

Company No: 3182537

CROWN UK HOLDINGS LTD

ANNUAL REPORT

31 DECEMBER 2001



CROWN UK HOLDINGS LTD

DIRECTORS' REPORT

The Directors present their Annual Report and consolidated audited accounts for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group continues to comprise the manufacture and printing of packaging containers. The Directors anticipate that the current level of activity will be sustained throughout this year.

RESULTS AND DIVIDENDS

The Group loss after tax and minority interests for the year is £106.2M (2000: Profit £7.5M) which has been transferred to reserves. The Directors do not recommend the payment of a dividend (2000: £NIL).

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 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.

CHARITABLE AND POLITICAL DONATIONS

Donations to charitable organisations made by the Group amounted to £10,135 (2000: £15,000). No payments were made during the year for political purposes (2000: £NIL).

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.

CROWN UK HOLDINGS LTD

DIRECTORS' REPORT (Continued)

INFORMATION TECHNOLOGY

There is a central Information Technology ("IT") department responsible for ensuring that businesses conform to their IT strategy and policies. The IT department is also responsible for writing and maintaining proprietary operating software.

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers will be submitted 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. The Group settles all undisputed accounts for payment within 45 days, unless terms in excess of 45 days are specifically negotiated with the supplier. Creditor days at 31st December 2001 were 64 (2000: 72). The Company does not have any trade creditors.

DIRECTORS AND THEIR INTERESTS

The names of the Company's Directors who served during the year are set out below:

JW Conway
J Davidson
AW Rutherford

The Directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

SUBSEQUENT EVENTS

On 31 July 2002 the Group disposed of its businesses in Kenya, Nigeria, Tanzania and Zimbabwe for £13.3M net of costs.

CROWN UK HOLDINGS LTD

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



J Davidson
Director

Registered Office
Downsview Road
Wantage
Oxon OX12 9BP

Date: 30 October 2002

AUDITORS' REPORT

Independent auditors' report to the members of Crown UK Holdings Ltd:

We have audited the financial statements which comprise the consolidated group profit and loss account, the statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

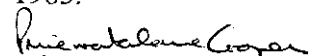
Basis of audit opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 2001 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Uxbridge

Date: 30 October 2002

CROWN UK HOLDINGS LTD

**CONSOLIDATED GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	<u>Notes</u>	Total 2001	Total 2000
		<u>£M</u>	<u>£M</u>
Turnover	2	753.1	748.0
Operating costs (net)	4	<u>(751.1)</u>	<u>(721.4)</u>
Operating profit	2	2.0	26.6
Profit on disposal of fixed asset investment	3a	-	46.0
Loss on the sale of an operation	3b	<u>(33.6)</u>	<u>-</u>
(Loss)/profit on ordinary activities before interest		(31.6)	72.6
Interest receivable	5	2.1	3.4
Interest payable	6	<u>(69.1)</u>	<u>(75.2)</u>
(Loss)/profit on ordinary activities before taxation		<u>(98.6)</u>	<u>0.8</u>
Tax on (loss)/profit on ordinary activities	8	<u>(7.6)</u>	<u>6.5</u>
(Loss)/profit on ordinary activities after taxation		(106.2)	7.3
Minority interests:			
Equity		<u>-</u>	<u>0.2</u>
Retained (loss)/profit for the financial year		<u>(106.2)</u>	<u>7.5</u>

All activities relate to continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2001**

	<u>2001</u>	<u>2000</u>
	<u>£M</u>	<u>£M</u>
(Loss)/profit for the financial year	(106.2)	7.5
Currency translation differences on foreign currency net investments	<u>(4.8)</u>	<u>(0.1)</u>
Total recognised losses and gains for the period	<u>(111.0)</u>	<u>7.4</u>

