Company No: 00178090

CROWN PACKAGING UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

STRATEGIC REPORT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

The directors present their strategic report of the company for the 9 months ended 30 September 2016.

PRINCIPAL ACTIVITIES

The principal activities of the company continued to comprise the manufacture, printing and sales of packaging containers mainly on behalf of Crown Packaging Europe GmbH and acting as a holding company for certain subsidiaries of the Crown Packaging UK sub-group. On the 1 October 2016 the trading activities of the company were sold to Crown Packaging Manufacturing UK Limited, a fellow group company.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the company show an operating profit of £2,824,000 (2015: loss £3,395,000) and turnover of £291,632,000 (2015: £404,346,000) for the period.

The company has £330,804,000 (2015: £219,648,000) of net current assets at the period end.

2016 continued to see the effects of the contract manufacturing agreement entered into in 2011 with a fellow group undertaking Crown Packaging Europe GmbH (the Principal). Under this agreement the company provides specialist manufacturing services under the control and direction of the Principal which centralises risk mitigation, has better control of manufacturing costs and improves sales organisation and process. The company is a limited risk contract manufacturing company with value added returns.

During 2016, the company closed one of its Food Can manufacturing plants. The severance and restructuring costs associated with this site closure were recovered from the Principal under the terms of the contract manufacturing agreement.

The trade and assets of the company were sold on 1 October 2016 to Crown Packaging Manufacturing UK Limited, and since this date has ceased to trade. The intention is that the company will be liquidated within 12 months and so these financial statements have been prepared on a basis other than going concern.

STRATEGIC REPORT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (continued)

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

- Profitability. The results for the company for 2016 show operating profit as being £2,824,000. Management therefore consider that this KPI was successfully met in 2016.
- Cash flow. The company has strict cash flow targets which were successfully achieved in 2016.
- Safety. The company has continued to provide behavioural safety training to all of the UK sites and has introduced employee safety focus groups in order to minimise the risk of a work place incident or injury. Consequently, the company has seen a downward trend in the number of lost work day cases in recent years which management consider to be a commendable achievement.

FINANCIAL RISK MANAGEMENT

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

LIQUIDITY AND CASH FLOW RISK

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

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

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

CREDIT RISK

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

EXCHANGE RATE RISK

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

INTEREST RATE RISK

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

STRATEGIC REPORT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

KEY PERFORMANCE INDICATORS ("KPIs")

The company and the wider group is managed on a divisional basis with performance monitored using a number of "World Class Performance" indicators, concerning the efficiency of the production cycle. Company management are also rewarded and incentivised with reference to a number of specific measures concerning profitability, cash flow and safety. Management believe all of these criteria were met in the nine months to 30 September 2016.

On behalf of the Board

P W Browett
Director

DIRECTORS' REPORT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

The directors present their report together with the audited financial statements and the independent auditors' report for the 9 months ending 30 September 2016.

RESULTS AND DIVIDENDS

The loss for the period of £10,151,000 (2015: loss £1,269,000) has been charged to reserves. No dividends were paid during the year (2015: £nil) and no dividends were proposed at the period-end (2015: £nil). The future developments of the company and financial risk management are detailed in the strategic report.

DIRECTORS

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

P W Browett	
J Clinton	
J Davidson	Resigned 1 September 2016
P W Lockley	Resigned 1 July 2016
Z Ozay	Appointed 1 July 2016
D M Sourisseau	
L Watteaux	

GOING CONCERN

As explained in more detail in the strategic report the company sold its trade and assets on 1 October and the intention is that the company will be liquidated within 12 months. Accordingly these accounts have been prepared on a basis other than going concern.

EMPLOYMENT POLICIES

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

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

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

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

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

DIRECTORS' REPORT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

EMPLOYMENT POLICIES (continued)

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

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

RESEARCH AND DEVELOPMENT

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

THIRD PARTY INDEMNITY

The company has granted a qualifying third party indemnity to each of its Directors against liability in respect of proceedings brought by third parties, which remains in force as at the date of approving the Directors' report.

BRANCHES OUTSIDE THE UK

The company has no branches located outside of the UK.

REGISTERED OFFICE AND COUNTRY OF INCORPORATION

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

During the period, the company changed its name from Crown Packaging UK Plc to Crown Packaging UK Limited.

