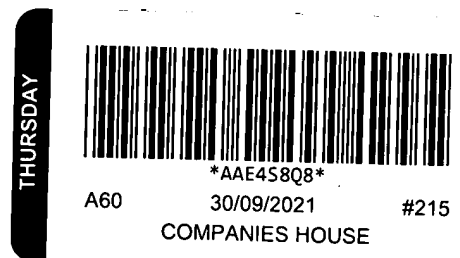




Financial Statements

Signode UK Ltd

For the financial year ended 31 December 2020



Registered number: 07405243

Signode UK Ltd

Company Information

Directors

Frank Bangman (resigned 9 April 2021)
Kevin Green (resigned 9 April 2021)
Nils Stenger (resigned 9 April 2021)
Janelle Pearson (appointed 9 April 2021)
Olaf Roth (appointed 9 April 2021)
Kevin Ivan Mantle (appointed 9 April 2021)
Eric Henry Thompson (appointed 9 April 2021)

Registered number

07405243

Registered office

Unit 51
Empire Industrial Park
Aldridge, Walsall
WS9 8UQ
United Kingdom

Independent auditor

Grant Thornton
Chartered Accountants & Statutory Auditors
13-18 City Quay
Dublin 2
Ireland

Bankers

Danske Bank
75 King William Street
London
EC4N 7DT
United Kingdom

Signode UK Ltd

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Signode UK Ltd

Strategic report

For the financial year ended 31 December 2020

Introduction

The directors present their strategic report and the financial statements for the financial year ended 31 December 2020.

Principal activities

SPG Packaging UK Ltd changed its name to Signode UK Ltd ("the Company") on 31 July 2020 as part of the global "one Signode" positioning.

The principal activity of the Company is that of a supplier of end-of-line packaging machinery, software sales, maintenance and servicing, the manufacture of paper edgeboard protection; and the sales of end-of-line packaging systems, including consumable plastic and steel strap, stretch-film, staples/fasteners, tools, strapping machines, parts, service and other ancillary packing products.

In December 2020, the then immediate parent company of Signode UK Ltd, Strapex Holdings UK Ltd, merged into Signode Netherlands B.V., a limited liability company in the Netherlands, which became the immediate parent company of Signode UK Ltd at the year end.

Business review

Driven by the global pandemic, the financial year 2020 delivered an operating loss before interest and taxes of £910k as compared to operating profit of £52k in 2019. The balance sheet position as at 31 December 2020 is £4.8m (2019: £5.6m). Despite of the negative outcome, the directors are confident that the Company is financially stable and that the performance of the Company will recover to levels before 2020 after the pandemic and Brexit effects stabilise.

The results for the financial year are in line with the directors' expectations. The directors have monitored the performance of the Company by reference to certain financial (as given below) and non-financial key performance indicators (KPI's). The non-financial KPI's include the quality of service and products; repeat orders from customers in the sector; ability to win projects against the competition and staff retention. The directors are of the opinion that analysis using KPI's assists with their understanding of the development, performance and position of the business.

Based on their forecasts, the directors are confident that the Company remains in a strong position to strive for continued growth in sales and market share in 2021.

Financial key performance indicators

The directors measure the performance of the Company using key performance indicators with regard to gross profit percentage and overhead costs, thereby ensuring that operating profit is maximised.

Key performance indicator	2020	2019
Gross profit percentage	21%	20%
Operating (loss)/profit percentage	-5%	-0.2%

Signode UK Ltd

Strategic report (continued)

For the financial year ended 31 December 2020

Principal risks and uncertainties

The key risks to the business are outlined below.

Economic risk

The risk of further deterioration in the economic environment having an adverse impact on the Company; the risk of increased interest rates and or inflation having an adverse impact on served markets; the risk of adverse exchange movements; the risk of unrealistic increases in wages or infrastructural cost impacting adversely on competitiveness of the Company and its principal customers. These are managed by innovative product sourcing and strict control of costs.

The COVID-19 pandemic exposes the Company to certain risks inherent in doing business, which may adversely affect Company's business, results of operations or financial condition. Uncertainty about global economic conditions due to the COVID-19 could result in difficulties providing services, unemployment, negative financial news and/or declines in income or asset values.

