

REGISTERED NUMBER: 02197516 (England and Wales)

**Report and
Financial Statements for the Year Ended 30 April 2014
for
Grovehurst Energy Limited**



Grovehurst Energy Limited

**Financial Statements
for the Year Ended 30 April 2014**

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Grovehurst Energy Limited

Officers and professional advisers

DIRECTORS: M P Jowett
A Steele

SECRETARY: A Steele

REGISTERED OFFICE: 350 Euston Road
London
NW1 3AX

REGISTERED NUMBER: 02197516 (England and Wales)

AUDITOR: Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Strategic Report for the year ended 30 April 2014

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

PRINCIPAL ACTIVITIES

The company did not trade during the year.


REVIEW OF BUSINESS

The company did not trade during the year as its business was transferred to its parent company DS Smith Paper Ltd with effect from 1 May 2013 and is expected to continue as a non-trading company. In the year to April 2013 the company incurred a loss of £108,000.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors meet periodically to discuss financial and other risks. No principal risks or uncertainties were noted given that the company did not trade during the year and is expected to continue as a non-trading company.

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



.....
M P Jowett (Director)

Date: 27 January 2015

Grovehurst Energy Limited (Registered number: 02197516)

**Report of the Directors
for the Year Ended 30 April 2014**

The directors present their report with the financial statements of the Company for the year ended 30 April 2014.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2014 (April 2013: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2013 to the date of this report.

S W Dryden (resigned 28 June 2013)

M P Jowett

D J Matthews (appointed 28 June 2013, resigned 16 January 2014)

S Rossi (resigned 20 August 2014)

A Steele (appointed 20 August 2014)

COMPANY'S POLICY ON PAYMENT OF CREDITORS

Although the Company does not follow any formal code or standard on payment practice, the Company agrees terms and conditions in the UK with each supplier, which include terms of payment. The Company pays each supplier accordingly, subject to all the terms and conditions of the order being satisfied by such supplier.

The aggregate amount owed by the Company to trade creditors at the year end was equivalent to N/A days (April 2013: 0 days) on purchases invoiced by suppliers during the year.

REGISTERED OFFICE

The registered office of the Company moved from Beech House, Whitebrook Park, 68 Lower Cookham Road, Maidenhead, SL6 8XY to 350 Euston Road, London, NW1 3AX on 20 November 2013.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Company made no political or charitable contributions (April 2013: £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The directors meet periodically to discuss financial and other risks. No hedging instruments are entered into by the Company. Key management mitigate these risks by regular monitoring throughout the year and consultations with the DS Smith Plc Treasury team. Credit risk is deemed immaterial due to the majority of the trading occurring via intercompany.

GOING CONCERN

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements.

The Directors agreed to transfer the trade and assets to DS Smith Paper Limited at 1 May 2013 and, at that point, the Company ceased trading. Accordingly, the directors have prepared the financial statements on a basis other than that of a going concern. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date.

**Report of the Directors (continued)
for the Year Ended 30 April 2014**

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITOR

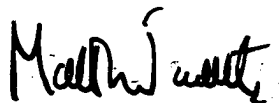
Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Elective resolutions to dispense with holding the annual general meetings, the laying of accounts before the Company in general meeting and the appointment of auditor annually are currently in force. The auditor Deloitte LLP will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed to the effect that their appointment be brought to an end.

ON BEHALF OF THE BOARD:



.....
M P Jowett
Director

Date: 27 January 2015

Report of the Independent Auditor to the Shareholders of Grovehurst Energy Limited

We have audited the financial statements of Grovehurst Energy Limited for the year ended 30 April 2014 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2014 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1, which explains that the financial statements have been prepared on a basis other than that of a going concern.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


Sukhbinder Kooner, Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

Date: 27 January 2015

Grovehurst Energy Limited (Registered number: 02197516)

**Profit and Loss Account
for the Year Ended 30 April 2014**

	Notes	2014 £'000	2013 £'000
TURNOVER	1	-	61,899
Cost of sales		<u>-</u>	<u>(61,751)</u>
GROSS PROFIT		-	148
Administrative expenses		<u>-</u>	<u>(148)</u>
OPERATING RESULT	4	-	-
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Tax on ordinary activities	5	<u>-</u>	<u>(108)</u>
RESULT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>-</u></u>	<u><u>(108)</u></u>

DISCONTINUED OPERATIONS

All activities relate to discontinued operations. All of the Company's activities were transferred to its parent company on 1 May 2013.

TOTAL RECOGNISED GAINS AND LOSSES

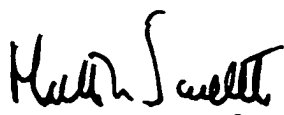
The Company has no recognised gains or losses other than the break even position for the current year and the loss for the previous year. Accordingly no separate statement of total recognised gains and losses is presented.