DIRECTORS' REPORT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (see note 2(a)).

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

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

INDEPENDENT AUDITORS

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

On behalf of the Board

P W Browett
Director

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

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its loss for the 9 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. The Directors have transferred the trade and assets of the business post year end, have ceased to trade and intend to liquidate the entity within the next twelve months. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. Adjustments have been made in these financial statements to reclassify fixed assets and long-term liabilities as current assets and liabilities. No adjustment were required to reduce assets to their recoverable values or to provide for liabilities resulting from the decision to liquidate.

What we have audited

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

- the balance sheet as at 30 September 2016;
- the profit and loss account and the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Miles Saunders

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

15 December 2016

FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

PROFIT AND LOSS ACCOUNT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (YEAR ENDED 31 DECEMBER 2015)

	Note	Period ended 30 September 2016	Year ended 31 December 2015
		£'000	£'000
Turnover	4	291,632	404,346
Change in stocks of finished goods and in work in progress		1,122	(1,663)
		292,754	402,683
Other operating income	5	8,418	13,838
Operating income		301,172	416,521
Raw materials and consumables		(176,142)	(260,944)
Staff costs	6	(55,089)	(75,344)
Depreciation and other amounts written off tangible and intangible fixed assets			
Excluding exceptional item	11, 12	(4,471)	(5,726)
Exceptional item – impairment	12a	-	(8,554)
Depreciation and other amounts written off tangible and intangible fixed assets including exceptional item		(4,471)	(14,280)
Other operating charges		(62,646)	(69,348)
Operating profit/(loss)	5	2,824	(3,395)
Income from shares in group undertakings	13	12,000	10,000
Loss on disposal of investment	13	(6,690)	-
Loss on impairment of investment	13	(9,169)	-
Other interest receivable and similar income	8	6	4
Interest payable and similar charges	9	(2,830)	(4,916)
(Loss)/profit on ordinary activities before taxation		(3,859)	1,693
Tax charge on (loss)/profit on ordinary activities	10	(6,292)	(2,962)
Loss for the financial period/year		(10,151)	(1,269)

The losses for the financial period/year shown above are derived entirely from discontinued operations.

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

FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

STATEMENT OF COMPREHENSIVE INCOME FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (YEAR ENDED 31 DECEMBER 2015)

	Note	Period ended 30 September 2016	Year ended 31 December 2015
		£'000	£'000
Loss for the financial period/year		**(10,151)**	(1,269)
Actuarial loss on defined benefit pension plan	20	**(35,900)**	-
Movement on deferred tax relating to defined benefit pension plan		**7,180**	-
Actuarial (loss)/gain on retiree medical plan	20	**(900)**	200
Movement on deferred tax relating to retiree medical plan		**180**	(36)
Other comprehensive (expense)/income for the period/year		**(29,440)**	164
Total comprehensive expense for the period/year		**(39,591)**	(1,105)

FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

BALANCE SHEET AS AT 30 SEPTEMBER 2016 (31 DECEMBER 2015)

	Note	30 September 2016	31 December 2015
		£'000	£'000
Fixed Assets			
Intangible assets	11	-	339
Tangible assets	12	-	70,406
Investments – shares in group undertakings	13	-	55,358
		-	126,103
Current Assets			
Intangible assets	11	**636**	-
Tangible assets	12	**71,134**	-
Investments – shares in group undertakings	13	**36,052**	-
Inventories	14	**43,522**	40,029
Debtors: amounts falling due within one year	15	**335,433**	335,729
Debtors: amounts falling due after more than one year	16	-	33,469
Cash at bank and in hand		**13**	333
		486,790	409,560
Creditors: amounts falling due within one year	17	**(155,986)**	(189,912)
Net current assets		**330,804**	219,648
Total assets less current liabilities		**330,804**	345,751
Creditors: amounts falling due after more than one year	18	-	(2,094)
Provisions for liabilities			
Pensions and similar obligations	20	**(148,500)**	(127,200)
Other provisions	19	**(8,847)**	(3,972)
Net assets		**173,457**	212,485
Capital and reserves			
Called up share capital	21	**165,000**	165,000
Share premium account		**60,454**	60,454
Capital redemption reserve		**75,500**	75,500
Profit and loss account		**(127,497)**	(88,469)
Total shareholders' funds		**173,457**	212,485

