bn, of which £2.5bn is publicly listed debt with no attached covenants. In addition, the Group had access to c£1.5bn bank facilities, which were undrawn at 30 April 2024. Group facilities totalling £0.4bn are due to expire within the going concern period. Subsequent to the year end, the Group successfully amended its revolving credit facility, extending its maturity to May 2027 for an amount of £1.25bn replacing the existing facility for £1.4bn. This means that the Group will have access to at least £3.35bn of facilities for the duration of the going concern period to 31 October 2025. There is significant liquidity/financing headroom across the going concern forecast period. For this reason, the going concern review has focused more on forecast covenant compliance.

Overview: in determining the going concern basis for preparing the financial statements, the Directors consider the Company's objectives and strategy, its principal risks and uncertainties in achieving its objectives and its review of business performance and financial position. The economic environment reflected in this Going Concern assessment is based on the 2024/25 forecast which anticipates moderate organic box volume growth across each of our regions, recognising the inflationary pressures in the Group's raw materials and overhead cost bases. In preparing the financial statements, the Group has modelled two scenarios in its assessment of going concern.

- The base case is derived from the 2024/25 full year forecast as presented to the Board. The key inputs and assumptions include: Packaging volume growth at moderate levels across the future periods considered by the modelling, driven by continued FMCG and e-commerce demand recovery, together with the recovery in industrial volumes. Both paper sales price and input fibre price are consistent with those anticipated in the forecast; and
- The downside case assumes European packaging volumes largely stagnating at 2023/24 levels, reflecting no future growth and double inflationary pressures on the cost base, not mitigated by a commensurate increase in paper prices. With a significant portion of the Group's packaging contracts being either directly linked / referenced to a paper index, this results in higher input costs for the Group are more difficult to pass through to end customers.

Mitigating actions: the outturns of the above scenario modelling, combined with a stable operating performance throughout FY24 provide the Group a level of comfort that no significant cost / cash flow mitigations need to be built into the going concern modelling. However, a range of options remain at the Group's disposal should they be required which provide the opportunity to support EBITDA, cash flow and net debt, including:

- Actions in respect of variable and controllable costs such as discretionary bonuses, pay rises, recruitment freezes and wider labour force actions in response to higher levels of volume reductions
- Limiting capital expenditure to minimum maintenance levels by pausing growth spend (including brownfield sites and other expansionary spend)
- Strategic actions in respect of the Group's asset base could be considered in respect of disposals, mothballing and closures
- A reduction or temporary suspension of the Group's dividend

1. Material accounting policies continued

(a) Basis of preparation continued

(i) Consolidated financial statements continued

The Group could also consider actions to assist covenant compliance, such as increased utilisation of debt factoring facilities and optimising working capital by negotiating longer payment terms whilst continuing to pay suppliers in full and in line with contractual terms. It is estimated that the Group EBITDA would have to fall by about 36 per cent from FY24 levels for a breach of the net debt:EBITDA covenant to occur. The Board considers this scenario to be a remote possibility based upon the Group's historical performance.

Going concern basis: based on the forecast and the scenarios modelled, together with the performance of the Group in the current year, the Directors consider that the Group and Company has significant covenant and liquidity headroom in its borrowing facilities to continue in operational existence for the length of the going concern period until 31 October 2025. In reaching this conclusion the Board has also considered the implications in a going concern context of the proposed acquisition of the Group by International Paper which was announced on 16 April 2024. As set out in the Rule 2.7 Announcement, the Boards of Directors of both International Paper and DS Smith believe there is a compelling strategic and financial rationale for the Combination, including the complementary nature of their geographic footprints and the significant synergies expected post transaction. On this basis, the Board of DS Smith believes this supports its going concern assessment, in the event the transaction proceeds. The transaction is expected to close during the fourth quarter of 2024, subject to the approval of International Paper shareholders and DS Smith shareholders, as well as customary closing conditions, including regulatory clearances in Europe and the U.S., all substantive conditions. The Group's borrowings and facilities are subject to change of control provisions which allow for lenders to request repayment of the amounts owed but only in the event of a downgrade of the Group's credit rating to below investment grade. In light of the announcements by a credit rating agency, in their Research Update issued on 18 April 2024, view the transaction as positive from a credit perspective (and the credit rating agency signalling their intention to upgrade the Group's credit rating as a result of an acquisition by International Paper), the Board considers the risk arising as a result of these change of control clauses to be remote. Even in the remote event that the Group's borrowings are required to be repaid, the Board has also evaluated the ability of the enlarged group to settle any repayment requests and, based on the latest publicly available information, is satisfied that the available cash and facilities of the combined group would be sufficient to do so. The scenarios modelled in the going concern assessment were based on the Group remaining an independent entity and, therefore, remain appropriate should the proposed acquisition not proceed. Accordingly, the Board believes the conclusion that the Group and Company is a going concern for the period to 31 October 2025 remains appropriate in the circumstances of the proposed acquisition completing.

(ii) Climate change

The Group has considered the impact of climate change in preparing these consolidated financial statements, including the effect upon the application of its accounting policies, judgements, estimates and assumptions. In making its assessments of the impact the Group considered the risks identified through its risk management processes,

the Task Force on Climate-related Financial Disclosures (TCFD) on page 60 to 77 and its defined sustainability targets, as outlined in the Strategic Report.

These considerations, which are core to the Group's strategy, did not have a material impact on any accounting estimates and judgements including the following areas:

- The estimates of future cash flows used in the impairment assessment of goodwill (refer to note 10) and going concern;
- The assessment of residual values and estimated useful economic lives of property, plant and equipment (refer to note 11); and
- The adequacy of provisions for liabilities (refer to note 23).

The impact of climate change will evolve in future periods and the Group will continue to assess this.

(iii) Discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset or disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Cash flows generated from discontinued operations are presented as a single item in the statement of cash flows.

All other notes to the financial statements include amounts for continuing operations.

(iv) New accounting standards adopted

The following amended standards and interpretations were adopted by the Group during the year ending 30 April 2024. These amended standards and interpretations have not had a significant impact on the consolidated financial statements.

- IFRS 17 Insurance Contracts;
- IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules;
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies; and
- Amendments to IAS 8 Accounting Policy Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.

1. Material accounting policies continued

(a) Basis of preparation continued

(iv) New accounting standards adopted continued

The accounting policies set out above have been applied consistently in all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by all Group entities.

(v) Changes to accounting standards not yet adopted

The standards not yet adopted are currently not expected to have a material impact on the consolidated financial statements of the Group.

(b) Basis of consolidation

(i) Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) Interests in equity accounted investments

The Group's interests in equity accounted investments comprise interests in associates and joint ventures. An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions of the investment. A joint venture is an entity in which the Group has joint control, whereby the Group has rights to the net assets of the entity, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investments, until the date on which significant influence or joint control ceases.

(iii) Non-controlling interests

Non-controlling interests are shown as a component of equity in the consolidated statement of financial position net of the value of options over interests held by non-controlling interests in the Group's subsidiaries.

(iv) Business combinations

The acquisition method is used to account for the acquisition of subsidiaries. Identifiable net assets acquired (including intangibles) in a business combination are measured initially at their fair values at the acquisition date.

Where the measurement of the fair value of identifiable net assets acquired is incomplete at the end of the reporting period in which the combination occurs, the Group will report provisional fair values. Final fair values are determined within a year of the acquisition date and applied retrospectively.

The excess of the consideration transferred and the amount of any non-controlling interest over the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities acquired is recorded as goodwill.

The consideration transferred is measured as the fair value of the assets given, equity instruments issued (if any), and liabilities assumed or incurred at the date of acquisition.

Acquisition-related costs are expensed as incurred.

The results of the subsidiaries acquired are included in the consolidated financial statements from the acquisition date.

(c) Revenue

The Group is in the business of providing sustainable packaging solutions, sustainable paper products, recycling and waste management services. The Group has concluded that it is the principal in its revenue arrangements.

Revenue comprises the fair value of the sale of goods and services, net of value added tax and other sales taxes, rebates and discounts and after eliminating sales within the Group. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services and the fulfilment of the related performance obligations. Generally this occurs when the goods are loaded into the collection vehicle if the buyer is collecting them, or when the goods are unloaded at the delivery address if the Group is responsible for delivery.

The transaction price is the contractual price with the customer adjusted for rebates and discounts. Rebates and discounts are estimated using historical data and experiences with the customer. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur. Returns from customers are negligible. No element of financing is deemed present as typical sales contracts with customers are usually shorter than 12 months.

A receivable is recognised when the goods are delivered or services provided at a point in time that consideration is unconditional because only the passage of time is required before the payment is due.

Revenue by function is not provided in the Group's disclosures as the year-on-year variability in the degree of integration would be misrepresentative of the level of activity.

(d) Supplier rebates

The Group receives income from its suppliers, mainly in the form of volume-based rebates and early settlement discounts. These are recognised as a reduction in operating costs in the year to which they relate. At the period end, where appropriate, the Group estimates supplier income due from annual agreements for volume rebates.

(e) Government grants

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

1. Material accounting policies continued

(f) Dividends

Dividends attributable to the equity holders of the Company paid during the year are recognised directly in equity.

(g) Foreign currency translation

The consolidated financial statements are presented in sterling, which is the Group's presentational currency. Transactions in foreign currencies are translated into the respective functional currencies of Group companies 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 into the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation of monetary assets and liabilities are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

The assets and liabilities of all the Group entities that have a functional currency other than sterling are translated at the closing exchange rate at the reporting date. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions).

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, borrowings, and other financial instruments designated as hedges of such investments, are recognised in the translation reserve. On the disposal of foreign currency entities, the cumulative exchange difference recorded in the translation reserve is reclassified to the consolidated income statement as part of the gain or loss on disposal.

(h) Intangible assets

(i) Goodwill

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of identifiable assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price.

Goodwill is stated at cost less accumulated impairment losses. The useful life of goodwill is considered to be indefinite. Goodwill is allocated to the cash generating units (CGUs) that are expected to benefit from the synergies of the combination and is tested annually for impairment or more frequently if an impairment is indicated.

On disposal of a subsidiary, or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the consolidated income statement.

(ii) Intellectual property

Intellectual property is stated at cost less accumulated amortisation and impairment.

(iii) Computer software

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

(iv) Customer relationships

Customer relationships, acquired as part of a business combination, are capitalised separately from goodwill and are carried at cost less accumulated amortisation and impairment.

(v) Other intangible assets

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

(vi) Amortisation

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.

The estimated useful lives are as follows:

Intellectual property	Up to 20 years
Computer software	3-5 years
Customer relationships	5-15 years
Other	2-3 years

(i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment.

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, and major components that 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 - motor vehicles	3-5 years
Plant and equipment - other, fixtures and fittings (including IT hardware)	2-30 years

The estimated residual lives are reviewed at each reporting date. The impact of climate factors on useful lives is considered on an asset by asset basis and takes into consideration the climate change targets set by the Group. Capital expenditure will be required for ongoing projects in order to meet the Group's climate change targets and this has not resulted in any significant changes to the estimated useful life of assets in the current year.

Gains or losses arising on the sale of surplus property assets are recorded through operating profit before adjusting items.

The Group capitalises borrowing costs on qualifying assets. The capitalisation rate applied is the weighted average cost of borrowing.

1. Material accounting policies continued

(j) Other investments

Other investments primarily consist of investments in unquoted equity securities and restricted cash. Equity securities are measured at fair value. On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income (FVTOCI). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investment in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on divestment of the equity investments; instead, it is transferred to retained earnings. The Group has designated all investments in equity that are not held for trading as at FVTOCI.

Restricted cash is carried at amortised cost.

(k) Impairment

The carrying amounts of the Group's assets, including tangible and intangible non-current assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. Goodwill is tested for impairment annually at the same time, regardless of the presence of an impairment indicator. An impairment loss is recognised whenever the carrying amount of an asset, collection of assets or its Cash Generating Unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

(i) Cash-generating units

For the purposes of property, plant and equipment and other intangibles impairment testing, each operating segment, split by process (e.g. Packaging, Paper, Recycling), is a separate individual CGU. Goodwill impairment testing is carried out based on regional groupings of CGUs as set out in note 10, as this is the lowest level at which goodwill is monitored for internal management purposes.

(ii) Calculation of recoverable amount

The recoverable amount of the Group's assets is calculated as the value-in-use of the CGU to which the assets are attributed or the net selling price, if greater. Value-in-use is calculated by discounting the cash flows expected to be generated by the CGUs being tested for evidence of impairment. This is done using a pre-tax discount rate that reflects the current assessment of the time value of money, and the country-specific risks for which the cash flows have not been adjusted including our assessment of the impact of climate. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

(iii) Reversals of impairment

Impairment losses in respect of goodwill are not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Derivative financial instruments

The Group uses derivative financial instruments, primarily currency and commodity swaps, to manage currency and commodity risks associated with the Group's underlying business activities and the financing of these activities. The Group has a policy not to, and does not, undertake any speculative activity in these instruments.

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

IFRS 9 Financial Instruments was effective for annual periods beginning on or after 1 January 2018 and replaced IAS 39 Financial Instruments: Recognition and Measurement. The Group had previously elected to continue hedge accounting under IAS 39, as is allowed by the standard. From 1 May 2024 the Group will prospectively adopt hedge accounting under IFRS 9, as the hedge accounting requirements are simplified and are more closely aligned to the Group's risk management strategy. Under IFRS 9 all existing hedging relationships are expected to qualify as continuing hedging relationships. No material effect is expected from this change.

Derivative financial instruments are accounted for as hedges when designated as hedges at the inception of the contract and when the financial instruments provide an effective hedge of the underlying risk.

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

- cash flow hedges when hedging exposure to variability in cash flows that is attributable to a particular risk associated with either a statement of financial position item or a highly probable forecast transaction; or
- hedges of the net investment in a foreign entity.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship as follows:

Cash flow hedges: the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement in the same period during which the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or roll-over, the hedged transaction ceases to be highly probable, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement.

1. Material accounting policies continued

(l) Derivative financial instruments continued

Hedges of net investment in a foreign entity: these represent the effective portion of the gain or loss on the hedging instrument that is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are reclassified to the income statement when the foreign entity is sold.

Any gains or losses arising from changes in the fair value of all other derivatives are taken to the income statement. These may arise from derivatives for which hedge accounting is not applied because they are not effective as hedging instruments.

The net present value of the expected future payments under options over interests held by non-controlling interests in the Group's subsidiaries is shown as a financial liability. At the end of each period, the valuation of the liability is reassessed with any changes recognised in profit or loss for the period.

(m) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value less expected credit loss allowance and subsequently held at amortised cost. The Group utilises the simplified approach to provide for losses on receivables under IFRS 9.

(o) 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 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.

(p) Biological assets

Biological assets consist of standing timber, measured at fair value less cost to sell. Any change in fair value resulting from both net growth and change in the market value of standing timber is presented in the income statement. The revenue from the sale of standing timber is presented within revenue.

(q) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are stated at amortised cost.

Cash subject to contractual restrictions on use by the Group is excluded from cash and cash equivalents in the consolidated financial statements and is presented within other investments in the consolidated statement of financial position. Restricted cash is stated at amortised cost.

(r) Borrowings

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost unless designated in a fair value hedge relationship, with borrowing costs being accounted for on an accruals basis in the income statement using the effective interest method.

At the reporting date, interest payable is recorded separately from the associated borrowings, within trade and other payables.

(s) Employee benefits

(i) 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.

(ii) Defined benefit schemes

The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to its present value amount and recognised in the income statement within personnel expenses; a corresponding liability for all future benefits is established on the statement of financial position and the fair value of any scheme assets is deducted.

The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the duration of the schemes' obligations. The calculation is performed by a qualified actuary using the projected unit method. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

(iii) Share-based payment transactions

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised within personnel expenses, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The fair value of the options granted is measured using a stochastic model, taking into account the terms and conditions upon which the options were granted. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions.

1. Material accounting policies continued

(s) Employee benefits continued

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

(t) Provisions

A provision is recognised in the statement of financial position when the Group 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.

(u) Trade and other payables

Trade and other payables are initially measured at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(v) Leases

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

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

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

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

The interest rate implicit in the lease is used to discount lease payments, or, if that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are depreciated on a straight-line basis over the lease term, or the useful life if shorter. Interest is recognised on the lease liability, resulting in a higher finance cost in the earlier years of the lease term.

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

(w) 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 or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted in each jurisdiction at the reporting date, and any adjustment to tax payable in respect of previous years.

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and can be estimated. Any interest and penalties accrued are included in income taxes in both the consolidated income statement and the consolidated statement of financial position. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the period in which the final determination is made.

Deferred tax is provided for using the balance sheet 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 tax effect of certain temporary differences is not recognised, principally with respect to goodwill; temporary differences arising on the initial recognition of assets or liabilities (other than those arising in a business combination or in a manner that initially impacts accounting or taxable profit); and temporary differences relating to investment in subsidiaries and equity accounted investees to the extent that they will probably not reverse in the foreseeable future and the Group is able to control the reversal of such temporary differences. 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.

The Group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required in the amendments to IAS 12 International Tax Reform to Pillar Two Model Rules, issued in May 2023.

(x) Adjusting items

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

Such items include business disposals, restructuring and acquisition related and integration costs, and impairments.

1. Material accounting policies continued

(y) Non-GAAP performance measures

In the reporting of financial information, the Group has adopted certain non-GAAP measures of historical or future financial performance, position or cash flows other than those defined or specified under IFRS.

Non-GAAP measures are either not defined by IFRS or are adjusted IFRS figures, and therefore may not be directly comparable with other companies' reported non-GAAP measures, including those in the Group's industry.

Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

Details of the Group's non-GAAP performance measures, including reasons for their use and reconciliations to IFRS figures, are included as appropriate in note 32.

(z) Key sources of estimation uncertainty

The application of the Group's accounting policies requires management to make estimates and assumptions. These estimates and assumptions affect the reported assets and liabilities and financial results of the Group. Actual outcomes could differ from the estimates and assumptions used.

The Group's key sources of estimation uncertainty are as detailed below:

(i) Taxation

The Group's tax payable on profits is determined based on tax laws and regulations that apply in each of the numerous jurisdictions in which the Group operates. The Group is required to exercise judgement in estimating income tax provisions, along with the recognition of deferred tax assets/liabilities. While the Group aims to ensure that estimates recorded are accurate, the actual amounts could be different from those expected. See note 7 for additional information.

(ii) Goodwill impairment

Goodwill is tested annually for impairment or more frequently if an impairment is indicated. Impairment tests are conducted by component by value in use of CGUs to their respective carrying amounts (including allocated goodwill). It is possible that if key assumptions were changed adversely, impairment would need to be recognised. See note 10 for additional information.

(iii) Employee benefits

IAS 19 *Employee Benefits* requires the Group to make assumptions including, but not limited to, rates of inflation, discount rates and life expectancies. The use of different assumptions, in any of the above calculations, could have a material effect on the accounting values of the relevant statement of financial position assets and liabilities which could also result in a change to the cost of such liabilities as recognised in profit or loss over time. These assumptions are subject to periodic review. See note 25 for additional information.

(aa) Critical accounting judgement

(i) Adjusting items

The Group is required to exercise judgement in applying the adjusting items accounting policy to items of income and expenditure, taking account of their origination, as well as considering similar items in prior years to ensure consistency and appropriate presentation. See note 4 for additional information.

(ab) IFRS standards and interpretations endorsed but not yet effective

The 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.

International Financial Reporting Standards (IFRS/IAS)	Effective date - financial year ending
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	30 April 2025
Amendments to IFRS 16 (Seller-Lessee Subsequent Measurement of Sale and Leaseback Transactions)	30 April 2025
Amendments to IAS 1 - Classification of Liabilities and Debt with Covenants	30 April 2025
Amendments to IFRS 7 - Classification and Measurement of Financial Instruments	30 April 2027

The Group does not anticipate that the adoption of the standards and interpretations that are effective for the year ending 30 April 2025 and beyond will have a material effect on its financial statements.

(ac) IFRS standards that have been issued but are not yet endorsed are as follows:

- Amendments to IAS 21 (Lack of exchangeability);
- IFRS S1 (General Requirements for Disclosure of Sustainability-Related Financial Information);
- IFRS S2 (Climate-Related Disclosures);
- IFRS 18 Presentation and Disclosures in Financial Statements; and
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The Group does not anticipate that the adoption of these accounting standards will have a material effect on its financial statements.

2. Segment reporting

Operating segments

IFRS 8 *Operating Segments* requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Group Chief Executive (who is the Chief Operating Decision Maker as defined by IFRS 8).

The Group's continuing operations are organised into segments which cover geographical regions with integrated packaging and paper businesses. These comprise the Group's reportable segments and their results are regularly reviewed by the Group Chief Executive. The measure of profitability reported to the Group Chief Executive for the purposes of resource allocation and assessment of performance is adjusted operating profit, which is a non-GAAP performance measure, about which further information is provided in note 32.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Central administration costs are allocated to the individual segments on a consistent basis year-on-year. All assets and liabilities have been analysed by segment, except for items of a financing nature, taxation balances, employee benefit liabilities and current and non-current asset investments. Debt and associated interest are managed at a Group level and therefore have not been allocated across the segments.

