

Company number: 03182537

CROWN UK HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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CROWN UK HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their annual report and the audited financial statements of the Group and the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activity of the Group continues to comprise the manufacture, printing and sale of packaging containers. The principal activity of the company is that of a holding company for the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the company are considered to be:
The global economic crisis with its impact on consumer purchasing power and product demand,
The consolidation of the market for tinplated steel which can have a significant impact on the price for the group'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.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the Group show an operating profit of £56.0M (2011: £45.5M) and sales of £797.4M (2011: £795.0M). Of these sales, £444.7M (2011: £288.6M) was manufactured on behalf of Crown Packaging Europe GmbH (the Principal) by the UK group and subsequently sold to customers by Crown Packaging Commercial UK Limited, a subsidiary of the UK group (see note 1).

The Group had £182.0M of net liabilities (2011: £158.1M) at the year end. This increase of net liabilities is largely as a result of the actuarial defined benefit pension revaluation which resulted in a net loss after tax of £113.1M (2011: £72.5M) being recognized in the Statement of Total Recognized Gains and Losses. This revaluation was a consequence of the global economic downturn and suppression of discount rates witnessed by many groups with defined benefit pension plans.

2012 saw the first full year effect of the contract manufacturing agreement for the group's principal UK manufacturing entities. This agreement with a fellow group undertaking Crown Packaging Europe GmbH (the Principal) commenced in 2011, whereby the companies concerned will provide specialist manufacturing services under the control and direction of the Principal. This agreement centralises risk mitigation, maintains better risk control, has better control of manufacturing costs and improves sales organisation and process. Following the above change, the main UK manufacturing companies became limited risk contract manufacturing companies going forward with value added returns fixed for 5 years until December 2015.

The group is planning to close one of its food manufacturing plants in 2013. Any severance and restructuring costs associated with this closure will be recovered from the Principal under the terms of the contract manufacturing agreement.

Regardless of the economic conditions, the company's main KPI's continue to be safety, sales volumes and manufacturing efficiency. Management believes that all of the above were met in 2012 with a particularly commendable year on year improvement on safety. Manufacturing efficiency indicators overall showed an improved trend and most importantly this trend has continued into 2013. Whilst management expects trading conditions to continue to be difficult in 2013, the Group does expect to grow its share of the market and increase profitability during the year.

CROWN UK HOLDINGS LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

RESULTS AND DIVIDENDS

The Group's profit for the financial year of £90.8M (2011 loss £129.9M) includes a gain on pension plan amendments of £67.8M (2011 £nil) and has been added to reserves. The directors do not recommend the payment of a dividend (2011 £nil).

DIRECTORS

The directors of the company who served during the year and up to the date of signing the financial statements are set out below:

J W Conway
T J Donahue
H C Lomax

KEY PERFORMANCE INDICATORS ("KPI's")

The company and wider group is managed on a divisional basis with performance monitored using a number of "World Class Performance" indicators, based around the efficiency of the production cycle.

During the year, all divisions have worked towards meeting these targets and the Group is continuing to work towards exceeding industry standards around operating efficiencies.

EMPLOYMENT POLICIES

It is the Group'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 Group and of the individuals concerned, with a view to improving every individual's, and thereby the Group's, performance.

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

Throughout the year, the drive for improved quality in all functions has served as an important focus for improved communication with employees. The Group'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 Group's policy to keep employees fully informed on matters which affect them, through direct communications and established collective procedures for joint consultation.

The Group 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 also increased the amount of training specifically related to this matter.

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the Group continues employment wherever possible and arranges retraining.

CHARITABLE AND POLITICAL DONATIONS

Donations to charitable organisations made by the Group amounted to £6,600 (2011 £2,000). These donations were made to local sports clubs, charities providing medical support, educational charities and charities providing support to children. No payments were made during the year for political purposes (2011 £nil).

CROWN UK HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

RESEARCH AND DEVELOPMENT

The directors consider that research and development plays a vital role in the Group's success. Research and development activities include innovation of new products and development of materials, technology and engineering processes. Following the implementation of the contract manufacturing agreement in 2011, Research and Development royalty cost was borne outside of the UK Group by the Principal, Crown Packaging Europe GmbH.

CREDITORS PAYMENT POLICY

The Group agrees payment terms with its suppliers and seeks to abide by these terms when it is satisfied that goods and/or services have been provided in accordance with the relevant contractual arrangements. Creditor days at 31 December 2012 were 66 days (2011: 56 days).

FINANCIAL RISK MANAGEMENT

Under the contract manufacturing agreement, the UK Group is exposed to limited risk going forward as that risk is now borne by the Principal, Crown Packaging Europe GmbH. The UK Group 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 UK Group by monitoring levels of debt finance and related financial costs is maintained at Group level.

LIQUIDITY AND CASH FLOW RISK

The Group's liquidity is managed centrally at the European level. The Group maintains a mixture of long-term and short-term financing arrangements that are designed to ensure the Group and company have sufficient funds available for operations. The level of debt finance and related finance costs is monitored at the European level. Details of the Group's cash flow forecasts are supplied to the European Treasury department to assist with the Group's cash management position and to minimise the risk of uncertain future funding requirements.

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

MARKET PRICE RISK

The UK Group is no longer exposed to commodity price risk by the nature of the contract manufacturing agreement with the Principal.

CREDIT RISK

Under the limited risk contract manufacturing arrangement, 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 Group 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 Crown Financial Accounting Policies manual.

INTEREST RATE RISK

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

CROWN UK HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

INFORMATION TECHNOLOGY

There is a central Information Technology ("IT") department responsible for ensuring that all business units conform to the Group's IT strategy and policies. The IT department is also responsible for writing and maintaining proprietary operating software.

BRANCHES OUTSIDE THE UK

The Group has branches outside the UK, in Poland, Ireland, the West Indies and South Africa.

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the European holding company, Crown European Holdings SA. The directors have received confirmation that Crown European Holdings SA intends to support the company for at least one year after these financial statements are signed, by not seeking repayment of intercompany loans.

CROWN UK HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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 Group and parent company 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 Group and the company and of the profit or loss of the Group 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 have been followed, subject to any material departures disclosed and explained in the financial statements

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 the Group 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 the Group 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 in office at the date of this report confirm that there is no relevant audit information of which the Group'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 Group's auditors are aware of that information.