The notes on pages 14 to 35 are an integral part of these financial statements. The financial statements on pages 10 to 35 were approved and authorised for issue by the board of directors on 13 December 2016 and were signed on its behalf by:

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

FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity shareholders' funds
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2015	165,000	60,454	75,500	(87,983)	212,971
Loss for the financial year	-	-	-	(1,269)	(1,269)
Other comprehensive income for the year	-	-	-	164	164
Total comprehensive expense for the year	-	-	-	(1,105)	(1,105)
Equity share option charge	-	-	-	619	619
As at 31 December 2015	**165,000**	**60,454**	**75,500**	**(88,469)**	**212,485**
As at 1 January 2016	165,000	60,454	75,500	(88,469)	212,485
Loss for the financial period	-	-	-	(10,151)	(10,151)
Other comprehensive expense for the period	-	-	-	(29,440)	(29,440)
Total comprehensive expense for the period	-	-	-	(39,591)	(39,591)
Equity share option charge	-	-	-	563	563
As at 30 September 2016	**165,000**	**60,454**	**75,500**	**(127,497)**	**173,457**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

1 Statement of compliance

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

2 Summary of significant accounting policies

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

a) Basis of preparation

These financial statements are prepared on a basis other than going concern under the historical cost convention. On 1 October 2016 the assets and trade of the company were sold to Crown Packaging Manufacturing UK Limited, a fellow group company. From that date the company ceased to trade and the intention is that the company will be liquidated within 12 months. Accordingly, the going concern basis or accounting is no longer appropriate as at 30 September 2016 and the financial statements have been prepared on a basis other than going concern. This has had the impact of reclassifying fixed assets to current assets and reclassifying creditors: amounts falling due after more than one year to current liabilities. No adjustments were required to reduce assets to their recoverable values or to provide for liabilities resulting from the decision to liquidate. Preparing the statements in conformity with FRS 102 requires certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions are material to the financial statements are disclosed in note 3.

b) Consolidated financial statements

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

c) Exemptions for qualifying entities under FRS 102

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

- FRS 102 section 7 para 3.17(d) "Statement of cash flows" from not presenting a cash flow statement.

- FRS 102 para 4.12(a) from not preparing a reconciliation of the number of shares outstanding at the beginning and end of the period.

- FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29 from not disclosing certain financial instrument disclosures unless required by the Companies Act 2006.

2 Summary of significant accounting policies (continued)

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

- FRS 102 paras 26.18(b), 26.19 – 26.21, 26.23 from not disclosing certain share based payment disclosures because the company's share based payments concern the equity instruments of another group entity namely Crown Holdings, Inc. and are consolidated into and disclosed in that company's publicly available financial statements.
- FRS 102 para 33.7 the non-disclosure of key management personnel compensation in total.
- FRS 102 para 33.1A the non-disclosure of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member.

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

d) Foreign currency

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

e) Revenue recognition

The company provides specialist manufacturing services under the terms of a contract manufacturing agreement with a fellow group undertaking Crown Packaging Europe GmbH (the Principal). Under the terms of this agreement finished goods manufactured by the company are sold to the Principal at an agreed price which represents a mark-up on value added costs. Turnover, which excludes value added tax, represents the invoiced value of manufacturing services provided under the terms of the manufacturing agreement with the Principal. Certain territories are not included within the terms of the manufacturing agreement for the 9 months to 30 September 2016.

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

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

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

f) Exceptional items

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

2 Summary of significant accounting policies (continued)

g) Employee benefits

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

Defined contribution pension plan

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

Defined benefit pension plan

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

The defined benefit pension plan liability recognised in the balance sheet is the present value of the defined benefit obligation at 30 September 2016 less the fair value of the plan assets at the reporting date. Annually the company engages independent actuaries to calculate the obligation. The fair value of plan assets is measured in accordance with FRS 102 including the use of appropriate valuation techniques.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

2 Summary of significant accounting policies (continued)

g) Employee benefits (continued)

Post-retirement Medical Plan

The company is a sponsor of a Post-retirement Medical Plan ("the medical plan") which is operated by another group company CarnaudMetalbox Group UK Limited. Post-retirement medical benefits are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in other comprehensive income. Further details of the defined benefit pension scheme and the medical plan are set out in note 20 to the financial statements.