	Note	Northern Europe £m	Southern Europe £m	Eastern Europe £m	North America £m	Total continuing operations £m
Year ended 30 April 2024						
External revenue		2,598	2,532	1,106	586	6,822
Adjusted EBITDA ¹		310	497	127	90	1,024
Depreciation		(111)	(124)	(55)	(33)	(323)
Adjusted operating profit¹		199	373	72	57	701
Unallocated items:						
Amortisation	10					(98)
Adjusting items in operating profit	4					1
Total operating profit (continuing operations)						604
Unallocated items:						
Net financing costs						(103)
Share of profit of equity accounted investments, net of tax						2
Profit before income tax						503
Income tax expense						(118)
Profit for the year (continuing operations)						385
Analysis of total assets and total liabilities						
Segment assets		2,512	3,197	1,469	1,354	8,532
Unallocated items:						
Equity accounted investments and other investments						34
Derivative financial instruments						79
Cash and cash equivalents						499
Tax						60
Employee benefits						50
Total assets						9,254
Segment liabilities		(990)	(762)	(238)	(110)	(2,100)
Unallocated items:						
Borrowings, overdrafts and interest payable						(2,583)
Derivative financial instruments						(193)
Tax						(347)
Employee benefits						(82)
Total liabilities						(5,305)
Capital expenditure		153	242	105	47	547

1. Adjusted to exclude amortisation and adjusting items as presented in the income statement.

2. Segment reporting continued

Year ended 30 April 2023	Note	Northern Europe £m	Southern Europe £m	Eastern Europe £m	North America £m	Total continuing operations £m
External revenue		3,132	3,150	1,275	664	8,221
Adjusted EBITDA ¹		324	621	125	103	1,173
Depreciation		(112)	(120)	(49)	(31)	(312)
Adjusted operating profit¹		212	501	76	72	861
Unallocated items:						
Amortisation	10					(113)
Adjusting items in operating profit	4					(15)
Total operating profit (continuing operations)						733
Unallocated items:						
Net financing costs						(74)
Share of profit of equity accounted investments, net of tax						2
Profit before income tax						661
Income tax expense						(169)
Profit for the year (continuing operations)						492
Analysis of total assets and total liabilities						
Segment assets		2,246	3,762	1,247	1,318	8,573
Unallocated items:						
Equity accounted investments and other investments						34
Derivative financial instruments						319
Cash and cash equivalents						472
Tax						35
Employee benefits						24
Total assets						9,457
Segment liabilities		(1,249)	(910)	(282)	(119)	(2,560)
Unallocated items:						
Borrowings, overdrafts and interest payable						(1,936)
Derivative financial instruments						(368)
Tax						(427)
Employee benefits						(79)
Total liabilities						(5,370)
Capital expenditure		134	266	109	36	545

1. Adjusted to exclude amortisation and adjusting items as presented in the income statement.

2. Segment reporting continued

Geographical areas

In presenting information by geographical area, external revenue is based on the geographical location of customers. Non-current assets are based on the geographical location of assets and exclude equity accounted investments, other investments, deferred tax assets, derivative financial instruments, employee benefits, and intangible assets (which are monitored at the operating segment level, not at a country level).

	External revenue		Non-current assets		Capital expenditure	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Continuing operations						
UK	1,071	1,300	525	508	70	67
France	1,009	1,203	518	491	76	79
Iberia	798	970	702	673	94	81
Germany	631	763	429	420	52	38
Italy	720	972	473	426	72	106
USA	591	671	410	390	47	36
Rest of the World	2,002	2,342	938	857	136	138
	6,822	8,221	3,995	3,765	547	545

3. Operating profit

	2024 £m	2023 £m
Continuing operations		
Operating costs		
Cost of sales	3,292	4,255
Other production costs	1,318	1,328
Distribution	516	561
Administrative expenses	995	1,216
	6,121	7,360

Details of adjusting items included in operating profit are set out in note 4.

Operating profit is stated after charging/(crediting) the following:

	2024 £m	2023 £m
Continuing operations		
Depreciation of owned assets	247	241
Depreciation of right-of-use assets	76	71
Amortisation of intangible assets	98	113
(Profit)/loss on sale of non-current assets	(9)	7
Research and development	8	8
Impairment (credit)/charge in respect of property, plant and equipment	(4)	24

3. Operating profit continued

	2024			2023		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Auditor's remuneration						
Fees payable for audit of the Group's annual financial statements	1.9	-	1.9	1.0	-	1.0
Fees payable for audit of the Group's subsidiaries, pursuant to legislation	0.5	4.3	4.8	1.2	3.3	4.5
Total audit fees	2.4	4.3	6.7	2.2	3.3	5.5
Fees payable to the Group's Auditor and their associates for other services:						
Corporate finance services	-	-	-	-	-	-
Audit related assurance services	0.2	0.1	0.3	0.2	0.1	0.3
Total non-audit fees	0.2	0.1	0.3	0.2	0.1	0.3
Total Auditor's remuneration	2.6	4.4	7.0	2.4	3.4	5.8

Non-audit fees in 2023/24 primarily related to audit-related fees for the review of the interim results and 2022/23 primarily include reporting and accounting services in respect of the Euro medium-term note (EMTN) issues in the year and audit-related fees for the review of the interim results.

A description of the work of the Audit Committee is set out in the governance section and includes an explanation of how the external Auditor's objectivity and independence are safeguarded when non-audit services are provided by the external Auditor.

4. Adjusting items

Items are presented as adjusting in the financial statements where they are significant items of financial performance that the Directors consider should be separately disclosed to assist in the understanding of the trading and financial results of the Group. Such items include business disposals, restructuring and acquisition related and integration costs, and impairments.

	2024 £m	2023 £m
Continuing operations		
Acquisition related costs	(9)	(15)
Gain on acquisitions and divestments	10	-
Net gain/(loss) on acquisitions and divestments	1	(15)
Total pre-tax adjusting items (recognised in operating profit)	1	(15)
Current tax credit on adjusting items	1	3
Total post-tax adjusting items	2	(12)

4. Adjusting items continued

2023/24

In April 2024, the Group sold its previously fully written-down Ukrainian associate, RKTk, for £10m. £5m was received by 30 April 2024 and a further £5m will be received in the next financial year. This resulted in a £10m gain on divestment in the year ended 30 April 2024.

The Group incurred £3m of acquisition costs in the year-end 30 April 2024 relating to the recommended all-share offer from International Paper and a further £6m of other related costs.

2022/23

On 1 September 2022 the put option for the final 10% stake in Interstate Resources crystallised. This has resulted in additional costs in relation to performance conditions which have been met by the business and the costs of hedging the pending payment of the US dollar liability.

The current tax credit on adjusting items of £3m for the year ended 30 April 2023 is the tax effect at the local applicable tax rate of adjusting items that are subject to tax. This excludes non-tax-deductible deal related advisory fees in relation to acquisitions and divestments.

Adjusting items from discontinued operations comprise the gain on the settlement of certain costs and obligations arising from the disposal of the Plastics division.

5. Finance income and costs

	2024 £m	2023 £m
Continuing operations		
Interest income from financial assets	(14)	(2)
Finance income	(14)	(2)
Interest on borrowings and overdrafts	103	49
Interest on lease liabilities	12	11
Other	1	15
Finance costs	116	75

Borrowing costs capitalised on qualifying assets in the year ended 30 April 2024 was £1m (2022/23: £nil). Borrowing costs were capitalised at a weighted average rate of 4.7%.

6. Staff costs

	2024 £m	2023 £m
Continuing operations		
Wages and salaries	1,149	1,194
Social security costs	238	233
Contributions to defined contribution pension plans	57	56
Service costs for defined benefit schemes (note 25)	5	6
Share-based payments (note 26)	(2)	15
Staff costs	1,447	1,504

	2024 Number	2023 Number
Average number of employees		
Northern Europe	10,639	10,874
Southern Europe	8,878	9,010
Eastern Europe	7,606	7,922
North America	1,720	1,755
Rest of the World	652	607
Average number of employees	29,495	30,168

7. Income tax expense

	2024 £m	2023 £m
Current tax expense		
Current year	(158)	(206)
Adjustment in respect of prior years	25	32
	(133)	(174)
Deferred tax credit/(charge)		
Origination and reversal of temporary differences	29	14
Change in tax rates	(3)	(4)
Recognition of previously unrecognised deferred tax assets	4	1
Adjustment in respect of prior years	(16)	(9)
	14	2
Total income tax expense before adjusting items	(119)	(172)
Current tax credit on adjusting items (note 4)	1	3
Total income tax expense in the income statement from continuing operations	(118)	(169)
Total income tax expense in the income statement from discontinued operations (note 30(b))	-	-
Total income tax expense in the income statement - total Group	(118)	(169)

The tax credit on amortisation was £26m (2022/23: £25m).

The reconciliation of the actual tax charge to the domestic corporation tax rate is as follows:

	2024 £m	2023 £m
Profit before income tax on continuing operations	503	661
Profit before income tax on discontinued operations (note 30(b))	-	11
Share of profit of equity accounted investments, net of tax	(2)	(2)
Profit before tax and share of profit of equity accounted investments, net of tax	501	670
Income tax at the UK corporation tax rate of 25.0% (2022/23: 19.5%)	(125)	(131)
Effect of additional taxes and tax rates in overseas jurisdictions	(1)	(47)
Impact of tax credits	9	23
Non-deductible expenses	(13)	(34)
Non-taxable income	6	2
Recognition of previously unrecognised deferred tax assets	4	1
Deferred tax not recognised	(4)	(2)
Adjustment in respect of prior years	9	23
Effect of change in corporation tax rates	(3)	(4)
Income tax expense - total Group	(118)	(169)

The Group's effective tax rate, excluding amortisation, adjusting items and share of result from equity accounted investments, was 24.2% (2022/23: 25.0%).

The Finance Act 2021 included a 6% increase in the main UK corporation tax rate to 25% from 1 April 2023, which was substantially enacted on 10 June 2021. The tax reconciliation for the year ended 30 April 2024 is therefore presented at the 25% rate and the effects of additional taxes and tax rates in overseas jurisdictions is lower than for 2022/23.

7. Income tax expense continued

Uncertain tax positions

The Group operates in a complex multinational tax environment and is subject to uncertain tax positions and changes in legislation in the jurisdictions in which it operates. The Group's uncertain tax positions principally include pricing of cross-border transactions and a limited number of specific transaction-related tax risks.

The assessment of uncertain tax positions is based on management's expectation of the likely outcome of settlements with tax authorities or litigation. The quantification of the risks at any one point in time, especially with respect to transfer pricing, requires a degree of judgement and estimation by management.

Within the consolidated balance sheet at 30 April 2024 for continuing operations are current tax liabilities of £134m (30 April 2023: £165m) which include a provision of £94m (30 April 2023: £104m) relating to uncertain tax positions. There are also deferred tax liabilities of £213m (30 April 2023: £262m) which include a provision of £nil (30 April 2023: £10m) relating to uncertain tax positions. It is possible that amounts paid will be different from the amounts provided and the Group estimates the range of reasonably possible outcomes relating to uncertain tax positions to be from £56m to £167m.

The Group filed an application with the General Court of the European Court of Justice for the EU Commission's decision in respect of State Aid to be annulled. The application was stayed behind the lead cases HMRC and ITV. On 8 June 2022, the General Court released its judgment which dismissed the applications to annul the European Commission Decision concerning the Controlled Foreign Company Financing Exemption. This decision does not change the position recorded in these financial statements. We will continue to monitor any developments following the decision of both HMRC and ITV to appeal the decision.

An appeal against the charging notice received from HMRC following detailed analysis conducted supporting the Group's position was also filed. There are tax audits being conducted by the tax authorities in a number of countries. Whilst there is inherent uncertainty regarding the timing of the resolution of these tax audits and the final tax liabilities to be assessed, the Group expects liabilities of approximately £10m to reverse in the next 12 months.

Included within the current tax liabilities is an amount of £12m (30 April 2023: £12m) relating to interest and penalties on uncertain tax positions.

Pillar Two

The UK government, amongst others, has enacted legislation in respect of Pillar Two introducing a global minimum effective tax rate of 15% and a domestic minimum top-up tax. The rules will apply to the Group for the financial year commencing on 1 May 2024. The UK legislation has also adopted the OECD's transitional Pillar Two safe harbour rules which, if applicable and met, will deem the top up tax for a jurisdiction to be nil based on available Country-by-Country Reporting data.

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on the most recent Country-by-Country Reporting data available for the constituent entities in the Group. Based on that assessment the Pillar Two effective tax rates in most of the jurisdictions are above 15% or one of the other transitional safe harbour reliefs are available. However, there are a limited number of jurisdictions where transitional safe harbour relief does not apply. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

The Group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities (as set out in Note 22) related to Pillar Two income taxes as required in the amendments to IAS 12 International Tax Reform to Pillar Two Model Rules, issued in May 2023.

7. Income tax expense continued

Tax on other comprehensive income and equity

	Gross 2024 £m	Tax credit/ (charge) 2024 £m	Net 2024 £m	Gross 2023 £m	Tax credit/ (charge) 2023 £m	Net 2023 £m
Actuarial (loss)/gain on employee benefits	(2)	1	(1)	11	(2)	9
Foreign currency translation differences	(147)	-	(147)	194	-	194
Reclassification to income statement on asset write down	-	-	-	(3)	-	(3)
Movements in cash flow hedges	(211)	41	(170)	(645)	149	(496)
Movement in net investment hedge	41	2	43	(74)	-	(74)
Other comprehensive (expense)/income for the year	(319)	44	(275)	(517)	147	(370)
Issue of share capital	7	-	7	4	-	4
Employee share trust	(4)	-	(4)	(8)	-	(8)
Share-based payments	(2)	(2)	(4)	15	(2)	13
Dividends paid to Group shareholders	(247)	-	(247)	(289)	-	(289)
Other comprehensive (expense)/income and changes in equity	(565)	42	(523)	(795)	145	(650)

The realisation of underlying reserves is conducted in such a way to ensure there is no material tax consequence.

8. Earnings per share

Basic earnings per share from continuing operations

	2024	2023
Profit from continuing operations attributable to ordinary shareholders	£385m	£492m
Weighted average number of ordinary shares	1,374m	1,376m
Basic earnings per share	28.0p	35.8p

Diluted earnings per share from continuing operations

	2024	2023
Profit from continuing operations attributable to ordinary shareholders	£385m	£492m
Weighted average number of ordinary shares	1,374m	1,376m
Potentially dilutive shares issuable under share-based payment arrangements	7m	10m
Weighted average number of ordinary shares (diluted)	1,381m	1,386m
Diluted earnings per share	27.9p	35.5p

The number of shares excludes the weighted average number of the Company's own shares held as treasury shares during the year of 3m (2022/23: 2m).

	2024		2023	
	Basic pence per share	Diluted pence per share	Basic pence per share	Diluted pence per share
Earnings per share from continuing operations	28.0p	27.9p	35.8p	35.5p
Earnings per share from discontinued operations (note 30(b))	-	-	0.8p	0.8p
Earnings per share from continuing and discontinued operations	28.0p	27.9p	36.6p	36.3p

8. Earnings per share continued

Adjusted earnings per share from continuing operations

Adjusted earnings per share is a key performance measure for management long-term remuneration and is widely used by the Group's shareholders. Adjusted earnings is calculated by adding back the post-tax effects of both amortisation and adjusting items.

Further detail about the use of non-GAAP performance measures, including details of why amortisation is excluded, is given in note 32.

A reconciliation of basic to adjusted earnings per share is as follows:

	2024			2023		
	£m	Basic pence per share	Diluted pence per share	£m	Basic pence per share	Diluted pence per share
Basic earnings	385	28.0p	27.9p	492	35.8p	35.5p
Add back:						
Amortisation of intangible assets	98	7.1p	7.0p	113	8.1p	8.1p
Tax credit on amortisation	(26)	(1.9p)	(1.9p)	(25)	(1.8p)	(1.8p)
Adjusting items, before tax	(1)	(0.1p)	(0.1p)	15	1.1p	1.1p
Tax on adjusting items and adjusting tax items	(1)	-	-	(3)	(0.2p)	(0.2p)
Adjusted earnings	455	33.1p	32.9p	592	43.0p	42.7p

9. Dividends proposed and paid

	2024		2023	
	Pence per share	£m	Pence per share	£m
2022/23 interim dividend - paid	-	-	6.0p	83
2022/23 final dividend - paid	-	-	12.0p	165
2023/24 interim dividend - declared and paid	6.0p	82	-	-
2023/24 final dividend - proposed	12.0p	166	-	-

	2024 £m	2023 £m
Paid during the year	247	289

The final 2022/23 dividend of 12p per share and the 2023/24 interim dividend of 6.0p per share were paid during the year.

10. Intangible assets

	Goodwill £m	Software £m	Intellectual property £m	Customer relationships £m	Carbon credits £m	Other £m	Total £m
Cost							
At 1 May 2023	2,285	189	23	1,354	17	60	3,928
Acquisitions	5	-	-	5	-	-	10
Additions	-	25	2	-	25	-	52
Disposals	(1)	(7)	(1)	-	(25)	(1)	(35)
Reclassification	-	6	1	-	-	1	8
Currency translation	(46)	(5)	(1)	(32)	-	-	(84)
At 30 April 2024	2,243	208	24	1,327	17	60	3,879
Amortisation and impairment							
At 1 May 2023	(17)	(126)	(16)	(798)	-	(44)	(1,001)
Amortisation	-	(15)	(2)	(74)	-	(7)	(98)
Disposals	-	6	-	-	-	1	7
Currency translation	-	3	1	20	-	-	24
At 30 April 2024	(17)	(132)	(17)	(852)	-	(50)	(1,068)
Carrying amount							
At 1 May 2023	2,268	63	7	556	17	16	2,927
At 30 April 2024	2,226	76	7	475	17	10	2,811

	Goodwill £m	Software £m	Intellectual property £m	Customer relationships £m	Carbon credits £m	Other £m	Total £m
Cost							
At 1 May 2022	2,210	182	21	1,301	14	41	3,769
Additions	-	3	1	-	2	24	30
Disposals	-	(4)	-	-	-	(1)	(5)
Reclassification	-	4	(1)	-	-	(4)	(1)
Currency translation	75	4	2	53	1	-	135
At 30 April 2023	2,285	189	23	1,354	17	60	3,928
Amortisation and impairment							
At 1 May 2022	(17)	(106)	(12)	(703)	-	(25)	(863)
Amortisation	-	(20)	(3)	(80)	-	(10)	(113)
Disposals	-	4	-	-	-	1	5
Reclassification	-	-	1	-	-	3	4
Currency translation	-	(4)	(2)	(15)	-	(13)	(34)
At 30 April 2023	(17)	(126)	(16)	(798)	-	(44)	(1,001)
Carrying amount							
At 1 May 2022	2,193	76	9	598	14	16	2,906
At 30 April 2023	2,268	63	7	556	17	16	2,927

Included within customer related intangibles at 30 April 2024 are amounts purchased as part of the acquisitions of Europac (carrying amount £306m, remaining amortisation period 10 years) and Interstate Resources (carrying amount £92m, remaining amortisation period three years).

10. Intangible assets continued

Goodwill

The CGUs identified below represent the lowest level at which goodwill is monitored for impairment indicators and internal management purposes, and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*. The carrying values of goodwill are split between the CGU groups as follows:

	2024 £m	2023 £m
Northern Europe	398	405
Southern Europe	1,035	1,068
Eastern Europe	163	162
North America	630	633
Total goodwill	2,226	2,268

Goodwill impairment tests - key assumptions and methodology

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill may be impaired. The recoverable amounts of the CGUs are determined from value-in-use calculations.

Impairment tests were conducted based on the segmental structures, and have confirmed that there are no impairments in the year ended 30 April 2024, as the recoverable amount of the groups of CGUs, based upon value-in-use calculations, exceeded the carrying amounts.

The calculations of value-in-use are inherently judgemental and require management to make a series of estimates and assumptions. The key assumptions in the value-in-use calculations are:

- the cash flow forecasts have been derived from the most recent forecast presented to the Board for the year ending 30 April 2025. The cash flows utilised are based upon forecast sales volumes and product mix, anticipated movements in paper prices and input costs and known changes and expectations of current market conditions, taking into account the cyclical nature of the business;
- the sales volume and price assumptions underlying the cash flow forecasts are the Directors' estimates of likely future changes based upon historic performance and the current economic outlooks for the economies in which the Group operates. These are viewed as the key operating assumptions as they determine the Directors' approach to margin and cost maintenance. Key assumptions modelled in the assessment include the impact of paper price cyclicity, where the modelled outlook reflects paper price improvements, consistent with observable third party forecast sources;
- the cash flow forecasts for capital expenditure are based upon past experience and include the replacement capital expenditure required to generate the terminal cash flows;
- cash flows beyond the year ended 30 April 2025 reflect the long-term growth rate specific to each of the CGUs. Where a CGU consists of multiple countries, country-specific rates are incorporated into a weighted average rate for that region. The rates applied are based upon external sources such as the International Monetary Fund's World Economic Outlook Database;
- the pre-tax adjusted discount rate is derived from the basis of the Group's weighted average cost of capital (WACC) of 9.5% (2022/23: 9.5%), plus a blended country risk premium for each CGU. The discount rate is a function of the cost of debt and equity. The cost of equity is largely based upon the risk-free rate for 10-year Government Bond yields for the European countries in which the Group operates (70% weighting), 30-year UK gilts (17% weighting) and 30-year US treasury yields (13%), adjusted for the relevant country market risk premium, ranging from 4.6% to 19.2%, which reflects the increased risk of investing in country specific equities and the relative volatilities of the equity of the Group compared to the market. This Group rate has been adjusted for the risks inherent in the countries in which the CGUs operate that are not reflected in the cash flow projections; and
- The Group assesses climate change impacts when preparing its summary of key risks as part of its risk management processes. These risks inform the forecast for the year ended 30 April 2025 which is the basis of the Impairment modelling. The impact of climate change, both in terms of opportunities and risks, is identified in the Group's TCFD disclosure within this Annual Report.

