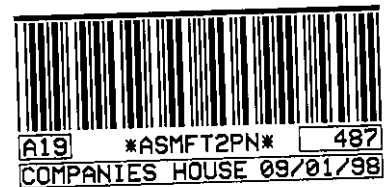


Company No: 3182537

CROWN UK HOLDINGS LTD

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1996



CROWN UK HOLDINGS LTD

(Formerly IBIS (319) Ltd)

DIRECTORS' REPORT

For the period from incorporation to 31 December 1996.

The Directors present their Annual Report and consolidated audited accounts for the period ended 31 December 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group is the manufacture and printing of packaging containers. The Directors anticipate that the current level of activity will be sustained through 1997.

CHANGE OF NAME

The Company was incorporated as IBIS (319) Limited on 3 April 1996 and changed its name by special resolution to Crown UK Holdings Ltd on 27 June 1996. In July 1996 the Company acquired from a fellow Group undertaking the entire equity share capital of Carnaud Metalbox Group UK Limited and The Crown Cork Company Limited for an aggregate consideration of £691.6M

On 31 December 1996 the Company acquired from a subsidiary undertaking the entire equity share capital of CarnaudMetalbox Overseas Limited for consideration of £84.4M, this consideration was subsequently waived.

RESULTS AND DIVIDENDS

The group profit after tax for the year is £13.1M which has been transferred to reserves. The Directors do not recommend the payment of a dividend.

EMPLOYMENT POLICIES

It is the Group's policy to keep employees fully informed on matters which affect them through direct face to face communications and established collective procedures for joint consultation.

Throughout the period the drive for world class goals has served as an important focus for improved communication with employees. It has provided opportunities for involving employees and enlisting their commitment through training and joint problem solving in a team working environment with the added focus of world class manufacturing programmes in all locations.

HEALTH AND SAFETY

The Group promotes its Health and Safety policy with high profile, newly re-emphasised initiatives and has throughout the period continued vigorously to apply increasing standards of machine and employee safety.

DISABLED PERSONS

The Group's policy on the employment of disabled persons has been applied as sympathetically as possible although few external recruitment opportunities arose during the period. The Group has continued to examine ways and means of providing employment for disabled employees under normal terms and conditions with opportunities for training, career development and promotion as appropriate.

CROWN UK HOLDINGS LTD

DIRECTORS' REPORT (Continued)

FIXED ASSETS

Information relating to changes in the fixed assets of the Group is given in notes 11 to 13 to the accounts.

CHARITABLE DONATIONS

Donations to charitable organisations made by the Group amounted to £20,000. No payments were made during the period for political purposes.

RESEARCH AND DEVELOPMENT

The Directors consider that research and development play a vital role in the Group's success. The research and development costs, which were incurred by the Group are set out in note 4 to the accounts.

AUDITORS

Price Waterhouse were appointed as auditors on incorporation.

In accordance with section 385 of the Companies Act 1985 a resolution to re-appoint Price Waterhouse as auditors to the Company will be proposed at the Annual General Meeting.

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 services have been provided in accordance with the relevant contractual arrangements.

DIRECTORS AND THEIR INTERESTS

The names of the Company's Directors are set out below:

J.B. Carmichael	(appointed 12 August 1996)
M.R.French	(appointed 12 August 1996)
R.L. Krzyzanowski	(appointed 27 June 1996)
A.W. Rutherford	(appointed 27 June 1996)
TSD Secretaries Ltd	(appointed 3 April 1996, resigned 27 June 1996)

CROWN UK HOLDINGS LTD

DIRECTORS' REPORT (Continued)

DIRECTORS AND THEIR INTERESTS (Continued)

Directors' interests in the shares of the holding company Crown Cork & Seal Company Inc.