Share-based payments

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

h) Taxation

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

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

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

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

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

2 Summary of significant accounting policies (continued)

i) Intangible assets

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

j) Tangible assets and depreciation

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

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

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

k) Leased assets

Finance leases

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

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

Operating leases

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

l) Investments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

2 Summary of significant accounting policies (continued)

m) Inventories

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

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

n) Provisions

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

o) Financial instruments

The company executes financial instruments that are in respect of foreign currency hedges to cover material trade payable or trade receivable balances that are denominated in foreign currency. These hedges are fair valued and the amount is recognised in other debtors/creditors on the balance sheet and the change in fair value recognised in the profit and loss account.

p) Related party transactions

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

3 Critical accounting judgements and estimation uncertainty

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

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

The company believes there are no critical judgements in applying the company's accounting policies.

b) Critical accounting estimates and assumptions

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

i) Useful economic lives of assets

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

3 Critical accounting judgements and estimation uncertainty (continued)

b) Critical accounting estimates and assumptions (continued)

ii) Subjectivity of impairments

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

iii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The company engages an actuary who provides an estimation of these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Note 20 provides further information relating to the defined benefit pension scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

4 Turnover

Analysis of turnover by geographical destination:

	Period ended 30 September 2016	Year ended 31 December 2015
	£'000	£'000
EU countries	**39,374**	53,390
Rest of Europe	**238,411**	331,460
Rest of the world	**13,847**	19,496
Total	**291,632**	404,346

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

Analysis of turnover by customer:

	Period ended 30 September 2016	Year ended 31 December 2015
	£'000	£'000
Sales to external customers	**170**	179
Sales to fellow group undertakings	**53,051**	72,707
Sales to the Principal (Crown Packaging Europe GmbH)	**238,411**	331,460
Total	**291,632**	404,346

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

5 Operating profit/(loss)

Operating profit/(loss) is stated after (crediting)/charging:	**Period ended 30 September 2016**	Year ended 31 December 2015
	£'000	£'000
Other operating income:		
- sale of scrap metal	**(7,231)**	(9,968)
- property rental	**-**	(1,387)
- miscellaneous services	**(1,187)**	(2,483)
Staff costs (note 6b)	**55,089**	75,344
Depreciation of fixed assets	**4,444**	5,689
Amortisation of intangible assets	**27**	37
Loss on disposal of fixed assets	**254**	1
Operating lease rental		
- plant and machinery	**774**	1,112
- other	**2,460**	985
Services provided by the company's auditors		
- fees payable for the audit	**425**	275
- fees for other non audit services	**75**	-
Distribution costs	**12,889**	18,440
Government grants	**(1,036)**	(186)
Redundancy costs	**9,619**	4,376
Foreign exchange loss	**709**	222

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

6 Staff costs

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

	Period ended 30 September 2016	Year ended 31 December 2015
	Number	Number
Production and research & development	**976**	1,015
Administration	**226**	236
Total	**1,202**	1,251

(b) Employee costs during the period comprised:	**Period ended 30 September 2016**	Year ended 31 December 2015
	£'000	£'000
Wages and salaries	**37,959**	53,220
Social security costs	**4,433**	5,580
Cost of employee share option schemes (note 7)	**563**	619
Other pension costs (note 20)	**12,134**	15,925
Total	**55,089**	75,344

(c) Directors' emoluments

	Period ended 30 September 2016	Year ended 31 December 2015
	£'000	£'000
Aggregate emoluments	**43**	97
Company's contributions to money purchase pension schemes	**3**	4
	46	101
Highest paid director		
Aggregate emoluments excluding pension cost	**43**	97
Pension cost	**3**	4
	46	101

During the period one of the directors exercised share options (2015: none). During the period no director received deferred share awards (2015: none).

During the period no director (2015: none) accrued benefits under the defined benefit pension scheme and one director (2015: one) accrued benefits under the defined contribution pension scheme.

The highest paid director had no amounts accrued under a defined benefit pension scheme at 30 September 2016 (2015: nil) and £3,000 (2015: £4,000) accrued under a defined contribution pension scheme during the period.