CROWN UK HOLDINGS LTD

BALANCE SHEET AT 31 DECEMBER 2001

	Notes	Group 2001 £M	Company 2001 £M	Group 2000 £M	Company 2000 £M
Fixed assets					
Intangible assets	10	464.5	-	523.9	-
Tangible assets	11	283.0	-	322.7	-
Investments	12	-	697.2	-	724.0
		<u>747.5</u>	<u>697.2</u>	<u>846.6</u>	<u>724.0</u>
Current assets					
Stocks	13	82.4	-	114.8	-
Debtors	14	94.3	126.5	139.7	24.8
Cash at bank and in hand		40.0	-	27.0	-
Assets held for resale		1.8	-	-	-
		<u>218.5</u>	<u>126.5</u>	<u>281.5</u>	<u>24.8</u>
Creditors: (amounts falling due within one year)	15	<u>(679.9)</u>	<u>(725.8)</u>	<u>(734.6)</u>	<u>(592.8)</u>
Net current (liabilities)		<u>(461.4)</u>	<u>(599.3)</u>	<u>(453.1)</u>	<u>(568.0)</u>
Total assets less Current liabilities		<u>286.1</u>	<u>97.9</u>	<u>393.5</u>	<u>156.0</u>
Creditors: (amounts falling due after more than one year)	16	<u>(300.6)</u>	<u>-</u>	<u>(301.8)</u>	<u>-</u>
Provisions for liabilities and charges	17	<u>(29.2)</u>	<u>-</u>	<u>(25.2)</u>	<u>-</u>
		<u>(43.7)</u>	<u>97.9</u>	<u>66.5</u>	<u>156.0</u>
Capital and reserves					
Called-up share capital	18	-	-	-	-
Share premium	19	61.2	61.2	61.2	61.2
Profit and loss account	19	(112.2)	36.7	(1.2)	94.8
Total Shareholders' funds (equity interests)	20	<u>(51.0)</u>	<u>97.9</u>	<u>60.0</u>	<u>156.0</u>
Minority equity interests		<u>7.3</u>	<u>-</u>	<u>6.5</u>	<u>-</u>
Capital employed		<u>(43.7)</u>	<u>97.9</u>	<u>66.5</u>	<u>156.0</u>

Approved by the board on 30 October

2002 and signed on its behalf by



J Davidson
Director

CROWN UK HOLDINGS LTD

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001:**

	Notes	2001 £M	2001 £M	2000 £M	2000 £M
Net cash inflow/(outflow) from operating activities	21a		181.5		(76.6)
Returns on investments and servicing of finance					
Interest received		2.1		3.4	
Interest paid		(69.0)		(75.2)	
Dividends paid to minority interest		(0.1)		(0.1)	
			(67.0)		(71.9)
Taxation paid			(1.5)		(2.4)
Capital expenditure and financial investment					
Payments to acquire tangible fixed Assets		(17.1)		(39.0)	
Receipts from sale of tangible fixed Assets		2.9		2.5	
Receipt from sale of fixed asset investment		-		222.1	
			(14.2)		185.6
Net Cash inflow before use of liquid resources and financing			98.8		34.7
Management of Liquid Resources					
(Repayment) of short term borrowings			(83.2)		(17.6)
Financing					
Increase in long term borrowings		0.4		0.4	-
Capital element of finance lease rental		(1.8)		(1.1)	
Net cash (outflow) from financing			(1.4)		(0.7)
Increase in cash in the period			14.2		16.4

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

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 and is recognised upon despatch of goods.

c) Basis of preparation of group financial statements

The group accounts consolidate the accounts of the company and its subsidiary undertakings for the year to 31 December 2001 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.

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 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) Intangible Assets

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 20 years.