10. Intangible assets continued

Key assumptions by CGU

	Northern Europe	Southern Europe	Eastern Europe	North America
Long-term growth rate at 30 April 2024	1.3%	1.3%	2.7%	2.2%
Long-term growth rate at 30 April 2023	1.4%	1.3%	2.8%	1.8%
Discount rate at 30 April 2024	10.3%	11.7%	12.0%	10.1%
Discount rate at 30 April 2023	10.5%	12.4%	12.8%	10.1%

Goodwill impairment tests - sensitivities

The value-in-use is based upon anticipated discounted future cash flows. At 30 April 2024, the impairment tests concluded that there was headroom across all CGUs. Whilst the Directors believe the assumptions used are realistic, it is possible that a reduction in the headroom would occur if any of the above key assumptions were adversely changed. Factors which could cause an impairment are:

- significant and prolonged underperformance relative to the forecast; and
- deteriorations in the economies in which the Group operates.

To support their assertions, the Directors have reviewed the sensitivity analyses to determine the impact that would result from the above situations, including reduction or delays in future growth and increased discount rates. In these cases, if future estimates of economic improvements were delayed by twelve months, the growth rate in the outer years modelled reduced, or if the estimated discount rates applied to the cash flows were increased by 0.5%, there would still be adequate headroom to support the carrying value of the assets. Based on this analysis, with the exception of North America, the Directors believe that a reasonably possible change in any of the key assumptions detailed above would not cause the carrying value of CGUs to exceed their recoverable amounts, although the headroom would decrease. Sensitivities have also been conducted to determine the change required to the CGUs EBITDA and discount rates, to reduce the recoverable amounts down to the carrying value of the assets. EBITDA growth is based on a number of elements over the long term, including price and volume growth in the first year as well as assumptions regarding inflation and the cyclical paper price assumption. With all other assumptions held constant, for Northern Europe, it would require a reduction in EBITDA of 16% (year ended 30 April 2023: 17%) or a discount rate of 14.0% (year ended 30 April 2023: 15.1%); Southern Europe a reduction in EBITDA of 22% (year ended 30 April 2023: 9%) or a discount rate of 16.2% (year ended 30 April 2023: 13.9%) and Eastern Europe a reduction in EBITDA of 36% (year ended 30 April 2023: 12%) or a discount rate of 21.3% (year ended 30 April 2023: 15.1%). For North America, where future cash flows include domestic volume growth from completed expansion projects and cyclical paper price improvements, the sensitivity conducted identified that a reasonably possible change to the EBITDA growth assumption or discount rates applied could reduce the headroom of \$338m (£268m) to nil. Any further decrease in EBITDA, or further increase in discount rate over and above the sensitivity could lead to an impairment. It is possible that these factors could move together in combination. The sensitivity identified that a reduction of 15% to the EBITDA across the period modelled (year ended 30 April 2023: 14% reduction) or a discount rate of 11.8% (year ended 30 April 2023: 11.7%) would be required to reduce the headroom to nil.

On a regional basis, amortisation is attributable to Northern Europe (2023/24: £16m, 2022/23: £24m), Southern Europe (2023/24: £40m, 2022/23: £46m), Eastern Europe (2023/24: £11m, 2022/23: £12m) and North America (2023/24: £31m, 2022/23: £31m).

11. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Under construction £m	Total £m
Cost					
At 1 May 2023	1,173	3,634	110	498	5,415
Acquisitions	2	4	-	-	6
Additions	17	111	4	428	560
Disposals	(18)	(91)	(4)	(8)	(121)
Reclassification	-	4	-	-	4
Transfers	43	265	14	(322)	-
Currency translation	(40)	(130)	(6)	(12)	(188)
At 30 April 2024	1,177	3,797	118	584	5,676
Depreciation and impairment					
At 1 May 2023	(271)	(1,560)	(55)	-	(1,886)
Acquisitions	-	(3)	-	-	(3)
Depreciation charge	(35)	(202)	(10)	-	(247)
Impairment	1	3	-	-	4
Disposals	9	82	3	-	94
Reclassification	-	(2)	-	-	(2)
Transfers	(12)	15	(3)	-	-
Currency translation	20	83	4	-	107
At 30 April 2024	(288)	(1,584)	(61)	-	(1,933)
Carrying amount					
At 1 May 2023	902	2,074	55	498	3,529
At 30 April 2024	889	2,213	57	584	3,743
At 30 April 2023					
	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Under construction £m	Total £m
Cost					
At 1 May 2022	1,043	3,260	93	297	4,693
Additions	31	103	3	400	537
Disposals	(16)	(119)	(4)	-	(139)
Reclassification	32	6	2	(5)	35
Transfers	20	181	7	(208)	-
Currency translation	63	203	9	14	289
At 30 April 2023	1,173	3,634	110	498	5,415
Depreciation and impairment					
At 1 May 2022	(218)	(1,304)	(43)	-	(1,565)
Depreciation charge	(30)	(201)	(10)	-	(241)
Impairment	(4)	(20)	-	-	(24)
Disposals	11	89	4	-	104
Reclassification	-	5	-	-	5
Currency translation	(30)	(129)	(6)	-	(165)
At 30 April 2023	(271)	(1,560)	(55)	-	(1,886)
Carrying amount					
At 1 May 2022	825	1,956	50	297	3,128
At 30 April 2023	902	2,074	55	498	3,529

Assets under construction mainly relate to production machines in Italy, France, UK and Portugal and site improvements under construction.

All items of property, plant and equipment have been tested for indicators of impairment in relation to climate change considerations and no indicators were identified.

12. Right-of-use assets and lease liabilities

Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
At 1 May 2023	197	215	-	412
Additions	50	52	-	102
Disposals	(33)	(31)	-	(64)
Currency translation	(4)	(6)	-	(10)
At 30 April 2024	210	230	-	440
Depreciation and impairment				
At 1 May 2023	(82)	(106)	-	(188)
Depreciation charge	(33)	(43)	-	(76)
Disposals	26	30	-	56
Currency translation	2	3	-	5
At 30 April 2024	(87)	(116)	-	(203)
Carrying amount				
At 1 May 2023	115	109	-	224
At 30 April 2024	123	114	-	237

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
At 1 May 2022	186	189	1	376
Additions	75	61	-	136
Disposals	(37)	(43)	(1)	(81)
Reclassification	(32)	1	-	(31)
Currency translation	5	7	-	12
At 30 April 2023	197	215	-	412
Depreciation and impairment				
At 1 May 2022	(72)	(105)	-	(177)
Depreciation charge	(32)	(39)	-	(71)
Disposals	24	42	-	66
Currency translation	(2)	(4)	-	(6)
At 30 April 2023	(82)	(106)	-	(188)
Carrying amount				
At 1 May 2022	114	84	1	199
At 30 April 2023	115	109	-	224

During the prior year, a lease in Germany was terminated early and the asset purchased. This was reclassified to land and buildings in property, plant and equipment.

12. Right-of-use assets and lease liabilities continued

Lease liabilities

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

	2024 £m	2023 £m
At beginning of the year	224	203
Additions	102	136
Accretion of interest	12	11
Payments	(84)	(117)
Early termination	(10)	(15)
Currency translation	(5)	6
At end of the year	239	224
Current	75	70
Non-current	164	154
	239	224

The maturity analysis of lease liabilities is presented in note 20.

13. Equity accounted investments

	2024 £m	2023 £m
At beginning of the year	17	17
Dividends	(2)	(2)
Share of profit of equity accounted investments, net of tax	2	2
RKTK reversal of impairment	10	-
RKTK disposal	(10)	-
At end of the year	17	17

Principal equity accounted investments

	Nature of business	Principal country of operation	Ownership interest	
			2024	2023
PrJSC 'Rubezhnoye Cardboard and Package Mill'	Paper and packaging	Ukraine	-	49.6%
Philcorr LLC	Packaging	USA	40.0%	40.0%
Philcorr Vineland LLC	Packaging	USA	40.0%	40.0%
Cartonajes Santander, S.L.	Packaging	Spain	39.6%	39.6%
Cartonajes Cantabria S.L.	Packaging	Spain	39.6%	39.6%
Euskocarton, S.L.	Packaging	Spain	39.6%	39.6%
Industria Cartonera Asturiana S.L.	Packaging	Spain	39.6%	39.6%

In April 2024, the Group sold its previously fully written-down Ukrainian associate, RKTK, for £10m. £5m was received by 30 April 2024 and a further £5m will be received in the next financial year. This resulted in a £10m gain on divestment in the year ended 30 April 2024.

All the above associates are accounted for using the equity method because the Group has the ability to exercise significant influence over the investments due to the Group's equity holdings and board representation.

13. Equity accounted investments continued

Summary of financial information of associates

The financial information below is for the Group's associates on a 100% basis for the year ended 30 April.

	2024 £m	2023 £m
Current assets	16	14
Non-current assets	12	13
Current liabilities	(6)	(5)
Non-current liabilities	(4)	(5)
Revenue	82	98
Profit after tax	12	4
Other comprehensive income	-	1
Total comprehensive income	12	5

14. Other investments

	2024 £m	2023 £m
Investments	11	10
Restricted cash	6	7
	17	17

15. Inventories

	2024 £m	2023 £m
Raw materials and consumables	366	374
Work in progress	24	26
Finished goods	201	219
	591	619

Inventory provisions at 30 April 2024 were £57m (30 April 2023: £60m).

Inventories of £2,478m were recognised as an expense during the year ended 30 April 2024 (2022/ 23: £3,344m) and included within cost of sales.

16. Trade and other receivables

	2024		2023	
	Non-current £m	Current £m	Non-current £m	Current £m
Trade receivables	-	900	-	1,060
Loss allowance	-	(28)	-	(31)
Prepayments and accrued income	4	78	1	77
Other deposits	-	29	-	30
Other receivables	-	151	-	120
	4	1,130	1	1,256

Other receivables comprise various items including indirect tax receivable, employee advances and interest receivable.

The Group has sold without recourse certain trade receivables and on realisation the receivable is de-recognised and proceeds are presented within operating cash flows. Other deposits relate to these arrangements. Sold trade receivables under these arrangements at 30 April 2024 amounted to £369m (30 April 2023: £360m).

Accrued income amounted to £22m (30 April 2023: £19m).

Included within other receivables are energy support receivables of £40m (30 April 2023: £26m) and indirect tax receivable of £61m (30 April 2023: £53m).

16. Trade and other receivables continued

	Total £m	Current (not past due) £m	Of which past due				
			1 month or less £m	1-3 months £m	3-6 months £m	6-12 months £m	More than 12 months £m
At 30 April 2024							
Gross trade receivables	900	862	5	6	1	2	24
Weighted average loss rate	3.1%	0.5%	20.0%	-	-	50.0%	91.7%
Loss allowance	(28)	(4)	(1)	-	-	(1)	(22)
At 30 April 2023							
Gross trade receivables	1,060	971	53	7	3	2	24
Weighted average loss rate	2.9%	0.4%	3.8%	28.6%	33.3%	-	91.7%
Loss allowance	(31)	(4)	(2)	(2)	(1)	-	(22)

Movement in loss allowance

	2024 £m	2023 £m
At beginning of the year	(31)	(30)
Amounts written off	2	2
Net remeasurement of loss allowance	-	(2)
Currency translation	1	(1)
At end of the year	(28)	(31)

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and diverse. The majority of customers are credit insured and the Group has a history of low levels of losses in respect of trade receivables.

The loss allowance represents the Group's expected credit losses on trade receivables as defined under IFRS 9 *Financial Instruments*. The expected credit losses are estimated using a provision matrix by grouping trade receivables based on shared credit risk characteristics and the days past due. Expected loss rates are calculated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The accounting impact of credit insurance is not considered integral to the consideration of the carrying value of the trade receivables.

17. Trade and other payables

	2024		2023	
	Non-current £m	Current £m	Non-current £m	Current £m
Trade payables	-	1,253	-	1,572
Interest payable	-	57	-	16
Other non-trade payables and accrued expenses	31	509	34	665
	31	1,819	34	2,253

In accordance with government initiatives to allow suppliers to receive payments earlier than contractual payment terms, the Group has set up supply chain finance programmes through third parties, all of which are established and well capitalised financial institutions. These schemes allow suppliers to receive, if they choose, on an invoice by invoice basis, an earlier payment whilst the Group continues to pay to the suppliers' contractual terms. Suppliers are at liberty to use them or not and these arrangements have no cost to the Group and have no effect on trade payable balances or operating cash flows. The Group does not participate in any rebates, does not receive any fees from the providers nor does it provide any discounts or incentives for the suppliers to utilise these facilities. Additionally, they are not used to create payment terms which are abnormal, atypical or extend statutory payment terms in the countries the Group operates in and no adjustments are made by Standard & Poor's in their assessment of Group adjusted net debt.

Included within other non-trade payables and accrued expenses are indirect tax payables of £67m (30 April 2023: £66m), capital creditors of £79m (30 April 2023: £52m), employee cost accruals of £103m (30 April 2023: £148m), payroll and other taxes of £56m (30 April 2023: £55m) and holiday pay of £62m (30 April 2023: £63m).

17. Trade and other payables continued

The Group assesses the supply chain finance programmes to ascertain whether liabilities to suppliers who have chosen to access an earlier payment under the scheme continue to meet the definition of trade payables, or should be reclassified as borrowings. The Group has concluded that the Group's liability to the supplier remains unchanged for all such programmes and, as such, these balances remain in trade payables and the cash flows associated with these programmes remain within operating cash flows.

18. Net debt

The components of net debt and movement during the year are as follows:

	Note	At 30 April 2023 £m	Continuing operations cash flow £m	Foreign exchange, fair value and non-cash movements £m	At 30 April 2024 £m
Cash and cash equivalents		472	44	(17)	499
Overdrafts		(104)	14	1	(89)
Net cash and cash equivalents	19	368	58	(16)	410
Other investments - restricted cash	14	6	1	-	7
Other deposits		30	(1)	-	29
Borrowings - after one year		(1,742)	(738)	440	(2,040)
Borrowings - within one year		(74)	70	(393)	(397)
Lease liabilities	12	(224)	72	(87)	(239)
Derivative financial instruments					
Assets		-	2	(2)	-
Liabilities		-	-	-	-
		(2,004)	(594)	(42)	(2,640)
Net debt - reported basis		(1,636)	(536)	(58)	(2,230)
IFRS 16 lease liabilities		220			236
Net debt excluding IFRS 16 liabilities		(1,416)			(1,994)

Net debt is a non-GAAP measure not defined by IFRS. While the Group has included lease liabilities after transition to IFRS 16 *Leases* within total lease liabilities (in addition to arrangements previously classified as finance leases under IAS 17), IFRS 16 liabilities are currently excluded from the definition of net debt as set out in the Group's banking covenant requirements.

Further detail on the use of non-GAAP measures and a reconciliation showing the calculation of adjusted net debt, as defined in the Group's banking covenants, is included in note 32.

Derivative financial instruments above relate to forward foreign exchange contracts and cross-currency swaps used to hedge the Group's borrowings and the net assets of foreign operations. The difference between the amounts shown above and the total derivative financial instrument assets and liabilities in the consolidated statement of financial position relates to derivative financial instruments that hedge forecast foreign currency transactions and the Group's purchases of energy.

Non-cash movements relate to amortisation of fees incurred on debt issuance and new leases.

Other deposits are included, as these short-term receivables have the characteristics of net debt.

19. Cash and cash equivalents

	2024 £m	2023 £m
Bank balances	437	466
Short-term deposits	62	6
Cash and cash equivalents (consolidated statement of financial position)	499	472
Bank overdrafts	(89)	(104)
Net cash and cash equivalents (consolidated statement of cash flows)	410	368

20. Borrowings

	2024			2023		
	Current £m	Non- current £m	Total £m	Current £m	Non- current £m	Total £m
Bank and other loans ¹	(2)	(7)	(9)	(42)	(299)	(341)
Commercial paper	-	-	-	(24)	-	(24)
Medium-term notes and other fixed-term debt						
€452.4m medium-term note 1.375% coupon July 2024	(387)	-	(387)	-	(660)	(660)
€10m term loan 1.4% coupon September 2025	(8)	(1)	(9)	(8)	(9)	(17)
€600m medium-term note 0.85% coupon September 2026	-	(511)	(511)	-	(525)	(525)
€850m medium-term note 4.375% coupon July 2027	-	(721)	(721)	-	-	-
£250m medium-term note 2.875% coupon July 2029	-	(249)	(249)	-	(249)	(249)
€650m medium-term note 4.5% coupon July 2030	-	(551)	(551)	-	-	-
	(397)	(2,040)	(2,437)	(74)	(1,742)	(1,816)

1. Drawings under bank loans and revolving credit facility.

Borrowings are unsecured and measured at amortised cost. There have been no breaches of covenants during the year ended 30 April 2024 in relation to the above borrowings.

Of the total borrowing facilities available to the Group, the undrawn committed facilities available at 30 April were as follows:

	2024 £m	2023 £m
Expiring within one year	300	-
Expiring between one and two years	51	800
Expiring between two and five years	1,100	855
Expiring after five years	-	-
	1,451	1,655

The £1,451m of undrawn facilities consist of revolving credit facilities.

The repayment profile of the Group's borrowings, after taking into account the effect of forward foreign exchange contracts, is as follows:

	2024				
	1 year or less £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total £m
Borrowings					
Fixed rate	(397)	(4)	(1,234)	(802)	(2,437)
Floating rate	-	-	-	-	-
Total borrowings	(397)	(4)	(1,234)	(802)	(2,437)
	2023				
	1 year or less £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total £m
Borrowings					
Fixed rate	(74)	(672)	(523)	(249)	(1,518)
Floating rate	-	-	(298)	-	(298)
Total borrowings	(74)	(672)	(821)	(249)	(1,816)

20. Borrowings continued

The Group's borrowings, after taking into account the effect of forward foreign exchange contracts, are denominated in the following currencies:

	2024				
	Sterling £m	Euro £m	US dollar £m	Other £m	Total £m
Borrowings					
Fixed rate	(153)	(2,160)	(124)	-	(2,437)
Floating rate	-	-	-	-	-
	(153)	(2,160)	(124)	-	(2,437)
Net cash and cash equivalents (including bank overdrafts)					
Floating rate	38	204	6	162	410
Net borrowings at 30 April 2024	(115)	(1,956)	(118)	162	(2,027)

	2023				
	Sterling £m	Euro £m	US dollar £m	Other £m	Total £m
Borrowings					
Fixed rate	(98)	(1,187)	(232)	(1)	(1,518)
Floating rate	(210)	(88)	-	-	(298)
	(308)	(1,275)	(232)	(1)	(1,816)
Net cash and cash equivalents (including bank overdrafts)					
Floating rate	(23)	240	13	138	368
Net borrowings at 30 April 2023	(331)	(1,035)	(219)	137	(1,448)

At 30 April 2024, 89% of the Group's borrowings, after taking into account the effect of cross-currency swaps and forward foreign exchange contracts, were denominated in euros in order to hedge the underlying assets of the Group's European operations (30 April 2023: 70%). Interest rates on floating rate borrowings are based on EURIBOR, or where applicable, local currency base rates. The Group's sterling denominated floating rate borrowings are based on SONIA.

Maturity of lease liabilities

	1 year or less £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total £m
At 30 April 2023	(70)	(51)	(73)	(30)	(224)
At 30 April 2024	(75)	(54)	(78)	(32)	(239)

Denomination of lease liabilities

	Sterling £m	Euro £m	US dollar £m	Other £m	Total £m
At 30 April 2023	(55)	(109)	(34)	(26)	(224)
At 30 April 2024	(54)	(103)	(38)	(44)	(239)

20. Borrowings continued

Changes in liabilities arising from financing activities

	At 1 May 2023 £m	Financing cash flows £m	Acquisitions and divestments £m	New leases and early termination £m	Movements in fair value £m	Other £m	At 30 Apr 2024 £m
Bank and other loans, including commercial paper	(365)	357	-	-	-	(1)	(9)
Medium-term notes and other fixed-term debt	(1,451)	(1,025)	-	-	-	48	(2,428)
Lease liabilities	(224)	72	-	(86)	-	(1)	(239)
Total liabilities from financing activities	(2,040)	(596)	-	(86)	-	46	(2,676)

	At 1 May 2022 £m	Financing cash flows £m	Acquisitions and divestments £m	New leases and early termination £m	Movements in fair value £m	Other £m	At 30 Apr 2023 £m
Bank and other loans, including commercial paper	(43)	(316)	-	-	-	(6)	(365)
Medium-term notes and other fixed-term debt	(2,029)	663	-	-	-	(85)	(1,451)
Lease liabilities	(203)	106	-	(121)	-	(6)	(224)
Derivative financial instruments related to hedging of financial liabilities (note 18)							
Assets	12	(14)	-	-	2	-	-
Liabilities	-	-	-	-	-	-	-
Total liabilities from financing activities	(2,263)	439	-	(121)	2	(97)	(2,040)

Other changes include foreign exchange movements and amortisation of capitalised borrowing costs.