Grovehurst Energy Limited (Registered number: 02197516)

Balance Sheet
30 April 2014

	Notes	2014 £'000	£'000	2013 £'000	£'000
FIXED ASSETS					
Tangible assets	6		-		-
CURRENT ASSETS					
Stocks	7	-		108	
Debtors: less than one year	8	-		5,005	
				5,113	
CREDITORS					
Amounts falling due within one year	9	(6,032)		(11,145)	
NET CURRENT LIABILITIES			(6,032)		(6,032)
TOTAL ASSETS LESS CURRENT LIABILITIES			(6,032)		(6,032)
PROVISIONS FOR LIABILITIES					
	10		-		-
NET LIABILITIES			(6,032)		(6,032)
CAPITAL AND RESERVES					
Called up share capital	11		-		-
Profit and loss account	12		(6,032)		(6,032)
SHAREHOLDERS' DEFICIT			(6,032)		(6,032)

The financial statements of Grovehurst Energy Limited, registered number 02197516, were approved by the Board of Directors on 27 January 2015 and were signed on its behalf by:



.....
M P Jowett - Director

**Notes to the Financial Statements
for the Year Ended 30 April 2014**

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements are prepared on basis other than that of a going concern and under the historical cost convention, with exception of derivative financial instruments carried at fair value and in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

BASIS OF PREPARATION OTHER THAN A GOING CONCERN

The Directors agreed to transfer the trade and assets at book value to DS Smith Paper Ltd on 1 May 2013 and, at that point the Company ceased trading and is expected to continue as a non-trading company. Accordingly, the Directors have prepared the financial statements on a basis other than that of a going concern. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date.

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

CASH FLOW STATEMENT

Under the provisions of Financial Reporting Standard 1 (Revised), the Company is exempt from preparing a cash flow statement because it is a wholly-owned subsidiary of DS Smith Plc and its cash flows are included within the consolidated cash flow statement of that Company.

TURNOVER

Turnover comprises the fair value for the sale services, net of value-added tax, rebates and discounts. Revenue is recognised when earned on the basis of the contractual agreement with the customer, and is earned and originates entirely in the United Kingdom.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant, machinery and vehicles 5 to 10 years

No depreciation is provided on freehold land and assets in the course of construction.

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

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes any expenditure incurred in bringing the stock to its present location and condition. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Stocks are valued on a first-in first-out principle.

LEASES

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the year to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter year is used.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2014

1. ACCOUNTING POLICIES - continued

PENSION COSTS

The Company was a participating employer in a defined benefit pension scheme (the Scheme). The Company made contributions to the Scheme as agreed with the Sponsoring Employer, and as permitted by FRS 17, 'Retirement Benefits', accounted for the Scheme as a defined contribution scheme and recognised as pension cost the contributions payable in each financial year.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and actually paid are shown as either accruals or prepayments in the balance sheet.

TAXATION

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantively enacted by the balance sheet date. In accordance with Group policy, the Company surrenders current year tax losses to other members of the DS Smith Group, and receives payment for those tax losses at the rate of tax prevailing in the year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PROVISIONS

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

RELATED PARTY DISCLOSURE

The Company is exempt under the terms of Financial Reporting Standard 8 "Related Party Disclosures" from disclosing related party transactions with entities that are wholly owned members of DS Smith Group or investees of the group qualifying as related parties.

2. STAFF COSTS

	2014	2013
	£'000	£'000
Wages and salaries	-	960
Social security costs	-	104
Other pension costs	-	67
	<u>-</u>	<u>1,131</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2014

2. STAFF COSTS - continued

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

	2014	2013
Management and administration	-	23
Production	<u>-</u>	<u>1</u>
	<u>-</u>	<u>24</u>

3. DIRECTORS' EMOLUMENTS

For the year to 30 April 2014, all directors of the Company are also directors of other companies within the DS Smith Group of companies and their emoluments are paid in respect of services to those companies. No directors received remuneration during the year in respect of their services as directors of this Company (April 2013: £nil). Similarly, none of the directors are included in the Company's pension schemes, nor did the Company make any contribution, on their behalf, to any other pension scheme in either year.

4. OPERATING RESULT

The operating result is stated after charging:

	2014 £'000	2013 £'000
Hire of plant and machinery	-	263
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>3</u>	<u>6</u>

In 2014 the auditor's remuneration of £3,000 (2013: £6,000) was borne was DS Smith Paper Limited, the parent company.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2014

5. TAXATION

(a) Analysis of tax credit

	2014 £'000	2013 £'000
Current taxation		
UK corporation tax – current year group relief	-	-
Prior year adjustment	-	32
	<u>-</u>	<u>32</u>
Total current tax	<u>-</u>	<u>32</u>
Deferred taxation		
Effect of change in tax rate	-	35
Prior year adjustments	-	41
	<u>-</u>	<u>41</u>
Total deferred tax	<u>-</u>	<u>76</u>
Tax charge on result on ordinary activities	<u>-</u>	<u>108</u>

The current tax charge for the year is the same as (2013: higher than) that calculated by applying the standard rate of corporation tax in the UK of 22.83% (2013: 23.92%) to profit before tax. The differences are explained below.