	Beneficial interest in shares of Group Undertakings		Options		
	(at incorporation)	(at 31.12.96)	At Date of Appointment	Disposed	At 31.12.96
	Number	Number	Number		Number
J.B. Carmichael	434	434	-	-	-
M.R. French	-	-	-	-	-
R.L. Krzyzanowski	95617	95060	-	-	-
A.W. Rutherford	17587	17545	-	-	-
TSD Secretaries Ltd	-	-	-	-	-

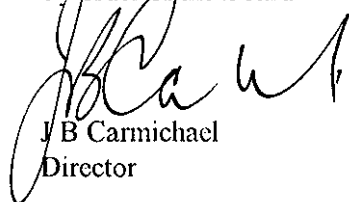
DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those accounts, the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

By order of the Board



J.B. Carmichael
Director

Registered Office
Downsview Road
Wantage
Oxon OX12 9BP

Date: 26 September 1997

CROWN UK HOLDINGS LTD

AUDITORS' REPORT

To the Shareholders of Crown UK Holdings Ltd:

We have audited the accounts on pages 5 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of the Directors and Auditors

As described on page 3, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company and the Group's affairs at 31 December 1996 and of the profit and cash flows of the Group for the period from incorporation on 3 April 1996 to 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants
and Registered Auditors

Thames Court
1 Victoria Street
Windsor
Berkshire
SL4 1HB

Date: 26 September 1997

CROWN UK HOLDINGS LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996 £M</u>
Turnover	2	444.6
Operating costs (net)	4	(395.2)
Operating profit	2	49.4
Net loss on disposal of fixed asset investments	5	(0.7)
Income from interests in associated undertakings		0.6
Profit on ordinary activities before interest		49.3
Interest receivable	6	1.3
Interest payable	7	(29.1)
Profits on ordinary activities before taxation		21.5
Tax on profit on ordinary activities	9	(8.4)
Retained profit for the financial period		13.1

The above results relate to acquisitions in the period.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


	<u>1996 £M</u>
Profit for the financial period	13.1
Currency translation differences on foreign currency net investments	(2.5)
Total recognised gains and losses for the period	10.6

CROWN UK HOLDINGS LTD

BALANCE SHEETS AT 31 DECEMBER 1996

	<u>Notes</u>	Group 1996	Company 1996
		£M	£M
Fixed assets			
Intangible assets	11	624.0	-
Tangible assets	12	258.5	-
Investments	13	0.3	691.6
		<hr/> 882.8	<hr/> 691.6
Current assets			
Stocks	14	97.1	-
Debtors (amounts due within one year)	15	185.3	137.0
Investments	16	176.0	-
Cash at bank and in hand		20.0	0.2
		<hr/> 478.4	<hr/> 137.2
Creditors: Amounts falling due within one year	17	(961.9)	(689.1)
Net current liabilities		<hr/> (483.5)	<hr/> (551.9)
Total assets less current liabilities		<hr/> 399.3	<hr/> 139.7
Creditors: Amounts falling due after more than one year:	18	(298.2)	-
Provisions for liabilities and charges	19	(58.6)	-
		<hr/> 42.5	<hr/> 139.7
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called-up share capital	20	-	-
Share premium	21	28.8	28.8
Profit and loss account	21	10.6	110.9
		<hr/>	<hr/>
Shareholders' funds (equity interests)	22	39.4	-
Minority equity interests		3.1	-
		<hr/> 42.5	<hr/> 139.7
		<hr/> <hr/>	<hr/> <hr/>

Approved by the board on 26 September 1997 and signed on its behalf by

 Director
J B Carmichael

CROWN UK HOLDINGS LTD

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED
31 DECEMBER 1996**

	<u>Notes</u>	<u>1996 £M</u>	<u>1996 £M</u>
Net cash in flow from operating activities	23a		27.5
Returns on investments and servicing of finance			
Interest received		1.3	
Interest paid		(29.1)	
			(27.8)
Taxation paid			(3.5)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(20.3)	
Receipts from sale of tangible fixed assets		3.4	
Sale of current asset investments		21.6	
			4.7
Acquisitions			
Purchase of subsidiary undertakings	23d	(665.7)	
Net cash acquired with subsidiaries		31.7	
			(634.0)
Net Cash outflow before financing			(633.1)
Financing			
Issue of ordinary share capital			2.9
Debt due within a year:			
Increase in short term borrowings on acquisition of subsidiary			645.0
Repayment of short term borrowings			(293.0)
Debt due after one year:			
Bond Issue			291.3
Increase in term borrowings			6.9
Increase in cash in the period			20.0

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The principal accounting policies all of which have been consistently applied throughout the period, are set out below:

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

c) Basis of preparation of group financial statements

The group accounts consolidate the accounts of the company and its subsidiary undertakings for the period to 31 December 1996 and its share of the results and post-acquisition reserves of associated undertakings.