Intellectual Property

Intellectual Property is capitalised and amortised through the profit and loss account in equal instalments over the estimated useful life.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

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 rate 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 YEAR ENDED 31 DECEMBER 2001 (Continued)

2. SEGMENTAL INFORMATION

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

	EU Countries 2001 £M	Rest of Europe 2001 £M	Rest of World 2001 £M	Total Group 2001 £M	EU Countries 2000 £M	Rest of Europe 2000 £M	Rest of World 2000 £M	Total Group 2000 £M
TURNOVER								
Sales to third Parties	553.1	41.8	75.7	670.6	569.4	28.2	66.9	664.5
Sales to other members of the Crown Cork & Seal Inc. Group	55.1	9.5	17.9	82.5	61.2	6.3	16.0	83.5
Total	<u>608.2</u>	<u>51.3</u>	<u>93.6</u>	<u>753.1</u>	<u>630.6</u>	<u>34.5</u>	<u>82.9</u>	<u>748.0</u>
Operating (Loss)/Profit	<u>(7.2)</u>	<u>0.9</u>	<u>8.3</u>	<u>2.0</u>	<u>17.7</u>	<u>0.3</u>	<u>8.6</u>	<u>26.6</u>
NET OPERATING ASSETS	<u>277.1</u>	<u>(5.5)</u>	<u>(19.9)</u>	<u>251.7</u>	<u>252.0</u>	<u>(3.5)</u>	<u>(9.5)</u>	<u>239.0</u>

Reconciliation of net operating assets to the balance sheet:

Net operating assets	251.7	239.0
Intangible assets	464.5	523.9
External and intercompany debt	(759.9)	(696.4)
Net (liabilities)/assets	<u>(43.7)</u>	<u>66.5</u>

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.

3a. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENT

On 31 October 2000 the Group sold its right to receive 7,816,070 shares in Societe de Participations de CarnaudMetalbox representing 37.7% of the issued share capital of £222.1M.

The profit on disposal of the asset is not expected to attract a tax liability.

No amount of this profit is attributable to minority interests.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

3b. LOSS ON THE SALE OF AN OPERATION

On 31st July 2002 the Group sold its businesses in Kenya, Nigeria, Tanzania and Zimbabwe for £13.3M net of costs. The summarised impact under the impairment exercise that has taken place at 31 December 2001 was as follows.

	£M
Net assets of Business sold	16.6
Goodwill attributed to Business sold	28.0
Carrying value	<u>44.6</u>
Proceeds from sale	(13.3)
Additional obligations post sale	2.3
Impairment	<u>33.6</u>

Of the total impairment of £33.6M, £28.0M has been recognised against goodwill (note 10), and £5.6M against fixed assets (note 11). The net book values of the remaining related assets held at 31 December 2001 (Goodwill: £Nil; Fixed assets: £1.8m) have been transferred to assets held for resale and are included in current assets.

4. OPERATING COSTS (NET) are:

	<u>Total 2001 £M</u>	<u>Total 2000 £M</u>
Change in stocks of finished goods and work-in-progress	20.4	(3.2)
Own work capitalised	(0.5)	(0.9)
Other operating charges	67.8	48.3
Raw materials and consumables	384.4	408.1
Goodwill and intellectual property amortisation	33.9	33.2
Staff costs - wages and salaries	121.4	118.9
social security	10.5	10.0
other pension costs	1.9	2.0
Depreciation - Owned assets	46.9	44.1
Depreciation - Leased assets	1.0	1.1
(Profit) on disposal of fixed assets	(0.5)	(1.0)
Hire of plant and machinery	4.1	3.8
Auditors remuneration	0.6	0.5
Distribution costs	32.4	27.7
Selling and marketing costs	2.5	4.6
Research and development costs	18.2	16.9
Net exchange gains and losses	1.1	0.8
Post retirement medical benefits	0.2	(1.2)
Redundancy and reorganisation costs	4.8	7.7
	<u>751.1</u>	<u>721.4</u>

Auditors remuneration for the parent Company was £7,000 (2000:£7,000).

Auditors remuneration for non-audit services to the Group were £ 147,000 (2000 : £86,000).

No non-audit services were provided to the Company (2000:£NIL).