On behalf of the Board


H C Lomax
Director

CROWN UK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN UK HOLDINGS LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of Crown UK Holdings Limited for the year ended 31 December 2012 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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.

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.

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 Group's and parent 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 and Financial Statements to identify material inconsistencies with the audited financial statements. 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 Group's and the parent company's affairs as at 31 December 2012 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements 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

Miles Saunders

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

Date

12 September 2013

CROWN UK HOLDINGS LIMITED**GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Note</u>	<u>2012</u> <u>£M</u>	<u>2011</u> <u>£M</u>
Turnover	2	797.4	795 0
Operating costs	3	<u>(741.4)</u>	<u>(749 5)</u>
Operating profit		56.0	45 5
Gain on pension plan amendments	4a	<u>67.8</u>	<u>-</u>
Profit on ordinary activities before interest and taxation		123.8	45 5
Interest receivable and similar income	5	0.2	1 3
Interest payable and similar charges	6	(17.4)	(18 1)
Goodwill impairment	4b	-	(157 7)
Other financial income	22	18.7	18 9
Other financial expenses	22	<u>(0.6)</u>	<u>(0 6)</u>
Profit/(loss) on ordinary activities before taxation		124.7	(110 7)
Tax on profit/(loss) on ordinary activities	8	(33.9)	(19 2)
Profit/(loss) for the financial year	20	<u>90.8</u>	<u>(129 9)</u>

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

All results derive from continuing operations

CROWN UK HOLDINGS LIMITED**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR
ENDED 31 DECEMBER 2012**

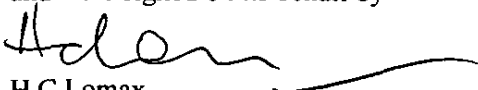
	<u>Note</u>	<u>2012</u> <u>£M</u>	<u>2011</u> <u>£M</u>
Profit/(loss) for the financial year		90.8	(129.9)
Actuarial loss on pension scheme	22	(149.8)	(98.7)
Actuarial loss on medical plan	22	(0.8)	(1.4)
Gain on deferred tax relating to pension liability	22	36.7	26.2
Gain on deferred tax relating to medical plan	22	0.2	0.4
Currency translation (loss) on foreign currency net investments		<u>(1.4)</u>	<u>(2.6)</u>
Total recognised losses for the year		<u>(24.3)</u>	<u>(206.0)</u>

CROWN UK HOLDINGS LIMITED

GROUP AND PARENT COMPANY BALANCE SHEETS AS AT 31 DECEMBER 2012

	Note	Group 2012 £M	Company 2012 £M	Group 2011 £M	Company 2011 £M
Fixed assets					
Intangible assets	10	1.2	-	0.7	-
Tangible assets	11	96.4	-	93.4	-
Investments	12	-	210.3	-	210.3
		<u>97.6</u>	<u>210.3</u>	<u>94.1</u>	<u>210.3</u>
Current assets					
Stock	13	106.1	-	118.0	-
Debtors amounts falling due within one year	14	126.2	3.3	146.9	2.9
Debtors amounts falling due after more than one year	15	4.5	-	6.0	-
Cash at bank and in hand		<u>52.0</u>	<u>-</u>	<u>7.0</u>	<u>-</u>
		<u>288.8</u>	<u>3.3</u>	<u>277.9</u>	<u>2.9</u>
Creditors: amounts falling due within one year	16	<u>(409.3)</u>	<u>(360.9)</u>	<u>(406.5)</u>	<u>(351.0)</u>
Net current liabilities		<u>(120.5)</u>	<u>(357.6)</u>	<u>(128.6)</u>	<u>(348.1)</u>
Total assets less current liabilities		<u>(22.9)</u>	<u>(147.3)</u>	<u>(34.5)</u>	<u>(137.8)</u>
Creditors: amounts falling due after more than one year	17	(3.2)	-	(2.2)	-
Provisions for liabilities	18	<u>(4.2)</u>	<u>-</u>	<u>(3.3)</u>	<u>-</u>
Net (liabilities) excluding pension liability and post-retirement medical benefit plan liability		<u>(30.3)</u>	<u>(147.3)</u>	<u>(40.0)</u>	<u>(137.8)</u>
Pension liability	22	(140.1)	-	(107.7)	-
Post-retirement medical benefit Plan liability	22	<u>(11.6)</u>	<u>-</u>	<u>(10.4)</u>	<u>-</u>
Net (liabilities) including pension liability and post-retirement medical benefit plan liability		<u>(182.0)</u>	<u>(147.3)</u>	<u>(158.1)</u>	<u>(137.8)</u>
Capital and reserves					
Called up share capital	19	0.4	0.4	0.4	0.4
Share premium account	20	491.5	491.5	491.5	491.5
Profit and loss account (deficit)	20	<u>(674.2)</u>	<u>(639.2)</u>	<u>(650.3)</u>	<u>(629.7)</u>
Total shareholders' (deficit)	21	<u>(182.3)</u>	<u>(147.3)</u>	<u>(158.4)</u>	<u>(137.8)</u>
Minority interests		<u>0.3</u>	<u>-</u>	<u>0.3</u>	<u>-</u>
Capital employed		<u>(182.0)</u>	<u>(147.3)</u>	<u>(158.1)</u>	<u>(137.8)</u>

The financial statements on pages 7 to 36 were approved by the board of directors on 5th September 2013 and were signed on its behalf by


H C Lomax
Director

Crown UK Holdings Limited

Company Number: 03182537

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year.

The company is a wholly owned subsidiary company of a group headed by Crown Holdings, Inc., and is included in the Group financial statements of both that company and the intermediate parent company, Crown Canadian Holdings ULC, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS1 (Revised 1996), "Cash Flow Statements" from not presenting a cash flow statement.

Basis of preparation of Group financial statements

The Group financial statements consolidate the results of the company and all its subsidiary undertakings for the year to 31 December 2012 and its share of the results and post-acquisition reserves of associated undertakings.

All the subsidiary undertakings use uniform accounting policies and all intra-group balances and profits are eliminated.

Share-based payments

The Group's employees were members of two active stock-based incentive compensation plans – the 2004 and 2007 plans – operated by the ultimate parent company, Crown Holdings, Inc., that currently comprise of fixed stock options.