The profits and losses of subsidiary and associated undertakings are consolidated from the date of acquisition up to the date of disposal where appropriate.

The accounts are prepared from incorporation to 31 December 1996. The group commenced trading with effect from the date it acquired its subsidiary undertakings.

d) Depreciation

Depreciation is calculated to write off the cost or revalued amount less estimated residual value of fixed assets on a straight line basis over their estimated useful lives. No depreciation is charged on freehold land.

Major categories include

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

e) Stocks and work-in-progress

Stocks and work-in-progress (except long-term contract balances) 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.

f) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

g) Goodwill

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 life of 40 years.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES (CONTINUED)

h) Government grants

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

i) Research and development expenditure

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

j) 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 dealt with in the profit and loss account.

Results of overseas subsidiaries are translated at the average rate for the period. Assets and liabilities of overseas subsidiaries are translated at the ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

k) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value.

l) Leases

Finance leases

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset. Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

m) Pension costs and other post-retirement benefits

Costs in respect of pension and other post-retirement benefits are charged to the profit and loss account over the expected service lives of the employees.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

2. SEGMENTAL INFORMATION

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

	EU Countries 1996 £M	Rest of Europe 1996 £M	Rest of World 1996 £M	Total Group 1996 £M
TURNOVER				
Sales to third parties	351.5	5.1	50.7	407.3
Sales to other members of the Crown Cork & Seal Inc. Group	21.2	2.9	13.2	37.3
Total	372.7	8.0	63.9	444.6
Operating Profit	43.9	0.2	5.3	49.4
NET OPERATING ASSETS	405.5	(1.3)	(0.4)	403.8

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

3. ACQUISITIONS OF SUBSIDIARY COMPANIES

On 19 July 1996 100% of the issued share capital of The Crown Cork Company Limited was acquired from the immediate parent undertaking for the issue of 360 ordinary shares in the Company.

On 23 July 1996 100% of the issued share capital of CarnaudMetalbox Group UK Ltd was acquired from CARNAUDMETALBOX, a fellow subsidiary undertaking, for a cash consideration of £665.7 million.

These acquisitions have been accounted for by the acquisition method of accounting. The amount of goodwill arising of £629.9M has been capitalised.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

3. ACQUISITIONS OF SUBSIDIARY COMPANIES (Continued)

Acquired activities

	Book value and fair value to the Group £M
Fixed Assets	
Investments	176.3
Tangible assets	254.5
Current Assets	
Stocks	104.3
Debtors	245.6
Cash	31.7
Total Assets	<hr/> 812.4 <hr/>
Creditors	
Bank overdrafts/loans	21.8
Trade Creditors	162.9
Other Creditors	500.2
Provisions	57.5
Taxation	6.7
Total Liabilities	<hr/> 749.1 <hr/>
Net Assets	63.3
Minority interests	(3.6)
Goodwill	631.9
	<hr/> 691.6 <hr/>
Satisfied by	
Shares	25.9
Cash	665.7
	<hr/> 691.6 <hr/>

No disclosure is made of the results of the businesses acquired in the period up to the date of acquisition or prior year profits of the businesses as the information is not readily available.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

4. OPERATING COSTS (NET)

	1996 £M
Change in stocks of finished goods and work-in-progress	0.5
Own work capitalised	(0.4)
Other operating charges	29.1
Raw materials and consumables	242.3
Goodwill amortisation	7.9
Staff costs - wages and salaries	72.0
social security	6.1
other pension costs	1.6
	<hr/>
	79.7
Depreciation - Owned assets	11.3
Profit on disposal of fixed assets	(0.1)
Hire of plant and machinery	1.3
Auditors remuneration - audit service	0.3
Distribution costs	14.3
Selling and marketing costs	3.8
Research and development costs	2.4
Net exchange gains and losses	(0.2)
Post retirement medical benefits	1.0
Redundancy costs	2.0
	<hr/>
	395.2
	<hr/>

Auditors remuneration for audit services to the Company were £0.025M

5. FIXED ASSET INVESTMENTS

During the year the Group sold certain fixed asset investments realising a net loss of £0.7M.

