

Company No: 00178090

CROWN PACKAGING UK PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report of the company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the company continue to comprise the manufacture, printing and sales of packaging containers mainly on behalf of Crown Packaging Europe GmbH and acting as a holding company for certain subsidiaries of the Crown Packaging UK sub-group.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the company are considered to be:

- the consolidation of the market for tinplated steel which can have a significant impact on the price for the company's principal raw material;
- the consolidation of the consumer products market, reducing the number of potential customers;
- the resultant increasing comparative strength of these customers in relation to the suppliers in the market; and
- the trend towards alternative packaging products and materials.

These risks can't be mitigated as they occur as a result of external factors and conditions that the company has no control over. However, the company seeks to minimise their effect wherever possible based on previous experience and best practice.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the company show an operating loss of £3,395,000 (2014: profit £10,825,000) and turnover of £404,346,000 (2014: £442,542,000) for the year.

The company has £219,648,000 (2014: £229,512,000) of net current assets at the year end and is well positioned to take advantage of opportunities to invest in the future of the company.

2015 continued to see the effects of the contract manufacturing agreement entered into in 2011 with a fellow group undertaking Crown Packaging Europe GmbH (the Principal). Under this agreement the company provides specialist manufacturing services under the control and direction of the Principal which centralises risk mitigation, has better control of manufacturing costs and improves sales organisation and process. The company is now a limited risk contract manufacturing company with value added returns.

The company closed its UK Vacuum Closures manufacturing plant in 2015. The severance and restructuring costs associated with this site closure were recovered from the Principal under the terms of the contract manufacturing agreement.

During 2015, the company announced its intention to close one of its Food Can manufacturing plants in 2016. This resulted in an exceptional item in relation to the impairment of assets at the plant, resulting in £8,554,000 of expense being recognised during the year.

The company has several key performance indicators ("KPIs") which are used to manage the company and the production cycle. The main KPIs are:

- Profitability. The results for the company for 2015 show profit on ordinary activities before taxation as being £1,693,000. Management therefore consider that this KPI was successfully met in 2015.
- Cash flow. The company has strict cash flow targets which were successfully achieved in 2015.
- Safety. The company has continued to provide behavioural safety training to all of the UK sites and have introduced employee safety focus groups in order to minimise the risk of a work place incident or injury. Consequently, the company has seen a downward trend in the number of lost work day cases in recent years which management consider to be a commendable achievement.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

FINANCIAL RISK MANAGEMENT

Under the contract manufacturing agreement, the company has reduced its exposure to price and credit risk as these risks are now borne by the Principal, Crown Packaging Europe GmbH. The company is part of a larger US owned group, the Crown Holdings, Inc. Group, and the risk management programme seeking to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and related financial costs, is maintained at Group level.

LIQUIDITY AND CASH FLOW RISK

The company's liquidity is managed centrally within the Group. The Group maintains a mixture of long-term and short-term financing arrangements that are designed to ensure that the Group and company have sufficient funds available for operations.

Details of the company's cash flow forecasts are supplied to Group Treasury to assist with the Group's cash management position and to minimise the risk of uncertain future funding requirements.

The company's finance department implements the Group's policies and guidelines as set out in the Group's Financial Accounting Policies manual.

CREDIT RISK

Under the limited risk contract manufacturing agreement, the company's principal customer is now Crown Packaging Europe GmbH and credit risk exposure to the company has been significantly reduced.

EXCHANGE RATE RISK

The company's Group Treasury department seeks to limit any risk from fluctuating exchange rates on sales and purchases in non-local currency by taking out forward contracts, in line with the Group's Financial Accounting Policies manual.

INTEREST RATE RISK

The company is exposed to interest rate risk and the management of this exposure is handled by the Group's European Treasury department on behalf of the company and the rest of the Crown Group.

KEY PERFORMANCE INDICATORS ("KPIs")

The company and the wider group is managed on a divisional basis with performance monitored using a number of "World Class Performance" indicators, concerning the efficiency of the production cycle. Company management are also rewarded and incentivised with reference to a number of specific measures concerning profitability, cash flow and safety. Management believe all of these criteria were met in 2015.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015
(continued)

FIRST TIME ADOPTION OF FRS 102

These financial statements for the year ended 31 December 2015 are the first financial statements of Crown Packaging UK Plc that comply with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014.

The transition to FRS 102 has resulted in a small number of changes in accounting policies compared to those used previously. Note 28 to the financial statements describes the effect the transition has had on opening equity and profit for the comparative year.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'P W Browett', is positioned above the printed name and title.

P W Browett
Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report together with the audited financial statements and the independent auditors' report for the year ending 31 December 2015.

RESULTS AND DIVIDENDS

The loss for the financial year of £1,269,000 (2014: profit £10,566,000) has been charged to reserves. No dividends were paid during the year (2014: £nil) and no dividends were proposed at the year-end (2014: £nil). The future developments of the company and financial risk management are detailed in the strategic report.

DIRECTORS

The directors who held office throughout the year and up to the date of signing the financial statements, unless otherwise stated, are as follows:

P W Browett

J Clinton

J Davidson

P W Lockley

P A Nuttall (resigned 15 April 2015)

D M Sourisseau

L Watteaux

GOING CONCERN

The directors consider it appropriate to prepare the financial statements on a going concern basis. As the company operates under the limited risk contract manufacturing agreement, entered into in 2011, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and faces no material uncertainties. The company therefore continues to adopt the going concern basis in preparing its financial statements.

EMPLOYMENT POLICIES

It is the company's policy to provide employment terms, which are motivational and equitable, in accordance with national legislation and local market conditions. Training and development opportunities are provided as a function of the needs of the company and of the individuals concerned, with a view to improving every individual's, and thereby the company's, performance.

It is also the company's policy to keep employees aware of the financial and economic factors that may affect the business environment in which the company operates and how these factors may affect the performance of the company.

Throughout the year, the drive for improved quality in all functions has served as an important focus and has encouraged improved communication with employees. The company's continued commitment to world-class performance in all locations has been the basis for involving employees and enlisting their commitment through training and joint problem solving in a team working environment.

It is the company's policy to keep employees fully informed on matters which affect them, through direct communications and established collective procedures for information exchange and consultation. Consultation requirements are driven by statutory legislation and is conducted in an open and transparent manner as the legislation requires. It occurs through varying groups of employees such as local union representatives, UK Forum representatives and European Forum representatives, depending on the nature of the issue being discussed.