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

5. INTEREST RECEIVABLE

	2001	2000
	£M	£M
Interest receivable		
- on bank and other deposits	2.0	2.2
- on loans to fellow group companies	0.1	1.2
	2.1	3.4

6. INTEREST PAYABLE

	2001	2000
	£M	£M
On bank loans, overdrafts and other loans wholly repayable		
- within 5 years	38.1	27.0
- repayable after 5 years	15.2	15.2
On loans from fellow group companies	15.8	33.0
	69.1	75.2

7. DIRECTORS AND EMPLOYEES

	2001	2000
	Number	Number
Average number of persons, including executive directors, employed by the group during the period:		
	6,113	6,266
Production and Research & Development	5,405	5,462
Administrative	708	804
Total	6,113	6,266

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.

	2001	2001	2000	2000
	£'000	£'000	£'000	£'000
Remuneration				
Salary	97		176	
Benefits and other remuneration	9		108	
Pension contribution	17		13	
		123		297
		2001		2000
		£'000		£'000
Highest paid UK director		123		181

During the year, one (2000: two) of the directors accrued benefits under the defined benefit pension scheme.

At 31 December 2001 following amounts relating to the highest paid director were accrued under a defined benefit pension scheme.

	2001	2000
	£'000	£'000
Accrued pension entitlement	21	143
Accrued lump sum	47	428

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

8. TAXATION

	2001	2000
	£M	£M
Based on the (loss)/profit for the period:		
United Kingdom tax at 30% (2000: 30%)	(0.7)	0.2
Deferred taxation	(9.5)	(6.4)
Adjustment of current taxation in respect of prior year	-	(0.3)
Adjustment of deferred taxation in respect of prior year	15.0	(1.5)
	4.8	(8.0)
Overseas:		
Taxation on profits	1.8	1.7
Deferred taxation	1.0	(0.2)
Total Taxation charge/(credit)	7.6	(6.5)

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

9. 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 loss for the financial period was £58.1M (2000 loss £2.9M), which includes dividends receivable from Group undertakings of £4M (2000 £30.1M) and an asset impairment charge of £26.8M (2000: NIL).

10. INTANGIBLE FIXED ASSETS

Group	Intellectual Property	Goodwill	Total
	£M	£M	£M
COST			
At 1 January 2001	3.1	660.1	663.2
Additions	0.9	1.1	2.0
Transfer to current assets held for resale (note 3b)	-	(38.1)	(38.1)
Exchange movements	0.1	0.5	0.6
At 31 December 2001	4.1	623.6	627.7
ACCUMULATED AMORTISATION			
At 1 January 2001	0.8	138.5	139.3
Charge for the period	1.0	32.9	33.9
Impairment (note 3b)	-	28.0	28.0
Transfer to current assets held for resale (note 3b)	-	(38.1)	(38.1)
Exchange movements	-	0.1	0.1
At 31 December 2001	1.8	161.4	163.2
NET BOOK VALUE			
At 31 December 2001	2.3	462.2	464.5
At 31 December 2000	2.3	521.6	523.9

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

11. TANGIBLE FIXED ASSETS

Group	Freehold Land and Properties	Leasehold Properties	Plant and Machinery	Fixtures, Fittings, Tools and Equipment	Total
	£M	£M	£M	£M	£M
COST					
At 1 January 2001	60.4	0.4	356.4	52.6	469.8
Additions	3.5	-	14.6	1.4	19.5
Disposals	(1.8)	-	(3.3)	(1.7)	(6.8)
Transfers to fellow group undertakings	-	-	(0.1)	-	(0.1)
Transfer to current assets held for resale (note 3b)	(2.9)	-	(6.9)	(1.0)	(10.8)
Exchange movement	(0.1)	-	(1.4)	(0.3)	(1.8)
At 31 December 2001	59.1	0.4	359.3	51.0	469.8
ACCUMULATED DEPRECIATION					
At 1 January 2001	7.2	0.3	123.9	15.7	147.1
Charge for the period	2.0	-	38.6	7.3	47.9
Acquisitions of Subsidiary	-	-	0.4	-	0.4
Disposals	(0.4)	-	(2.4)	(1.5)	(4.3)
Impairment (note 3b)	2.0	-	3.6	-	5.6
Transfers to fellow group undertakings	-	-	(0.2)	-	(0.2)
Transfer to current assets held for resale (note 3b)	(2.4)	-	(6.0)	(0.6)	(9.0)
Exchange movement	(0.1)	-	(0.5)	(0.1)	(0.7)
At 31 December 2001	8.3	0.3	157.4	20.8	186.8
NET BOOK VALUE					
At 31 December 2001	50.8	0.1	201.9	30.2	283.0
At 31 December 2000	53.2	0.1	232.5	36.9	322.7