6. INTEREST RECEIVABLE

	1996 £M
Interest receivable	
- on bank and other deposits	0.9
- on loans to fellow group companies	0.4
	<hr/>
	1.3
	<hr/>

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

7. INTEREST PAYABLE

	1996 £M
On bank loans, overdrafts and other loans wholly repayable	
- within 5 years	18.0
- repayable after 5 years	0.8
On loans from fellow group companies	10.3
	<u>29.1</u>

8. DIRECTORS AND EMPLOYEES

	1996 Number
Average number of persons, including executive directors, employed by the group during the period:	
	<u>8094</u>
Production	7,449
Research	303
Administrative	342
	<u>8,094</u>

The Directors of the Company receive no fees, remuneration or other emoluments in respect of the office of Director. Emoluments paid to such individuals are solely in respect of other employment within the Group.

	1996 £'000
Remuneration	
Emoluments	<u>127</u>

	1996 £'000
Chairman	-
Highest paid UK director	<u>88</u>

The number of Directors in the United Kingdom where emoluments, excluding pension contributions, were within each of the following bands was as follows:

	1996 Number
£ Nil	3
£35,000 - £40,000	1
£85,000 - £90,000	<u>1</u>

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

9. TAXATION

	1996 £M
Based on the profit for the period:	
United Kingdom:	
Corporation tax at 33%	0.8
Deferred taxation	6.1
	<hr/> 6.9
Overseas:	
Taxation on profits	0.8
Deferred taxation	0.7
	<hr/> 8.4
Total Taxation	<hr/> <hr/> 8.4

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

10. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these accounts. The Company's profit for the financial period was £110.9M which includes dividends receivable from Group undertakings of £137M.

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £M
COST	
Additions	631.9
At 31 December 1996	<hr/> 631.9
AMORTISATION	
Charge for the period	(7.9)
At 31 December 1996	<hr/> (7.9)
NET BOOK VALUE	
At 31 December 1996	<hr/> <hr/> 624.0

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

11. INTANGIBLE FIXED ASSETS (Continued)

Goodwill arising on the acquisition of The Crown Cork Company Limited and CarnaudMetalbox Group UK Ltd in 1996 is being amortised over 40 years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefit from the goodwill existing at the date of acquisition.

12. TANGIBLE FIXED ASSETS

Group

	Freehold Properties £M	Leasehold Properties £M	Plant and Machinery £M	Fixtures, Fittings, Tools and Equipment £M	Total £M
Acquisition	53.9	1.7	189.3	9.6	254.5
Additions	0.6	-	13.6	2.3	16.5
Disposals	(2.6)	-	(2.3)	-	(4.9)
Transfers from fellow group undertakings	0.4	-	4.8	3.2	8.4
Exchange movement	(0.7)	-	(1.6)	-	(2.3)
At 31 December 1996	<u>51.6</u>	<u>1.7</u>	<u>203.8</u>	<u>15.1</u>	<u>272.2</u>
ACCUMULATED DEPRECIATION					
Charge for the period	1.0	-	9.3	1.0	11.3
Disposals	(0.1)	-	(1.5)	-	(1.6)
Transfers from fellow group undertakings	-	-	2.2	2.4	4.6
Exchange movement	-	-	(0.6)	-	(0.6)
At 31 December 1996	<u>0.9</u>	<u>-</u>	<u>9.4</u>	<u>3.4</u>	<u>13.7</u>
NET BOOK VALUE					
At 31 December 1996	<u>50.7</u>	<u>1.7</u>	<u>194.4</u>	<u>11.7</u>	<u>258.5</u>

Freehold land amounting to £15.4M has not been depreciated.

Plant and machinery includes the cost of assets in the course of construction being £24.4M which are not depreciated until the asset is commissioned.

Included in the net book amount of plant and machinery is £1.9M in respect of assets held under finance lease.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

13. FIXED ASSET INVESTMENTS :

GROUP UNDERTAKINGS

	1996 £M
Company	
Shares in group undertakings	
- subsidiary undertakings	691.6

The above investments are unlisted.

The Company's investments comprise:

	1996 £M
CarnaudMetalbox Group UK Ltd	581.2
CarnaudMetalbox Overseas Ltd	84.4
The Crown Cork Co Ltd	25.9
Crown Cork & Seal Finance plc	0.1
Acquisitions during the period and balance at 31 December 1996	691.6

See note 30 for a list of the principal subsidiary and associated undertakings.