The Group is applying the transitional arrangements of FRS 20 "Share-based Payment" whereby compensation expense for all non-vested share options, measured by the grant-date fair value of the awards, will be charged to the profit and loss account prospectively over the remaining vesting period based on the estimated number of awards that are expected to vest.

Similarly, compensation expense for all future awards will be recognized over the vesting period based on the grant-date fair value and the estimated number of awards that are expected to vest. Compensation expense is recognized over the vesting period on a straight-line basis over the total service period for the entire award. Valuation of awards granted prior to the adoption of the standard were calculated using the Black-Scholes option pricing model and the Group expects to use the same model of valuing future awards.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Details of the share-based payment scheme are set out in note 25.

Turnover

Effective 1 January 2011, the Group's principal UK trading companies entered into a contract manufacturing agreement with a fellow group undertaking Crown Packaging Europe GmbH (the Principal), whereby those companies will provide specialist manufacturing services under the control and direction of the Principal. Under the terms of this agreement finished goods manufactured by those companies are sold to the Principal at an agreed price which represents a mark up on value added costs.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

Turnover (Continued)

Turnover generated under the contract manufacturing agreement excludes value added tax and represents the invoiced value of manufacturing services provided under the terms of the manufacturing agreement with the Principal. Sales made to the Principal amounted to £444.7M (2011: £288.6M). The increase in 2012 was due to the fact that in 2011 such sales largely commenced in the second quarter of the year as compared with a full year for 2012.

For sales outside of the contract manufacturing agreement, turnover represents the invoiced value of sales of packaging containers in the normal course of business. Revenue is recognised on delivery of the product or service or once all risks and rewards have passed to the customer.

During the year, the Group's subsidiary company Crown Packaging Commercial UK Limited has acted as distributor on behalf of the Principal for sales to UK customers under its own agreement with the Principal. The company distributes products purchased by the Principal from other group companies under contract manufacturing agreements (such as that outlined above for UK companies), and these sales of the distributor to customers are also recognised in these financial statements.

For the purposes of these UK Group financial statements, sales made to the Principal, which are subsequently bought back, under the contract manufacturing and distribution agreements for products shipped directly to UK customers have not been reflected in these financial statements. These sales amounted to £444.7M in the year (2011: £288.6M). An equal amount has not been reflected in cost of sales. The purpose of these adjustments is to remove the UK inter group trading taking place via the Principal entity, and reflect the substance of the transactions with customers.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost net of accumulated depreciation and provision for impairment in value. Cost includes interest on loans directly related to the funding of construction costs.

Depreciation is charged to the profit and loss account on a straight-line basis so as to write-off the cost of each asset, less their estimated residual values, over the term of its estimated useful economic life. The estimated useful economic lives of the assets concerned are as follows:

Buildings (freehold and leasehold)	- 10 to 40 years
Plant and machinery	- 7 to 10 years
Fixtures, fittings, tools and equipment	- 3 to 15 years

Freehold land and assets in the course of construction are not depreciated.

Stock and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and consists of material and direct labour costs, together with an appropriate proportion of production overheads, based on normal production levels. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow moving or defective items where appropriate.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

Intangible fixed assets

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account on a straight line basis over an estimated useful economic life of 20 years.

Intellectual property is capitalised and amortised through the profit and loss account in equal instalments over an estimated useful economic life of 20 years.

The directors evaluate the carrying value of goodwill in each financial year to determine if there has been an impairment in value which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Deferred taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation. Provision is made in full for deferred taxation liabilities that arise from timing differences where transactions or events that result in an obligation to pay more taxation in the future have occurred at the balance sheet date. Deferred taxation assets are recognised to the extent that they are regarded as recoverable.

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. Deferred taxation assets and liabilities are not discounted.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

Government grants

Regional development grants and other investment grants received are treated as deferred income and credited to the profit and loss account over the estimated useful economic life of the relevant fixed assets.

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.

Cash

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand where a right to set-off exists.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for

- (a) monetary assets and liabilities which are translated at the rate ruling at the balance sheet date and,
- (b) transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract which are translated at those contracted rates

Differences arising on the translation of such items are included in the profit and loss account

Results of overseas subsidiaries are translated at the average rate for the period Monetary assets and liabilities of overseas subsidiaries are translated at the rate ruling at the balance sheet date Exchange differences arising are included within reserves

Forward contracts

The company utilises forward contracts for the purchase of raw materials, namely aluminium The potential future benefit of these contracts is not recognised as an asset Details of the aluminium forward contracts as at the year end are set out in note 24

Research and development expenditure

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease

Fixed Asset Investments

Fixed asset investments are stated at purchase cost less amounts written off Provision is made for any impairment in value Impairment reviews are carried out when there is an indication of impairment Dividend income from fixed asset investments is recognised in the profit and loss account of the parent company in the year in which it is received

Retirement benefits

The company is a member of both the MetalBox Pension Scheme ('pension scheme'), which comprises both a defined benefit and defined contribution scheme, and the Post-retirement Medical Plan ('medical plan') operated by CarnaudMetalbox Group UK Limited

The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund The pension cost charge disclosed in note 22 represents contributions payable by the company to the fund

The company also operates a defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

Retirement benefits (continued)

Pension scheme assets are measured using market value. Pension scheme liabilities 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 increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the year is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Group statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax balances.

The assets of the pension scheme are held separately from the Group's assets in a trustee administered fund. The medical plan is an unfunded scheme. Details of the pension scheme and medical plan for the Group are set out in note 22 to the financial statements.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the European holding company, Crown European Holdings SA. The directors have received confirmation that Crown European Holdings SA intends to support the company for at least one year after these financial statements are signed, by not seeking repayment of intercompany loans.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. SEGMENTAL INFORMATION

A geographical analysis of results by origin of business is given below

	EU Countries 2012 £M	Rest of Europe 2012 £M	Rest of World 2012 £M	Total Group 2012 £M	EU Countries 2011 £M	Rest of Europe 2011 £M	Rest of World 2011 £M	Total Group 2011 £M
TURNOVER								
Sales to third parties	537.8	62.9	19.8	620.5	548.6	5.8	62.6	617.0
Sales to other members of the Crown Holdings, Inc Group	170.1	6.1	0.7	176.9	90.0	-	88.0	178.0
Total	707.9	69.0	20.5	797.4	638.6	5.8	150.6	795.0
Profit/(loss) on ordinary activities before tax	127.0	(2.9)	0.6	124.7	(132.0)	7.7	13.6	(110.7)
NET OPERATING LIABILITIES	(38.6)	(31.7)	3.7	(66.6)	(59.7)	-	4.5	(55.2)
Reconciliation of net operating (liabilities) to the balance sheet								
Net operating liabilities				(66.6)				(55.2)
Intangible fixed assets				1.2				0.7
External and intercompany debt				(116.6)				(103.6)
Net (liabilities)				(182.0)				(158.1)

Included in sales to third parties is £449.6M (2011 £300.7M) of turnover generated under the contract manufacturing and distribution agreements with the Principal. As set out in note 1, sales to and repurchases from the Principal of £444.7M (2011 £288.6M) have not been reflected in these financial statements.