Financing cash flows consist of the net amount of proceeds from borrowings, repayment of borrowings, repayment of lease obligations and proceeds from settlement of derivative financial instruments in the consolidated statement of cash flows. Payments in respect of and proceeds from settlement of derivative financial instruments in the consolidated statement of cash flows relate solely to derivative financial instruments used to hedge the Group's borrowings and net assets of foreign operations. Operating cash flows include settlement of commodity derivatives.

21. Financial instruments

The Group's activities expose the Group to a number of key risks which have the potential to affect its ability to achieve its business objectives. A summary of the Group's key financial risks and the policies and objectives in place to manage these risks is set out in the Financial review and Principal risk sections of the Strategic Report.

The derivative financial instruments set out in this note have been entered into in line with the Group's risk management objectives. The Group's treasury policy prohibits entering into speculative transactions.

(a) Carrying amounts and fair values of financial assets and liabilities

Set out below is the accounting classification of the carrying amounts and fair values of all of the Group's financial assets and liabilities:

Category	2024		2023		
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m	
Financial assets					
Cash and cash equivalents	Amortised cost	499	499	472	472
Restricted cash	Amortised cost	6	6	7	7
Other investments	Fair value through other comprehensive income	11	11	10	10
Trade and other receivables	Amortised cost	1,134	1,134	1,257	1,257
Derivative financial instruments	Fair value - hedging instruments	79	79	319	319
Total financial assets		1,729	1,729	2,065	2,065
Financial liabilities					
Trade and other payables	Amortised cost, except as detailed below	(1,850)	(1,850)	(2,287)	(2,287)
Bank and other loans	Amortised cost	(9)	(9)	(341)	(341)
Commercial paper	Amortised cost	-	-	(24)	(24)
Medium-term notes and other fixed-term debt	Amortised cost	(2,428)	(2,382)	(1,451)	(1,384)
Lease liabilities	Amortised cost	(239)	(239)	(224)	(224)
Bank overdrafts	Amortised cost	(89)	(89)	(104)	(104)
Derivative financial instruments	Fair value - hedging instruments	(193)	(193)	(368)	(368)
Total financial liabilities		(4,808)	(4,762)	(4,799)	(4,732)

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists. The Group uses forward prices for valuing forward foreign exchange and commodity contracts and uses valuation models with present value calculations based on market yield curves to value fixed rate borrowings. All derivative financial instruments are shown at fair value in the consolidated statement of financial position.

The Group's medium-term notes and other fixed-term debt are in effective cash flow and net investment hedges. The fair values of financial assets and liabilities which bear floating rates of interest or are short term in nature are estimated to be equivalent to their carrying amounts.

The Group's financial assets and financial liabilities are categorised within the fair value hierarchy that reflects the significance of the inputs used in making the assessments. The majority of the Group's financial instruments are Level 2 financial instruments in accordance with the fair value hierarchy, meaning although the instruments are not traded in an active market, inputs to fair value are observable for the asset and liability, either directly (i.e. quoted market prices) or indirectly (i.e. derived from prices). The Group's medium-term notes are Level 1 financial instruments, as the notes are listed on the Luxembourg Stock Exchange. Other investments are Level 3 financial instruments. The fair value of other investments is derived from fair value calculations based on their cash flows, and details of the valuation of the redemption liability are provided in note 17.

21. Financial instruments continued

(b) Derivative financial instruments

The Group enters into foreign exchange and commodity derivative financial instruments to manage the risks associated with the Group's underlying business activities and the financing of these activities. Derivatives are carried at their fair value in the statement of financial position.

The assets and liabilities of the Group at 30 April in respect of derivative financial instruments are as follows:

	Assets		Liabilities		Net	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Derivatives held to hedge future transactions:						
Forward foreign exchange contracts	-	1	-	(2)	-	(1)
Energy and carbon certificate costs	79	318	(193)	(366)	(114)	(48)
Total derivative financial instruments	79	319	(193)	(368)	(114)	(49)
Current	64	154	(122)	(319)	(58)	(165)
Non-current	15	165	(71)	(49)	(56)	116
	79	319	(193)	(368)	(114)	(49)

(c) Cash flow and net investment hedges

(i) Hedge reserves

Set out below is the reconciliation of each component in the hedging reserve:

	Commodity risk £m	Foreign exchange risk £m	Total £m
Balance at 1 May 2022	609	-	609
Gain/(loss) on designated cash flow hedges:			
Cross-currency swaps	-	7	7
Commodity contracts	(78)	-	(78)
Forward foreign exchange contracts	-	(1)	(1)
Loss/(gain) reclassified from equity to the income statement:			
Cross-currency swaps	-	(8)	(8)
Commodity contracts	(565)	-	(565)
Deferred tax	149	-	149
At 30 April 2023	115	(2)	113
Gain/(loss) on designated cash flow hedges:			
Commodity contracts	(237)	-	(237)
Forward foreign exchange contracts	-	1	1
Loss/(gain) reclassified from equity to the income statement:			
Commodity contracts	25	-	25
Deferred tax	41	-	41
At 30 April 2024	(56)	(1)	(57)

21. Financial instruments continued

(c) Cash flow and net investment hedges continued

(i) Hedge reserves continued

The amounts reclassified to the income statement from the cash flow hedging reserve during the year are reflected in the following items in the income statement:

	2024 £m	2023 £m
Operating costs	25	(565)
Finance costs	-	(8)
Total pre-tax loss/(gain) reclassified from equity to the income statement during the year	25	(573)

There was £nil recognised ineffectiveness during the year ended 30 April 2024 (2022/23: £nil) in respect of cross-currency swaps, forward foreign exchange contracts and commodity derivatives.

(ii) Hedges of net investments in foreign operations

The Group utilises foreign currency borrowings, cross-currency swaps and forward foreign exchange contracts as hedges of long-term investments in foreign subsidiaries. The pre-tax gain on the hedges recognised in equity during the year was £41m (2022/23: loss of £74m). This £41m is matched by a similar gain in equity on the retranslation of the hedged foreign subsidiary net assets resulting in a net gain of £nil (2022/23: net gain of £nil) treated as hedge ineffectiveness in the income statement.

(d) Risk identification and risk management

(i) Capital management

The Group defines its managed capital as the sum of equity, as presented in the consolidated statement of financial position, and net debt (note 18).

	2024 £m	2023 £m
Net debt	2,230	1,636
Total equity	3,949	4,087
Managed capital	6,179	5,723

In July 2023 the Group issued a €1.5bn bond split across two tranches (four and seven years) under the Group's Green Financing Framework. The Group bought back almost €300m of the €750m bond which is due to mature in July 2024. Scheduled repayments on a term loan amounted to €9m.

Managed capital is different from capital employed (defined as property, plant and equipment, right-of-use assets, goodwill and intangible assets, working capital, capital debtors/creditors, provisions, biological assets and assets/liabilities held for sale). Managed capital relates to the Group's sources of funding, whereas adjusted return on average capital employed is the Group's measure of the level of return being generated by the asset base.

The Group funds its operations from the following sources of capital: operating cash flow, borrowings, shareholders' equity and, where appropriate, divestments of non-core businesses. The Group's objective is to achieve a capital structure that results in an appropriate cost of capital whilst providing flexibility in short and medium-term funding so as to accommodate significant investments or acquisitions. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having borrowings with a range of maturities and from a variety of sources.

The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, as described elsewhere in this note. The Group's treasury strategy is controlled through the Balance Sheet Committee which meets every two months and includes the Group Finance Director, the Group General Counsel and Company Secretary, the Group Financial Controller and the Corporate Finance Director. The Group Treasury function operates in accordance with policies and procedures approved by the Board and is controlled by the Corporate Finance Director. The function arranges funding for the Group, provides a service to operations and implements strategies for financial risk management.

(ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of a change in market prices. The Group is exposed to changes in interest rates, foreign currency exchange rates and commodity prices.

21. Financial instruments continued

(d) Risk identification and risk management continued

Interest rate risk

The Group is exposed to interest rate risk as borrowings are arranged at fixed interest rates, exposing it to fair value risk, and at floating interest rates, exposing it to future cash flow risk. The risk is managed by maintaining a mix of fixed and floating rate borrowings. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity

At 30 April 2024, 100% of the Group's borrowings were at fixed rates of interest (30 April 2023: 84%). The sensitivity analysis below shows the impact on profit of a 100 basis points rise in market interest rates (representing management's assessment of the reasonably possible change in interest rates) in all currencies in which the Group had variable-rate borrowings during the year ended 30 April 2024.

To calculate the impact on the income statement for the year, the interest rates on all variable-rate external borrowings and cash deposits have been increased by 100 basis points. The impact on equity is equal to the impact on profit.

The results are presented before non-controlling interests and tax.

	2024 £m	2023 £m
Impact on profit of increase in market interest rates of 100 basis points	(6)	(2)

Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in sterling, was as follows:

	2024		2023	
	EUR £m	USD £m	EUR £m	USD £m
Trade receivables	636	64	769	65
Trade payables	(1,183)	(74)	(1,392)	(177)
Net borrowings ¹	(1,956)	(118)	(1,035)	(219)

1. After taking into account the effect of forward foreign exchange contracts.

Foreign exchange risk on investments

The Group is exposed to foreign exchange risk arising from net investments in Group entities, the functional currencies of which differ from the Group's presentational currency, sterling. The Group partly hedges this exposure through borrowings denominated in foreign currencies and through cross-currency swaps and forward foreign exchange contracts.

Gains and losses arising from hedges of net investments are recognised in equity.

Foreign exchange risk on borrowings

The Group is exposed to foreign exchange risk on borrowings denominated in foreign currencies. To mitigate this risk, the foreign currency borrowings are designated in hedges of net investments.

Foreign exchange risk on transactions

Foreign currency transaction risk arises where a business unit makes product sales or purchases in a currency other than its functional currency. Part of this risk is hedged using forward foreign exchange contracts which are designated as cash flow hedges.

The Group only designates the forward rate of foreign currency forwards in hedge relationships.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, maturity and underlying terms) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates.

The Group's main currency exposures are to the euro and US dollar. The following significant exchange rates applied during the year:

	2024		2023	
	Average	Closing	Average	Closing
Euro	1.161	1.170	1.152	1.136
US dollar	1.258	1.254	1.201	1.247

21. Financial instruments continued

(d) Risk identification and risk management continued

(ii) Market risk continued

Foreign exchange risk on transactions continued

The following sensitivity analysis shows the impact on the Group's results of a 10% strengthening and weakening in the sterling exchange rate against all other currencies representing management's assessment of the reasonably possible change in foreign exchange rates. The analysis is restricted to financial instruments denominated in a foreign currency and excludes the impact of financial instruments designated as net investment hedges.

Net investment hedges are excluded as the impact of the foreign exchange movements on these are offset by equal and opposite movements in the hedged items.

The results are presented before non-controlling interests and tax.

	2024		2023	
	Impact on profit £m	Impact on total equity £m	Impact on profit £m	Impact on total equity £m
10% strengthening of sterling	-	25	-	30
10% weakening of sterling	-	(31)	-	(37)

Commodity risk

The Group's main commodity exposures are to changes in gas and electricity prices. The Group also hedges its exposure to fluctuations in the cost of carbon emission certificates. This commodity price risk is managed by a combination of physical supply agreements and derivative instruments. At 30 April 2024, losses of £56m net of tax (2022/23: gains of £115m) are deferred in equity in respect of cash flow hedges in accordance with IAS 39. Any gains or losses deferred in equity will be reclassified to the income statement in the period in which the hedged item also affects the income statement, which will occur within three years.

The following table details the Group's sensitivity to a 10% increase in these prices, which is management's assessment of the reasonably possible change, on average, over any given year. A decrease of 10% in these prices would produce an opposite effect on equity. As all of the Group's commodity financial instruments achieve hedge accounting under IAS 39, there is no impact on profit for either year.

The results are presented before non-controlling interests and tax.

	2024		2023	
	Impact on profit £m	Impact on total equity £m	Impact on profit £m	Impact on total equity £m
10% increase in electricity prices	-	-	-	8
10% increase in gas prices	-	25	-	44
10% increase in carbon certificate prices	-	5	-	7

(iii) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due, causing financial loss to the Group. In the current economic environment, the Group has placed increased emphasis on the management of credit risk. The carrying amount of financial assets at 30 April 2024 was £1,729m and is analysed in note 21(a). This represents the maximum credit risk exposure.

Credit risk on financial instruments held with financial institutions is assessed and managed by reference to the long-term credit ratings assigned to that counterparty by S&P Global Ratings' and Moody's credit rating agencies. Amounts deposited with counterparties are subject to limits based on their credit ratings. There are no significant concentrations of credit risk.

See note 16 for information on credit risk with respect to trade receivables.

21. Financial instruments continued

(d) Risk identification and risk management continued

(iv) Liquidity risk

Liquidity risk is the risk that the Group, although solvent, will have difficulty in meeting its obligations associated with its financial liabilities as they fall due.

The Group manages its liquidity risk by maintaining a sufficient level of undrawn committed borrowing facilities. At 30 April 2024, the Group had £1,451m of undrawn committed borrowing facilities (30 April 2023: £1,655m), which comprises revolving credit facilities. The Group mitigates its refinancing risk by raising its debt requirements from a number of different sources with a range of maturities.

The following table is an analysis of the undiscounted contractual maturities of non-derivative financial liabilities.

	Contractual repayments			
	Total £m	1 year or less £m	1-5 years £m	More than 5 years £m
At 30 April 2024				
Non-derivative financial liabilities				
Trade and other payables	1,850	1,819	31	-
Bank and other loans	9	2	7	-
Medium-term notes and other fixed-term debt	2,441	395	1,240	806
Lease liabilities	271	77	150	44
Bank overdrafts	89	89	-	-
Interest payments on borrowings	364	74	233	57
Total non-derivative financial liabilities	5,024	2,456	1,661	907

	Contractual repayments			
	Total £m	1 year or less £m	1-5 years £m	More than 5 years £m
At 30 April 2023				
Non-derivative financial liabilities				
Trade and other payables	2,287	2,253	34	-
Bank and other loans	343	42	301	-
Commercial paper	24	24	-	-
Medium-term notes and other fixed-term debt	1,455	8	1,197	250
Lease liabilities	264	72	143	49
Bank overdrafts	104	104	-	-
Interest payments on borrowings	88	21	45	22
Total non-derivative financial liabilities	4,565	2,524	1,720	321

Refer to note 29 for a summary of the Group's capital commitments.

21. Financial instruments continued

(d) Risk identification and risk management continued

(iv) Liquidity risk continued

The following table is an analysis of the undiscounted contractual maturities of derivative financial liabilities. Where the payable and receivable legs of these derivatives are denominated in foreign currencies, the contractual payments or receipts have been calculated based on exchange rates prevailing at the respective year ends. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

Where applicable, interest and foreign exchange rates prevailing at the reporting date are assumed to remain constant over the future contractual maturities.

	Contractual payments/(receipts)			
	Total £m	1 year or less £m	1-5 years £m	More than 5 years £m
At 30 April 2024				
Derivative financial liabilities				
Energy derivatives	199	124	75	-
Forward foreign exchange contracts:				
Payments	73	69	4	-
Receipts	(72)	(68)	(4)	-
Total derivative financial liabilities	200	125	75	-

	Contractual payments/(receipts)			
	Total £m	1 year or less £m	1-5 years £m	More than 5 years £m
At 30 April 2023				
Derivative financial liabilities				
Energy derivatives	374	322	52	-
Forward foreign exchange contracts:				
Payments	277	277	-	-
Receipts	(271)	(271)	-	-
Total derivative financial liabilities	380	328	52	-

22. Deferred tax assets and liabilities

Analysis of movements in recognised deferred tax assets and liabilities during the year

	Property, plant and equipment and intangible assets		Employee benefits including pensions		Tax losses		Other ¹		Total	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
At beginning of the year	(296)	(302)	19	27	50	58	(24)	(172)	(251)	(389)
Credit/(charge) for the year:										
- continuing	(12)	12	(5)	(5)	17	(7)	14	2	14	2
Recognised directly in equity	-	-	(1)	(4)	-	-	41	149	40	145
Currency translation	5	(6)	(2)	1	1	(1)	3	(3)	7	(9)
At end of the year	(303)	(296)	11	19	68	50	34	(24)	(190)	(251)

1. Includes deferred tax assets on deferred deductions in respect of R&D expenditure and derivative financial instruments of £17m (30 April 2023: £24m).

At 30 April 2024, deferred tax assets and liabilities were recognised for all taxable temporary differences except:

- where the deferred tax liability arises on goodwill;
- on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of temporary differences can be controlled by the Group and it is probable that temporary differences will not reverse in the foreseeable future.

At 30 April 2024, no deferred tax liability has been recognised in respect of temporary differences relating to unremitted earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The amount of the associated temporary differences at 30 April 2024 was £2,402m (30 April 2023: £2,455m).

As commented in note 7, Finance Act 2021 included a 6% increase in the main UK corporation tax rate to 25% from 1 April 2023, which was substantially enacted on 10 June 2021. Accordingly, the rate applied to UK deferred tax assets and liabilities expected to reverse after 1 April 2024 is 25% (2023: 25%).

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2024 £m	2023 £m
Deferred tax liabilities	(213)	(262)
Deferred tax assets	23	11
Net deferred tax	(190)	(251)

The deferred tax asset in respect of tax losses at 30 April 2024 includes an asset in the UK of £18m (30 April 2023: £19m). The asset has been recognised based on the Group's forecast of net interest income that will arise in the UK. The asset is expected to be fully recovered over the foreseeable future.

Included within deferred tax assets is an asset of £5m recognised in respect of tax losses and other temporary differences in Croatia. The business has made a loss this year, but an asset has been recognised as a result of the Group forecasting sufficient taxable profits over the foreseeable future against which these assets will be realised.

In addition to the tax losses above, the Group has tax losses at 30 April 2024 of £119m (30 April 2023: £114m) for which no deferred tax assets have been recognised. These losses include £85m which do not expire, £25m which expire between 2027 and 2029 and £9m which expire between 2037 and 2041 under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise these benefits.

The Group also has other temporary differences on which it has not recognised deferred tax assets, £158m of which do not expire and £21m of which expire by 2025.

23. Provisions

	Restructuring £m	Carbon Credits £m	Other £m	Total £m
At 1 May 2023	24	3	38	65
Acquisitions	-	-	1	1
Charged to income	7	34	6	47
Credited to income	-	-	(16)	(16)
Utilised	(27)	-	-	(27)
Currency translation	-	(1)	(1)	(2)
At 30 April 2024	4	36	28	68
Non-current	-	-	8	8
Current	4	36	20	60
At 30 April 2024	4	36	28	68

The restructuring provision includes amounts associated with the site closures and restructuring costs.

The Group was one of a number of companies operating in the paper packaging industry that was subject to a decision (currently the subject of appeal) by the Italian Competition Authority concerning anti-competitive behaviour in Italy (the 'Decision'). Given its position as leniency applicant, the Group was not fined. The Group is subject to a number of claims (both actual and threatened) for compensation in respect of the Decision, which the Group intends to defend robustly. Given the early stage of these claims, the ongoing appeal process, the Group's intention to defend all claims robustly and having applied the tests in IAS 37, no provision has been recognised and instead this item has been disclosed as a contingent liability.

Other provisions relate to environmental and restoration liabilities, indemnities and estimated liabilities arising from actual and potential litigation and disputes. The Group has considered the impact of climate factors. Other than those relating to carbon emissions (refer to note 10 for further details) on its operations, no other climate-related provision has been recognised in the current financial year.

The timing of the utilisation of these provisions is uncertain, except where the associated costs are contractual, in which case the provision is utilised over the time period specified in the contract.

24. Capital and reserves

Share capital

	Number of shares		2024 £m	2023 £m
	2024 millions	2023 millions		
Ordinary equity shares of 10 pence each:				
Issued, allotted, called up and fully paid	1,379	1,377	138	138

During the year ended 30 April 2024, 1,803,581 (2022/23: 1,527,919) ordinary shares were issued as a result of exercises of employee share options.

The net movements in share capital and share premium are disclosed in the consolidated statement of changes in equity.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share premium

The share premium account represents the difference between the issue price and the nominal value of shares issued.

24. Capital and reserves continued

Own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. The Group operates a General Employee Benefit Trust, which acquires shares in the Company that can be used to satisfy the requirements of the Performance Share Plans. At 30 April 2024, the Trust held 2.8m shares (30 April 2023: 4.2m shares). The market value of the shares at 30 April 2024 was £9.7m (30 April 2023: £13.0m). Dividends receivable on the shares owned by the Trust have been waived.

Retained earnings

Retained earnings includes a merger relief reserve related to the shares issued in consideration to the sellers of EcoPack/EcoPaper in 2017/18. The closing balance of this reserve is £32m (30 April 2023: £32m).

25. Employee benefits

	Total		UK		Overseas	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Balance sheet						
Present value of post-retirement obligations	(840)	(893)	(717)	(772)	(123)	(121)
Government issued nominal bonds	128	120	128	120	-	-
Government issued index-linked bonds	468	403	468	403	-	-
Equities/multi-strategy	27	65	12	52	15	13
Debt instruments	368	230	344	205	24	25
Derivatives	(1)	233	(1)	233	-	-
Real estate	1	1	-	-	1	1
Cash and cash equivalents	22	9	21	9	1	-
Other	157	72	139	54	18	18
Debt (repurchase agreements) used to fund liability driven investments	(350)	(285)	(350)	(285)	-	-
	820	848	761	791	59	57
Net post-retirement plan (deficit)/surplus	(20)	(45)	44	19	(64)	(64)
Other employee benefit liabilities	(12)	(10)	-	-	(12)	(10)
Total employee benefit (deficit)/surplus	(32)	(55)	44	19	(76)	(74)
Related deferred tax asset/(liability)	7	14	(11)	(5)	18	19
Net employee benefit (deficit)/surplus	(25)	(41)	33	14	(58)	(55)

Employee benefit schemes

At 30 April 2024, the Group operated a number of employee benefit arrangements for the benefit of its employees throughout the world. The plans are provided through both defined benefit and defined contribution arrangements and their legal status and control vary depending on the conditions and practices in the countries concerned.