The company promotes its Health and Safety policy with high profile initiatives and has throughout the year continued vigorously to apply increasing standards of machine and employee safety and has continued to invest heavily in training programmes specifically related to this matter.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015
(continued)**

EMPLOYMENT POLICIES (continued)

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees and applicants of employment, on a non-discriminatory basis and offers appropriate training and career development for disabled staff. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. If members of staff become disabled the company continues employment wherever possible and arranges retraining.

The company encourages the involvement of employees in the company's performance through a variety of means such as an annual bonus plan and a defined contribution pension scheme, which are available to all eligible employees.

RESEARCH AND DEVELOPMENT

The directors consider that research and development play a vital role in the company's success. Research and development activities include innovation of new products, and development of materials, technology and engineering processes. Following the implementation of the limited risk contractor manufacturer concept in 2011, research and development royalty costs are borne by Crown Packaging Europe GmbH.

BRANCHES OUTSIDE THE UK

The company has no branches located outside of the UK.

REGISTERED OFFICE AND COUNTRY OF INCORPORATION

Crown Packaging UK Plc is an unlisted public limited company which was incorporated in the UK and its registered office address is Crown Packaging UK plc, Borland Avenue, Botcherby, Carlisle, Cumbria, CA1 2TL.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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 UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as they are aware, each of the directors at the date of this report confirms that there is no relevant audit information of which the company's auditors are unaware, and that the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



P W Browett
Director

Independent auditors' report to the members of Crown Packaging UK Plc

Report on the financial statements

Our opinion

In our opinion, Crown Packaging UK Plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and the statement of comprehensive income for the year then ended;
- the statement of changes of equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Crown Packaging UK Plc (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Miles Saunders (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

28 June 2016

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £'000	2014 £'000
Turnover	4	404,346	442,542
Change in stocks of finished goods and in work in progress		(1,663)	5,179
		402,683	447,721
Other operating income	5	13,838	14,426
Operating income		416,521	462,147
Raw materials and consumables		(260,944)	(295,389)
Staff costs	6	(75,344)	(80,479)
Depreciation and other amounts written off tangible and intangible fixed assets			
Excluding exceptional item	11, 12	(5,726)	(5,206)
Exceptional item – impairment	12a	(8,554)	-
Depreciation and other amounts written off tangible and intangible fixed assets including exceptional item		(14,280)	(5,206)
Other operating charges		(69,348)	(70,248)
Operating (loss)/profit	5	(3,395)	10,825
Income from shares in group undertakings	14	10,000	10,000
Other interest receivable and similar income	8	4	3
Interest payable and similar charges	9	(4,916)	(10,425)
Profit on ordinary activities before taxation		1,693	10,403
Tax (charge)/credit on profit on ordinary activities	10	(2,962)	163
(Loss)/profit for the financial year		(1,269)	10,566

The profits for the financial years shown above are derived entirely from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalent.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
(continued)
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £'000	2014 £'000
(Loss)/profit for the financial year		(1,269)	10,566
Actuarial gain on defined benefit pension plan	21	-	85,600
Movement on deferred tax relating to defined benefit pension plan		-	(17,120)
Actuarial gain on defined benefit pension plan re: other group companies		-	4,500
Movement on deferred tax relating to defined benefit pension plan re: other group companies		-	(900)
Actuarial gain on retiree medical plan	21	200	1,022
Movement on deferred tax relating to retiree medical plan		(36)	(220)
Other comprehensive income for the year		164	72,882
Total comprehensive (expense)/income for the year		(1,105)	83,448

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
(continued)
BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 £'000	2014 £'000
Fixed Assets			
Intangible assets	11	339	160
Tangible assets	12	70,406	86,237
Investment property	13	-	2,533
Investments – shares in group undertakings	14	55,358	55,358
		<u>126,103</u>	<u>144,288</u>
Current Assets			
Inventories	15	40,029	50,350
Debtors: amounts falling due within one year	16	335,729	367,117
Debtors: amounts falling due after more than one year	17	33,469	40,373
Cash at bank and in hand		333	1,919
		<u>409,560</u>	<u>459,759</u>
Creditors: amounts falling due within one year	18	(189,912)	(230,247)
Net current assets		<u>219,648</u>	<u>229,512</u>
Total assets less current liabilities		345,751	373,800
Creditors: amounts falling due after more than one year	19	(2,094)	(2,376)
Provisions for liabilities			
Pensions and similar obligations	21	(127,200)	(148,384)
Other provisions	20	(3,972)	(10,069)
Net assets		<u>212,485</u>	<u>212,971</u>
Capital and reserves			
Called up share capital	22	165,000	165,000
Share premium account		60,454	60,454
Capital redemption reserve		75,500	75,500
Profit and loss account		(88,469)	(87,983)
Total shareholders' funds		<u>212,485</u>	<u>212,971</u>

The notes on pages 14 to 41 are an integral part of these financial statements. The financial statements on pages 10 to 41 were approved and authorised for issue by the board of directors on 24 June 2016 and were signed on its behalf by:



P W Browett
 Director
 Crown Packaging UK plc
 Company No: 00178090

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
(continued)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity shareholders' funds
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2014	165,000	60,454	75,500	(172,006)	128,948
Profit for the financial year	-	-	-	10,566	10,566
Other comprehensive income for the year	-	-	-	72,882	72,882
Total comprehensive income for the year	-	-	-	83,448	83,448
Equity share option charge	-	-	-	575	575
As at 31 December 2014	165,000	60,454	75,500	(87,983)	212,971
 As at 1 January 2015	 165,000	 60,454	 75,500	 (87,983)	 212,971
Loss for the financial year	-	-	-	(1,269)	(1,269)
Other comprehensive income for the year	-	-	-	164	164
Total comprehensive expense for the year	-	-	-	(1,105)	(1,105)
Equity share option charge	-	-	-	619	619
As at 31 December 2015	165,000	60,454	75,500	(88,469)	212,485

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 28.

a) Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. Preparing the statements in conformity with FRS 102 requires certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions are material to the financial statements are disclosed in note 3.

b) Consolidated financial statements

These financial statements contain information about Crown Packaging UK plc as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of Crown Holdings, Inc..