In the opinion of the Directors the value of investments is not less than the net book amounts shown above.

PARTICIPATING INTEREST AND OTHER INVESTMENTS

	Group 1996 £M	Company 1996 £M
Interest in associated undertaking	0.2	-
Other investments	0.1	-
Acquisitions and balance at 31 December 1996	0.3	-

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

14. STOCKS

	Group 1996 £M	Company 1996 £M
Raw materials and consumables	42.0	-
Work-in-progress	16.3	-
Finished goods and goods for resale	38.8	-
	<u>97.1</u>	<u>-</u>

15. DEBTORS

	Group 1996 £M	Company 1996 £M
Amounts recoverable within one year:		
Trade debtors	111.4	-
Amounts owed by fellow group undertakings	53.6	-
Other debtors	18.9	-
Prepayments and accrued income	1.4	-
Dividend receivable	-	137.0
	<u>185.3</u>	<u>137.0</u>

16. CURRENT ASSET INVESTMENTS

	Group 1996 £M
Interest in shares of Societe de Participation CarnaudMetalbox	176.0
	<u>176.0</u>

In June 1994 a company within the Crown Cork & Seal Company Inc. Group paid £176.0M (FRF 1,492,830,000) to purchase the rights to receive 7,816,151 shares in Societe de Participation CarnaudMetalbox, a French subsidiary of CarnaudMetalbox SA. The shares will be issued and delivered in June 2001 and will represent 32.6% of the issued share capital of Societe de Participation CarnaudMetalbox.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1996 £M	Company 1996 £M
Bank loans and overdrafts	238.4	230.1
Other loans	62.9	-
Payments received on account	1.2	-
Obligations under finance leases and Hire purchase contracts	0.8	-
Trade creditors	166.6	-
Bills of exchange payable	15.0	-
Amounts owed to fellow group undertakings	424.8	459.0
Corporation tax	2.8	-
Taxation and Social Security	10.7	-
Other creditors and accruals	38.7	-
	<u>961.9</u>	<u>689.1</u>

Other loans include cash advances secured on debtors of £45.0M within the Group. The debtors on which these loans are secured are reflected in the Group's balance sheet.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 1996 £M	Company 1996 £M
Bank loans and overdrafts	6.9	-
\$ 500M bonds	<u>291.3</u>	<u>-</u>
	<u>298.2</u>	<u>-</u>

The bank loans bear interest at a rate which fluctuates in line with the inter-bank rate, and varies by country.

The \$500M bonds comprise \$200M at 6.75% for seven years repayable in 2003 and \$300M at 7% for 10 years repayable in 2006 and are irrevocably and unconditionally guaranteed by Crown Cork & Seal Company Inc.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
(Continued)

Analysis of debt maturity:	Group			Company		
	Bank Loans and Overdrafts £M	Bonds £M	Total £M	Bank Loans and Overdrafts £M	Other £M	Total £M
Amounts payable:						
In one year or less	301.3	-	301.3	-	-	-
Between one and two years	6.9	-	6.9	-	-	-
In five years or more	-	291.3	291.3	-	-	-
	<u>308.2</u>	<u>291.3</u>	<u>599.5</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Pensions and Similar Obligations £M	Deferred Taxation £M	Reorganisation Provisions £M	Total £M
Balance on acquisitions of business	12.4	0.4	45.1	57.9
Charge for the period	1.0	6.7	2.2	9.9
Utilised during the period	(0.2)	-	(9.7)	(9.9)
Other movements	-	0.7	-	0.7
	<u>13.2</u>	<u>7.8</u>	<u>37.6</u>	<u>58.6</u>

DEFERRED TAXATION

	Amount Provided 1996 £M
Excess of capital allowances over depreciation	36.1
Property revaluations	1.1
Other timing differences	(12.4)
Losses carried forward	(1.0)
Pension	2.6
Post retirement medical benefits	(4.4)
Advance corporation tax recoverable	(14.2)
	<u>7.8</u>

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

19. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

Assets have been recognised for those timing differences which are expected to crystallise in the foreseeable future. No reversal of accelerated capital allowances is expected. 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.