Pension scheme trustees and representatives of the Group work with those managing the employee benefit arrangements to monitor the effects on the arrangements of changes in financial markets and the impact of uncertainty in assumptions, and to develop strategies that could mitigate the risks to which these employee benefit schemes expose the Group.

25. Employee benefits continued

UK schemes

The DS Smith Group Pension Scheme (the 'Group Scheme') is a UK funded final salary defined benefit scheme providing pensions and lump sum benefits to members and dependants. The Group 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 Group Scheme, if earlier). The Group 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 Group Scheme is governed by a Trustee Company (DS Smith Pension Trustees Limited), which is comprised of a Board of Trustee Directors (the 'Trustee Board') represented by two independent members, two member appointees and two Group appointed members. The Trustee Board is responsible for managing the operation, funding and investment strategy of the Group Scheme.

During the prior year in response to the market turmoil following the mini-budget, the Group made funding support of up to £100m available to the main UK defined benefit pension scheme. This took the form initially of a cash advance in anticipation of potential margin calls and latterly a liquidity facility. The cash advance was fully repaid within days of being made and as at 30 April 2024 a liquidity facility remained in place but was undrawn.

UK legislation requires the Trustee Board to carry out actuarial funding valuations at least every three years and to target full funding over an appropriate period of time, taking into account the current circumstances of the Group Scheme and the Group on a basis that prudently reflects the risks to which the Group Scheme is exposed (the 'Technical Provisions' basis). The most recent funding valuation was carried out as at 30 April 2022, following which a deficit recovery plan was agreed with the Trustee Board on 21 July 2023. The Group has agreed to maintain the previous Schedule of Contributions. The contribution for the year ended 30 April 2024 under the plan was £21m. The recovery plan is expected to be completed on or around September 2025.

The Trustee Board and the Group have in place a secondary Long-Term Funding Target (the 'LTFT'), in addition to the statutory funding requirement, the purpose of which is to achieve material additional security for the Group Scheme's members. The objective of the LTFT is for the Group Scheme to be funded by 30 April 2035 to a level that does not expect to rely on future contributions from the Group. The LTFT comprises actuarial assumptions to assess whether any additional contributions above the deficit recovery contributions are required, and an investment strategy approach to be followed for de-risking the scheme's assets. In recent valuations, the secondary funding assessment has concluded that the deficit recovery plan contributions are sufficient and no additional contributions from the Group under the LTFT are required.

In order to manage risk, the Group Scheme's investment strategy is designed to closely align movements in the Group Scheme's assets to those of its liabilities, whilst maintaining an appropriate level of expected return. To help the Trustee Board to monitor, review and assess investment matters, the Investment and Funding Committee (the 'IFC'), which consists of representatives from the Trustee Board and the Group, meets on a quarterly basis throughout the year.

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

The Group Scheme deficit recovery plan agreed with the Trustee Board is considered a minimum funding requirement as described in IFRIC 14 *IAS 19 - the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The Group has an unconditional right to a return of any surplus in a run-off scenario and has therefore recognised the IAS 19 accounting surplus on the Group's balance sheet at 30 April 2024.

The assets in the Group Scheme (apart from the cash held) are nearly all Level 2 instruments under the fair value hierarchy. All Level 2 assets are held in daily traded pooled funds for which daily bid prices are available, and the valuation process for these assets involves minimal judgement and is agreed by reference to independent third parties. The Group Scheme does not hold any investment in DS Smith securities.

On 16 June 2023, the High Court issued a ruling in respect of Virgin Media vs NTL Pensions Trustees II Limited (and others) calling into question the validity of changes made to benefits provided by contracted-out schemes between 1997 and 2016 where certain documentation under Section 37 of the Pension Scheme Act 2003 wasn't obtained. Virgin Media has appealed the decision and an appeal hearing. The Trustee Board are aware of this matter and mindful of any potential impact on scheme liabilities. However, to date, given the legal and legislative uncertainty, any impact on liabilities has not yet been quantified and no allowance has been made for it in scheme liabilities reported at 30 April 2024.

The largest defined contribution arrangement operated by the Group is in the UK. The UK defined contribution scheme is a trust-based arrangement offering members a range of investments. All assets are held independently from the Group. The Group also operates a small unfunded arrangement in the UK.

25. Employee benefits continued

Overseas schemes

The countries where the Group operates the most significant defined benefit post-retirement arrangements are:

- France - various mandatory retirement indemnities, post-retirement medical plans and jubilee arrangements (benefits paid to employees after completion of a certain number of years of service), the majority of which are determined by the applicable collective bargaining agreement;
- Belgium - liabilities with respect to non-contributory defined benefit and cash balance retirement plans, as well as unfunded jubilee arrangements. The defined benefit plan is closed to new employees, although active members continue to accrue benefits;
- Switzerland - a contributory defined benefit pension scheme providing pensions and lump sum benefits to members and dependants;
- Italy - mandatory end-of-service lump sum benefits in respect of pre-2007 service;
- Portugal - defined benefit pensions plan with a fund that guarantees a payment of a pension supplement to all retired employees and pensioners who were receiving pension benefit from the fund on 13 July 2007; and
- Germany - jubilee arrangements and non-contributory defined benefit pension schemes.

In general, local trustees or similar bodies manage the post-retirement and medical plans in accordance with local regulations.

Overseas schemes expose the Group to risks such as longevity risk, currency risk, inflation risk, interest rate risk, investment risk, life expectancy risk and healthcare cost risk. Actions taken by the local regulator, or changes to legislation, could result in stronger local funding requirements for pension schemes, which could affect the Group's future cash flow.

Movements in the liability for employee benefit plans' obligations recognised in the consolidated statement of financial position

	2024 £m	2023 £m
Schemes' liabilities at beginning of the year	(903)	(1,199)
Interest cost	(41)	(34)
Service cost recognised in the consolidated income statement	(5)	(6)
Member contributions	-	(1)
Pension payments	53	53
Unfunded benefits paid	8	8
Actuarial gains - financial assumptions	16	270
Actuarial gains/(losses) - experience	13	(17)
Actuarial gains - demographic	3	29
Currency translation	4	(6)
Schemes' liabilities at end of the year	(852)	(903)

25. Employee benefits continued

Movements in the fair value of employee benefit plans' assets recognised in the consolidated statement of financial position

	2024 £m	2023 £m
Schemes' assets at beginning of the year	848	1,113
Employer contributions	21	23
Member contributions	-	-
Interest income	40	33
Actuarial losses	(34)	(271)
Pension payments	(53)	(53)
Currency translation	(2)	3
Schemes' assets at end of the year	820	848

Durations and expected payment profile

The following table provides information on the distribution of the timing of expected benefit payments for the Group Scheme:

At 30 April 2024	Within 5 years £m	6 to 10 years £m	11 to 20 years £m	21 to 30 years £m	31 to 40 years £m	41 to 50 years £m	Over 50 years £m
Projected benefit payments	278	305	578	421	230	73	11

The weighted average duration for the Group Scheme is 12 years.

The Group made agreed contributions of £21m to fund the Group Scheme in 2023/24 (2022/23: £20m). The Group's current best estimate of contributions expected to be made to the Group Scheme in the year ending 30 April 2025 will be approximately £21m. A charge over four UK Packaging properties has been made as security for the unfunded arrangement in the UK, the liability for which totals £5m.

Significant actuarial assumptions

Principal actuarial assumptions for the Group Scheme are as follows:

	2024	2023
Discount rate for scheme liabilities	5.4%	5.0%
Inflation	3.3%	3.2%
Pre-retirement pension increases	2.9%	2.8%
Future pension increases for pre 30 April 2005 service	2.9%	2.8%
Future pension increases for post 30 April 2005 service	2.1%	2.1%

For overseas arrangements, the weighted average actuarial assumptions are at an average discount rate of 1.8% (30 April 2023: 2.9%) and an inflation rate of 2.0% (30 April 2023: 2.7%).

25. Employee benefits continued

During 2021, the UK Statistics Authority's publication on the future of the RPI assumption base had the effect of lowering the RPI assumption by 1% per annum in the short term and the post-2030 assumption is that the RPI/CPI gap falls to zero. 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, the mortality base table used is SAPS 3 (year of birth), with CMI 2023 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:

	2024		2023	
	Male	Female	Male	Female
Life expectancy at age 65				
Member currently aged 65	20.7	23.1	20.9	23.3
Member currently aged 45	21.7	24.4	21.9	24.7

Sensitivity analysis

The sensitivity of the liabilities in the Group 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	(45)
0.5% increase in inflation	(32)
0.5% pre-retirement pension increases	(10)
0.5% CPI 5% on pre 30 April 2005 service	(24)
0.5% CPI 2.5% on post 30 April 2005 service	(5)
1 year increase in life expectancy	(24)

Expense recognised in the consolidated income statement

	Total	
	2024 £m	2023 £m
Post-retirement benefits current service cost	(5)	(6)
Total service cost	(5)	(6)
Net interest cost on net pension liability	(1)	(1)
Pension Protection Fund levy	-	-
Employment benefit net finance expense	(1)	(1)
Total expense recognised in the consolidated income statement	(6)	(7)

Items recognised in other comprehensive income

Remeasurement of defined benefit obligation	32	282
Return on plan assets excluding amounts included in employment benefit net finance expense	(34)	(271)
Total (losses)/gains recognised in other comprehensive income	(2)	11

26. Share-based payment expense

The Group's share-based payment arrangements are as follows:

(i) A Performance Share Plan (PSP). Awards under the PSP normally become exercisable after three years subject to remaining in service and the satisfaction of performance conditions measured over the three financial years commencing with the year of grant. Awards have been made under the PSP annually since 2008, originally based on the following performance measures, in the proportions shown below:

- i. the Group's total shareholder return (TSR) compared to the constituents of the Industrial Goods and Services Supersector within the FTSE 250;
- ii. average adjusted earnings per share (EPS); and
- iii. average adjusted return on average capital employed (ROACE).

Awards made in 2016 are subject to three performance measures:

- i. 33.3% of each award based on a TSR component;
- ii. 33.3% of each award based on average adjusted EPS; and
- iii. 33.3% of each award based on average adjusted ROACE.

Awards made from 2017 to 2019 are subject to either two performance measures or three performance measures:

(a) Two performance measures:

- i. 50% of each award based on average adjusted EPS; and
- ii. 50% of each award based on average adjusted ROACE.

(b) Three performance measures:

- i. 33.3% of each award based on a TSR component;
- ii. 33.3% of each award based on average adjusted EPS; and
- iii. 33.3% of each award based on average adjusted ROACE.

Awards made from 2020 are subject to either two performance measures or to three performance measures:

(a) Two performance measures:

- i. 50% of each award based on adjusted EPS; and
- ii. 50% of each award based on adjusted ROACE.

(b) Three performance measures:

- i. 33.3% of each award based on a TSR component;
- ii. 33.3% of each award based on adjusted EPS; and
- iii. 33.3% of each award based on adjusted ROACE.

Some awards granted in 2016, 2017 and 2020 have vested but have not yet been fully exercised. The maximum term of the options granted under the above scheme is the 10 year anniversary of the grant date.

- (ii) A Deferred Share Bonus Plan (DSBP) is operated for Executive Directors and, from 2012/13, for senior executives. Shares awarded under the DSBP will vest automatically if the Director or senior executive is still employed by the Group three years after the grant of the award. The maximum term of the options granted under the above scheme is the 10 year anniversary of the grant date.
- (iii) An international Sharesave Plan was introduced in January 2014 with further invitations being made in subsequent years. All employees of the Group and participating subsidiaries were eligible to participate in this Plan or an HMRC approved UK Sharesave Plan. Options are granted to participants who have contracted to save up to a maximum of £250 (or local currency equivalent) across all open invitations per month over a period of three years, at a discount of up to 20% to the average closing mid-market price of a DS Smith Plc ordinary share on the three dealing days prior to invitation. Options cannot normally be exercised until a minimum of three years has elapsed. In common with most plans of this type there are no performance conditions applicable to options granted under this Plan. The provisions of this Plan are subject to minor country specific variances. In France, the option price is discounted by up to 20% of the 20-day average up to the day before grant date. A standard US Stock Purchase Plan was introduced in January 2014 with further invitations in subsequent years. US employees of the Group are eligible to participate in this Plan. Options are granted to participants who have contracted to save up to the local currency equivalent of £250 per month over a period of two years at a discount of up to 15% to the higher of the mid-market average price on the day before invitation and the mid-market average on the day before grant of a DS Smith Plc ordinary share. Options cannot normally be exercised until a minimum of two years has elapsed.

26. Share-based payment expense continued

Options cannot normally be exercised until a minimum of two years has elapsed. The maximum term of the options granted under the above schemes is six months after the completion of the three-year vesting period.

Further details of the awards described in (i), (ii) and (iii) are set out in the Remuneration Committee report.

Options outstanding and exercisable under share arrangements at 30 April 2024 were:

	Options outstanding			Options exercisable		
	Number of shares	Option price range (p)	Weighted average remaining contract life (years)	Weighted average exercise price (p)	Number exercisable	Weighted average exercise price (p)
Performance Share Plan	10,885,792	Nil	0.7	Nil	428,199	Nil
Deferred Share Bonus Plan	2,725,827	Nil	1.3	Nil	48,225	Nil
Sharesave Plan	9,270,969	235.0-412.0	2.0	267.7	1,104,273	324.7

The effect on earnings per share of potentially dilutive shares issuable under share-based payment arrangements is shown in note 8.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Performance Share Plan		Deferred Share Bonus Plan		Sharesave Plan	
	Weighted average exercise price (p)	Options ('000s)	Weighted average exercise price (p)	Options ('000s)	Weighted average exercise price (p)	Options ('000s)
2024						
At 1 May 2023	Nil	10,154	Nil	2,132	321.6	6,278
Granted	Nil	4,687	Nil	1,022	235.0	5,733
Exercised	Nil	(2,214)	Nil	(259)	324.9	(1,804)
Lapsed	Nil	(1,741)	Nil	(169)	318.2	(936)
At 30 April 2024	Nil	10,886	Nil	2,726	267.7	9,271
Exercisable at 30 April 2024	Nil	428	Nil	48	324.7	1,104

	Performance Share Plan		Deferred Share Bonus Plan		Sharesave Plan	
	Weighted average exercise price (p)	Options ('000s)	Weighted average exercise price (p)	Options ('000s)	Weighted average exercise price (p)	Options ('000s)
2023						
At 1 May 2022	Nil	8,965	Nil	1,346	308.8	12,965
Granted	Nil	4,235	Nil	1,219	Nil	Nil
Exercised	Nil	(4)	Nil	(319)	285.0	(4,214)
Lapsed	Nil	(3,042)	Nil	(114)	316.8	(2,473)
At 30 April 2023	Nil	10,154	Nil	2,132	321.6	6,278
Exercisable at 30 April 2023	Nil	73	Nil	308	266.0	1

The average share price of the Company during the financial year was 307.0 pence (2022/23: 304.7 pence). The fair value of awards granted in the period relates to the PSP and DSBP schemes.

The fair value of the PSP award granted during the year, determined using the stochastic (Monte Carlo) valuation model, was £12m. The significant inputs into the model were: a share price of 317.49p for the PSP at the grant date; the exercise prices shown above; an expected volatility of the share price of 31.80%; the scheme life disclosed above; a risk-free interest rate of 5.20%; and an expected dividend yield of 5.78%. The volatility of share price returns is calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant.

The total (credit)/charge for the year relating to share-based payments recognised as personnel expenses was (£2m) (2022/23: £15m).

27. Cash generated from operations

	2024 £m	2023 £m
Continuing operations		
Profit for the year	385	492
Adjustments for:		
Amortisation of intangible assets; acquisitions and divestments	97	128
Cash outflow for adjusting items	(11)	(14)
Depreciation	323	312
(Profit)/loss on sale of non-current assets	(9)	7
Share of profit of equity accounted investments, net of tax	(2)	(2)
Employment benefit net finance expense	1	1
Share-based payments	(2)	15
Finance income	(14)	(2)
Finance costs	116	75
Other non-cash items	(13)	24
Income tax expense	118	169
Change in provisions	7	19
Change in employee benefits	(24)	(25)
Cash generation before working capital movement	972	1,199
Changes in:		
Inventories	6	99
Trade and other receivables	88	15
Trade and other payables	(511)	(235)
Working capital movement	(417)	(121)
Cash generated from continuing operations	555	1,078

28. Reconciliation of net cash flow to movement in net debt

	2024 £m	2023 £m
Profit for the year	385	492
Income tax expense	118	169
Share of profit of equity accounted investments, net of tax	(2)	(2)
Net financing costs	103	74
Amortisation of intangible assets; acquisitions and divestments	97	128
Adjusted operating profit	701	861
Depreciation	323	312
Adjusted EBITDA	1,024	1,173
Working capital movement	(417)	(121)
Change in provisions	7	19
Change in employee benefits	(24)	(25)
Other	(24)	46
Cash generated from operations before adjusting cash items	566	1,092
Capital expenditure	(547)	(545)
Proceeds from sale of property, plant and equipment and other investments	41	19
Tax paid	(169)	(136)
Net interest paid	(66)	(76)
Free cash flow	(175)	354
Cash outflow for adjusting items	(11)	(14)
Dividends paid	(247)	(289)
Acquisition of subsidiary businesses, net of cash and cash equivalents	(113)	-
Divestment of equity accounted investments	5	-
Other	(2)	(2)
Net cash flow	(543)	49
Proceeds from issue of share capital	7	4
Net movement on debt	(536)	53
Foreign exchange, fair value and other non-cash movements (note 18)	(58)	(205)
Net debt movement - continuing operations	(594)	(152)
Opening net debt	(1,636)	(1,484)
Closing net debt - reported basis	(2,230)	(1,636)

Adjusted operating profit, adjusted EBITDA, free cash flow, and net debt are non-GAAP measures not defined by IFRS. Further detail on the use of non-GAAP measures is included in note 32.

29. Capital commitments and contingencies

At 30 April 2024, the Group had committed to incur capital expenditure of £329m (30 April 2023: £298m) relating primarily to the new paper machine in Lucca.

Except in relation to the matter disclosed in note 23, the Group is not subject to material litigation, but has a number of contingent liabilities that arise in the ordinary course of business on behalf of trading subsidiaries including, inter alia, intellectual property disputes and regulatory enquiries in areas such as health and safety, environmental, and anti-trust. No losses are anticipated to arise on these contingent liabilities.

30. Acquisitions and divestments

(a) 2023/24

On 29 March 2024, the Group completed the acquisition of Bosis doo, a Serbia-based packaging company, for £17m, net of cash and cash equivalents.

In April 2024, the Group sold its previously fully written-down Ukrainian associate, RKTk, for £10m. £5m was received by 30 April 2024 and a further £5m will be received in the next financial year. This resulted in a £10m gain on divestment in the year ended 30 April 2024.

2022/23

The crystallisation of the put option for the final 10% stake in Interstate Resources occurred during the financial year. Additional costs as a result of the business meeting performance obligations were recognised together with the costs of hedging the dollar payment of the liability, the latter of which will continue until the payment is made. These costs of £15m have been taken to adjusting items; refer to note 4 for further details. Refer to note 17 for further details on the valuation of this final payment.

(b) Plastics division

On 27 February 2020, the sale of the Group's Plastics division to Olympus Partners and its affiliate Liqui-Box Holdings was completed.

Plastics principally comprised flexible packaging and dispensing solutions, extruded and injection moulded products and foam products.

The Plastics segment has been classified as a discontinued operation as disclosed in note 1(a)(ii). The consolidated income statement presents the Plastics segment as a discontinued operation with a single line amount of profit from discontinued operation, net of tax. The consolidated statement of cash flows presents a single amount of net cash flow from discontinued operations.

Consolidated income statement - discontinued operations

	Year ended 30 April 2024 £m	Year ended 30 April 2023 £m
Revenue	-	-
Operating costs	-	-
Operating profit before amortisation and adjusting items	-	-
Amortisation of intangible assets	-	-
Profit on disposal before tax	-	-
Other pre-tax adjusting items	-	11
Net finance cost	-	-
Profit before income tax	-	11
Income tax credit/(expense)	-	-
Profit for the year from discontinued operations	-	11

Settlement of certain costs and obligations arising from the disposal of the Plastics division in the year ended 30 April 2023 resulted in a gain in adjusting items in profit from discontinued operations of £11m.

30. Acquisitions and divestments continued

Basic earnings per share from discontinued operations

	2024	2023
Profit from discontinued operations attributable to ordinary shareholders	-	£11m
Weighted average number of ordinary shares	1,374m	1,376m
Basic earnings per share	-	0.8p

Diluted earnings per share from discontinued operations

	2024	2023
Profit from discontinued operations attributable to ordinary shareholders	-	£11m
Weighted average number of ordinary shares	1,374m	1,376m
Potentially dilutive shares issuable under share-based payment arrangement	7m	10m
Weighted average number of ordinary shares (diluted)	1,381m	1,386m
Diluted earnings per share	-	0.8p

The number of shares excludes the weighted average number of the Company's own shares held as treasury shares during the year of 3m (2022/23: 2m).