At this point, the extent to which the COVID-19 may continue to impact Company's results is uncertain and the directors continue to monitor and assess the ongoing developments and respond accordingly. Management applied its judgment in determining impact of this uncertainty on carrying amounts of assets and liabilities in these financial statements. As a result of this assessment, the Company has not identified any impairment indicators as at 31 December 2020.

Further, the decision taken by the UK to leave the EU (Brexit) is another key business risk which is being monitored carefully. Although, the impact is considered to be minimal, the Signode Industrial Group has put plans in place to deal with the risk.

Competitor risk

The directors of the Company manage competition through close attention to customer service levels and product innovation.

Financial risk

The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

Financial risk and management policies

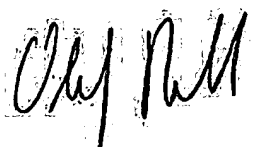
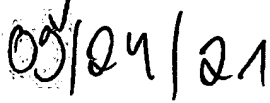
The directors are very aware of the need to review all aspects of risk (and annually carry out a very detailed internal risk assessment analysis on all aspects of the business), which are likely to affect the financial stability of the Company, whether it be from either the sales or the cost side of the business.

Given that a UK or global economic slowdown is a potential risk, management feel that it is vitally important to continue with the need to assess operating procedures and processes of the Company.

This report was approved by the board and signed on its behalf.

Olaf Roth
Director

Date:

Signode UK Ltd

Directors' report

For the financial year ended 31 December 2020

Directors

The directors who served during the financial year were:

Frank Bangman (resigned 9 April 2021)
Kevin Green (resigned 9 April 2021)
Nils Stenger (resigned 9 April 2021)
Janelle Pearson (appointed 9 April 2021)
Olaf Roth (appointed 9 April 2021)
Kevin Ivan Mantle (appointed 9 April 2021)
Eric Henry (appointed 9 April 2021)

Results and dividends

The loss for the financial year, after taxation, amounted to £797,000 (2019: loss £14,000).

The directors do not recommend the payment of a dividend (2019: £Nil).

Going concern

As outlined in the Strategic report, the Company has an appropriate response plan in place for the COVID-19 pandemic and the impact of Brexit on the business. The management has taken proactive measures to ensure the Company can continue to successfully deliver products and services for the foreseeable future.

While the situation is evolving quickly, the Company has substantial net assets as set out in the Statement of Financial Position. It has sufficient resources to meet any reasonably foreseeable obligation.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, despite the current uncertain economic outlook. Thus, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Research and development activities

The Company has not engaged in any research and development activities throughout the current or preceding year.

Branches outside the United Kingdom

The Company has no branches outside the United Kingdom.

Events since the end of the financial year

Apart from the ongoing COVID-19 crisis, Brexit and its macroeconomic impact, there have been no other significant events affecting the Company since the financial year end.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signode UK Ltd

Directors' report (continued)

For the financial year ended 31 December 2020

Auditor

The auditor, Grant Thornton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

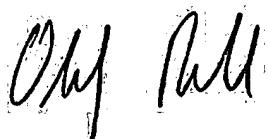
- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report was approved by the board and signed on its behalf.

Olaf Roth
Director

Date:


09/24/21



Independent auditor's report to the members of Signode UK Ltd

Opinion

We have audited the financial statements of Signode UK Ltd which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity for the financial year ended 31 December 2020, and the related notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, Signode UK Ltd's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year then ended; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities, and the responsibilities of the directors, with respect to going concern are described in the relevant sections of this report.



Independent auditor's report to the members of Signode UK Ltd (continued)

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Directors' report and the Strategic Report.

The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment we have obtained in the course of the audit, we have not identified material misstatements in the Directors' report and the Strategic Report.

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

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



Independent auditor's report to the members of Signode UK Ltd (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Employment laws, Health and Safety Regulation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.



Independent auditor's report to the members of Signode UK Ltd (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of management and board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Company's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including their impairment assessment of non-financial assets, allowance for slow-moving and obsolete inventories, and management's assessment of going concern;
- review of the financial statements disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jason Crawford (Senior Statutory Auditor)
for and on behalf of

Grant Thornton

Chartered Accountants & Statutory Auditors
Dublin 2

Date: 24 September 2021

Signode UK Ltd

Statement of comprehensive income

For the financial year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	4	19,193	22,607
Cost of sales		(15,254)	(17,843)
Gross profit		3,939	4,764
Selling, distribution and administrative expenses		(3,126)	(3,142)
Other operating expenses		(1,723)	(1,570)
Operating (loss)/profit	5	(910)	52
Interest receivable and similar income		-	1
Interest payable and expenses	8	(3)	(9)
(Loss)/profit before tax		(913)	44
Tax on (loss)/profit	9	(41)	(58)
Loss for the financial year		(954)	(14)

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 (2019: £'000NIL).