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions (FRS 102 para 1.12). The company is a wholly owned subsidiary company of a group headed by Crown Holdings, Inc. and is included in the financial statements of that company, which are publicly available. Consequently the company has taken advantage of the following available exemptions:

- FRS 102 section 7 para 3.17(d) "Statement of cash flows" from not presenting a cash flow statement.
- FRS 102 para 4.12(a) from not preparing a reconciliation of the number of shares outstanding at the beginning and end of the period.
- FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29 from not disclosing certain financial instrument disclosures unless required by the Companies Act 2006.
- FRS 102 paras 26.18(b), 26.19 – 26.21, 26.23 from not disclosing certain share based payment disclosures because the company's share based payments concern the equity instruments of another group entity namely Crown Holdings, Inc. and are consolidated into and disclosed in that company's publicly available financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

2 Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS 102 (continued)

- FRS 102 para 33.7 the non-disclosure of key management personnel compensation in total.
- FRS 102 para 33.1A the non-disclosure of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member.

The above exemptions have been notified to the company's shareholders who have not objected to the use of these exemptions.

d) Foreign currency

The company's functional and presentation currency is the pound sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at mid-market rates of exchange at the balance sheet date, or if appropriate, at a related forward contract rate. Revenue and expenditure items denominated in foreign currencies are translated to sterling at the average rate of exchange ruling in the month in which the transaction took place. All exchange differences are included in the profit and loss account in the period to which they relate.

e) Revenue recognition

The company provides specialist manufacturing services under the terms of a contract manufacturing agreement with a fellow group undertaking Crown Packaging Europe GmbH (the Principal). Under the terms of this agreement finished goods manufactured by the company are sold to the Principal at an agreed price which represents a mark-up on value added costs. Turnover, which excludes value added tax, represents the invoiced value of manufacturing services provided under the terms of the manufacturing agreement with the Principal. Certain territories are not included within the terms of the manufacturing agreement for the year to 31 December 2015.

In addition, certain sales to customers are not covered by the agreement in the current year. For sales outside of the manufacturing agreement, turnover represents the invoiced value of sales of packaging containers in the normal course of business. In all cases, revenue is recognised on delivery of the product or service or once all risks and rewards have passed to the customer.

Other operating income relates to the sale of scrap metal for recycling, rental income from intergroup companies and other services such as research and development and customer support.

Dividend income from fixed asset investments is recognised when the payment is received.

f) Exceptional items

The company classifies charges or credits that have a material impact on the company's financial results as "exceptional items". These are disclosed separately to provide further understanding of the financial performance of the company.

g) Employee benefits

The company provides a range of benefits to eligible employees. Short term benefits including holiday pay, are recognised as an expense in the period in which the service is received. The company operates an annual bonus plan for eligible employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the bonus plan, as a result of past events and where a reliable estimate of the obligation can be made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

2 Summary of significant accounting policies (continued)

g) Employee benefits (continued)

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan which is funded by the payment of employee and employer contributions to a separately administered fund. Employee contributions are made in accordance with Scheme Rules and elections made by individual members. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plan are held separately from the company in a Trustee administered fund.

Defined benefit pension plan

The company also operates a defined benefit pension plan for certain employees which was closed in 2001. The defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The defined benefit pension plan liability recognised in the balance sheet is the present value of the defined benefit obligation at 31 December 2015 less the fair value of the plan assets at the reporting date. Annually the company engages independent actuaries to calculate the obligation. The fair value of plan assets is measured in accordance with FRS 102 including the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets less amounts included in net interest, are disclosed as “re-measurement of net defined benefit liability”.

The cost of the defined benefit plan is recognised in the profit and loss as employee costs and comprises the increase in pension benefit liability arising from employee service during the period, and the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. This cost is recognised in the profit and loss account as “finance expense”.

The company is making payments into the defined benefit pension plan as normal contributions, in addition to extra contributions under an agreed deficit reduction programme.

Post-retirement Medical Plan

The company is a sponsor of a Post-retirement Medical Plan (“the medical plan”) which is operated by another group company CarnaudMetalbox Group UK Limited. Post-retirement medical benefits are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The expected return on the scheme’s assets and the increase during the year in the present value of the scheme’s liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in other comprehensive income.

Further details of the defined benefit pension scheme and the medical plan are set out in note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

2 Summary of significant accounting policies (continued)

g) Employee benefits (continued)

Share-based payments

The company participates in a share-based payment arrangement operated by the ultimate parent company Crown Holdings, Inc. and is therefore eligible to take advantage of the alternative treatment allowed under FRS 102 section 26. The company recognises the share-based payment expense based on its share of the group's total expense, calculated using the Black-Scholes option pricing model and in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity. The Black Scholes model is a method of calculating the fair values of the performance based shares. This method was deemed, by management, to be the most appropriate valuation model to use.

h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets or liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred taxation is measured at the average tax rates that are expected to apply in the periods 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.

i) Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of between three and ten years, on a straight line basis.

The assets are reviewed for impairment if there are trigger events or factors such as technological advancement, which indicate that the carrying amount may be impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

2 Summary of significant accounting policies (continued)

j) Tangible assets and depreciation

Tangible assets are stated at the historic purchase cost net of accumulated depreciation and provision for impairment in value. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and interest on loans directly related to the funding of construction costs.

The company has adopted the transition exemption under FRS 102 para 35.10(d) and has elected to use the most recent revaluation as deemed cost. The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost has been recorded in reserves.

Land and assets in the course of construction are not depreciated. On completion, assets in the course of construction are depreciated accordingly. Depreciation on other assets is calculated using the straight-line method so as to write-off the cost of each asset less their estimated residual values, over the term of their estimated useful economic lives as follows:

Buildings freehold	10 to 40 years
Plant and machinery	5 to 18 years
Fixtures, fittings, tools and equipment	3 to 12 years

k) Leased assets

Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. The capital element of the finance lease obligation is recorded as a liability on inception. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

l) Investments

Investments are carried at historical cost less accumulated impairment losses. Provisions are made for impairment in value. UK Directors perform the impairment reviews as and when there are indications of impairment.

m) Inventories

Inventories and work-in-progress are stated at the lower of historical cost and net realisable value. Cost is determined on a first-in, first-out basis (FIFO method). The cost of work-in-progress and finished goods comprises direct materials, labour and attributable manufacturing overheads based on normal levels of activity. Provision is made for obsolete, slow moving or defective items where appropriate.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell, and an impairment charge is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

2 Summary of significant accounting policies (continued)

n) Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted where material.