Adjusted earnings per share from discontinued operations

Further detail about the use of non-GAAP performance measures is given in note 32.

A reconciliation of basic to adjusted earnings per share from discontinued operations is as follows:

	2024			2023		
	£m	Basic - pence per share	Diluted - pence per share	£m	Basic - pence per share	Diluted - pence per share
Basic earnings from discontinued operations	-	-	-	11	0.8p	0.8p
Add back:						
Adjusting items, before tax	-	-	-	(11)	(0.8p)	(0.8p)
Adjusted earnings from discontinued operations	-	-	-	-	-	-

Other 2023/24 acquisitions and divestments

The Group incurred £3m (2022/23: £nil) of acquisition costs in the year ended 30 April 2024 relating to the recommended all-share offer from International Paper and a further £6m (2022/23: £nil) of other related costs.

31. Related parties

Identity of related parties

In the normal course of business, the Group undertakes a wide variety of transactions between its subsidiaries and equity accounted investments.

The key management personnel of the Group comprise the Chair, Executive Directors and Non-Executive Directors. The compensation of key management personnel can be found in the single total figure remuneration table in the Remuneration Committee report. Certain key management personnel also participate in the Group's share-based incentive programme (note 26). Included within share-based payments, and detailed in the Remuneration Committee report, is a credit of £nil (2022/23: £3m charge) relating to key management personnel.

Transactions with pension trustees are disclosed in note 25.

Other related party transactions

	2024 £m	2023 £m
Sales to equity accounted investees	14	18
Purchases from equity accounted investees	22	24

32. Non-GAAP performance measures

The Group presents reported and adjusted financial information in order to provide shareholders with additional information to further understand the Group's operational performance and financial position.

The principal adjustments to financial information are made to exclude the effects of adjusting items (refer to note 4) and amortisation.

Total reported financial information represents the Group's overall performance and financial position, but can contain significant unusual or non-operational items that may obscure understanding of the key trends and position. These unusual or non-operational items include business disposals, restructuring and project costs, acquisition-related and integration costs, and impairments. Restructuring items treated as adjusting items are major programmes usually spanning more than one year, with uneven impact on the profit and loss for those years affected. Other adjusting items, such as business disposals, impairments, integration and acquisition costs, are by nature either highly variable or can also have a similar distorting effect. Therefore, the Directors consider that presenting non-GAAP measures which exclude adjusting items enables comparability of the recurring core business, complementing the IFRS measures presented.

Amortisation relates primarily to customer contracts and relationships arising from or as a result of business combinations. Significant costs are incurred in maintaining, developing and increasing the value of such intangibles, costs which are charged in determining adjusted profit. Exclusion of amortisation remedies this double count as well as, in the case of customer contracts and relationships, providing comparability over the accounting treatment of customer contracts and relationships arising from the acquisition of businesses and those generated internally.

The Group's key non-GAAP measures are used both internally and externally to evaluate business performance against the Group's KPIs and banking and debt covenants, as a key constituent of the Group's planning process, as well as comprising targets against which compensation is determined.

Certain non-GAAP performance measures can be, and are, reconciled to information presented in the financial statements. Other financial key performance measures are calculated using information which is not presented in the financial statements and is based on, for example, average 12-month balances or average exchange rates.

Unlike other of the Group's non-GAAP performance measures, net debt and net debt/EBITDA remain calculated under the previous standard, IAS 17 *Leases*, because they are calculated in accordance with the Group's banking covenant requirements which remain on the previous GAAP basis. As such, for net debt and net debt/EBITDA, the reconciliation for the non-GAAP performance measure below has been expanded to show the calculation to return the non-GAAP performance measure to the IAS 17 basis.

32. Non-GAAP performance measures continued

Key non-GAAP performance measures

The key non-GAAP performance measures used by the Group and their calculation methods are as follows:

Adjusted operating profit

Adjusted operating profit is operating profit excluding the pre-tax effects of both amortisation and adjusting items. Adjusting items include business divestment gains and losses, restructuring and acquisition-related and integration costs and impairments.

A reconciliation between reported and adjusted operating profit is set out on the face of the consolidated income statement.

Operating profit before adjusting items

A reconciliation between operating profit and operating profit before adjusting items is set out on the face of the consolidated income statement.

Other similar profit measures before adjusting items are quoted, such as profit before income tax and adjusting items, and are directly derived from the consolidated income statement, from which they can be directly reconciled.

Adjusted EBITDA

Earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) is adjusted operating profit excluding depreciation. A reconciliation from adjusted operating profit to adjusted EBITDA is provided in note 28.

Adjusted earnings per share

Adjusted earnings per share is basic earnings per share adjusted to exclude the post-tax effects of adjusting items and amortisation. Adjusted earnings per share is a key performance measure for management long-term remuneration and is widely used by the Group's shareholders.

A reconciliation between basic and adjusted earnings per share is provided in note 8.

Return on sales

Return on sales is adjusted operating profit measured as a percentage of revenue. Return on sales is used to measure the value delivered to customers and the Group's ability to charge for that value.

	2024 £m	2023 £m
Adjusted operating profit	701	861
Revenue	6,822	8,221
Return on sales	10.3%	10.5%

Adjusted return on average capital employed (ROACE)

ROACE is the last 12 months' adjusted operating profit as a percentage of the average monthly capital employed over the previous 12-month period. Capital employed is the sum of property, plant and equipment, right-of-use assets, goodwill and intangible assets, working capital, capital debtors/creditors, provisions, biological assets and assets/liabilities held for sale.

	2024 £m	2023 £m
Capital employed at 30 April	6,636	6,203
Currency inter-month and acquisition/divestment movements	(79)	(194)
Last 12 months' average capital employed	6,557	6,009
Last 12 months' adjusted operating profit	701	861
Adjusted return on average capital employed	10.7%	14.3%

32. Non-GAAP performance measures continued

Net debt and net debt/EBITDA

Net debt is the measure by which the Group assesses its level of overall indebtedness within its financial position. The components of net debt as they reconcile to the primary financial statements and notes to the accounts are disclosed in note 18.

Net debt/EBITDA is the ratio of net debt to adjusted EBITDA, calculated in accordance with the Group's banking covenant requirements.

Net debt/EBITDA is considered a key measure of balance sheet strength and financial stability by which the Group assesses its financial position.

The Group's banking covenant requirements currently exclude IFRS 16 liabilities from the definition of net debt, as well as requiring that EBITDA is calculated before the effects of IFRS 16, so an adjustment to the previous IAS 17 basis is made in the calculation.

In calculating the ratio, net debt is stated at average rates as opposed to closing rates, and adjusted EBITDA is adjusted operating profit before depreciation from the previous 12 month period adjusted for the full year effect of acquisitions and divestments in the period, and to adjust to an IAS 17 basis.

	2024 £m	2023 £m
Net debt - reported basis (see note 18)	2,230	1,636
IFRS 16 lease liabilities (see note 18)	(236)	(220)
Adjustment to average rate	7	(17)
Net debt - adjusted basis	2,001	1,399
Adjusted EBITDA - last 12 months' reported basis (continuing operations)	1,024	1,173
Adjust to IAS 17 basis	(85)	(85)
Acquisition and divestment effects	3	-
Adjusted EBITDA - banking covenant basis	942	1,088
Net debt/EBITDA	2.1x	1.3x

Free cash flow

Free cash flow is the net movement on debt before cash outflow for adjusting items, dividends paid, acquisition and divestment of subsidiary businesses (including borrowings acquired), and proceeds from issue of share capital.

A reconciliation from Adjusted EBITDA to free cash flow is set out in note 28.

Cash conversion

Cash conversion is free cash flow, as defined above, adjusted to exclude tax, net interest, growth capital expenditure and pension payments as a percentage of adjusted operating profit and can be derived directly from note 28, other than growth capital expenditure, which is capital expenditure necessary for the development or expansion of the business as follows:

	2024 £m	2023 £m
Growth capital expenditure	186	275
Non-growth capital expenditure	361	270
Total capital expenditure (note 28)	547	545
Free cash flow (note 28)	(175)	354
Tax paid (note 28)	169	136
Net interest paid (note 28)	66	76
Growth capital expenditure	186	275
Change in employee benefits (note 28)	24	25
Adjusted free cash flow	270	866
Adjusted operating profit	701	861
Cash conversion	39%	101%

32. Non-GAAP performance measures continued

Average working capital to sales

Average working capital to sales measures the level of investment the Group makes in working capital to conduct its operations. It is measured by comparing the monthly working capital balances for the previous 12 months as a percentage of revenue over the same period. Working capital is the sum of inventories, trade and other receivables, and trade and other payables, excluding capital and acquisition and divestment-related debtors and creditors.

	2024 £m	2023 £m
Inventories (note 15)	591	619
Trade and other receivables	1,099	1,211
Trade and other payables	(1,696)	(2,105)
Inter-month movements and exclusion of capital and acquisition and divestment-related items	80	36
Last 12 months' average working capital	74	(239)
Last 12 months' revenue	6,822	8,221
Average working capital to sales	1.1%	(2.9%)

Constant currency and organic growth

The Group presents commentary on both reported and constant currency revenue and adjusted operating profit comparatives in order to explain the impact of exchange rates on the Group's key income statement items. Constant currency comparatives recalculate the prior year revenue and adjusted operating profit as if they had been generated using the current year exchange rates. In addition, the Group then separates the incremental effects of acquisitions and disposals made in the current year, and the incremental effects of acquisitions and disposals made in the previous year, to determine underlying organic growth. The table below shows the calculations:

	Revenue £m	Adjusted operating profit £m
Reported basis - comparative year ended 30 April 2023	8,221	861
Currency effects	(84)	(11)
Constant currency basis - comparative year ended 30 April 2023	8,137	850
Organic growth	(1,315)	(149)
Reported basis - year ended 30 April 2024	6,822	701

Return on sales - comparative year ended April 2023 - constant currency basis	10.4%
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	£m
Reported profit before tax comparative year ended 30 April 2023	661
Currency effects	(10)
Constant currency profit before tax comparative year ended 30 April 2023	651

	£m
Basic earnings per share from continuing operations for the comparative year ended 30 April 2023 - constant currency basis	
Profit from continuing operations	492
Currency effects	(9)
	483
Weighted average number of ordinary shares	1,376m
Basic earnings per share - constant currency basis	35.1p

Notes to the consolidated financial statements *continued*

32. Non-GAAP performance measures continued

Constant currency and organic growth continued

Adjusted earnings per share for the comparative year ended 30 April 2023 - constant currency basis	£m
Adjusted earnings	592
Currency effects	(10)
	582
Weighted average number of ordinary shares	1,376m
Adjusted earnings per share - constant currency basis	42.3p

Dividend cover

Dividend cover is adjusted earnings per share divided by the total dividend for the year.

	2024	2023
Adjusted earnings per share	33.1p	43.0p
Total dividend	18.0p	18.0p
Dividend cover	1.8x	2.4x

33. DS Smith Group companies

The Group's ultimate parent Company is DS Smith Plc.

Group companies are grouped by the countries in which they are incorporated or registered. Unless otherwise noted, the undertakings below are wholly-owned and consolidated by DS Smith Plc and the share capital held comprises ordinary or common shares which are held by Group subsidiaries.

Fully owned subsidiaries	Notes		Notes		Notes
Argentina		Finland		DS Smith Paper Deutschland GmbH	DE7
Total Marketing Support Argentina SA	AR1	DS Smith Packaging Baltic Holding Oy	FI1	DS Smith Recycling Deutschland GmbH	DE4
Australia		DS Smith Packaging Finland Oy	FI1	DS Smith Stange B.V. & Co. KG	DE8
Total Marketing Support Pacific Pty Ltd	AU1	DS Smith Packaging Pakkausjaloste Oy	FI2	DS Smith Transport Services GmbH	DE7
Austria		Eastpac Oy	FI1	Greece	
DS Smith Austria Holdings GmbH	AT1	France		DS Smith Cretan Hellas S.A.	GR1
DS Smith Packaging Austria	AT1	DS Smith France	FR1	DS Smith Hellas S.A.	GR2
Beteiligungsverwaltungs GmbH		DS Smith Hêtre Blanc	FR2	Guatemala	
DS Smith Packaging Austria GmbH	AT2	DS Smith Packaging Ales	FR3	TMS Global Guatemala, Sociedad Anonima	GT1
DS Smith Packaging South East GmbH	AT1	DS Smith Packaging Anjou	FR2	Honduras	
Belgium		DS Smith Packaging Atlantique	FR2	Total Marketing Support Honduras, S.A.	HN1
DS Smith Packaging Belgium N.V.	BE1	DS Smith Packaging Bretagne	FR4	Hungary	
DS Smith Packaging Marketing N.V.	BE2	DS Smith Packaging C.E.R.A.	FR5	DS Smith Packaging Hungary Kft.	HU2
Bolivia		DS Smith Packaging Consumer	FR2	Merpas Hungary Kft.	HU1
TotalMarketing Support Bolivia S.A.	BO1	DS Smith Packaging Contoire-Hamel	FR6	India	
Bosnia & Herzegovina		DS Smith Packaging Display and Services	FR2	The Less Packaging Company India	IN1
DS Smith Packaging BH d.o.o. Sarajevo	BA1	DS Smith Packaging DPF	FR7	Private Limited	
DS Smith Recycling Bosnia d.o.o.	BA2	DS Smith Packaging Durtal	FR8	Total Marketing Support India Private	IN2
Brazil		DS Smith Packaging Fegersheim	FR9	Limited	
Total Marketing Support Brazil Ltda	BR1	DS Smith Packaging France	FR2	Indonesia	
Bulgaria		DS Smith Packaging Kaypac	FR10	PT Total Marketing Support Indonesia	ID1
DS Smith Bulgaria S.A.	c, BG1	DS Smith Packaging Larousse	FR11	Ireland	
Canada		DS Smith Packaging Mehun-CIM	FR12	DS Smith Ireland Treasury Designated	IR1
TMS Canada 360 Inc.	CA1	DS Smith Packaging Nord Est	FR1	Activity Company	
Chile		DS Smith Packaging Premium	FR13	DS Smith Recycling Ireland Limited	IR2
Total Marketing Support Chile SpA	CL1	DS Smith Packaging Savoie	FR14	Italy	
China		DS Smith Packaging Seine Normandie	FR15	DS Smith Holding Italia SpA	IT3
DS Smith Shanghai Trading Ltd	CN1	DS Smith Packaging Sud Est	FR16	DS Smith Packaging Italia SpA	IT3
TMS Shanghai Trading Ltd	CN2	DS Smith Packaging Sud Ouest	FR13	DS Smith Paper Italia Srl	IT3
Colombia		DS Smith Packaging Systems	FR17	DS Smith Recycling Italia Srl	IT2
Total Marketing Support Colombia S A S	CO1	DS Smith Packaging Velin	FR18	Toscana Ondulati SpA	IT1
Croatia		DS Smith Packaging Vervins	FR2	Japan	
Bilokalnik-IPA d.d.	HR1	DS Smith Paper Coullons	FR19	Total Marketing Support Japan Ltd	JP1
DS Smith Belišće Croatia d.o.o.	HR2	DS Smith Paper Kaysersberg	FR20	Kazakhstan	
DS Smith Unijapapir Croatia d.o.o.	HR3	DS Smith Paper Rouen	FR15	Total Marketing Support Kazakhstan L.L.P.	KZ1
Czech Republic		DS Smith Recycling France	FR21	Latvia	
DS Smith Packaging Czech Republic s.r.o.	CZ1	Rowlandson France	FR1	SIA DS Smith Packaging Latvia	LV1
Denmark		Tecnicarton France	FR22	Lithuania	
DS Smith Packaging Denmark A/S	DK1	Germany		UAB DS Smith Packaging Lithuania	LT1
Ecuador		Bretschneider Verpackungen GmbH	h, DE2	Luxembourg	
Total Marketing Support Ecuador TM-EC	EC1	Delta Packaging Services GmbH	DE6	DS Smith (Luxembourg) S.à r.l.	LU1
C.L.		DS Smith Packaging Arenshausen	DE3	DS Smith Perch Luxembourg S.à r.l.	LU1
Egypt		Mivepa GmbH		DS Smith Re S.A.	LU1
TMS Egypt LLC	EG1	DS Smith Packaging Arnstadt GmbH	DE1	Malaysia	
Estonia		DS Smith Packaging Beteiligungen GmbH	DE8	Total Marketing Support (360) Malaysia	MY1
DS Smith Packaging Estonia AS	EE1	DS Smith Packaging Deutschland Stiftung	DE5	Sdn. Bhd.	
		DS Smith Packaging Deutschland Stiftung	DE8		
		& Co KG			

Notes to the consolidated financial statements *continued*

33. DS Smith Group companies continued

Fully owned subsidiaries continued	Notes	Notes	Notes
Mexico		Romania	David S. Smith Nominees Limited PSQ
Total Marketing Support 360 Mexico S.A de C.V	MX1	DS Smith Packaging Ghimbav S.R.L.	d, R01 D.W. Plastics (UK) Limited (00495461) ¹ PSQ
Morocco		DS Smith Packaging Romania S.R.L.	R03 DS Smith (UK) Limited (00501594) ¹ PSQ
Tecnicartón Tánger S.a.r.l. AU	MA1	DS Smith Paper Zarnesti. S.R.L.	b, R02 DS Smith America (UK) LLP (0C428961) ¹ PSQ
Netherlands		Serbia	DS Smith Business Services Limited PSQ
David S. Smith (Netherlands) B.V.	NL2	DS Smith Packaging Offset d.o.o. Valjevo	RS3 The DS Smith Charitable Foundation PSQ
DS Smith B.V.	PSQ	DS Smith Inos Papir Servis d.o.o.	RS1 DS Smith Corrugated Packaging Limited PSQ
DS Smith Baars B.V.	DE8	DS Smith Packaging d.o.o. Kruševac	RS2 DS Smith Display Holding Limited (00382678) ¹ PSQ
DS Smith De Hoop Holding B.V.	NL2	Papir Servis DP d.o.o. Kruševac	RS2 DS Smith Dormant Five Limited PSQ
DS Smith Finance B.V.	NL2	Slovakia	DS Smith Euro Finance Limited (05987239) ¹ PSQ
DS Smith Hellas Netherlands B.V.	NL2	DS Smith Packaging Slovakia s.r.o.	SK1 DS Smith Europe Limited PSQ
DS Smith Italy B.V.	PSQ	DS Smith Turpak Obaly a.s.	e, SK2 DS Smith Finco Limited (06740135) ¹ a, PSQ
DS Smith Packaging Almelo B.V.	NL1	Slovenia	DS Smith Haddock Limited PSQ
DS Smith Packaging Barneveld B.V.	NL3	DS Smith Slovenija d.o.o.	SI1 DS Smith Holdings Limited (06739623) ¹ a, PSQ
DS Smith Packaging Belita B.V.	NL2	South Africa	DS Smith International Limited (02636539) ¹ PSQ
DS Smith Packaging Holding B.V.	NL2	TMS 360 SA (PTY) Ltd	ZA1 DS Smith Italy Limited (04424098) ¹ PSQ
DS Smith Packaging International B.V.	NL2	Spain	DS Smith Logistics Limited PSQ
DS Smith Packaging Netherlands B.V.	NL2	Bertako S.L.U.	ES1 DS Smith Packaging Limited PSQ
DS Smith Packaging Tilburg B.V.	NL5	DS Smith Andorra S.A.	ES3 DS Smith Paper Limited PSQ
DS Smith Recycling Benelux B.V.	NL2	DS Smith Business Services S.L.U.	ES3 DS Smith Pension Trustees Limited PSQ
DS Smith Recycling Holding B.V.	NL2	DS Smith Packaging Cartogal S.A.	ES9 DS Smith Perch Limited (08150751) ¹ PSQ
DS Smith Salm B.V.	NL2	DS Smith Packaging Dicesa S.A.	g, ES5 DS Smith Recycling UK Limited PSQ
DS Smith Toppositie B.V.	NL2	DS Smith Packaging Galicia S.A.	ES10 DS Smith Roma Limited PSQ
Nicaragua		DS Smith Packaging Holding S.L.U.	ES3 DS Smith Sudbrook Limited (00518152) ¹ PSQ
Total Marketing Support Nicaragua, Sociedad Anonima	NI1	DS Smith Packaging Lucena, S.L.	ES7 DS Smith Supplementary Life Cover Scheme Limited PSQ
Nigeria		DS Smith Packaging Penedes S.A.U.	ES5 DS Smith Ukraine Limited (06352659) ¹ PSQ
Total Marketing Support 360 Nigeria Limited	NG1	DS Smith Recycling Spain S.A.	ES2 DSS Eastern Europe Limited PSQ
North Macedonia		DS Smith Spain, S.A.	ES4 DSS Poznan Limited PSQ
DS Smith AD Skopje	f, MK1	Tecnicartón, S.L.	ES8 DSSH No. 1 Limited (02873032) ¹ PSQ
Pakistan		Sweden	Grovehurst Energy Limited (02197516) ¹ PSQ
TMS Pakistan (Private) Limited	PK1	DS Smith Packaging Sweden AB	SE1 JDS Holding PSQ
Philippines		DS Smith Packaging Sweden Holding AB	SE1 Miljoint Limited PSQ
Total Marketing Support Philippines, Inc	PH1	Switzerland	Multigraphics Holdings Limited PSQ
Poland		DS Smith Packaging Switzerland AG	CH1 Multigraphics Limited PSQ
DS Smith Packaging sp. Z o.o.	PL1	Turkey	Multigraphics Services Limited PSQ
DS Smith Polska sp. Z o.o.	PL1	DS Smith Ambalaj A.Ş.	TR1 PRIORITY Packaging Limited PSQ
Portugal		Total Marketing Support Turkey Baski Yönetimi Hizmetleri A.Ş.	TR2 St. Regis International Limited (00328480) ¹ PSQ
DS Smith Displays P&I, S.A.	PT2	Ukraine	St. Regis Kemsley Limited PSQ
DS Smith Energia Viana, S.A.	PT6	Total Marketing Support Ukraine	UA1 St. Regis Paper Company Limited PSQ
DS Smith Packaging Portugal, S.A.	PT3	United Arab Emirates	The Brand Compliance Company Limited PSQ
DS Smith Paper Viana, S.A.	PT6	Total Marketing Support Middle East DMCC	AE1 The Less Packaging Company Limited (07023121) ¹ PSQ
DS Smith Portugal, SGPS, S.A.	PT6	UK	TheBannerPeople.Com Limited PSQ
DS Smith Recycling Portugal, S.A.	PT7	Abbey Corrugated Limited	PSQ TMS Global UK Limited PSQ
Iberian Forest Fund - Fundo Especial de Investimento Imobiliario Florestal Fechado	PT8	Ashton Corrugated	PSQ Total Marketing Support Global Limited PSQ
Nova DS Smith Embalagem, S.A.	PT5	Ashton Corrugated (Southern) Limited	PSQ Total Marketing Support Limited PSQ
Tecnicartón Portugal Unipessoal Lda	PT1	Avonbank Paper Disposal Limited	PSQ Treforest Mill plc PSQ
		Biber Paper Converting Limited	PSQ United Shopper Marketing Limited PSQ
		Calara Holding Limited	PSQ W. Rowlandson & Company Limited (00133121) ¹ PSQ
		Conew Limited	PSQ Waddington & Duval Limited PSQ
		Corrugated Products Limited	PSQ