The Group's activities represent one class of business for the purpose of segmental reporting, that of manufacture, printing and distribution of packaging materials. Turnover by geographical destination is not materially different from the above analysis.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. OPERATING COSTS

	Total 2012 £M	Total 2011 £M
Change in stocks of finished goods and work in progress	2.8	(8.1)
Own work capitalised	(0.5)	(0.5)
Other operating charges net	38.2	43.2
Raw materials and consumables	503.3	515.3
Intangibles amortisation	0.3	0.2
Commission due to the Principal for transitional period	-	5.8
Sales commission from the Principal	-	(1.6)
Staff costs - wages and salaries	109.3	109.7
social security	12.5	11.6
Cost of employee share option Schemes (note 25)	0.4	0.4
UK pension expense (note 22)	12.3	11.9
Other pension expense	2.6	2.4
Depreciation - owned assets (note 11)	12.5	12.4
Loss on disposal of fixed assets	-	0.9
Operating lease rentals		
- on plant and machinery	5.0	5.7
- other than plant and machinery	2.1	2.1
Service provided by the company's auditor		
- Fees payable for the audit of the consolidated financial statements and the company's subsidiaries	0.5	0.4
Distribution costs	28.6	27.7
Selling and marketing costs	1.7	2.1
Research and development costs	9.1	8.1
Net exchange losses/(gains)	0.1	(0.4)
Post retirement medical benefits (note 22)	0.1	0.1
Redundancy and reorganisation	0.5	0.1
	741.4	749.5

Auditors' remuneration for the group was £451,000 (2011 £448,000) Non-audit services were provided to the group of £10,000 (2011 £25,000)

4a. Gain on pension plan amendments

In 2012 the group withdrew the enhanced early retirement factors for the MetalBox Pension Scheme which are accounted for as a plan amendment under FRS17 The resulting gain of £67.8M is reflected in the profit and loss account in 2012

4b. Goodwill impairment

Goodwill was 100% impaired on 1 January 2011 when the UK Manufacturing entities entered into a limited risk contract manufacturing agreement with a fellow group undertaking Crown Packaging Europe GmbH This resulted in a charge in 2011 of £157.7M

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2012</u>	<u>2011</u>
	<u>£M</u>	<u>£M</u>
Interest receivable		
- on bank and other deposits	0.1	0.3
- on loans to fellow Group companies	0.1	1.0
	<u>0.2</u>	<u>1.3</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2012</u>	<u>2011</u>
	<u>£M</u>	<u>£M</u>
On bank loans and overdrafts	3.3	3.3
On securitisation of trade debtors	0.3	0.8
On loans from fellow Group companies	13.8	14.0
	<u>17.4</u>	<u>18.1</u>

7. DIRECTORS AND EMPLOYEES

	<u>2012</u>	<u>2011</u>
	<u>Number</u>	<u>Number</u>
Average number of persons, including executive directors, employed by the Group during the year	<u>3,285</u>	<u>3,289</u>
By activity		
Production and research and development	2,745	2,729
Administrative	540	560
Total	<u>3,285</u>	<u>3,289</u>

Staff costs are disclosed in note 3

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Directors' remuneration		
Aggregate emoluments	-	44
	<u>-</u>	<u>44</u>

Directors remuneration costs are borne outside of the UK group

During the year, none (2011: none) of the directors accrued benefits under the defined benefit pension scheme, nor the defined contribution pension scheme

During the year, none (2011: none) of the directors exercised share options. During the year, none, (2011: none) of the directors received share options

There are no employees (2011: none) and subsequently no employee costs in the individual entity of Crown UK Holdings Limited, the company

CROWN UK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012****8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	<u>2012</u> £M	<u>2011</u> £M
Current tax		
UK corporation tax on profit/(loss) for the year	1.0	2 2
Overseas tax	0.5	0 5
Total current tax charge	<u>1.5</u>	<u>2 7</u>
Deferred tax		
Origination and reversal of timing differences	10.3	11 4
Adjustment in respect of prior years	-	0 3
UK tax rate change	4.1	3 1
Post-retirement medical benefits	(0.2)	(0 2)
Defined benefit pension scheme	18.2	1 9
Total deferred tax	<u>32.4</u>	<u>16 5</u>
Tax on profit/(loss) on ordinary activities	<u>33.9</u>	<u>19 2</u>

Overseas taxation has been provided on the results of overseas subsidiary companies at the appropriate overseas rates of tax

The tax assessed for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained on the next page

	<u>2012</u> £M	<u>2011</u> £M
Profit/(loss) on ordinary activities before tax	<u>124.7</u>	<u>(110 7)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	30.6	(29 3)
Effects of		
Profits/(losses) taxed at different rates	0.7	(0 1)
Expenses not deductible for tax	0.4	0 2
Goodwill impairment	-	41 8
Capital Disposal	-	(0 2)
Research allowances	(0.2)	(0 1)
Stock options exercised	(0.4)	(0 5)
Accelerated capital allowances and other timing differences	(10.3)	(11 4)
Pension contributions relief in excess of net pension charge	(19.5)	2 1
Medical plan contributions relief in excess of net medical plan charge	0.2	0 2
Current tax charge for the year	<u>1.5</u>	<u>2 7</u>

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

8. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Future tax changes

A number of changes to the UK Corporation tax system were announced in the 2012 Budget, including a reduction in the main rate of corporation tax to 23% with effect from 1 April 2013. This change was substantively enacted on 3 July 2012. Further changes to the UK Corporation tax system were announced in the 2013 Budget, including a further decrease to 21% from 1 April 2014, and 20% from 1 April 2015. These changes are not expected to be substantively enacted until a future Finance Bill is approved. As these rate changes have not been enacted by the balance sheet date, they have not been reflected in these financial statements.