o) Financial instruments

The company executes financial instruments that are in respect of foreign currency hedges to cover material trade payable or trade receivable balances that are denominated in foreign currency.

p) Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

3 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the company's accounting policies

The company's eligible employees have been granted share options by the ultimate parent company Crown Holdings, Inc.. The company calculates its share of the total expense by using the Black Scholes option pricing model. At each balance sheet date, the company revises its estimates of the numbers of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account with a corresponding adjustment to equity.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Useful economic lives of assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed when there is evidence of a change in conditions or a trigger event such as physical condition of the assets or technological advancement. Note 12 details the carrying amount of the tangible assets and note 2 j) details the useful economic lives for each class of asset.

ii) Subjectivity of impairments

Any costs recognised during the year in relation to impairment will inherently be based on management's best estimate of the impairment's value. Where the value of assets have been fully impaired, the expense will be equal to the carrying value of the asset immediately before impairment. This carrying amount will be determined by the application of accounting policies over the asset's lifetime. Any impairment during the year is recognised immediately as an expense in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

3 Critical accounting judgements and estimation uncertainty (continued)

b) Critical accounting estimates and assumptions (continued)

iii) Inventory provisioning

Levels of inventory are subject to changing customer demands and raw material availability. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. Note 15 details the carrying amount of the inventory and any associated provision.

iv) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The company engages an actuary who provides an estimation of these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Note 21 provides further information relating to the defined benefit pension scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

4 Turnover

Analysis of turnover by geographical destination:

	2015	2014
	£'000	£'000
EU countries	53,390	67,765
Rest of Europe	331,460	353,815
Rest of the world	19,496	20,962
Total	404,346	442,542

In the opinion of the directors, the company's activity of the manufacture, printing and sale of packaging containers represents one class of business for the purposes of segmental reporting.

Analysis of turnover by customer:

	2015	2014
	£'000	£'000
Sales to external customers	179	347
Sales to fellow group undertakings	72,707	88,380
Sales to the Principal (Crown Packaging Europe GmbH)	331,460	353,815
Total	404,346	442,542

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2015 (continued)**

5 Operating loss/(profit)

Operating loss/(profit) is stated after
(crediting)/charging:

	2015	2014
	£'000	£'000
Other operating income:		
- sale of scrap metal	(9,968)	(10,909)
- property rental	(1,387)	(1,171)
- miscellaneous services	(2,483)	(2,346)
Onerous lease costs (note 20)	-	544
Depreciation of fixed assets	5,689	5,165
Amortisation of intangible assets	37	41
Profit on disposal of fixed assets	1	2,801
Operating lease rental		
- plant and machinery	1,112	1,448
- other	985	2,969
Services provided by the company's auditors		
- fees payable for the audit	275	215
Distribution costs	18,440	19,646
Government grants	(186)	(186)
Redundancy costs	4,376	7,484
Foreign exchange loss	222	137

Miscellaneous services within other operating income include customer support services, rental of machinery and contributions received from external parties towards research and development costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

6 Employees and directors

(a) The average monthly number of employees (including executive directors) during the year, split by activity was:

	2015	2014
	Number	Number
Production and research & development	1,015	1,113
Administration	236	268
Total	1,251	1,381

(b) Employee costs during the year comprised:

	2015	2014
	£'000	£'000
Wages and salaries	53,220	60,697
Social security costs	5,580	6,604
Cost of employee share option schemes (note 7)	619	575
Other pension costs (note 21)	15,925	12,603
Total	75,344	80,479

(c) Directors' emoluments

	2015	2014
	£'000	£'000
Aggregate emoluments	97	128
Company's contributions to money purchase pension schemes	4	4
	101	132
Highest paid director		
Aggregate emoluments excluding pension cost	97	87
Pension cost	4	4
	101	91

During the year none of the directors exercised share options (2014: one). During the year no director received deferred share awards (2014: none).

During the year no director (2014: one) accrued benefits under the defined benefit pension scheme and one director (2014: one) accrued benefits under the defined contribution pension scheme.

The highest paid director had no amounts accrued under a defined benefit pension scheme at 31 December 2015 (2014: nil) and £4,000 (2014: £4,000) accrued under a defined contribution pension scheme during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

7 Share-based payments

As at 31 December 2015, some of the company's employees were members of two active stock based incentive compensation plans – the 2007 share option plan and the 2013 deferred stock plan – operated by the ultimate parent company Crown Holdings, Inc.. The plans provide for the granting of awards in the form of stock options or deferred stock and may be subject to the achievement of certain performance goals as determined by the Plan Committee designated by the ultimate parent company's Board of Directors. Shares awarded are issued from the ultimate parent company's treasury shares.

There were no stock options granted in 2015 (2014: none). There were no issuances of deferred stock in 2015 (2014: one).

Outstanding stock options have a contractual term of ten years, are fixed-price and non-qualified, and vest either semi-annually or annually up to six years from the date of grant.

Outstanding deferred stock awards vest rateably up to four years commencing one year after the date of grant.

Both stock options and deferred stock awards are settled in cash.

The amount expensed is based on an allocation of the total expense from the total group plan. In 2015 the amount expensed was £619,000 (2014: £575,000) and was calculated using the movement between the opening and closing balances of the stock options and deferred stock awards under the Black Scholes option pricing model. Valuations incorporate several variables, including expected term, volatility, a risk-free interest rate and employee termination behaviour ("forfeiture rate"). The expected term (which is the time frame under which an award is exercised after grant) is derived from historical data about participant exercise patterns. Volatility is the expected fluctuation of the Company's stock price in the market and is derived from historical data about the company's stock price. The risk-free interest rate is the U.S. Treasury yield curve rate in effect at the date of the grant which has a contractual life similar to the option's expected term. The forfeiture rate is based on historical data of the forfeiture of non-vested share-based awards through the termination of service by plan participants.