Freehold land amounting to £13.1M (2000: £13.3M) has not been depreciated.

Plant and machinery includes the cost of assets in the course of construction being £20.8M (2000: £22.2M) which are not depreciated until the asset is commissioned.

Included in the net book amount of plant and machinery is £1.5M (2000: £3.1M) in respect of assets held under finance lease. The movement in the year relates to disposals with a net book value of £0.6M and depreciation of £1.0M.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

12. FIXED ASSET INVESTMENTS :

GROUP UNDERTAKINGS

	<u>2001</u>	<u>2000</u>
Company	£M	£M
Shares in group undertakings		
- subsidiary undertakings	<u>697.2</u>	<u>724.0</u>

A provision for impairment of £26.8M has been made during the year against these investments.

The above investments are unlisted.

The Company's investments comprise:

	<u>2001</u>	<u>2000</u>
	£M	£M
CarnaudMetalbox Group UK Ltd	581.2	581.2
CarnaudMetalbox Overseas Ltd	57.6	84.4
The Crown Cork Company Ltd	25.9	25.9
Crown Cork & Seal Finance plc	0.1	0.1
Constar International UK Limited	32.4	32.4
At 31 December 2001	<u>697.2</u>	<u>724.0</u>

See note 27 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.

13. STOCKS

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>2000</u>
	£M	£M	£M	£M
Raw materials and consumables	39.9	-	51.9	-
Work-in-progress	13.6	-	19.1	-
Finished goods and goods for resale	28.9	-	43.8	-
	<u>82.4</u>	<u>-</u>	<u>114.8</u>	<u>-</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

14. DEBTORS

	Group 2001 £M	Company 2001 £M	Group 2000 £M	Company 2000 £M
Amounts recoverable within one year:				
Trade debtors	53.8	-	69.0	-
Amounts owed by fellow group				
Undertakings	20.3	113.0	45.8	1.5
Corporation tax	-	13.5	-	-
Other debtors	17.0	-	14.1	-
Prepayments and accrued income	3.2	-	10.8	-
Dividend receivable	-	-	-	23.3
	<u>94.3</u>	<u>126.5</u>	<u>139.7</u>	<u>24.8</u>

15. CREDITORS: (amounts falling due within one year)

	Group 2001 £M	Company 2001 £M	Group 2000 £M	Company 2000 £M
Bank loans and overdrafts	236.3	233.0	141.7	120.0
Other loans	1.6	-	84.8	-
Obligations under finance leases and hire purchase contracts	1.0	-	1.3	-
Trade creditors	101.5	-	135.6	-
Amounts owed to fellow group				
Undertakings	289.1	490.8	325.7	471.4
Corporation tax	3.8	-	4.9	-
UK PAYE and Social Security	3.4	-	3.9	-
Other creditors and accruals	43.2	2.0	36.7	1.4
	<u>679.9</u>	<u>725.8</u>	<u>734.6</u>	<u>592.8</u>

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.