7 Share-based payments

As at 30 September 2016, some of the company's employees were members of two active stock based incentive compensation plans – the 2007 share option plan and the 2013 deferred stock plan – operated by the ultimate parent company Crown Holdings, Inc.. The plans provide for the granting of awards in the form of stock options or deferred stock and may be subject to the achievement of certain performance goals as determined by the Plan Committee designated by the ultimate parent company's Board of Directors. Shares awarded are issued from the ultimate parent company's treasury shares.

There were no stock options granted in 2016 (2015: none). There were no issuances of deferred stock in 2016 (2015: none).

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

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

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

The amount expensed is based on an allocation of the total expense from the total group plan. In 2016 the amount expensed was £563,000 (2015: £619,000) and was calculated using the movement between the opening and closing balances of the stock options and deferred stock awards under the Black Scholes option pricing model. Valuations incorporate several variables, including expected term, volatility, a risk-free interest rate and employee termination behaviour ("forfeiture rate"). The expected term (which is the time frame under which an award is exercised after grant) is derived from historical data about participant exercise patterns. Volatility is the expected fluctuation of the Company's stock price in the market and is derived from historical data about the company's stock price. The risk-free interest rate is the U.S. Treasury yield curve rate in effect at the date of the grant which has a contractual life similar to the option's expected term. The forfeiture rate is based on historical data of the forfeiture of non-vested share-based awards through the termination of service by plan participants.

8 Other interest receivable and similar income

	Period ended 30 September 2016	Year ended 31 December 2015
	£'000	£'000
Interest receivable on bank and other deposits	6	4

9 Interest payable and similar charges

	Period ended 30 September 2016	Year ended 31 December 2015
	£'000	£'000
On overdrafts and other interest bearing liabilities	230	216
Net interest expense on the defined benefit pension plan (note 20)	2,500	4,600
Net interest expense on the post-retirement medical benefit plan (note 20)	100	100
	2,830	4,916

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

10 Tax on profit on ordinary activities

a) Tax charge included in profit or loss account

	Period ended 30 September 2016	Year ended 31 December 2015
	£'000	£'000
Current tax		
UK corporation tax on loss for the period	**(2,547)**	(3,946)
Adjustments in respect of previous periods	**(19)**	40
Total current tax	**(2,566)**	(3,906)
Deferred tax		
Origination and reversal of timing differences	**6,579**	3,340
Impact of change in tax rate	**2,367**	3,599
Adjustments in respect of previous periods	**(88)**	(71)
Total deferred tax (note 16)	**8,858**	6,868
Tax on profit on ordinary activities	**6,292**	2,962

b) Tax (income)/expense included in other comprehensive income

	Period ended 30 September 2016	Year ended 31 December 2015
	£'000	£'000
Deferred tax:		
Origination and reversal of timing differences	**(7,360)**	36
Total tax (income)/expense included in other comprehensive income	**(7,360)**	36

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

10 Tax on loss on ordinary activities (continued)

c) Reconciliation of tax charge

The tax assessed for 2016 is higher (2015: higher) than that calculated using the statutory rate. The differences are explained below:

	Period ended 30 September 2016	Year ended 31 December 2015
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	**(3,859)**	1,693
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	**(772)**	343
Effects of:		
Expenses not deductible for tax purposes	**153**	267
Loss on sale of investment	**1,338**	-
Loss on impairment of investment	**1,834**	-
Loss on impairment of land and buildings	**-**	643
Income not deductible for tax purposes	**(3)**	(30)
Stock option permanent difference	**(120)**	-
Dividends received	**(2,400)**	(2,025)
Imputed interest income	**126**	196
Act write off	**3,876**	-
Adjustments in respect of previous periods	**(107)**	(31)
Change in tax rate	**2,367**	3,599
Tax charge for the period/year	**6,292**	2,962

d) Tax rate changes

A further change to the UK Corporation tax rates was announced in the Finance Bill 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020. This change was substantively enacted in Q3 2016 and therefore has been included in the financial statements as the latest substantively enacted corporation tax rate at the balance sheet date.