33. DS Smith Group companies continued

Fully owned subsidiaries continued	Notes	Associate entities	Notes	Ownership interest at 30 April 2024
USA		Netherlands		a Directly held by DS Smith Plc
Carolina Graphic Services, LLC	US1	Stort Doonweg B.V.	i, NL4	b 99.927% ownership interest
Cedarpak, LLC	US3	Portugal		c 99.699% ownership interest
CEMT Holdings Group, LLC	US4	Companhia Termica Do Serrado A.c.e.	l, PT4	d 99.285% ownership interest
Corrugated Container Corporation	US13	Spain		e 98.89% ownership interest
Corrugated Container Corporation of Shenandoah Valley	US14	Cartonajes Cantabria, S.L.	k, ES6	f 81.39% ownership interest
Corrugated Container Corporation of Tennessee	US15	Cartonajes Santander, S.L.	k, ES6	g 80% ownership interest
Corrugated Supply, LLC	US4	Euskocarton, S.L.	k, ES6	h 51% ownership interest
Corrugated Supply, L.P.	US4	Industria Cartonera Asturiana, S.A.	k, ES11	i 50% ownership interest
DS Smith Creative Solutions Inc.	US16	USA		j 40% ownership interest
DS Smith Holdings, Inc.	US3	Philcorr LLC	j, US2	k 39.58% ownership interest
DS Smith Management Resources, Inc.	US3	PhilCorr Vineland LLC	j, US2	l 30% ownership interest
DS Smith North America Recycling, LLC	US3			
DS Smith North America Shared Services, LLC	US3			
DS Smith Packaging-Holly Springs, LLC	US18			
DS Smith Packaging-Lebanon, LLC	US17			
DS Smith Packaging-Stream, LLC	US3			
Evergreen Community Power, LLC	US3			
Interstate Container Columbia, LLC	US6			
Interstate Container New Castle, LLC	US7			
Interstate Container Reading, LLC	US8			
Interstate Corrpac, LLC	US5			
Interstate Holding, Inc.	US3			
Interstate Mechanical Packaging, LLC	US6			
Interstate Paper, LLC	US9			
Interstate Realty Hialeah, LLC	US3			
Interstate Resources, Inc.	US3			
Interstate Southern Packaging, LLC	US10			
Newport Timber, LLC	US9			
Phoenix Technology Holdings USA, Inc.	US3			
RB Lumber Company, LLC	US9			
RFC Container, LLC	US4			
SouthCorr, L.L.C.	US11			
St. George Timberland Holdings, Inc.	US3			
TMS America, LLC	US19			
United Corystack, LLC	US12			
Uruguay				
Total Marketing Support Uruguay S.A.	UY1			

1. Companies where DS Smith Plc has issued guarantees over the liabilities of the companies as at 30 April 2024 and for which the companies are taking the exemption from the requirements of an audit for their individual financial statements as permitted by section 479A of the Companies Act.

33. DS Smith Group companies continued

Registered offices

PSQ	Level 3, 1 Paddington Square, London, W2 1DL, United Kingdom	FR21	2 Rue Paul Cezanne, 93360, Neuilly Plaisance, France
AR1	Avenida Eduardo Madero 1020, 5 th floor, Office "B", The City of Buenos Aires, Argentina	FR22	27 Rue du Tennis, 25110, Baume les Dames, France
AU1	Baker Mckenzie, Level 46, 100 Barangaroo Avenue, Sydney NSW 2000, Australia	DE1	Bierweg 11, 99310 Arnstadt, Germany
AT1	Friedrichstraße 10, 1010, Wien, Austria	DE2	Bretschneiderstr. 5, D-08309 Eibenstock, Germany
AT2	Heidestrasse 15, 2433 Margarethen am Moos, Austria	DE3	Miwepa 80, 37318 Arenshausen, Germany
BE1	New Orleansstraat 100, 9000 Gent, Belgium	DE4	Kufsteiner Strasse 27, 83064 Raubling, Germany
BE2	Leonardo da Vincilaan 2, Corporate Village - Gebouw Gent 1831 Machelen-Diegem, Belgium	DE5	Rollnerstrasse 14, D-90408 Nürnberg, Germany
BO1	Santa Cruz de la Sierra - Calle Dr. Mariano Zambrana No 700 UV: S/N MZNO: S/N Zona: Oeste, Bolivia	DE6	Siemensstrasse 8, 50259 Pulheim, Germany
BA1	ul. Igmanska bb, Sarajevo, Vogošća, Bosnia and Herzegovina	DE7	Weichertstrasse 7, D-63741 Aschaffenburg, Germany
BA2	Jovana Dučića br 25 A, Banja Luka, Bosnia and Herzegovina	DE8	Zum Fliegerhorst 1312 - 1318, 63526 Erlensee, Germany
BR1	Avenida Paulista no. 807, conjunto 810, Bela Vista, Cidade de Sao Paulo, Estado de Sao Paulo, CEP 01311-100, Brazil	GR1	PO Box 90, GR-72200 Ierapetra, Kriti, Greece
BG1	Glavinitsa, 4400 Pazardzhik, Bulgaria	GR2	PO Box 1010, 57022 Sindos Industrial Area, Thessaloniki, Greece
CA1	215-1673 Carling Avenue, Ottawa ON K2A 1C4, Canada	GT1	15 Calle 1-04 Zona 10, Centrica Plaza, Torre I, Oficina 301, Guatemala, 01010, Guatemala
CL1	Santa Beatriz, 111. Of 1104. Providencia, Santiago de Chile, Chile	HN1	Avenida La Paz, No. 2702, Tegucigalpa, M.D.C., PO Box 2735, Honduras
CN1	Room 308, No. 1, Building , 1588, Shenchang Road, , Minhang District, Shanghai, China	HU1	Váci út 1-3., "A" Tower, 6 th floor, 1062 Budapest, Hungary
CN2	R919, 9/F, No. 1788 West Nan Jin Rd, Jing An District, Shanghai, 200040, China	HU2	Záhony u. 7, HU-1031 Budapest, Hungary
CO1	Carrera 12 89 33 Piso 6, Bogotá D.C., Colombia	IN1	A-5/30, Basement, Behind Oriental Bank of Commerce, Paschim Vihar, New Delhi, 110063 , India
HR1	Dravska ulica 19, Koprivnica (Grad Koprivnica), Croatia	IN2	G-56 Green Park (main), New Delhi - 110016, India
HR2	Vijenac Salamona Henricha Gutmanna 30, Belišće, Croatia	ID1	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
HR3	Lastovska ulica 5, Zagreb, Croatia	IR1	10 Ely Place, Dublin 2, D02 HR98, Ireland
CZ1	Teplická 109, Martiněves, 405 02 Jilové , Czech Republic	IR2	3 Dublin Landings, North Wall Quay, Dublin 1, D01 C4E, Ireland
DK1	Åstrupvej 30, 8500 Grenaa, Denmark	IT1	Capannori (Lu) Via del Fanuccio, 126 Cap, 55014 Frazione Marlia, Italy
EC1	Bulgaria E7-70 (203), Diego de Almagro, Edificio Bulgaria PB, Quito, Ecuador	IT2	Strada Lanzo 237, cap 10148, Torino (TO), Italy
EG1	Nile City Towers, North Tower, 22 nd Floor, Cornish El Nil, Cairo, 11624, Egypt	IT3	Via Torri Bianche, n. 24, 20871 Vimercate (MB), Italy
EE1	Pae 24, 11415 Tallinn, Estonia	JP1	Nihonbashi 3 Chome Square 11F, 3-9-1 Nihonbashi, Chuo-ku, Tokyo, Japan
FI1	PL 426, 33101 Tampere, Finland	KZ1	Abay Ave. 52, 8 floor, 802-6 office "Innova Tower" BC, 050008, Almaty, Kazakhstan
FI2	Virranniementie 3, 70420 Kuopio, Finland	LV1	Hospitāļu iela 23-102, Rīga LV-1013, Latvia
FR1	11 route Industrielle, F-68320, Kunheim, France	LT1	Savanoriu ave. 183, 02300 Vilnius, Lithuania
FR2	1 Terrasse Bellini, 92800, Puteaux, France	LU1	8-10 Avenue de la Gare, L-1610 Luxembourg
FR3	345 Impasse de Saint-Alban Avenue de Croupillac, 30100 Ales, France	MY1	Unit C-12-4, Level 12, Block C, Megan Avenue II, No. 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Wilayah Persekutuan, Malaysia
FR4	ZAC de Kevoasdoue, 29270, Carhaix, France	MX1	Calle Rio Mississippi 49, Piso 10, Oficina 1002-08, Colonia Cuauhtémoc, Alcaldía Cuauhtémoc, Ciudad de Mexico, Codigo Postal 06500, Mexico
FR5	6-8 Boulevard Monge, 69330, Meyzieu, Lyon, France	MA1	Tanger, Zone Franche d'Exportation, Ilot 11, Lot 5, Morocco
FR6	570 Rue Nationale Contoire Hamel, 80500 Trois- Rivières, France	NL1	Bedrijvenpark Twente 90, NL-7602 KD Almelo, Netherlands
FR7	350 Zone Artisanale des Trois Fontaines, 38140 Rives, France	NL2	Coldenhovenseweg 130, 6961 EH, Eerbeek, Netherlands
FR8	550, Route de Bazouges, 49430 Durtal, France	NL3	Hermesweg 2, 3771 ND, Barneveld, Netherlands
FR9	146 Route de Lyon, 67640, Fegersheim, France	NL4	Kanaalweg 8 A, 6961 LW, Eerbeek, Netherlands
FR10	Zone Industrielle, Voiveselles Croisette, 88800, B.P. 37, Vittel, France	NL5	Wegastraat 2, 5015 BS, Tilburg, Netherlands
FR11	5 rue de la Deviniere, 45510 Tigy, France	NI1	Car Building, 3 rd Floor, Highway to Masaya, Managua, Nicaragua
FR12	Route de Marmagne, 18500, Mehun sur Yevre, France	NG1	3, Ijora - Causeway, Ijora, Lagos, Nigeria
FR13	Zone Industrielle de Châteaubernard, 16100, Cognac, France	MK1	Str. 1632 no. 1, Skopje 1000, North Macedonia
FR14	Avenue Robert Franck, 73110, La Rochette, France	PK1	668, Main Double Road, E-11/3, NPF Islamabad islamabad , Islamabad Capital Territory (I.C.T.), Pakistan
FR15	Rue Desire Granet, 76800 St. Etienne du Rouvray, France	PH1	24/F Philam Life Tower, 8767 Paseo de Roxas Avenue, Bel-Air, City of Makati, Fourth District, NCR, 1226, Philippines
FR16	Zone Industrielle du Pré de la Barre, 38440, St-Jean de Bournay, France	PL1	Komitetu Obrony Robotników 45D, 02-146 Warsaw, Poland
FR17	12 rue Gay Lussac ZI Dijon Chenove, 21300, Chenove, France		
FR18	Zone Industrielle de la Plaine, 88510 Eloyes, France		
FR19	la Fosse, 45720, Coullons, France		
FR20	77 Route de Lapoutroie, 68240, Kaysersberg, France		

33. DS Smith Group companies continued

Registered offices continued

PT1	Águeda (Aveiro), Raso de Paredes 3754-209, Portugal	ES9	Polígono Industrial A Tomada, parcela 28-33, A Pobra do Caramiñal , 15949 A Coruña, Spain
PT2	Edifício Opção Actual, Parque Industrial de Oliveirinha, 3430-414 Carregal do Sal, Portugal	ES10	Polígono Industrial O Pousadoiro 4, Parcela 1, 36617 Vilagarcía de Arousa, Pontevedra (Galicia), Spain
PT3	Rua Mestra Cecília do Simão, n.º 378 , 3885-593 Gondesende-Esmoriz, Portugal	ES11	Polígono Industrial San Claudio, 33191, Oviedo, Spain
PT4	Lugar do Espido, Via Norte, Distrito: Porto Concelho: Maia Freguesia: Cidade da Maia, 4470 177 MAIA, Portugal	SE1	Box 504, 331 25 Varnamo, Sweden
PT5	Rua do Monte Grande, n. o3., 4485-255 Guilhabreu, Portugal	CH1	Industriestrasse 13, 4665 Oftringen, Switzerland
PT6	Estrada 23 de Fevereiro, 372, 4905-261, Deocriste, Portugal	TR1	Araptepe Selimpaşa Mah. 5007. Sk. No. 4 Silivri, Istanbul, Turkey
PT7	Rua Pedro Jose Ferreira, 329/335, 4420-612, Gondomar, Portugal	TR2	Goztepe Merdivenkoy Mah. Bora Sk. No.1 Nida Kule Is Merkezi, Kat 7, Kadikoy, Istanbul, 34732, Turkey
PT8	Rua Doutor António Cândido, n.º 10, 4º andar, 1050-076 Lisboa, Portugal	UA1	4-5 Floors, 25B,Sagaydachnogo str., Kiev, 04070, Ukraine
R01	Oraş Ghimbav, Strada FĂGĂRAŞULUI, Nr. 6, Brasov County, Romania	AE1	Unit No: I5-PF-39, Detached Retail I5, Plot No: JLT-PH1-RET-I5, Jumeirah Lakes Towers, Dubai, United Arab Emirates
R02	No. 18, 13 Decembrie Street, Zarnesti, Brasov County, Romania	US1	4328 Federal Drive, STE 105, Greensboro, NC 27410, United States
R03	Calea Torontalului, DN6 km. 7, Timisoara, Romania	US2	2317 Almond Road, Vineland, NJ 08360, United States
RS1	Milorada Jovanovića 14, Beograd, Serbia	US3	600 Peachtree Street , Suite 4200, Atlanta GA 30308, United States
RS2	Balkanska 72, 37000 Kruševac, Serbia	US4	2066 South East Avenue, Vineland, NJ 08360, United States
RS3	Popučke bb, Valjevo, Serbia	US5	903 Woods Road, Cambridge, MD 21613, United States
SK1	Námestie baníkov 8/31, 048 01 Roznava, Slovakia	US6	128 Crews Drive, Columbia, SC 29210, United States
SK2	Robotnícka 1, Martin, 036 80, Slovakia	US7	792 Commerce Avenue, New Castle, PA 16101, United States
SI1	Cesta prvih borcev 51, 8280 Brestanica, Slovenia	US8	100 Grace Street, Reading, PA 19611, United States
ZA1	Central Office Park No 4, 257 Jean Avenue, Centurion, Gauteng, 0157, South Africa	US9	2366 Interstate Paper Road, Riceboro, GA 31323, United States
ES1	Polígono Industrial Areta nº 1, parcela 348, calle Altzutzate, nº 46, 31620 Huarte, Navarra, Spain	US10	120 T Elmer Cox Road Greeneville, TN 37743, United States
ES2	Avenida el Norte de Castilla, 20, 47008 Valladolid (Valladolid), Spain	US11	3021 Taylor Drive, Asheboro, NC 27203, United States
ES3	Avd. Del Sol 13, Torrejón de Ardoz, 28850 - Madrid, Spain	US12	720 Laurel Street, Reading PA 19602, United States
ES4	Carretera A-62, Burgos a Portugal, 34210, Duenas (Palencia), Spain	US13	6405 Commonwealth Drive SW, Roanoke, Virginia, 24018, United States
ES5	Carretera B.P. 2151 confluencia carretera C15, Sant Pere de Riudevitlles, 08776, Barcelona, Spain	US14	100 Development Ln., Winchester VA 22602, United States
ES6	Polígono Industrial Heras, 239-242, 39792, Medio Cudeyo, Spain	US15	128 Corrugated Ln, Piney Flats TN 37686, United States
ES7	Carretera Nacional 331 (Carretera de Malaga), Km.66.28, 14900, Lucena (Cordoba), Spain	US16	70 Outwater Ln., Floor 4, Garfield, NJ 07026, United States
ES8	Parque Industrial Juan Carlos I, C/ Canal Crespo, 13 Almussafes 46440 (Valencia), Spain	US17	800 Edwards Drive, Lebanon IN 46052, United States
		US18	301 Thomas Mill Road, Holly Springs NC 27540, United States
		US19	2 Mid America Plaza, Suite 110, Oakbrook Terrace IL 60181, United States
		UY1	Plaza Independencia 811 PB, Montevideo, Uruguay

34. Subsequent events

In November 2018, the Group signed a £1.4 billion five-year committed syndicated revolving credit facility with its core banks. The second extension option was exercised in November 2020. A further extension was agreed in June 2024, such that the new facility of £1.25 billion matures in May 2027.

On 19 June 2024, the Group signed a 5 year €200m loan facility with Bayerische LB, Commerzbank, IKB Deutsche Industriebank Ag and Unicredit Bank.

Parent Company statement of financial position

At 30 April 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Intangible assets	3	48	44
Property, plant and equipment and right-of-use assets	4	25	27
Investments in subsidiaries	5	4,920	4,645
Deferred tax assets	10	28	9
Other receivables	6	7,375	6,115
Derivative financial instruments	12	72	154
Employee benefits	13	14	5
Total non-current assets		12,482	10,999
Current assets			
Trade and other receivables	6	341	318
Cash and cash equivalents	7	61	1
Derivative financial instruments	12	116	156
Total current assets		518	475
Total assets		13,000	11,474
Liabilities			
Non-current liabilities			
Borrowings	9	(2,033)	(1,739)
Other payables	8	(62)	(21)
Lease liabilities	11	(13)	(12)
Provisions		-	(3)
Derivative financial instruments	12	(71)	(49)
Total non-current liabilities		(2,179)	(1,824)
Current liabilities			
Borrowings	9	(477)	(80)
Trade and other payables	8	(6,563)	(5,499)
Income tax liabilities		-	(2)
Lease liabilities	11	(2)	(2)
Derivative financial instruments	12	(122)	(319)
Total current liabilities		(7,164)	(5,902)
Total liabilities		(9,343)	(7,726)
Net assets		3,657	3,748
Equity			
Issued capital	14	138	138
Share premium account	14	2,258	2,251
Reserves	14	1,261	1,359
Shareholders' equity		3,657	3,748

The Company made a profit for the year of £262m (2022/23: profit of £17m including the recognition of intra-group dividends).

Approved by the Board of Directors of DS Smith Plc (company registered number 1377658) on 20 June 2024 and signed on its behalf by:

M W Roberts
Director

R Pike
Director

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

Parent Company statement of changes in equity

At 30 April 2024

	Share capital £m	Share premium £m	Hedging reserve £m	Own shares £m	Merger relief reserve £m	Retained earnings £m	Total equity £m
At 1 May 2022	137	2,248	603	(9)	32	1,500	4,511
Profit for the year	-	-	-	-	-	17	17
Actuarial loss on employee benefits	-	-	-	-	-	(1)	(1)
Cash flow hedges fair value changes	-	-	(72)	-	-	-	(72)
Reclassification from cash flow hedge reserve to income statement	-	-	(573)	-	-	-	(573)
Income tax on other comprehensive income	-	-	146	-	-	-	146
Total comprehensive (expense)/income	-	-	(499)	-	-	16	(483)
Issue of share capital	1	3	-	-	-	-	4
Employee share trust	-	-	-	(5)	-	(3)	(8)
Share-based payments (net of tax)	-	-	-	-	-	13	13
Dividends paid	-	-	-	-	-	(289)	(289)
Other changes in equity in the year	1	3	-	(5)	-	(279)	(280)
At 30 April 2023	138	2,251	104	(14)	32	1,237	3,748
Profit for the year	-	-	-	-	-	262	262
Actuarial loss on employee benefits	-	-	-	-	-	1	1
Income tax on other comprehensive income	-	-	-	-	-	(2)	(2)
Total comprehensive income	-	-	-	-	-	261	261
Issue of share capital	-	7	-	-	-	-	7
Employee share trust	-	-	-	5	-	(9)	(4)
Share-based payments (net of tax)	-	-	-	-	-	(4)	(4)
Dividends paid	-	-	-	-	-	(247)	(247)
Reclassification (Note 1 (j))	-	-	(104)	-	-	-	(104)
Other changes in equity in the year	-	7	(104)	5	-	(260)	(352)
At 30 April 2024	138	2,258	-	(9)	32	1,238	3,657

Notes to the parent Company financial statements

1. Material accounting policies

(a) Basis of preparation

These financial statements of DS Smith Plc (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 accounts are prepared under the historical cost convention with the exception of certain financial instruments and employee benefit plans that are stated at their fair value and share-based payments that are stated at their grant date fair value.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement or statement of comprehensive income.