The effect of the changes enacted by Parliament in July 2012 was to reduce the deferred tax asset provided at the Balance Sheet date by £4.1m. This decrease in the deferred tax balances is due to the additional reduction in the corporation tax rate to 23 per cent with effect from 1 April 2013.

The effect of the changes announced in the March 2013 Budget, expected to be enacted in the future, would be to further reduce the deferred tax asset (excluding the deferred tax asset in relation to the both the pension and medical plan) provided at the Balance Sheet date by an additional £0.1m and reduce the deferred tax asset in relation to the pension and medical plan by £5.9m. This decrease in the deferred tax balances is due to the further reduction in the corporation tax rate from 23 per cent to 20 per cent with effect from 1 April 2015.

9. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements. The company's loss for the financial year was £9.5M (2011: £528.0M), which includes investment impairments of £7.0M (2011: £521.8M) and dividends received from Group undertakings of £6.0M (2011: £1.5M).

CROWN UK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012****10. INTANGIBLE FIXED ASSETS**

Group	Intellectual property	Goodwill	Total
	<u>£M</u>	<u>£M</u>	<u>£M</u>
COST			
At 1 January 2012	4 0	542 8	546 8
Additions	0 8	-	0 8
At 31 December 2012	<u>4.8</u>	<u>542.8</u>	<u>547.6</u>
ACCUMULATED AMORTISATION			
At 1 January 2012	3 3	542 8	546 1
Charge for the year	0 3	-	0 3
At 31 December 2012	<u>3.6</u>	<u>542.8</u>	<u>546.4</u>
NET BOOK AMOUNT			
At 31 December 2012	<u>1.2</u>	<u>-</u>	<u>1.2</u>
At 31 December 2011	<u>0 7</u>	<u>-</u>	<u>0.7</u>

The company has no intangible fixed assets

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. TANGIBLE ASSETS

Group	Freehold land and buildings £M	Leasehold Buildings £M	Plant and machinery £M	Fixtures, fittings, tools and equipment £M	Total £M
COST					
At 1 January 2012	46.3	0.1	290.6	54.8	391.8
Additions	2.2	-	11.8	1.2	15.2
Disposals	-	(0.1)	(0.5)	(0.3)	(0.9)
Net transfers from fellow Group undertakings	-	-	1.1	-	1.1
Reclassifications	3.2	-	(3.8)	0.6	-
Exchange movement	0.3	-	0.3	0.1	0.7
At 31 December 2012	52.0	-	299.5	56.4	407.9
ACCUMULATED DEPRECIATION					
At 1 January 2012	20.1	0.1	227.6	50.6	298.4
Charge for the year	1.4	-	10.0	1.1	12.5
Disposals	-	(0.1)	(0.5)	(0.2)	(0.8)
Net transfers from fellow Group undertakings	-	-	0.9	-	0.9
Reclassifications	(0.1)	-	-	0.1	-
Exchange movement	0.1	-	0.3	0.1	0.5
At 31 December 2012	21.5	-	238.3	51.7	311.5
NET BOOK AMOUNT					
At 31 December 2012	30.5	-	61.2	4.7	96.4
At 31 December 2011	26.2	-	63.0	4.2	93.4

Freehold land amounting to £7.8M (2011 restated £7.8M) has not been depreciated

Plant and machinery includes the cost of assets in the course of construction being £7.9M (2011 £12.1M) which are not depreciated until the assets are commissioned

The transfer of fixed assets to fellow Group undertakings took place at net book value

The company has no tangible fixed assets

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

12. FIXED ASSET INVESTMENTS

	<u>2012</u> £M	<u>2011</u> £M
Company		
Shares in Group undertakings		
- subsidiary undertakings	<u>210.3</u>	<u>210.3</u>

The above investments are unlisted

The company's investments comprise

	<u>2012</u> £M	<u>2011</u> £M
CarnaudMetalbox Group UK Limited	132.3	132.3
CarnaudMetalbox Overseas Limited	57.7	57.7
Crown Aerosols UK Limited	20.2	20.2
Crown Packaging Commercial UK Limited	0.1	0.1
	<u>210.3</u>	<u>210.3</u>

See note 29 for a list of the principal subsidiary undertakings

An additional capital injection during the year into Crown Cork and Seal Finance Limited of £7.0M was also fully provided against in the year. Following the above impairments totalling £7.0M, in the opinion of the directors the revised market value of investments is not less than the net book amounts shown above.

13. STOCKS

	<u>Group</u> <u>2012</u> £M	<u>Company</u> <u>2012</u> £M	<u>Group</u> <u>2011</u> £M	<u>Company</u> <u>2011</u> £M
Raw materials and consumables	40.4	-	49.6	-
Work-in-progress	27.1	-	30.9	-
Finished goods and goods for resale	38.6	-	37.5	-
	<u>106.1</u>	<u>-</u>	<u>118.0</u>	<u>-</u>

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

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. DEBTORS

	Group 2012	Company 2012	Group 2011	Company 2011
	£M	£M	£M	£M
Amounts falling due within one year:				
Trade debtors	44.0	-	57.1	-
Amounts owed by Group undertakings	64.2	-	75.2	-
Corporation tax	-	3.3	-	2.9
Other debtors	12.9	-	11.6	-
Prepayments	5.1	-	3.0	-
	<u>126.2</u>	<u>3.3</u>	<u>146.9</u>	<u>2.9</u>

Included in trade debtors are debtors subject to securitisation of £20.4M (2011 £nil) (note 16)

Amounts owed by Group undertakings are unsecured and have no fixed repayment date. Amounts owed by non UK companies being £64.2M (2011 £75.2M) accrue interest at EURIBOR plus 2.25% (2011 EURIBOR plus 2.75%) being the group's cost of borrowing.

15. DEBTORS: amounts falling due after more than one year

Deferred tax asset excluding deferred tax on pension and medical plan

	Group 2012	Group 2011
	£M	£M
At 1 January	6.0	8.0
Charge for the year	(1.5)	(1.8)
Exchange (loss)	-	(0.2)
At 31 December	<u>4.5</u>	<u>6.0</u>

The company has no deferred tax assets or liabilities.