20. SHARE CAPITAL

	Authorised 1996 £	Allotted, Issued and Fully Paid 1996 £
500 Ordinary shares of £1 each	500	500
	500	500

Two £1 ordinary shares were issued at par on incorporation and 98 £1 ordinary shares were subsequently issued at par. A further 360 £1 ordinary shares were issued in consideration of the issue share capital of The Crown Cork Company Limited. Finally 40 shares were issued at £72.366 each for cash.

21. RESERVES

Group

	Share Premium Account £M	Profit and Loss Account £M	Total £M
Premium on issue of shares	28.8	-	28.8
Retained profit for the period	-	13.1	13.1
Exchange movement	-	(2.5)	(2.5)
At 31 December 1996	28.8	10.6	39.4

Company

	Share Premium Account £M	Profit and Loss Account £M	Total £M
Premium on issue of shares	28.8	-	28.8
Retained Profit for the period	-	110.9	110.9
At 31 December 1996	28.8	110.9	139.7

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 1996 £M	Company 1996 £M
Profit for the financial period	13.1	110.9
Issued share capital	28.8	28.8
Exchange movement	(2.5)	-
Net addition to shareholders' funds	39.4	139.7
Opening shareholders' funds	-	-
Closing shareholder's funds (Equity interests)	39.4	139.7

23. CASH FLOW STATEMENT

a) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1996 £M
Operating profit	49.4
Depreciation and amortisation	19.2
Decrease in stocks	7.2
Decrease in debtors	28.7
Decrease in creditors	(77.0)
Net cash inflow from continuing operating activities	27.5

b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1996 £M
Decrease in cash in the period	
Change in net debt resulting from cash flows	(564.2)
Exchange differences	1.1
Loans and finance leases acquired with subsidiary	(17.2)
Movement in net debt in the period and at 31 December 1996	(580.3)

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

23. CASH FLOW STATEMENT (Continued)

c) ANALYSIS OF NET DEBT

	At 3 April 1996	Cash flow	Acquisition (excl cash and overdrafts)	Exchange Differences	At 31 Dec 1996
	£M	£M	£M	£M	£M
Cash in hand and at bank	-	20.0	-	-	20.0
Debt due after 1 year	-	(282.8)	(15.9)	0.5	(298.2)
Debt due within 1 year	-	(301.9)		0.6	(301.3)
Finance leases	-	0.5	(1.3)	-	(0.8)
TOTAL	-	(564.2)	(17.2)	1.1	(580.3)

d) Purchase of Subsidiary Undertakings

	£M
Net assets acquired	
Tangible fixed assets	254.5
Investments	176.3
Stocks	104.3
Debtors	245.6
Cash at bank and in hand	31.7
Creditors	(664.5)
Loans and finance leases	(84.2)
Deferred taxation	(0.4)
Minority shareholders' interests	(3.6)
	<hr/>
	59.7
Goodwill	631.9
	<hr/>
	691.6
	<hr/>
Satisfied by	
Shares	25.9
Cash	665.7
	<hr/>
	691.6
	<hr/>

All of the cash flows shown in the consolidated cash flow statement relate to the acquisitions in the period.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

24. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS**(a) Pension Scheme**

The Company participates in the UK Pension Scheme operated by CarnaudMetalbox Group UK Limited. The Scheme is a defined benefit scheme providing benefits to certain employees within the Group. The assets of the scheme are held separately from the Group's assets in a Trustee administered fund.

The latest actuarial valuation of the UK Group schemes was carried out as at 31 March 1995.

The pension costs relating to the Scheme are assessed in accordance with the advice of a qualified actuary using the actuarial method and assumptions described below. Formal actuarial valuations of the Scheme are carried out triennially, with the latest assessment having an effective date of 31 March 1995. The actuarial method used in the 1995 valuation is the projected unit method. The main long term future assumptions employed in the valuation are that the investment return would average 8.5% per annum, salary increases would average 6.5% per annum, future pension scheme increases would average 4.5% per annum and that future growth in equity dividends would average 4% per annum, with an additional allowance of a 'one-off' 5% dividend growth in the short term.

The market value of the assets held by the Scheme at the date of the latest valuation was £877m. The actuarial value of the assets amounted to 113% of the value placed on past service liabilities and the excess assets are being written off over 9 years being the average remaining service lives of employees.