(b) Tax reconciliation

	2014 £'000	2013 £'000
Result on ordinary activities before tax	<u>-</u>	<u>-</u>
Current tax at 22.83% (2013: 23.92%)	-	-
Effects of:		
Prior year adjustment	-	32
	<u>-</u>	<u>32</u>
Current tax charge for the year	<u>-</u>	<u>32</u>

Under UK GAAP, the tax charge is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Finance Act 2013 included a reduction in the standard rate of corporation tax from 23% to 21%, effective from 1 April 2014, and a further reduction in the rate of corporation tax to 20%, effective from 1 April 2015, which had been substantively enacted at the balance sheet date.

The Company transferred its deferred tax asset to another group company on 1 May 2013, which was before the above tax rates had been enacted or substantively enacted. Any re-measurement of the deferred tax asset has therefore been recorded in the transferee company

Notes to the Financial Statements - continued
for the Year Ended 30 April 2014

6. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant machinery and vehicles £'000	Assets in the course of construction £'000	Totals £'000
COST				
At 1 May 2013	3,641	23,795	1,975	29,411
Transfer	<u>(3,641)</u>	<u>(23,795)</u>	<u>(1,975)</u>	<u>(29,411)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEPRECIATION				
At 1 May 2013	3,641	23,795	1,975	29,411
Transfer	<u>(3,641)</u>	<u>(23,795)</u>	<u>(1,975)</u>	<u>(29,411)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE				
At 30 April 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. STOCKS

	2014 £'000	2013 £'000
Raw materials and consumables	<u>-</u>	<u>108</u>

There is no material difference between balance sheet values of stock and their replacement costs.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed by group undertakings	-	168
Prepayments and accrued income	-	4,047
Deferred Tax	<u>-</u>	<u>790</u>
	<u>-</u>	<u>5,005</u>

	2014 £'000	2013 £'000
Deferred tax		
Deferred tax opening balance	790	866
Deferred tax movement in year	-	(76)
Transfer to DS Smith Paper Ltd	<u>(790)</u>	<u>-</u>
	<u>-</u>	<u>790</u>

Deferred taxation is analysed as follows:

	2014 £'000	2013 £'000
Accelerated capital allowances	<u>-</u>	<u>790</u>
	<u>-</u>	<u>790</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2014

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to group undertakings	6,032	3,651
Corporation tax	-	120
Bank overdraft	-	249
Accruals and deferred income	-	7,125
	<u>6,032</u>	<u>11,145</u>

10. PROVISIONS FOR LIABILITIES

Other provisions		
Balance brought forward	-	215
Movement during the year	-	(215)
	<u>-</u>	<u>-</u>

The prior year provision related to the write down of assets contracted but not paid for.

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2014	2013
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

12. RESERVES

	Profit and loss account £'000
At 1 May 2013	(6,032)
Result for the year	-
At 30 April 2014	<u>(6,032)</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2014 £'000	2013 £'000
Result for the financial year	-	(108)
Net reduction to shareholders' deficit	-	(108)
Opening shareholders' deficit	(6,032)	(5,924)
Closing shareholders' deficit	<u>(6,032)</u>	<u>(6,032)</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 April 2014**

14. PENSION SCHEME

Up until the 1 April 2008, the Company was a member of a larger multi-employer defined benefits pension scheme providing benefits based on final pensionable pay. The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. As permitted by Financial Reporting Standard 17 'Retirement benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

On 19 March 2008, the multi-employer defined benefit pension scheme's assets and liabilities were transferred to Legal & General Assurance Society Limited. In order to facilitate this transaction, St Regis Paper Company Limited paid £10 million as full settlement of liability in the multi-employer defined benefit scheme. At the same time, employees ceased to accrue benefits in this scheme. The Company's employees now participate in the DS Smith Saver Plus Scheme, a money purchase scheme accounted for on a cash basis. A total of 204 former members of the M-Real UK Paper Employee Benefit Scheme were accepted into the Scheme on 1 April 2008. New employees at the acquired locations, deciding to join the Scheme after 1 April 2008, were accepted on standard terms.

The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £0 (April 2013: £67,000).

The amount payable at 30 April 2014 was £nil (April 2013: £nil).

15. ULTIMATE PARENT COMPANY

The immediate parent undertaking is DS Smith Paper Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking and controlling party is DS Smith Plc, a company incorporated in Great Britain, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the Group financial statements are available from the Company Secretary, DS Smith Plc, 350 Euston Road, London, NW1 3AX.