The deferred tax asset, which has been recognised in full, comprises:

	Amount provided 2012	Amount Provided 2011
	£M	£M
Excess of capital allowances over depreciation	(0.7)	(0.4)
Other timing differences	1.1	1.3
Advanced corporation tax	4.1	5.1
	<u>4.5</u>	<u>6.0</u>

Deferred taxation is not provided on the accumulated reserves of overseas subsidiaries since the amounts involved are not material. The company has no unprovided deferred taxation.

The Group has recognised its Advance Corporation Tax asset on the Balance Sheet on the basis that it is considered more likely than not that there will be future corporation tax liabilities arising in the Group against which the surplus Advanced Corporation tax can be set.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

16. CREDITORS: amounts falling due within one year

	Group 2012 £M	Company 2012 £M	Group 2011 £M	Company 2011 £M
Bank loans and overdrafts	0.4	-	9.4	-
Amounts due in respect of securitised debtors	32.5	-	-	-
Trade creditors	147.9	-	170.6	-
Corporation tax	0.9	-	-	-
Amounts owed to Group undertakings	174.7	360.8	167.1	350.9
Other taxation and social security	10.3	-	11.5	-
Other creditors	15.4	-	20.1	-
Other loans	0.2	-	-	-
Accruals	27.0	0.1	27.8	0.1
	409.3	360.9	406.5	351.0

The bank loans and overdrafts are unsecured and bear interest at rates which fluctuate in line with the inter-bank rate and vary by country.

Amounts due in respect of securitised debtors include a cash advance of £32.5M (2011: £nil) received from Credit Agricole. These amounts are secured on the trade debtors of the company as at 30 November 2012 and on cash received from securitised debtors between this date and the year-end. The debtors on which this loan is secured are reflected in the balance sheet of the group. Interest is payable on these balances at a rate of Euribor plus 1.3% for the term of the loan on each individual securitised trade debtor balance.

Amounts owed to group undertakings are unsecured and have no fixed repayment date.

Trading balances within the group totalling £39.3M (2011: £52.4M) do not incur an interest charge. Amounts owed to the Group finance company accrue interest at EURIBOR + 2.25% (2011: 2.75%), being the group's cost of capital.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

17. CREDITORS: amounts falling due after more than one year

	Group 2012	Company 2012	Group 2011	Company 2011
	£M	£M	£M	£M
Other creditors and accruals –				
Government grant	3.0	-	2.2	-
Deferred income	0.2	-	-	-
	3.2	-	2.2	-

Analysis of debt maturity

	Bank loans and overdrafts 2012	Other loans 2012	Total 2012
Group	£M	£M	£M
Amounts payable			
In one year or less	0.4	32.7	33.1

	Bank loans and overdrafts 2011	Other loans 2011	Total 2011
Group	£M	£M	£M
Amounts payable			
In one year or less	9.4	-	9.4

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18. PROVISIONS FOR LIABILITIES

Group

	Warranty provision	Onerous lease provision	Other provisions	Total
	£M	£M	£M	£M
At 1 January 2012	1.8	0.6	0.9	3.3
Charge for the year	1.0	-	1.3	2.3
Utilised during the year	(1.0)	(0.2)	(0.2)	(1.4)
At 31 December 2012	1.8	0.4	2.0	4.2

The onerous lease provision is in respect of property rental agreements that are currently not sublet and that expire in 2017 and 2067. The warranty provision is to cover claims made by customers under the warranty provided on machinery sold. The provision is held for a twenty four month period or until a claim is received. The warranty provision has not been discounted.

Other provisions include a provision for pension guarantees and a provision for employee claims.

19. CALLED UP SHARE CAPITAL

	2012	2011
	£	£
Authorised:		
500,000 (2011: 500,000) ordinary shares of £1 each	500,000	500,000
Allotted, issued and fully paid:		
390,880 (2011: 390,880) ordinary shares of £1 each	390,880	390,880

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20. RESERVES

Group	Share Premium account £M	Profit and loss account £M	Total £M
At 1 January 2012 surplus/ (deficit)	491.5	(650.3)	(158.8)
Profit for the financial year	-	90.8	90.8
Equity share option charge	-	0.4	0.4
Exchange movement	-	(1.4)	(1.4)
Actuarial loss on pension scheme	-	(149.8)	(149.8)
Actuarial loss on medical plan	-	(0.8)	(0.8)
Movement on deferred tax relating to pension scheme	-	36.7	36.7
Movement on deferred tax relating to medical plan	-	0.2	0.2
At 31 December 2012 surplus/(deficit)	491.5	(674.2)	(182.7)

**Pension liability
(note 22)**

140.1

**Profit and loss deficit
excluding pension
liability**

(534.1)

Company	Share Premium account £M	Profit and loss account £M	Total £M
At 1 January 2012	491.5	(629.7)	(138.2)
(Loss) for the financial year	-	(9.5)	(9.5)
At 31 December 2012	491.5	(639.2)	(147.7)

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	Group 2012 £M	Company 2012 £M	Group 2011 £M	Company 2011 £M
Profit/(loss) for the financial year	90.8	(9.5)	(129.9)	(528.0)
Equity share option charge (note 25)	0.4	-	0.5	-
Currency translation differences on foreign currency and net investments	(1.4)	-	(2.6)	-
Actuarial (loss) on pension scheme (note 22)	(149.8)	-	(98.7)	-
Actuarial (loss) on medical plan (note 22)	(0.8)	-	(1.4)	-
Movement on deferred tax relating to pension scheme	36.7	-	26.2	-
Movement on deferred tax relating to medical plan	0.2	-	0.4	-
Net increase to shareholders' Deficit	(23.9)	(9.5)	(205.6)	(528.0)
Opening shareholders' (deficit)/funds	(158.4)	(137.8)	47.2	390.2
Closing shareholders' deficit	(182.3)	(147.3)	(158.4)	(137.8)

22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS

The Group operates a pension plan and a retiree medical 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 2012 by professionally qualified independent actuaries, Aon Consulting.