The normal contributions paid by the Group for the period ended 31 December 1996 were £Nil. The contributions are based on pension costs across the Group as a whole and there is a pension prepayment in the balance sheet as at 31 December 1996 of £7.9M.

(b) Post retirement medical costs

The Company continues to participate in private post-retirement schemes for certain executives, and in some instances, their dependants. The schemes are operated by CarnaudMetalbox plc, a subsidiary of the Company.

The latest actuarial valuation of the UK schemes was carried out as at 31 December 1996 and incorporates the following changes in assumptions:

- an increase in the bank interest rate to 8% (previously 7%)
- an increase in the medical costs to 10% (previously 5%).

This has resulted in a charge to the Group profit and loss account of £1.0M.

25. CAPITAL COMMITMENTS

	Group 1996 £M	Company 1996 £M
Capital expenditure contracted for but not provided for in the accounts	14.9	-

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

26. OTHER FINANCIAL COMMITMENTS

At 31 December 1996 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 1997

	Plant & Machinery 1996 £M
Operating leases which expire:	
Within 1 year	1.1
Between 2 and 5 years	2.3
	<hr/>
	3.4
	<hr/>

27. CONTINGENT LIABILITIES

At 31 December 1996 there were contingent liabilities in respect of bills receivable discounted and performance bonds of £4.7M for the group.

Bank and other guarantees in respect of Group pooling guarantee given by the group amounted to £3.3M.

28. POST-BALANCE SHEET EVENTS

On the 7 May 1997 the Group sold the assets and business of the Simplimatic Engineering Company Limited for consideration of £3.8M.

29. PARENT UNDERTAKING

The immediate parent company is Crown Cork & Seal Company Inc. a company incorporated in the United States of America. The Crown Cork & Seal Inc. Group is the only parent undertaking which prepares Group accounts in which the results of the Company are included. Copies of the Group accounts of Crown Cork & Seal Company Inc. may be obtained from CarnaudMetalbox Group UK Ltd, Downsview Road, Wantage, Oxon OX12 9BP.

The Company has taken advantage of the exemption available under paragraph 3 (c) of Financial Reporting Standard Number 8 (Related Party Disclosures). Accordingly, transactions with other members of the Crown Cork & Seal Inc. Group have not been disclosed.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

30. 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 Ltd owns directly or indirectly 100% of the 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.

		<u>Country of Operation and incorporation</u>	<u>Nature of Business</u>
CarnaudMetalbox Group UK Ltd		UK	Holding Company
The Crown Cork Company Ltd		UK	Packaging
Crown Cork & Seal Finance Plc		UK	Finance
CarnaudMetalbox Plc	*	UK	Packaging
CarnaudMetalbox Overseas Ltd		UK	Holding Company
CarnaudMetalbox Bevean Plc	*	UK	Packaging
United Closures & Plastics Plc	*	UK	Packaging
Speciality Packaging (UK) Plc	*	UK	Packaging
CarnaudMetalbox Engineering Plc	*	UK	Packaging
CarnaudMetalbox Closures Plc	*	UK	Packaging
Risdon Ltd	*	UK	Packaging
CMB Bottles & Closures plc	*	UK	Packaging
CarnaudMetalbox Jamaica Ltd	*	Jamaica	Packaging
CMB Packaging Trinidad	*	Trinidad	Packaging
CarnaudMetalbox Barbados Ltd	*	Barbados	Packaging
CarnaudMetalbox Nigeria Plc (56.14%)	*	Nigeria	Packaging
CarnaudMetalbox Kenya Ltd	*	Kenya	Packaging
CarnaudMetalbox Tanzania Ltd (54.82%)	*	Tanzania	Packaging
CarnaudMetalbox Zimbabwe Ltd (70%)	*	Zimbabwe	Packaging
CarnaudMetalbox Ghana Ltd	*	Ghana	Packaging
Crown Cork & Seal (Singapore) Co Ltd	*	Singapore	Packaging
Crown Cork of Malaysia Sendirian Berhad (60%)	*	Malaysia	Packaging
CarnaudMetalbox Huapeng Closures Co (Wuxi) (57%)	*	China	Packaging
CarnaudMetalbox Polska SP Z.O.O.	*	Poland	Packaging

Associated Undertaking

Borden International Packaging Ltd (30%)	*	Ireland	Packaging
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