The notes on pages 12 to 26 form part of these financial statements.

Signode UK Ltd

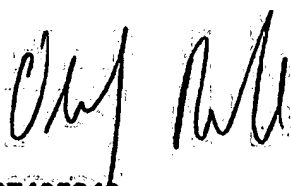
Statement of financial position

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	10	1,793	2,332
Tangible assets	11	386	568
		<u>2,179</u>	<u>2,900</u>
Current assets			
Stocks	12	1,073	1,054
Debtors: amounts falling due within one year	13	5,981	5,751
Cash at bank and in hand	14	204	378
		<u>7,258</u>	<u>7,183</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(4,755)	(4,482)
Net current assets		<u>2,503</u>	<u>2,701</u>
Deferred tax liability	16	(35)	-
Net assets		<u>4,647</u>	<u>5,601</u>
Capital and reserves			
Share premium	17	5,147	5,147
Profit and loss account	18	(500)	454
Shareholders' funds		<u>4,647</u>	<u>5,601</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Olaf Roth
Director



Date: 24 September 2021

Registered number: 07405243

The notes on pages 12 to 26 form part of these financial statements.

Signode UK Ltd

Statement of changes in equity

For the financial year ended 31 December 2020

	Share premium £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	5,147	454	5,601
Comprehensive loss for the financial year			
Loss for the financial year	-	(954)	(954)
At 31 December 2020	5,147	(500)	4,647

Statement of changes in equity

For the financial year ended 31 December 2019

	Share premium £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	5,147	468	5,615
Comprehensive loss for the financial year			
Loss for the financial year	-	(14)	(14)
At 31 December 2019	5,147	454	5,601

The notes on pages 12 to 26 form part of these financial statements.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

1. General information

Signode UK Ltd is a limited liability company which is registered and incorporated in the United Kingdom. During the year, the Company changed its name from SPG Packaging UK Ltd to Signode UK Ltd. The Company's registered office is at Unit 51, Empire Industrial Park, Aldridge, Walsall, England, United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£) or GBP which is also the functional and presentation currency of the Company. All financial information presented in £ has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The smallest and largest group into which the results of the Company are consolidated is that headed by Crown Holdings Inc.. The financial statements of Crown Holdings Inc. for the financial year ended 31 December 2020 are available to the public and can be obtained at One Crown Way, Philadelphia, United States of America.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.3 Going concern

The directors are confident that the Company will overcome the pandemic and the impact of Brexit on the business. The management has taken proactive measures to ensure that the Company can continue to successfully deliver its products and services for the foreseeable future. The Company is financially stable and has substantial net assets as set out in the Statement of Financial Position. It has sufficient resources to meet any reasonably foreseeable obligation. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, despite the current uncertain economic outlook. Thus, the Company continues to adopt the going concern basis in preparing the annual report and financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.7 Interest expense

Interest expense is charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.11 Intangible assets (continued)

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10 years
Customer based intangibles	-	10 years

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the term of the lease
Machinery and equipment	- Between 10% and 30% per annum
Other fixed assets	- Between 20% and 33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income..

2.13 Impairment of non-financial assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

As at reporting dates presented, there are no financial instruments that are subsequently measured at fair value.

2.20 Comparative information

Certain amounts have been reclassified to conform to current year presentation.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Impairment of intangible assets

Determining whether goodwill and customer based intangible assets are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual cash flows are less than expected, a material impairment may arise. No impairment was recognised during the current or prior year.