The normal contributions paid by the group for the year ended 31 December 2012 were £37.2M (2011: £38.2M). This included contributions under an agreed deficit reduction programme of £18.9M (2011: £18.0M). 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 group as a whole.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS
(continued)

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension scheme 2012	Defined benefit pension scheme 2011	Medical benefit plan 2012	Medical benefit plan 2011
	£M	£M	£M	£M
Present value of funded obligations	(1,905.5)	(1,804.8)	-	-
Fair value of plan assets	1,723.5	1,661.2	-	-
Present value of unfunded obligations	-	-	(15.0)	(13.9)
Total deficit	(182.0)	(143.6)	(15.0)	(13.9)
Related deferred tax asset	41.9	35.9	3.4	3.5
Net deficit	(140.1)	(107.7)	(11.6)	(10.4)

The amounts deducted from/(added to) operating profit are as follows:

	Defined benefit pension scheme 2012	Defined benefit pension scheme 2011	Medical benefit plan 2012	Medical benefit plan 2011
	£M	£M	£M	£M
Operating profit				
Current service cost	12.3	11.9	0.1	0.1
Other finance (income)/expenses				
Interest on obligations	83.6	86.2	0.6	0.6
Expected return on assets	(102.3)	(105.1)	-	-
Net return	(18.7)	(18.9)	0.6	0.6
Statement of total recognised gains and losses				
Actuarial loss	149.8	98.7	(0.8)	1.4
Actual return on plan assets	111.8	178.8	-	-

The cumulative amount of actuarial gains and losses excluding tax on the pension scheme recognised in the statement of total recognised gains and losses is £580.3M loss (2011 £430.5M loss)

The cumulative amount of actuarial gains and losses excluding tax on the medical benefit plan recognised in the statement of total recognised gains and losses is £1.8M loss (2011 £1.0M loss)

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS
(continued)

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension scheme 2012 £M	Defined benefit pension scheme 2011 £M	Medical benefit plan 2012 £M	Medical benefit plan 2011 £M
Opening defined benefit obligation	1,804.8	1,617.1	13.8	12.1
Current service cost	12.3	11.9	0.1	0.1
Interest cost	83.6	86.2	0.6	0.6
Employee contributions	2.9	3.0	-	-
Actuarial losses	159.3	172.4	0.8	1.4
Gain due to plan amendments	(67.8)	-	-	-
Benefits paid	(89.6)	(85.8)	(0.3)	(0.4)
Closing defined benefit obligation	1,905.5	1,804.8	15.0	13.8

As the scheme is closed to new entrants, the current service cost will increase as members approach retirement

Changes in the fair value plan assets:

	Defined benefit pension scheme 2012 £M	Defined benefit pension scheme 2011 £M
Opening fair value of plan assets	1,661.2	1,527.0
Expected return	102.3	105.1
Actuarial gains	9.5	73.7
Contributions by employer	37.2	38.2
Contributions by employees	2.9	3.0
Benefits paid	(89.6)	(85.8)
Closing fair value of plan assets	1,723.5	1,661.2

The group expects to contribute £37M to the defined benefit pension plan in 2013. This includes an agreed deficit reduction plan estimated at £19.3M for 2013.

CROWN UK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012****22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS**
(continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	Defined benefit pension scheme 2012	Defined benefit pension scheme 2011
Global equities	8%	8%
Bonds	62%	59%
Real estate	3%	3%
Alternative investments	27%	30%
Total	100%	100%

Principal actuarial assumptions at the balance sheet date:

	Defined benefit pension scheme 2012	Defined benefit pension scheme 2011	Medical benefit plan 2012	Medical benefit plan 2011
Discount rate at 31 December	4.13%	4.75%	4.13%	4.75%
Expected return at 31 December	5.75%	6.25%	N/A	N/A
Future salary increases*	2.75%	2.75%	N/A	N/A
Future pension increases	2.75%	2.75%	N/A	N/A
Future price inflation	2.75%	2.75%	2.75%	2.75%
Annual increase in company paid retiree medical premium	N/A	N/A	4.75%	4.75%

*excluding the age related increases

Post retirement mortality is based on recent tables (PA 92 – medium cohorts) published by the Institute and Faculty of Actuaries, with due allowance for expected improvements in longevity

The expected return is determined at each measurement date based on a review of the actual plan assets, the target allocation, and the historical returns of the capital markets, adjusted for current interest rates as appropriate

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

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS
(continued)

Amounts for the current and previous four periods are as follows

Defined benefit pension plan

	<u>2012</u> £M	<u>2011</u> £M	<u>2010</u> £M	<u>2009</u> £M	<u>2008</u> £M
Defined benefit obligation	(1,905.5)	(1,804.8)	(1,617.1)	(1,497.2)	(1,219.0)
Plan assets	<u>1,723.5</u>	<u>1,661.2</u>	<u>1,527.0</u>	<u>1,441.6</u>	<u>1,358.3</u>
(Deficit)/ Surplus	(182.0)	(143.6)	(90.1)	(55.6)	139.3
Experienced adjustment on plan liabilities	-	6.9	1.1	1.5	(20.7)
Experienced adjustments on plan assets	<u>9.6</u>	<u>73.7</u>	<u>50.1</u>	<u>55.4</u>	<u>(301.1)</u>

Retiree medical benefit plan

	<u>2012</u> £M	<u>2011</u> £M	<u>2010</u> £M	<u>2009</u> £M	<u>2008</u> £M
Defined benefit obligation	15.0	13.9	12.1	11.5	9.4
Experience adjustments on plan liabilities	<u>0.6</u>	<u>0.6</u>	<u>0.3</u>	<u>(0.7)</u>	<u>(0.4)</u>

The deferred tax asset of £41.9M (2011: £35.9M) has been deducted in arriving at the net pension plan liability on the balance sheet

	<u>2012</u> £M	<u>2011</u> £M
Deferred tax asset relating to pension plan:		
At 1 January	35.9	24.3
Deferred tax charge in profit and loss account	(30.7)	(14.6)
Deferred tax credited to the statement of total recognised gains and losses	36.7	26.2
At 31 December	<u>41.9</u>	<u>35.9</u>

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS (continued)

The deferred tax asset of £3.4M (2011: £3.5M) has been deducted in arriving at the net medical plan liability on the balance sheet