Other loans include cash advances secured on debtors of £2.0M (2000: £78.2M) within the Group. The trade debtors on which these loans are secured are reflected in the Group's balance sheet.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

16. CREDITORS: (amounts falling due after more than one year)

	Group 2001 £M	Company 2001 £M	Group 2000 £M	Company 2000 £M
\$ 500M fixed rate bonds	300.6	-	300.2	-
Obligations under finance leases and hire purchase contracts	-	-	1.5	-
Other creditors and accruals	-	-	0.1	-
	<u>300.6</u>	<u>-</u>	<u>301.8</u>	<u>-</u>

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

	Group 2001				Group 2000			
Analysis of debt Maturity:	Bank loans, Overdrafts and other loans	Bonds	Obligations under finance leases	Total	Bank loans, Overdrafts and other loans	Bonds	Obligations under finance leases	Total
	£M	£M	£M	£M	£M	£M	£M	£M
Amounts payable:								
In one year or less	238.9	-	1.0	239.9	226.5	-	1.3	227.8
Between One and Two years	-	120.3	-	120.3	-	-	1.3	1.3
Between two and Five years	-	-	-	-	-	120.1	0.2	120.3
In five years or more-	-	180.3	-	180.3	-	180.1	-	180.1
	<u>238.9</u>	<u>300.6</u>	<u>1.0</u>	<u>540.5</u>	<u>226.5</u>	<u>300.2</u>	<u>2.8</u>	<u>529.5</u>

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

17. PROVISIONS FOR LIABILITIES AND CHARGES:

Group	Pensions and Similar Obligations £M	Deferred Taxation £M	Reorganisation Provisions £M	Total £M
At 1 January 2001	11.4	12.0	1.8	25.2
Charge/(Credit) for the period	0.2	6.5	4.8	11.5
Utilised during the period	(0.6)	-	(6.1)	(6.7)
Other movements	-	(0.6)	-	(0.6)
Exchange movements	-	(0.2)	-	(0.2)
At 31 December 2001	11.0	17.7	0.5	29.2

The pensions and similar obligations provisions relate to liabilities under pension schemes and under post-retirement medical schemes (see note 22).

The reorganisation provisions relate to the costs of reorganising the Company's activities. It is anticipated that the provision held at 31 December 2001 will be utilised during 2002.

Deferred Taxation

	Amount Provided 2001 £M	Amount Provided 2000 £M
Excess of capital allowances over depreciation	18.8	27.7
Other timing differences	(1.5)	(0.5)
Losses/provisions carried forward	1.3	0.8
Pension	2.4	2.4
Post retirement medical benefits	(3.3)	(3.4)
Advance corporation tax recoverable	-	(15.0)
	17.7	12.0

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.

18. SHARE CAPITAL

	Authorised 2001 £	Allotted, Issued and Fully Paid 2001	Authorised 2000 £	Allotted, Issued and Fully Paid 2000
Ordinary Shares of £1 each	10,000	550	10,000	550

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

19. RESERVES

Group	Share Premium Account 2001 £M	Profit and Loss Account 2001 £M	Total 2001 £M
As at 31 December 2000	61.2	(1.2)	60.0
Retained (loss)/ profit for the period	-	(106.2)	(106.2)
Exchange Movement	-	(4.8)	(4.8)
At 31 December 2001	<u>61.2</u>	<u>(112.2)</u>	<u>(51.0)</u>
Company	Share Premium Account 2001 £M	Profit and Loss Account 2001 £M	Total 2001 £M
As at 31 December 2000	61.2	94.8	156.0
Retained loss for the Period	-	(58.1)	(58.1)
At 31 December 2001	<u>61.2</u>	<u>36.7</u>	<u>97.9</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2001 £M	Company 2001 £M
(Loss)/profit for the financial period	(106.2)	(58.1)
Currency translation differences on foreign currency and net investments	(4.8)	-
Net (reduction)/addition to shareholders' funds	(111.0)	(58.1)
Opening shareholders' funds	60.0	156.0
Closing shareholder's funds (Equity interests)	<u>(51.0)</u>	<u>97.9</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