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;
- 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:

- IAS 24 *Related Party Disclosure* in respect of transactions entered with wholly-owned subsidiaries;
- IFRS 2 *Share-based Payment* in respect of Group settled share-based payments;
- IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments*; and
- IAS 12 *Income Taxes* in respect of recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The following amended standards and interpretations were adopted by the Company during the year ending 30 April 2024. These amended standards and interpretations have not had a significant impact on the consolidated financial statements.

- IFRS 17 Insurance Contracts;
- IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules;
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies; and
- Amendments to IAS 8 Accounting Policy Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.

The accounting policies set out above have been applied consistently in all periods presented in these Company financial statements. The accounting policies have been applied consistently by all Group entities.

(b) Foreign currencies

The Company's financial statements are presented in sterling, which is the Company's functional currency and presentation currency. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange at the date of the transaction, and retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken to the income statement.

(c) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each item, which range between three and five years.

(d) 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. Estimated useful lives of plant and equipment are between two and 30 years, and for leasehold improvements are over the period of the lease.

1. Material accounting policies continued

(e) Leases

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

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

Lease liabilities are recorded at the present value of lease payments.

The interest rate implicit in the lease is used to discount lease payments, or, if that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

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

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

When the Company enters into a back-to-back lease arrangement on behalf of a subsidiary, corresponding lease receivables are recognised.

(f) Investments in subsidiaries

Investments in subsidiaries are valued at cost less provisions for impairment.

Impairment testing is performed annually for investment in subsidiaries by comparing the carrying amount of each investment with the relevant subsidiary's consolidated balance sheet. Where the net assets are lower than the investment value, a discounted cash flow is utilised to calculate the present value of the investment to confirm whether any impairment is required.

(g) Deferred taxation

Deferred tax is provided for using the balance sheet 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.

(h) Employee benefits

(i) Defined benefit schemes

The Company is the sponsoring employer for a UK funded, defined benefit scheme, the DS Smith Group Pension scheme (the 'Group Scheme').

The Group has in place a stated policy for allocating the net defined benefit cost relating to the Group 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 Group Scheme, allocated per the stated policy. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

(ii) Share-based payment transactions

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The fair value of the options granted is measured using a stochastic model, taking into account the terms and conditions upon which the options were granted. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each reporting date, the Company revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. Where applicable, the fair value of employee services received by subsidiary undertakings within the Group in exchange for options granted by the Company is recognised as an expense in the financial statements of the subsidiary by means of a recharge from the Company.

(i) Shares held by employee share trust

The cost of shares held in the employee share trust is deducted from equity. All differences between the purchase price of the shares held to satisfy options granted and the proceeds received for the shares, whether on exercise or lapse, are charged to retained earnings.

1. Material accounting policies continued

(j) Financial instruments

The Company uses derivative financial instruments, primarily currency and commodity swaps, to manage interest rate, currency and commodity risks associated with the Group's underlying business activities and the financing of these activities. The Group has a policy not to, and does not, undertake any speculative activity in these instruments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

For the purpose of hedge accounting, hedges are classified as cash flow hedges due to hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Company's strategy for energy and carbon certificate costs is to hedge on a Group exposure basis by portfolio. On maturity of a hedged position, the resulting settlement is charged or credited in its entirety to subsidiaries based on their respective actual energy use. As a result, no benefits or costs are retained or absorbed by the Company. Derivative contracts with counterparties external to the Group are mirrored by agreements between the Company and its subsidiaries and recorded as derivatives in the financial statements.

At each reporting date, the Company revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. Where applicable, the fair value of employee services received by subsidiary undertakings within the Group in exchange for options granted by the Company is recognised as an expense in the financial statements of the subsidiary by means of a recharge from the Company.

(k) Financial guarantee contracts

Financial guarantee contracts are recorded at fair value on initial recognition and subsequently assessed for any changes in the risk of default which would result in an expense recorded in the income statement.

(l) Dividend income

Dividend income from subsidiary undertakings is recognised in the income statement when paid.

(m) Accounting judgements and key sources of estimation uncertainty

Employee benefits

IAS 19 *Employee Benefits* requires the Company to make assumptions including, but not limited to, rates of inflation, discount rates and life expectancies. The use of different assumptions, in any of the above calculations, could have a material effect on the accounting values of the relevant statement of financial position assets and liabilities which could also result in a change to the cost of such liabilities as recognised in profit or loss over time. These assumptions are subject to periodic review. See note 25 of the Group's accounts for additional information.

2. Employee information

The average number of employees employed by the Company during the year was 427 (2022/23: 381).

	2024 £m	2023 £m
Wages and salaries	46	42
Social security costs	4	5
Pension costs	3	2
Total	53	49

Note 26 to the consolidated financial statements sets out the disclosure information required for the Company's share-based payments.

3. Intangible assets

	Software £m	Other £m	Carbon credits £m	Under construction £m	Total £m
Cost					
At 1 May 2023	82	10	17	11	120
Additions	-	-	25	12	37
Disposals	-	-	(25)	-	(25)
Reclassifications	4	(1)	-	(3)	-
At 30 April 2024	86	9	17	20	132
Amortisation					
At 1 May 2023	(73)	(3)	-	-	(76)
Amortisation charge	(5)	(3)	-	-	(8)
At 30 April 2024	(78)	(6)	-	-	(84)
Carrying amount					
At 1 May 2023	9	7	17	11	44
At 30 April 2024	8	3	17	20	48

4. Property, plant and equipment and right-of-use assets

	Right-of-use assets £m	Leasehold improvements £m	Plant and equipment £m	Under construction £m	Total £m
Cost					
At 1 May 2023	15	6	4	4	29
Additions	-	-	-	1	1
Reclassification	-	4	(2)	(2)	-
At 30 April 2024	15	10	2	3	30
Depreciation					
At 1 May 2023	(1)	-	(1)	-	(2)
Depreciation charge	(2)	(1)	-	-	(3)
At 30 April 2024	(3)	(1)	(1)	-	(5)
Carrying amount					
At 1 May 2023	14	6	3	4	27
At 30 April 2024	12	9	1	3	25

Right-of-use assets relate to land and buildings.

5. Investments in subsidiaries

	Shares in Group undertakings £m
At 1 May 2023	4,645
Additions	275
At 30 April 2024	4,920

The Company's principal trading subsidiary undertakings at 30 April 2024 are shown in note 33 to the consolidated financial statements. Additions in the year ended 30 April 2024 are a result of intergroup restructuring transactions.

6. Trade and other receivables

	2024		2023	
	Non-current £m	Current £m	Non-current £m	Current £m
Amounts owed by subsidiary undertakings	7,375	326	6,115	300
Other receivables	-	1	-	1
Prepayments and accrued income	-	14	-	17
	7,375	341	6,115	318

When measuring the potential impairment of receivables from subsidiary undertakings, forward-looking information based on assumptions for the future movement of different economic drivers is considered.

7. Cash and cash equivalents

	2024 £m	2023 £m
Bank balances	1	1
Short-term deposits	60	-
	61	1

8. Trade and other payables

	2024		2023	
	Non-current £m	Current £m	Non-current £m	Current £m
Trade payables	-	10	-	32
Amounts owed to subsidiary undertakings	62	6,421	21	5,411
Other tax and social security payables	-	14	-	12
Non-trade payables, accruals and deferred income	-	118	-	44
	62	6,563	21	5,499

Amounts owed to subsidiaries are subject to interest at rates based on EURIBOR or, where applicable, forward-looking base rates and are repayable between 2025 and 2029.

9. Borrowings

	2024		2023	
	Non-current £m	Current £m	Non-current £m	Current £m
Bank loans and overdrafts	-	83	-	72
Medium-term notes and other fixed-term debt	2,033	394	1,739	8
	2,033	477	1,739	80

Disclosures in respect of the Group's borrowings are provided in note 20 to the consolidated financial statements.

10. Deferred tax assets and liabilities

Analysis of movements in recognised deferred tax assets and liabilities during the year

	Property, plant and equipment and intangible assets		Employee benefits including pensions		Tax losses		Derivative financial instruments		Total	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
At beginning of the year	13	10	5	7	19	24	(28)	(174)	9	(133)
Credit/(charge) for the year	(3)	3	(2)	(1)	(2)	(5)	(6)	-	(13)	(3)
Recognised directly in equity	-	-	(2)	(1)	-	-	34	146	32	145
At end of the year	10	13	1	5	17	19	-	(28)	28	9

11. Lease liabilities

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

	2024 £m	2023 £m
Cost		
At beginning of the year	14	4
Additions	-	11
Accretion of interest	1	1
Payments	-	(2)
At end of the year	15	14
Current	2	2
Non-current	13	12
	15	14

Maturity of lease liabilities

	1 year or less £m	1-2 years £m	2-5 years £m	More than 5 years £m	Total £m
At 30 April 2023	(2)	(2)	(5)	(5)	(14)
At 30 April 2024	(3)	(2)	(6)	(4)	(15)

Notes to the parent Company financial statements *continued*

12. Derivative financial instruments

The assets and liabilities of the Company at 30 April in respect of derivative financial instruments are as follows:

	Assets		Liabilities		Net	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Derivatives held to:						
Manage the currency exposures on business activities, borrowings and net investments	-	-	-	-	-	-
Derivative financial instruments included in net debt	-	-	-	-	-	-
Derivatives held to hedge future transactions:						
Forward foreign exchange contracts	-	-	-	-	-	-
Energy and carbon certificate costs	188	310	(193)	(368)	(5)	(58)
Total derivative financial instruments	188	310	(193)	(368)	(5)	(58)
Current	116	156	(122)	(319)	(6)	(163)
Non-current	72	154	(71)	(49)	1	105
	188	310	(193)	(368)	(5)	(58)

Disclosures in respect of the Group's derivative financial instruments are provided in note 21 to the consolidated financial statements.

In the current year the cash flow hedge reserve balance has been classified as intergroup derivatives to reflect the hedging model more appropriately and commodity swaps are no longer recognised as eligible for cash flow hedge accounting. Movements on commodity swaps are recognised through income with equivalent offsetting movements on, as the case may be, derivative payables and receivables.

13. Employee benefits

The Company participates in the Group's UK pension schemes. The accounting valuation is consistent with the Group valuation, as described in note 25 to the consolidated financial statements, where full disclosures relating to these schemes are given.

	2024 £m	2023 £m
Present value of funded obligations	(712)	(767)
Present value of unfunded obligations	(5)	(5)
Fair value of scheme assets	761	791
Total IAS 19 surplus, net	44	19
Allocated to other participating employers	(30)	(14)
Company's share of IAS 19 surplus, net	14	5

14. Share capital and reserves

Details of the Company's share capital and merger relief reserve are provided in note 24 to the consolidated financial statements. Movements in shareholders' equity are shown in the parent Company statement of changes in equity.

The closing merger relief reserve of £32m (30 April 2023: £32m) relates to the shares issued in consideration to the sellers of EcoPack/EcoPaper.

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. The Group operates a General Employee Benefit Trust, which acquires shares in the Company that can be used to satisfy the requirements of the Performance Share Plan. At 30 April 2024, the Trust held 2.8m shares (30 April 2023: 4.2m shares). The market value of the shares at 30 April 2024 was £9.7m (30 April 2023: £13.0m). Dividends receivable on the shares owned by the Trust have been waived.

As at 30 April 2024, the Company had distributable reserves of £1,229m (30 April 2023: £1,223m).

15. Guarantees and contingent liabilities

The Company has entered into financial guarantees to guarantee the indebtedness of other companies within the Group of £8.0m (30 April 2023: £4.9m). The probability of default is remote and there was no change in the assessment of the risk of default during the year.

The Company has also issued guarantees over the liabilities of a number of UK subsidiary companies as at 30 April 2024 and for which the companies are taking the exemption from the requirements of an audit for their individual financial statements as permitted by section 479A of the Companies Act. Refer to note 33 of the Group's consolidated financial statements for further details.

16. Related party disclosure

The Company has identified the Directors of the Company, its key management personnel, and Group's UK pension schemes as related parties. Details of the relevant relationships with these related parties are disclosed in the Remuneration Committee report and note 31 to the consolidated financial statements respectively.

17. Auditor's remuneration

Auditor's remuneration in respect of the Company is detailed in note 3 to the consolidated financial statements.

Five-year financial summary

Unaudited

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Continuing operations					
Revenue	6,043	5,976	7,241	8,221	6,822
Operating profit¹	660	502	616	861	701
Amortisation	(143)	(142)	(138)	(113)	(98)
Share of profit of equity-accounted investments before adjusting items, net of tax	7	5	7	2	2
Net financing costs before adjusting items	(87)	(78)	(70)	(74)	(103)
Profit before taxation and adjusting items	437	287	415	676	502
Acquisitions and divestments	(4)	(5)	2	(15)	1
Other adjusting items	(65)	(51)	(39)	-	-
Profit before income tax	368	231	378	661	503
Adjusted earnings per share¹	33.2p	24.2p	30.7p	43.0p	33.1p
Dividends per share	n/a	12.1p	15.0p	18.0p	18.0p
Return on sales ²	10.9%	8.4%	8.5%	10.5%	10.3%
Adjusted return on average capital employed ^{1,2,3}	10.6%	8.2%	10.8%	14.3%	10.7%

1. Before amortisation and adjusting items.

2. Adjusted return on average capital employed is defined as operating profit before amortisation and adjusting items divided by average capital employed.

3. Average capital employed is the average monthly capital employed for the last 12 months. Capital employed is made up of property, plant and equipment, right-of-use assets, goodwill and intangible assets, working capital, capital debtors/creditors, provisions, biological assets and assets/liabilities held for sale. Assets and liabilities relating to discontinued operations are excluded. The definition of capital employed is different from the definition of managed capital as defined in note 21 to the consolidated financial statements, which consists of equity as presented in the consolidated statement of financial position, plus net debt.

Glossary

1.5°C-aligned	The target set out in the Paris Agreement to limit global warming to 1.5°C by 2100 compared to pre-industrial levels to avoid the worst impacts of climate change
AFR	Accident Frequency Rate is the number of lost time accidents per million hours worked
Circular Design Metrics	A pioneering tool from DS Smith that rates and compares the circularity of packaging designs across eight indicators, giving a clear identification of a packaging design’s sustainability performance, and where to focus attention
Circular Design Principles	A set of principles, developed by DS Smith in collaboration with the Ellen MacArthur Foundation, which guide designers to develop more circular packaging solutions
DEI	Diversity, Equity and Inclusion
ESG	Environmental, Social and Governance
ESG Databook	A yearly publication to stakeholders, documenting non-financial performance in the previous and historic financial years
FMCG	Fast moving consumer goods
GHG	Greenhouse gas
GOC	Group Operating Committee
HSES Committee	Health, Safety, Environment and Sustainability Committee
ISO	International Standards Organisation
LTA	Lost Time Accident is an accident resulting in lost time of one shift or more
LTI	Lost Time Injury being an injury resulting in lost time of one shift or more
Net Zero	The state of reaching a balance between the amount of greenhouse gas produced and taken out of the atmosphere resulting in no net impact on the climate from greenhouse gas emissions to limit global temperature rise
Net Zero Transition Plan	A time-bound roadmap of decarbonisation activities to reach Net Zero, with defined targets and actions
OTIF	On-time, in full
ROACE	Return on average capital employed being earnings before interest, tax, amortisation and adjusting items as a percentage of average capital employed, including goodwill, over the prior 12-month period
SBT (science-based target), SBTi (Science-Based Targets initiative)	A carbon reduction target that reflects an emissions reduction in line with climate science, as promoted by the SBTi, an NGO which drives ambitious climate action in the private sector
Scope 1 (direct) GHG emissions	Greenhouse gas emissions arising from the combustion of fuels in assets owned by the Company (e.g. emissions from owned boilers, furnaces, vehicles, etc)
Scope 2 (indirect) GHG emissions	Greenhouse gas emissions arising from the generation of purchased electricity, heat, steam or cooling, which physically occur at the facility where the energy is generated
Scope 3 (indirect) GHG emissions	Greenhouse gas emissions arising in the value chain from all other sources as a consequence of our activities but from sources not owned by the Group
TCFD	Task Force on Climate-related Financial Disclosures being a framework developed to help public companies and other organisations disclose climate-related risks and opportunities
TNFD	Task Force on Nature-related Financial Disclosures being a nature-related risk-management and disclosure framework

Shareholder information

Registered office and advisers

Secretary and Registered Office

Iain Simm
DS Smith Plc
 Level 3, 1 Paddington Square
 London W2 1DL
 Registered in England
 Company No: 01377658

Auditor

Ernst & Young
 1 More London Place
 London SE1 2AF

Solicitor

Slaughter and May
 One Bunhill Row
 London EC1Y 8YY

Stockbroker

Citigroup
 Citigroup Centre
 33 Canada Square
 Canary Wharf
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J.P. Morgan Cazenove
 25 Bank Street
 Canary Wharf
 London E14 5JP

Registrar

Equiniti
 Aspect House
 Spencer Road
 Lancing
 West Sussex BN99 6DA

Registrar

Please contact the Registrar at the above right address to advise of a change of address or for any enquiries relating to dividend payments, lost share certificates or other share registration matters. The Registrar provides online facilities at www.shareview.co.uk. Once you have registered you will be able to access information on your DS Smith Plc shareholding, update your personal details and amend your dividend payment instructions online without having to call or write to the Registrar.

Dividends

Shareholders who wish to have their dividends paid directly into a bank or building society account should contact the Registrar. In addition, the Registrar is now able to pay dividends to over 90 different countries. This service enables the payment of your dividends directly into your bank account in your home currency. For international payments, a charge is deducted from each dividend payment to cover the costs involved. Please contact the Registrar to request further information.

Share dealing services

The Registrar offers a real-time telephone and internet dealing service for the UK. Further details including terms and rates can be obtained by logging on to the website at www.shareview.co.uk/dealing or by calling 0345 603 7037. Lines are open between 8am and 4.30pm, UK time, Monday to Friday.

Company website

The Company's website at www.dssmith.com contains the latest information for shareholders, including press releases and an updated financial diary. Email alerts of the latest news, press releases and financial reports about the Company may be obtained by registering for the email news alert service on the website.

Share price information

The latest price of the Company's ordinary shares is available at www.londonstockexchange.com. DS Smith's ticker symbol is SMDS. It is recommended that you consult your financial adviser and verify information obtained before making any investment decision.

Financial diary

3 September 2024	Annual General Meeting
5 December 2024*	Announcement of half-year results for the six months ended 31 October 2024
19 June 2025*	Announcement of full-year results for the year ended 30 April 2025

* Provisional date

Other information

Information on how to manage your shareholdings can be found at <https://help.shareview.co.uk>. The pages at this web address provide answers to commonly asked questions regarding shareholder registration, links to downloadable forms and guidance notes. If your question is not answered by the information provided, you can send your enquiry via secure email from these pages. You will be asked to complete a structured form and to provide your shareholder reference, name and address. You will also need to provide your email address if this is how you would like to receive your response.

Alternatively, you can telephone +44 (0)371 384 2197. Lines are open between 8.30am and 5.30pm, UK time, Monday to Friday. For call charges, please check with your provider as costs may vary.

This report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated or may not be within our control. The forward-looking statements reflect knowledge and information available at the date of preparation of this report and DS Smith Plc undertakes no obligation to update these forward-looking statements. This report includes climate, nature, circular economy and sustainability-related disclosures, which remain under development and are subject to greater uncertainty than other disclosures, as relevant knowledge, models and methodologies are nascent and evolving, the disclosures are of a long-term nature and rely on third party information or other matters outside our control, there are challenges with current data availability and reliability and other factors, such as the developing policy and regulatory landscape, socio-political environment and market practice. As such, the disclosures included in this report may be amended and updated, as market practice and data quality and availability develop, and underlying uncertainties, assumptions and estimates change. These factors could also lead to actual achievements, results, performance or other future events or conditions differing from those stated, implied and/or reflected in any forward-looking statements or metrics included in our climate and sustainability disclosures. Nothing contained in this report should be construed as a profit forecast.

Pages 1 to 83 consist of a Strategic Report and Directors' Report (including the Directors' Remuneration Report) that have been drawn up and presented in accordance with and in reliance upon applicable English company law. The liability of the Directors in connection with such reports shall be subject to the limitation and restrictions provided by, and shall be no greater than is required by, applicable English company law.

This Annual Report is dedicated to the memory of Paul Coleman 1982-2024