Providing allowance for slow-moving and obsolete inventory

Management evaluates the realisability of inventory on a case-by-case basis and make adjustments to inventory provision based on an analysis of the historical usage of the individual inventory items. The Company's core business is subject to market changes which may cause inventory obsolescence and is considered a key source of estimation uncertainty.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Recognition of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

4. Turnover

Turnover is wholly attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2020 £'000	2019 £'000
United Kingdom	14,772	18,467
Rest of Europe	4,024	3,731
Rest of the World	397	409
	19,193	22,607

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Exchange differences	(57)	9
Amortisation of intangible fixed assets	539	540
Depreciation	229	195
Operating lease costs	485	484
Audit fee	37	37
	<u> </u>	<u> </u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £'000	2019 £'000
Wages and salaries	4,603	4,580
Other pension costs	380	385
Social welfare costs	181	242
	<u> </u>	<u> </u>
	<u>5,164</u>	<u>5,207</u>

The Company had an average of 81 (2019: 90) employees, including the directors, during the financial year.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £380k (2019: £385k). Contributions totalling £16k (2019: £36k) were payable to the fund at the financial year-end and are included in creditors.

7. Directors' remuneration

	2020 £'000	2019 £'000
Directors' emoluments	111	99
Company contributions to pension scheme	11	9
	<u> </u>	<u> </u>
	<u>122</u>	<u>108</u>

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

8. Interest payable and similar expenses

	2020 £'000	2019 £'000
Bank interest	3	9

9. Taxation

	2020 £'000	2019 £'000
Corporation tax		
Current tax	(44)	58
Deferred tax		
Current deferred tax	85	-
Taxation on profit on ordinary activities	41	58

Factors affecting tax charge for the financial year

The tax assessed for the financial year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before tax	(913)	44
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(173)	8
Effects of:		
Expenses not deductible for tax purposes	113	4
Capital allowances in excess of depreciation	24	110
Other timing differences	77	(59)
Group relief	-	(5)
Total tax charge for the financial year	41	58

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

9. Taxation (continued)

Factors that may affect future tax charges

The standard rate of UK Corporation Tax is to remain at 19% until 31 March 2023. The Finance Act 2021, which was published on 11 March 2021 and is expected to receive Royal Assent in July 2021, states that this rate is to be increased from 19% to 25% from 1 April 2023. These proposed changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements. In summary, the rate of corporation tax from 1 April 2023 will increase to 25% for companies generating taxable profits of more than £250,000. The current 19% tax rate will continue to apply to 'small' companies with profits less than £50,000, with a 'taper relief rate' for those companies with profits between the new thresholds.

Deferred tax at the balance sheet date has been measured using the enacted tax rates

10. Intangible fixed assets

	Goodwill £'000	Customer based intangibles £'000	Total £'000
Cost			
At 1 January 2020	2,855	2,555	5,410
At 31 December 2020	2,855	2,555	5,410
Amortisation			
At 1 January 2020	1,785	1,293	3,078
Charge for the financial year on owned assets	285	254	539
At 31 December 2020	2,070	1,547	3,617
Net book value			
At 31 December 2020	785	1,008	1,793
At 31 December 2019	1,070	1,262	2,332

Goodwill arose from the acquisition of the UK businesses from affiliated companies.

Customer based intangibles relate to acquired customer lists from affiliated companies.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

11. Tangible fixed assets

	Short-term leasehold property £'000	Machinery and equipment £'000	Other fixed assets £'000	Total £'000
Cost or valuation				
At 1 January 2020	115	707	502	1,324
Additions	-	151	14	165
Disposals	(7)	(180)	(52)	(239)
At 31 December 2020	108	678	464	1,250
Depreciation				
At 1 January 2020	94	299	363	756
Charge for the financial year on owned assets	3	145	81	229
Disposals	(4)	(65)	(52)	(121)
At 31 December 2020	93	379	392	864
Net book value				
At 31 December 2020	15	299	72	386
At 31 December 2019	21	408	139	568

12. Stocks

	2020 £'000	2019 £'000
Raw materials	73	99
Finished goods and goods for resale	1,000	955
	1,073	1,054

Inventories are stated after provisions for impairment of £190k (2019: £161k).