8 Other interest receivable and similar income

	2015	2014
	£'000	£'000
Interest receivable on bank and other deposits	4	3

9 Interest payable and similar charges

	2015	2014
	£'000	£'000
On overdrafts and other interest bearing liabilities	216	331
Net interest expense on the defined benefit pension plan (note 21)	4,600	10,000
Net interest expense on the post-retirement medical benefit plan (note 21)	100	94
	4,916	10,425

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

10 Tax on profit on ordinary activities

a) Tax charge/(credit) included in profit or loss account

	2015	2014
	£'000	£'000
Current tax		
UK corporation tax on loss for the year	(3,946)	(2,322)
Adjustments in respect of previous years	40	(13)
Total current tax	(3,906)	(2,335)
Deferred tax		
Origination and reversal of timing differences	3,340	2,365
Impact of change in tax rate	3,599	(241)
Adjustment in respect of previous years	(71)	48
Total deferred tax (note 17, 21)	6,868	2,172
Tax on profit on ordinary activities	2,962	(163)

b) Tax expense included in other comprehensive income

	2015	2014
	£'000	£'000
Deferred tax:		
Origination and reversal of timing differences	36	18,240
Total tax expense included in other comprehensive income	36	18,240

c) Reconciliation of tax charge

The tax assessed for 2015 is lower (2014: lower) than that calculated using the statutory rate. The differences are explained below:

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	1,693	10,403
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	343	2,237
Effects of:		
Expenses not deductible for tax purposes	267	285
Gain on sale of land and buildings	-	(605)
Income not deductible for tax purposes	(30)	(32)
Loss on impairment of land and buildings	643	-
Dividends received	(2,025)	(2,150)
Imputed interest income	196	308
Adjustments in respect of previous years	(31)	35
Change in tax rate	3,599	(241)
Tax charge/(credit) for the year	2,962	(163)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

10 Tax on loss on ordinary activities (continued)

d) Tax rate changes

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the company's (loss)/profit for this accounting year is taxed at a blended rate of 20.25%.

In addition to the changes in Corporation tax disclosed above, further changes to the UK Corporation tax rates were announced in the Finance (No.2) Bill 2015. These include proposals to reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These further changes were substantively enacted on 26 October 2015 and therefore have been included in the financial statements as the latest substantively enacted corporation tax rate at the balance sheet date.

11 Intangible assets

	Software
	£'000
Cost	
At 1 January 2015	33,793
Additions	216
Disposals	(29,859)
At 31 December 2015	4,150
Accumulated Amortisation	
At 1 January 2015	33,633
Amortisation expense for the year	37
Disposals	(29,859)
At 31 December 2015	3,811
Net book amount at 31 December 2015	339
Net book amount at 31 December 2014	160

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

12 Tangible assets

	Land	Buildings freehold	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2015	6,436	33,266	251,129	23,579	314,410
Additions	-	-	11,914	1,800	13,714
Disposals	-	(347)	(53,037)	(3,453)	(56,837)
Transfer to group companies	-	-	(20,696)	(58)	(20,754)
Reclassification	-	266	(704)	438	-
Impairment	-	(3,175)	(5,379)	-	(8,554)
At 31 December 2015	6,436	30,010	183,227	22,306	241,979
Accumulated depreciation					
At 1 January 2015	-	17,712	194,397	16,064	228,173
Charge for the year	-	998	3,815	876	5,689
Disposals	-	(347)	(53,026)	(3,439)	(56,812)
Transfers to group companies	-	-	(5,449)	(28)	(5,477)
Reclassification	-	-	(440)	440	-
At 31 December 2015	-	18,363	139,297	13,913	171,573
Net book amount					
At 31 December 2015	6,436	11,647	43,930	8,393	70,406
At 31 December 2014	6,436	15,554	56,732	7,515	86,237

Freehold land with a cost of £6,436,000 (2014: £6,436,000) has not been depreciated. Plant and machinery includes the cost of assets in the course of construction being £9,140,000 (2014: £16,317,000) which are not depreciated.

There is a fixed charge over the company's fixed assets and a floating charge over the company's current assets which supports the Group's external funding. These are pledged to a syndicate of banks managed by the Deutsche Bank.

The net carrying amount of assets held under finance leases included in fixtures, fittings, tools and equipment is £370,000 (2014: £398,000).

As a result of the company's announcement that it is closing one of its Food Can manufacturing plants, the tangible assets were subsequently impaired and a loss of £8,554,000 was charged to the profit and loss account as an exceptional item.

12a) Exceptional item

During the year, the company announced its intention to close one of its Food Can manufacturing plants in 2016. Subsequently, the assets of this plant were impaired resulting in an exceptional cost of £8,554,000 being charged to the Profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2015 (continued)**

13 Investment property

	£'000
Cost	
At 1 January 2015	2,533
Disposals	<u>(2,533)</u>
At 31 December 2015	<u>-</u>

During the year the company sold its investment properties at fair value to other group companies.

14 Investments – shares in group undertakings

	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Cost at 1 January and 31 December	<u>93,639</u>	<u>93,639</u>
Provision at 1 January	<u>38,281</u>	<u>38,281</u>
Provision at 31 December	<u>38,281</u>	<u>38,281</u>
Net book amount at 31 December	<u>55,358</u>	<u>55,358</u>

The £10,000,000 (2014: £10,000,000) income from shares in group undertakings is a dividend received from CarnaudMetalbox Engineering Limited which is a wholly owned subsidiary of Crown Packaging UK Plc.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2015 (continued)**
14 Investments – shares in group undertakings (continued)
Subsidiary undertakings

Subsidiary	Ordinary equity share capital % held	Country of registration or incorporation	Nature of business	Value of reserves at 31 December 2015 '000	Profit/(loss) as reported 31 December 2015 '000
CarnaudMetalbox Engineering Ltd	100	England and Wales	Machinery manufacture	£21,165	£11,794
Crown Speciality Packaging UK Ltd	100	England and Wales	Packaging manufacture	£19,384	£1,421
Crown Packaging Polska Sp Zoo	100	Poland	Packaging manufacture	PLN 19,050	PLN 3,520
Crown Commercial Polska Sp Zoo	99.99	Poland	Distribution	PLN 386	PLN (6)
Crown Packaging Ireland Ltd	100	Ireland	Packaging manufacture	£22,713	£267
Metalbox Limited	50	England and Wales	Dormant	-	-

In the opinion of the directors, the aggregate value of the company's assets consisting of shares in, and amounts owing from, the company's subsidiary undertakings is not less than the aggregate of the amounts at which those assets are stated and included in the company's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

15 Inventories

	2015	2014
	£'000	£'000
Raw materials and consumables	12,770	21,428
Work in progress	2,488	2,522
Finished goods and goods for resale	24,771	26,400
	40,029	50,350

In the opinion of the directors, the current replacement cost of stocks is not materially different from the amounts stated above.