	2012 £M	2011 £M
Deferred tax asset relating to medical plan liability:		
At 1 January	3.5	3.3
Deferred tax charged in profit and loss account	(0.3)	(0.2)
Deferred tax credited to the statement of total recognised gains and losses	0.2	0.4
At 31 December	3.4	3.5

23. CAPITAL COMMITMENTS

	Group 2012 £M	Company 2012 £M	Group 2011 £M	Company 2011 £M
Capital expenditure contracted for but not provided for in the financial statements	4.4	-	0.7	-

24. OTHER FINANCIAL COMMITMENTS

At 31 December 2012 the Group had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings 2012 £M	Other 2012 £M	Land and buildings 2011 £M	Other 2011 £M
Within 1 year	-	1.0	0.2	0.9
Between 2-5 years	1.2	2.5	0.2	2.9
Over 5 years	0.7	0.1	1.7	0.1
Total	1.9	3.6	2.1	3.9

The Group had outstanding forward contracts to hedge aluminium purchases, which mature within one year, as follows

	Actual currency		GBP £ equivalent	
	2012 '000	2011 '000	2012 £M	2011 £M
To hedge future aluminium costs in USD \$	\$17,262	\$24,658	10.6	15.9
To hedge future aluminium costs in Euros €	€2,031	€1,121	1.7	0.9
To hedge future aluminium costs in GBP £	£7,975	20,385	8.0	20.4
			20.3	37.2

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

25. SHARE-BASED PAYMENTS

Share options

At 31 December 2012, the Company's employees were members of two active stock-based incentive compensation plans – the 2004 and 2007 plans – operated by the ultimate parent company, Crown Holdings, Inc. The plans provide for the granting of awards in the form of stock options, deferred stock, restricted stock or stock appreciation rights ("SARs") and may be subject to the achievement of certain performance goals as determined by the Plan Committee designated by the Board of Directors. There were no issuances of deferred stock or SARs under any of the plans as of 31 December 2012. As of 31 December 2012, there were no further shares available for awards under the 2007 plan, and no shares were available under the other plan. The 2007 plan expires in February 2013. Shares awarded are generally issued from the ultimate parent company's treasury shares.

A reconciliation of option movements over the year to 31 December 2012 is shown below

	2012		2011	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at start of the year	394,825	13.58	529,400	13.80
Exercised	(68,752)	13.07	(94,575)	11.60
Forfeited	(10,000)	14.79	(39,000)	14.62
Expired	(4,750)	13.31	(6,000)	14.62
Transfer from other group companies	-	-	5,000	14.62
Outstanding at end of the year	311,323	13.86	394,825	13.58
Exercisable at end of the year	237,323	13.57	226,825	12.81

There were no options granted in the year ended 31 December 2012 (2011: none). The weighted average fair value of options granted in the year was £nil (2011: £nil).

For options outstanding at the end of the year, the range of exercise prices and weighted average remaining contractual life are as follows:

2012				2011		
Exercise prices	Number of shares outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of shares outstanding	Weighted average remaining contractual life	Weighted average exercise price
£	(000's)	Years	£	(000's)	Years	£
5.36–5.43	31.0	1.0	5.43	44.4	2.0	5.36
14.79–15.17	280.3	4.14	14.79	350.4	5.14	14.62

The share options are granted in US\$ but have been translated into GBP sterling for the purposes of this disclosure.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

25. SHARE-BASED PAYMENTS (continued)

Share options (continued)

The total charge for the year relating to employee share based payment plans was £0.5M (2011 £0.5M), all of which related to equity-settled share based payment transactions. After deferred tax, the total charge was £0.4M (2011 £0.4M).

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

Outstanding stock options were valued at their grant-date fair value using 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 timeframe 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.

26. CONTINGENT LIABILITIES

Bank and other guarantees in respect of Group pooling given by the Group amounted to £2.7M (2011 £3.3M).

The indemnities which arose in the normal course of business are not expected to result in any material loss.

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.

In accordance with Section 17 of the Companies (Amendment) Act 1986 in Ireland, the company has guaranteed the liabilities of Crown Packaging Ireland Limited, a subsidiary undertaking registered in Ireland. As a result Crown Packaging Ireland Limited has been exempted from the provision of Section 17 of the Companies (Amendment) Act, 1986 in Ireland.

27. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under paragraph 3 (c) from the provisions of FRS 8, "Related Party Disclosures" which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Crown Holdings, Inc. whose financial statements are publicly available. Accordingly, the company has not therefore disclosed transactions with members of the Crown Holdings, Inc. Group.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking and controlling party is Crown Canadian Holdings ULC, a company incorporated in Canada. The ultimate parent company and controlling party is Crown Holdings, Inc. which is incorporated in the USA.

The only group for which Group financial statements are prepared, and which include the financial statements of the company, are Crown Holdings, Inc.

Copies of the Group financial statements of Crown Holdings, Inc. which are publicly available may be obtained from The Company Secretary, at the company's registered address of Borland Avenue, Botcherby, Carlisle CA1 2TL.

29. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The directors consider that to give particulars of all subsidiary undertakings would lead to a statement of excessive length. Crown UK Holdings Limited owns directly or indirectly 100% of the ordinary issued shares in all subsidiaries except where a lower percentage is shown. Undertakings part or all of whose share capital is owned by another subsidiary are marked*. The following subsidiary undertakings, in the opinion of the directors, principally affect the results and assets of the Group and are included in the Group financial statements.

		Country of operation and incorporation	Nature of business
CarnaudMetalbox Group UK Limited		UK	Holding Company
Crown Aerosols UK Limited		UK	Packaging
Crown Cork & Seal Finance Limited		UK	Finance
Crown Packaging UK Plc	*	UK	Packaging
Crown Packaging Commercial UK Limited		UK	Distribution
CarnaudMetalbox Overseas Limited		UK	Holding Company
Crown Packaging Ireland Limited	*	Ireland	Packaging
Crown Speciality Packaging UK Limited	*	UK	Packaging
CarnaudMetalbox Engineering Limited	*	UK	Packaging
CarnaudMetalbox Food South Africa PTY Limited	*	South Africa	Packaging
Crown Packaging Polska Sp Z O O	*	Poland	Packaging
Crown Packaging Jamaica Limited	*	Jamaica	Packaging
Crown Packaging Trinidad Limited (91.01%)	*	Trinidad	Packaging
CarnaudMetalbox Barbados Limited	*	Barbados	Packaging