There is no material difference between the replacement cost of stocks and the amounts stated above.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

13. Debtors: Amounts falling due within one year

	2020 £'000	2019 £'000
Trade debtors	4,295	4,651
Amounts owed by group undertakings	1,200	769
Other debtors	1	-
Corporation tax recoverable	56	7
Prepayments and accrued income	429	274
Deferred taxation (note 16)	-	50
	<u>5,981</u>	<u>5,751</u>

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

14. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	<u>204</u>	<u>378</u>

15. Creditors: Amounts falling due within one year

	2020 £'000	2019 £'000
Bank overdrafts	841	1,514
Trade creditors	935	831
Amounts owed to group undertakings	817	676
Taxation and social security	941	567
Accruals	1,221	894
	<u>4,755</u>	<u>4,482</u>

Trade creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

Other taxes including VAT and social insurance are payable at various dates over the coming months in accordance with the applicable statutory provisions.

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

16. Deferred taxation

	2020 £'000	2019 £'000
At beginning of year	50	50
Charge to profit or loss	(85)	-
At end of year	(35)	50

The deferred tax balance is made up as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	(57)	-
Tax losses carried forward	-	50
Provisions	22	-
	(35)	50

17. Share capital

The equity in the Company comprises of 2 Ordinary shares of £1 each (£2) in issue, and associated share premium of £5,147,435.

18. Reserves

Share premium

Includes amounts received from share issuance in excess of par value.

Profit and loss account

Includes all current and prior period retained profits and losses.

19. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £'000	2019 £'000
Not later than 1 year	373	488
Later than 1 year and not later than 5 years	348	1,357
	721	1,845

Signode UK Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

20. Related party transactions

The Company has availed of the exemption provided in FRS 102 section 33, "Related Party Disclosures" not to disclose transactions entered into with fellow group companies that are wholly owned within the group of companies of which the Company is wholly owned under.

21. Controlling party

The Company's ultimate parent company is Crown Holdings Inc., a listed company on the NYSE. The immediate parent undertaking of the Company is Signode Netherlands B.V. and it is registered in the Netherlands.

The smallest and largest group into which the results of the Company are consolidated is that headed by Crown Holdings Inc. The financial statements of Crown Holdings Inc. are available to the public and can be obtained at One Crown Way, Philadelphia, United States of America.

22. Events since the end of the financial year

Apart from the ongoing COVID-19 crisis, Brexit and its potential macroeconomic impact, there have been no other significant events affecting the Company since the financial year end.

23. Approval of financial statements

The board of directors approved these financial statements for issue on 24 September 2021.

Signode UK Ltd

Detailed profit and loss account

For the financial year ended 31 December 2020

	2020 £'000	2019 £'000
Turnover	19,193	22,607
Cost of sales	(15,254)	(17,843)
Gross profit	3,939	4,764
Gross profit %	20.5 %	21.1 %
Less: overheads		
Selling, distribution and administration expenses	(3,126)	(3,142)
Other operating charges	(1,723)	(1,570)
Operating (loss)/profit	(910)	52
Interest receivable and similar income	-	1
Interest payable and expenses	(3)	(9)
Tax on (loss)/profit on ordinary activities	(41)	(58)
Loss for the financial year	(954)	(14)

Signode UK Ltd

Schedule to the detailed accounts

For the financial year ended 31 December 2020

	2020 £'000	2019 £'000
Turnover		
Sales	19,193	22,607
	2020 £'000	2019 £'000
Cost of sales		
Direct materials	11,785	14,979
Wages and salaries	2,054	1,437
Consumables	139	167
Carriage and import duty	528	544
Operating leases	408	423
Maintenance	85	73
Depreciation of plant and equipment	121	127
Other overhead charges	134	93
	15,254	17,843
	2020 £'000	2019 £'000
Selling, distribution and administration expenses		
Directors salaries	111	99
Directors pension costs	11	9
Staff salaries	888	688
Motor running costs	57	122
Computer costs	272	222
Legal and professional	8	34
Sundry expenses	81	206
Selling and distribution costs	1,698	1,762
	3,126	3,142

Signode UK Ltd

Schedule to the detailed accounts

For the financial year ended 31 December 2020

	2020 £'000	2019 £'000
Other operating expenses		
Royalties	684	815
Restructuring costs	309	-
Management charges	220	205
Goodwill amortisation	539	540
Foreign exchange (loss)/gains	(57)	9
Others	28	1
	<u>1,723</u>	<u>1,570</u>
	2020 £'000	2019 £'000
Interest receivable		
Interest receivable	<u>-</u>	<u>1</u>
	2020 £'000	2019 £'000
Interest payable		
Interest payable	<u>3</u>	<u>9</u>