During the year raw materials and consumables inventory was impaired by £1,995,000 as a result of the company's announcement of its intention to close one of its Food Can manufacturing plants. This amount was expensed in the profit and loss account and included within the raw materials and consumables total of £260,944,000.

16 Debtors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade debtors	528	715
Amounts owed by group undertakings	323,652	357,259
Derivative financial instruments	454	116
Other debtors	8,681	6,927
Prepayments and accrued income	2,414	2,100
	335,729	367,117

Amounts owed by group undertakings are unsecured and have no fixed repayment date. There is no interest charged on receivables from fellow UK group undertakings. There are no loans to non UK fellow group undertakings.

Further information about the derivative financial instruments can be found in note 25.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

17 Debtors: amounts falling due after more than one year

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset and therefore the asset has been recognised in these financial statements.

	Deferred tax asset 2015 £'000	Deferred tax asset 2014 £'000
At 1 January	40,373	60,798
(Charged)/credited to the profit and loss account	(6,868)	(2,185)
(Charged)/credited to the statement of comprehensive income		
re: medical plan liability	(36)	(220)
(Charged)/credited to the statement of comprehensive income		
re: defined pension plan liability	-	(17,120)
(Charged)/credited to the statement of comprehensive income		
re: defined pension plan liability for other group companies	-	(900)
At 31 December	33,469	40,373

The deferred tax asset has been recognised in full (2014: recognised in full) and comprises:

	2015 £'000	2014 £'000
Accelerated capital allowances	2,210	1,292
Advance corporation tax	3,876	4,307
Pensions and similar obligations	22,896	29,677
Other timing differences	4,487	5,097
At 31 December	33,469	40,373

18 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	88,612	102,392
Amounts owed to group undertakings	79,639	105,544
Finance leases	261	194
Taxation and social security	8,347	8,552
Derivative financial instruments	328	395
Other creditors	519	190
Accruals and deferred income	12,206	12,980
	189,912	230,247

Amounts owed to group undertakings are unsecured and have no fixed repayment date. There is no interest payable on loans owed to UK group undertakings. There are no loans from non UK fellow group undertakings.

Further information about the derivative financial instruments can be found in note 25.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

19 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Finance leases	109	204
Government grants	1,985	2,172
	2,094	2,376

The future minimum finance lease payments are as follows:

	2015	2014
	£'000	£'000
Less than one year	261	194
Greater than one year and less than 5 years	109	204
Total gross payments	370	398
Less finance charges	(1)	(13)
Carrying amount of liability	369	385

The finance lease relates to computer and IT equipment which are leased from a specialist IT leasing company. The lease term is 3 years.

20 Provisions for liabilities: Other provisions

	Onerous lease provision	Severance	Other	Total
	£'000	£'000	£'000	£'000
At 1 January 2015	903	6,200	2,966	10,069
Charged/(released) to profit and loss account	1,005	(498)	262	769
Utilised in the year	(1,802)	(4,409)	(655)	(6,866)
At 31 December 2015	106	1,293	2,573	3,972

The onerous lease provision is in respect of a property rental agreement that is currently not sublet and that expires in 2017.

Other provisions include a provision for pension guarantees, long service awards and employee claims. The provision for pension guarantees will reverse as the employees reach retirement age. The long service awards provision will be utilised as employees reach specific employment milestones and the employee claims provision will be utilised as the claims are settled.

The severance provision is for the closure of the company's Vacuum Closure manufacturing plant, as announced in 2014. The remaining provision is expected to be fully utilised by the end of 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

21 Provisions for liabilities: Pensions and similar obligations

The Group operates a pension plan in the UK. The defined benefit section of the pension plan was closed in 2001 and a defined contribution section was opened for new entrants. The profit and loss entries include the cost of the defined contribution section. The contribution account balances are excluded from the plan assets and liabilities.

The latest actuarial valuation of the UK Group scheme was carried out as at 31 December 2015 by professionally qualified independent actuaries, Aon Consulting.

The normal contributions paid by the company for the year ended 31 December 2015 were £36,957,000 (2014: £37,700,000). This included contributions under an agreed deficit reduction programme of £25,100,000 (2014: £24,800,000). All amounts due in the year were paid and as such there are no accruals and prepayments in respect of pension scheme contributions at the year end. The contributions are based on pension costs across the company as a whole.

The company also operates a retiree medical plan. The benefits provided under this plan are unfunded. The latest actuarial valuation of the UK scheme was also carried out by Aon Consulting, as at 31 December 2015.

The defined benefit pension liability amount recognised in the profit and loss account is as follows:

	Defined benefit pension plan		Post-retirement medical benefit plan	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Current service cost	11,200	10,700	-	-
Net interest expense	4,600	10,000	100	94
Total charge	15,800	20,700	100	94

The defined benefit pension liability amount recognised in other comprehensive income is as follows:

	Defined benefit pension plan		Post-retirement medical benefit plan	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Actual return on plan assets	26,300	360,700	-	-
Interest income on plan assets	(66,400)	(72,700)	-	-
Actuarial (losses)/gains from assets	(40,100)	288,000	-	-
Other actuarial (losses)/gains	40,100	(202,400)	200	1,022
Re-measurement gain recognised in other comprehensive income	-	85,600	200	1,022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

21 Provisions for liabilities: Pensions and similar obligations (continued)

The comprehensive review undertaken by the independent actuaries, Aon Consulting, was carried out at 31 December 2015. Adjustments to the valuation at that date have been made based on the following assumptions:

	Defined benefit pension plan		Post-retirement medical benefit plan	
	2015	2014	2015	2014
Discount rate at 31 December	3.680%	3.375%	3.550%	3.250%
Expected return at 31 December	3.680%	3.375%	N/A	N/A
Future salary increases (excluding age related increases)	2.88%	2.75%	N/A	N/A
Future pension increases	2.88%	2.75%	N/A	N/A
Future price inflation	2.88%	2.75%	2.88%	2.75%
Annual increase in company paid retiree medical premium	N/A	N/A	4.75%	4.75%

Ordinarily the assumptions for healthcare cost trend rates leads to great uncertainty in the projected amounts recognised in relation to the medical benefit plan. For Crown Packaging UK Plc however, this variability is mitigated by the cost to the company being limited to 5% per annum.