21. CASH FLOW STATEMENT

a) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2001	2000
	£M	£M
Operating profit	2.0	26.6
(Profit) on disposal of fixed assets	(0.5)	(1.0)
Depreciation and amortisation	81.8	78.1
Decrease/(Increase) in stocks	27.1	(6.2)
Decrease in debtors	45.5	52.1
Increase/(Decrease) in creditors	27.9	(221.1)
(Decrease) in provisions	(2.3)	(5.1)
Net cash inflow/(outflow) from Continuing operating activities	181.5	(76.6)

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

	2001	2000
	£M	£M
Net debt at 1 January	(502.5)	(533.6)
Decrease in net debt	4.2	31.1
Currency translation adjustment	(1.2)	-
Net debt at 31 December	(499.5)	(502.5)

c) RECONCILIATION OF MOVEMENT IN NET DEBT

	At 1 Jan 2001 £M	Cash Flow £M	Currency translation adjustment £M	At 31 Dec 2001 £M
Cash in hand and at bank	27.0	14.2	(1.2)	40.0
Debt due after one year	(301.7)	1.1	-	(300.6)
Debt due within one year	(227.8)	(11.1)	-	(238.9)
TOTAL	(502.5)	4.2	(1.2)	499.5

d) Non-cash transactions

During the year the Group acquired goodwill of £1.1M, tangible fixed assets of £2.9M and creditors of £3.5M in exchange for 2.41% of the share capital in CarnaudMetalbox Gopak sp Z.O.O., which has the effect of reducing the Group's holding in this subsidiary to 75%.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS

(a). Pension Scheme

The Company offers pension schemes to employees in its subsidiary undertakings in the UK. The principal scheme is The Metal Box Pension Scheme ("the Scheme"), for which employees at most UK locations are eligible. The Scheme is a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund. For employees who join the Scheme on or after 1 April 2002, benefits will be provided on a defined contribution basis.

The Company has designed a stakeholder pension scheme for employees who are not eligible or who choose not to join the Scheme.

The total pension cost for the UK sub group for the year to 31 December 2001 was £Nil (2000: £Nil) and there is a pension prepayment under SSAP 24 in the balance sheet as at 31 December 2001 of £7,900,000 (2000: £7,900,000) – see Note 9.

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 2001. The actuarial method used in the 2001 valuation is the projected unit method. The main long-term future assumptions employed in determining the normal contribution rate were that the investment return on future contributions would average 5.75% per annum, salary increases would average 4.4% per annum and future pension scheme increases would average 2.4% per annum. The past service liabilities were determined by projecting liabilities allowing for salary increases of 4.4% per annum, pension scheme increases of 2.4% per annum and discounting the resulting cash flows at 5.75% per annum for Active Members, and 5.25% per annum for Pensioners and Deferred Pensions.

The market value of the assets held by the Scheme at the date of the latest valuation was £1,379 million. The actuarial value of the assets amounted to 109.7% of the value placed on past service liabilities. (The excess assets are amortised over 9 years, being the average remaining service lives of employees.) It has been agreed between the company trustees for the company contribution holiday to continue until the next actuarial valuation due on 31 March 2004.

A smaller defined benefit scheme, the Constar International (UK) Limited Pension Scheme, also exists for the benefit of the employees of Constar International (UK) Limited, a subsidiary undertaking. Details of this scheme are contained in the accounts of the subsidiary.

An actuarial valuation for the purpose of compliance with the requirements of FRS17 was carried out at 31 December 2001. The following disclosures are those required under the transitional arrangements of FRS 17.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

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

The major assumptions used by the actuary for both the Metal Box Pension Scheme and the Constar International (UK) limited Pension Scheme (together "the Schemes") were:

	At 31/12/2001
Rate of increase in salaries	4.00%
Rate of increase in pensions in payment and deferment	2.50%
Discount rate	5.75%
Inflation assumption	2.50%

The assets in the scheme measured in accordance with FRS 17 and the expected return were:

	Long term rate of return for the Schemes expected at 31/12/2001	Value of the Metal Box Scheme at 31/12/2001 £M	Value of the Constar Scheme at 31/12/2001 £M	Total value of the Schemes at 31/12/2001 £M
Equities	8.00%	549.0	1.6	550.6
Property	7.00%	105.0	-	105.0
Bonds	5.50%	677.0	0.3	677.3
Total market value of assets		1,331.0	1.9	1,332.9
Present value of scheme liabilities		(1,189.0)	(2.7)	(1,191.7)
Surplus in the scheme		142.0	(0.8)	141.2
Related deferred tax liability		(42.6)	0.2	(42.4)
Net pension asset		99.4	(0.6)	98.8

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	£M
Net (liabilities) excluding SSAP 24 pension asset	(49.2)
Pension asset	98.8
Net assets including FRS 17 pension asset	49.6
Profit and loss reserve excluding SSAP 24 pension asset	(117.7)
Pension reserve	98.8
Profit and loss reserve including FRS 17 pension reserve	(18.9)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

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

(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 not funded.

The latest actuarial valuation of the UK schemes was carried out as at 31 March 2001 and incorporates the following assumptions:

- annual bank interest rate 5.75% (previously 8.25%)
- annual increase in the medical costs of 5% (previously 3%)

This has resulted in a charge to the profit and loss account for the year of £159,000 (2000 charge £1,200,000).

23. CAPITAL COMMITMENTS

	Group 2001 £M	Company 2001 £M	Group 2000 £M	Company 2000 £M
Capital expenditure contracted for but not provided for in the accounts	0.8	-	2.0	-

24. OTHER FINANCIAL COMMITMENTS

At 31 December 2001 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2001

	Plant & Machinery 2001 £M	Plant & Machinery 2000 £M
Operating leases which expire:		
Within 1 year	1.6	1.7
Between 2 and 5 years	2.5	3.2
Over 5 years	0.6	0.5
	4.7	5.4

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

25. CONTINGENT LIABILITIES

At 31 December 2001 there were contingent liabilities in respect of bills receivable discounted and performance bonds of £Nil (2000:£4.0M) for the group.

Bank and other guarantees in respect of Group pooling guarantee given by the group amounted to £4.7M (2000:£5.0M).

26. PARENT UNDERTAKING

The immediate and ultimate 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001 (Continued)

27. 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 and are included in the consolidated accounts.

		<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 Ireland Ltd.	*	Ireland	Packaging
United Closures & Plastics Plc	*	UK	Packaging
Speciality Packaging (UK) Plc	*	UK	Packaging
CarnaudMetalbox Engineering Plc	*	UK	Packaging
CarnaudMetalbox South Africa PTY Ltd	*	South Africa	Packaging
CarnaudMetalbox Gopak sp Z.O.O. (75.0%)	*	Poland	Packaging
CMB Bottles & Closures Ltd	*	UK	Packaging
Constar International UK Ltd		UK	Packaging
CarnaudMetalbox Jamaica Ltd	*	Jamaica	Packaging
CMB Packaging Trinidad Ltd (91%)	*	Trinidad	Packaging
CarnaudMetalbox Barbados Ltd	*	Barbados	Packaging
CarnaudMetalbox Nigeria Plc (54.89%)	*	Nigeria	Packaging
CarnaudMetalbox Kenya Ltd	*	Kenya	Packaging
CarnaudMetalbox Tanzania Ltd	*	Tanzania	Packaging
CarnaudMetalbox Zimbabwe Ltd	*	Zimbabwe	Packaging
CarnaudMetalbox Ghana Ltd	*	Ghana	Packaging
Crown Cork of Malaysia Sendirian Berhad (60%)	*	Malaysia	Packaging

28. SUBSEQUENT EVENTS

As identified in note 3b, the group's businesses in Kenya, Nigeria, Tanzania and Zimbabwe were disposed on 31 July 2002 for £13.3m net of costs.