Reconciliation of the defined benefit pension scheme and post-retirement medical benefit plan assets and liabilities:

	Defined benefit pension plan		Post-retirement medical benefit plan	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Defined benefit obligation at 1 January	2,138,900	1,936,100	2,484	3,564
Current service cost	11,200	10,700	-	-
Interest cost	71,000	82,700	100	94
Employee contributions	2,100	2,400	-	-
Actuarial (gains)/losses	(40,100)	202,400	(200)	(1,022)
Benefits paid	(99,300)	(95,400)	16	(152)
Defined benefit obligation at 31 December	2,083,800	2,138,900	2,400	2,484

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

21 Provisions for liabilities: Pensions and similar obligations (continued)

The defined benefit pension amounts recognised in the balance sheet are as follows:

	<u>Defined benefit pension plan</u>		<u>Post-retirement medical benefit plan</u>	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fair value of plan assets:				
Global equities	156,700	229,800	-	-
Bonds	1,273,400	1,270,300	-	-
Property	39,200	52,400	-	-
Alternative investments	489,700	440,500	-	-
Fair value of plan assets	1,959,000	1,993,000	-	-
Present value of plan liabilities	(2,083,800)	(2,138,900)	(2,400)	(2,484)
Defined benefit pension liability/post-retirement medical benefit plan liability	(124,800)	(145,900)	(2,400)	(2,484)

The amount recognised as an expense for the defined contribution pension scheme was £1,271,000 (2014: £1,385,000).

22 Called up share capital

	2015 £'000	2014 £'000
Issued, called up and fully paid		
165,000,000 (2014: 165,000,000) ordinary shares of £1 each	165,000	165,000

23 Contingent liabilities

The company has given indemnities in respect of bonds and guarantees issued on its behalf. The amount outstanding at 31 December 2015 was £400,000 (2014: £735,000). The indemnities which arose in the ordinary course of business are not expected to result in any material loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

24 Financial commitments

At 31 December the company had the following future minimum lease commitments under non-cancellable operating leases, expiring as follows:

	2015	2014
	£'000	£'000
Payments due:		
Within 1 year	1,591	2,644
Between 2 and 5 years	1,310	2,528
Over 5 years	37	1,754
Total	2,938	6,926

25 Financial instruments

The company had outstanding currency derivatives to protect against the risk of adverse foreign exchange movements, as follows:

	Actual currency	
	2015	2014
	'000	'000
Currency derivatives		
Futures currency contracts USD \$	-	12,146
Futures currency contracts EUR €	57,004	71,117

The forward currency contracts are recorded at mark to market fair values. The effect of these forward currency contracts being brought onto the balance sheet is to recognise a debtor of £454,000 (2014: £116,000) and a creditor of £328,000 (2014: £395,000). There is no impact on the profit and loss account due to the contract manufacturing agreement with a fellow group undertaking Crown Packaging Europe GmbH (the Principal), whereby any gains or losses arising on the forward currency contracts are payable to or recoverable from the Principal.

26 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is CarnaudMetalbox Group UK Limited, a company registered in the UK. The ultimate parent company and controlling party is Crown Holdings, Inc., which is incorporated in the USA.

The smallest and largest group for which consolidated financial statements are prepared, and which include the financial statements of the company, is Crown Holdings, Inc..

Copies of the Group financial statements of Crown Holdings, Inc. are publicly available and may be obtained from the Company Secretary, Crown Packaging UK plc, Borland Avenue, Botcherby, Carlisle, Cumbria, CA1 2TL.

27 Post balance sheet event

On 9 March 2016 the company sold its investments in Crown Packaging Polska Sp Zoo and Crown Commercial Polska Sp Zoo to a fellow group company. The investments had been valued at £10,137,000 and were sold for a consideration of £3,448,000 resulting in a loss of £6,689,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

28 Transition to FRS 102

This is the first time that the company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

a) Balance Sheet

		At 1 January 2014			At 31 December 2014		
	Note	As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
		£'000	£'000	£'000	£'000	£'000	£'000
Fixed Assets							
Intangible assets	A	-	-	-	-	160	160
Tangible assets	A, B, F	74,484	(2,036)	72,448	87,914	(1,677)	86,237
Investment properties	C	-	2,533	2,533	-	2,533	2,533
Other investments		55,358	-	55,358	55,358	-	55,358
		129,842	497	130,339	143,272	1,016	144,288
Current Assets							
Inventory		44,660	-	44,660	50,350	-	50,350
Debtors: amounts falling due within one year	E	333,972	-	333,972	366,722	395	367,117
Debtors: amounts falling due after more than one year	D	10,365	50,433	60,798	10,696	29,677	40,373
Cash at bank and in hand		357	-	357	1,919	-	1,919
		389,354	50,433	439,787	429,687	30,072	459,759
Creditors: amounts falling due within one year	E, F	(182,803)	-	(182,803)	(229,658)	(589)	(230,247)
Net current assets		206,551	50,433	256,984	200,029	29,483	229,512
Total assets less current liabilities		336,393	50,930	387,323	343,301	30,499	373,800
Creditors: amounts falling due after more than one year	F	(2,358)	-	(2,358)	(2,172)	(204)	(2,376)
Provisions for liabilities							
Pensions and similar obligations	D	(2,851)	(249,313)	(252,164)	(1,987)	(146,397)	(148,384)
Other provisions		(3,853)	-	(3,853)	(10,069)	-	(10,069)
Net assets		327,331	(198,383)	128,948	329,073	(116,102)	212,971
Capital and reserves							
Called up share capital		165,000	-	165,000	165,000	-	165,000
Share premium account		60,454	-	60,454	60,454	-	60,454
Capital redemption reserve		75,500	-	75,500	75,500	-	75,500
Profit and loss account		26,377	(198,383)	(172,006)	28,119	(116,102)	(87,983)
Total shareholders' funds		327,331	(198,383)	128,948	329,073	(116,102)	212,971

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

28 Transition to FRS 102 (continued)

b) Profit and loss account

		Year ended 31 December 2014		
	Note	As previously stated	Effect of transition	FRS 102 (as restated)
		£'000	£'000	£'000
Turnover		442,542	-	442,542
Change in stocks of finished goods and in work-in-progress		5,179	-	5,179
		<u>447,721</u>	-	<u>447,721</u>
Other operating income		14,426	-	14,426
		<u>462,147</u>	-	<u>462,147</u>
Raw materials and consumables		(295,389)	-	(295,389)
Staff costs	D	(103,014)	22,535	(80,479)
Depreciation and other amounts written off tangible and intangible fixed assets	A, C, F	(5,176)	(30)	(5,206)
Other operating charges	F	(70,464)	216	(70,248)
		<u>(11,896)</u>	<u>22,721</u>	<u>10,825</u>
Operating (loss)/profit		(11,896)	22,721	10,825
Income from shares in group undertakings		10,000	-	10,000
Interest receivable and similar income		3	-	3
Interest payable and similar charges	F	(318)	(13)	(331)
Other finance costs	D	(94)	(10,000)	(10,094)
		<u>(2,305)</u>	<u>12,708</u>	<u>10,403</u>
(Loss)/profit on ordinary activities before taxation		(2,305)	12,708	10,403
Tax on (loss)/profit on ordinary activities	D	2,670	(2,507)	163
		<u>365</u>	<u>10,201</u>	<u>10,566</u>
Profit for the financial year		365	10,201	10,566

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

28 Transition to FRS 102 (continued)

c) Statement of other comprehensive income

	Year ended 31 December 2014		
	As	Effect of	FRS 102 (as
	previously stated £'000	transition £'000	restated) £'000
Profit for the financial year	365	10,201	10,566
Actuarial gain on defined benefit pension plan	-	85,600	85,600
Movement on deferred tax relating to defined benefit pension plan	-	(17,120)	(17,120)
Actuarial gain on defined benefit pension plan re: other group companies	-	4,500	4,500
Movement on deferred tax relating to defined benefit pension plan re: other group companies	-	(900)	(900)
Actuarial gain on retiree medical plan	1,022	-	1,022
Movement on deferred tax relating to retiree medical plan	(220)	-	(220)
Other comprehensive income for the year, net of tax	802	72,080	72,882
Total comprehensive income for the year, net of tax	1,167	82,281	83,448

d) Statement of changes in equity

	Year ended 31 December 2014		
	As previously	Effect of	FRS 102 (as
	stated £'000	transition £'000	restated) £'000
Balance as at 1 January 2014	327,331	(198,383)	128,948
Profit for the financial year	365	10,201	10,566
Other comprehensive income	802	72,080	72,882
Equity share option charge	575	-	575
Balance as at 31 December 2014	329,073	(116,102)	212,971

A Intangible Assets

As required under FRS 102, software fixed assets have been reclassified from tangible assets to intangible assets. The associated cumulative depreciation has also been reclassified to amortisation of intangible assets from depreciation of tangible assets. The effect was to reduce tangible assets by £160,000 and to increase intangible assets to £160,000 (previously there were no intangible software assets to report). Depreciation expense in 2014 of £41,000 was reclassified from depreciation to amortisation of intangible assets within the profit and loss account.

B Tangible Assets

Crown Packaging UK plc management have taken advantage of the opportunity within FRS 102 first time adoption, to bring the tangible assets into line with the management reporting. This has resulted in an increase in the net book value of tangible assets of £772,000 as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

28 Transition to FRS 102 (continued)

C Investment properties

As required under FRS 102, land and building assets owned by Crown Packaging UK plc but sub-let to other group legal entities have been reclassified from tangible assets to investment properties for 2014. The effect of the reclassification was to reduce tangible assets by £2,903,000 and increase investment properties to £2,903,000. These properties were sold in 2015 at book value hence no profit or loss was recorded in the year. The fair value was determined by a pre-sale agreement of the sale price.

D Pension liability

Previously the defined benefit pension liability was accounted for within another group company. As is required under FRS 102, the pension liability has now been brought onto the balance sheet of Crown Packaging UK plc. The defined benefit pension liability is for the whole of the UK but as the company is unable to identify the share of the liability that should be reported by the other UK group companies, it has been reported entirely in the financial statements of Crown Packaging UK plc. The liability at 1 January 2014 was £248,600,000 and the related deferred tax asset (reported within "debtors: amounts falling due after more than one year") was £49,720,000.

At the same time, the defined benefit pension liability has been revalued by independent actuaries and the resulting revaluation has been recorded in the restated FRS 102, 31 December 2014 balances.

The effect of the entries booked were to reverse the entries previously booked under UK GAAP resulting in a credit to the profit and loss account within staff costs of £26,588,000 net of deferred tax, and a debit to the pension liability of £26,588,000. The revaluation entries resulted in a charge of £10,700,000 to staff costs, a charge of £10,000,000 as finance expense (interest cost) and a tax credit of £4,140,000 in the profit and loss account as at 31 December 2014. The gross defined pension liability at 31 December 2014 was £145,900,000 and the related deferred tax asset was £29,180,000.

Additionally, previously under UK GAAP, the post-retirement medical plan liability had been shown net of deferred tax on the face of the balance sheet. Under FRS 102, it is a requirement to show both the gross liability and the related deferred tax asset on the face of the balance sheet. As at 1 January 2014 the gross medical plan liability was £3,564,000 and the related deferred tax asset was £713,000. At 31 December 2014, the gross medical plan liability was £2,484,000 and the related deferred tax asset was £497,000. These balances were included in "Pensions and similar obligations" and "Debtors: amounts falling due after more than one year" respectively, on the face of the balance sheet.

E Derivatives

FRS 102 requires derivative financial instruments to be recognised at fair value. The company has adopted cash flow hedging to manage its exposure to foreign exchange rate movements and also on various gas/oil contracts. The derivatives have been recorded at mark to market fair values.

As the company operates under the terms of a contract manufacturing agreement, any gains or losses as a result of the derivatives are recoverable from/payable to another group company, the Principal (Crown Packaging Europe GmbH). Hence the FRS 102 transition entries have resulted in balance sheet only entries being £395,000 debtors less than one year and £395,000 creditors less than one year. This policy change has only been applied to the 2014 closing figures.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2015 (continued)**

28 Transition to FRS 102 (continued)

F Finance leases

As a result of FRS 102 requirements, a review of the company's operating leases was undertaken. Consequently, the lease for IT equipment was identified to be a finance lease under the accounting rules of FRS 102. The transition entry reverses the previously recorded operating lease entries (a credit of £164,000 to other operating charges within the profit and loss account) and books the accounting entries required for the finance lease. The effect is to increase tangible assets by £398,000, create a finance lease liability within creditors of less than one year of £194,000, and a finance lease liability within creditors of more than one year of £204,000, and to charge £13,000 of interest expense in the profit and loss account. Depreciation expense on the finance lease tangible assets is £151,000. This policy change has only been applied to the 2014 closing figures.