11 Intangible assets

	Software
	£'000
Cost	
At 1 January 2016	**4,150**
Additions	324
At 30 September 2016	**4,474**
Accumulated Amortisation	
At 1 January 2016	**3,811**
Amortisation expense for the period	27
At 30 September 2016	**3,838**
Net book amount at 30 September 2016	**636**
Net book amount at 31 December 2015	339

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

12 Tangible assets

	Land	Buildings freehold	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 January 2016	6,436	30,010	183,227	22,306	**241,979**
Additions	-	-	5,093	386	**5,479**
Disposals	-	-	(2,586)	(30)	**(2,616)**
Transfer to group companies	-	-	(22)	-	**(22)**
Reclassification	-	(11)	399	(388)	**-**
At 30 September 2016	**6,436**	**29,999**	**186,111**	**22,274**	**244,820**
Accumulated depreciation					
At 1 January 2016	-	18,363	139,297	13,913	**171,573**
Charge for the period	-	642	3,087	715	**4,444**
Disposals	-	-	(2,134)	(30)	**(2,164)**
Transfers to group companies	-	-	(167)	-	**(167)**
Reclassification	-	(9)	396	(387)	**-**
At 30 September 2016	**-**	**18,996**	**140,479**	**14,211**	**173,686**
Net book amount					
At 30 September 2016	**6,436**	**11,003**	**45,632**	**8,063**	**71,134**
At 31 December 2015	6,436	11,647	43,930	8,393	70,406

Freehold land with a cost of £6,436,000 (2015: £6,436,000) has not been depreciated. Plant and machinery includes the cost of assets in the course of construction being £8,644,000 (2015: £9,140,000) which are not depreciated.

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

The net carrying amount of assets held under finance leases included in fixtures, fittings, tools and equipment is £414,000 (2015: £370,000).

12a) Exceptional item

During 2015, the company announced its intention to close one of its Food Can manufacturing plants in 2016. Subsequently, the assets of this plant were impaired resulting in an exceptional cost of £8,554,000 being charged to the Profit and loss account in 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

13 Investments – shares in group undertakings

	30 September 2016 £'000	31 December 2015 £'000
Cost at 1 January	93,639	93,639
Disposal	(37,065)	-
Cost at 30 September and 31 December	**56,574**	**93,639**
Provision at 1 January	38,281	38,281
Charge	9,169	-
Disposal	(26,928)	-
Provision at 30 September and 31 December	**20,522**	**38,281**
Net book amount at 30 September and 31 December	**36,052**	**55,358**

The £12,000,000 (2015: £10,000,000) income from shares in group undertakings is a dividend received from CarnaudMetalbox Engineering Limited which is a wholly owned subsidiary of Crown Packaging UK Limited.

On 9 March 2016 the company sold its investments in Crown Packaging Polska Sp Zoo and Crown Commercial Polska Sp Zoo to a fellow group company. The investments had been valued at £10,137,000 and were sold for a consideration of £3,447,000 resulting in a loss of £6,690,000.

During the period, the investment in Crown Speciality Packaging UK Ltd was impaired from £37,369,000 to £28,200,000 resulting in a loss of £9,169,000 being charged to the profit and loss account.

Subsidiary undertakings

Subsidiary	Ordinary equity share capital % held	Country of registration or incorporation	Nature of business	Value of reserves at 30 September 2016 '000	Profit as reported 30 September 2016 '000
CarnaudMetalbox Engineering Ltd	100	England and Wales	Machinery manufacture	£21,270	£12,058
Crown Speciality Packaging UK Ltd	100	England and Wales	Packaging manufacture	£20,919	£1,503
Crown Packaging Ireland Ltd	100	Ireland	Packaging manufacture	£27,778	£995

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

Metalbox Limited was dissolved on 16 August 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

14 Inventories

	30 September 2016	31 December 2015
	£'000	£'000
Raw materials and consumables	**15,141**	12,770
Work in progress	**2,460**	2,488
Finished goods and goods for resale	**25,921**	24,771
	43,522	40,029

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

15 Debtors: amounts falling due within one year

	30 September 2016	31 December 2015
	£'000	£'000
Trade debtors	**617**	528
Amounts owed by group undertakings	**286,555**	323,652
Derivative financial instruments	**3,992**	454
Corporation tax	**2,913**	-
Deferred tax	**31,971**	-
Other debtors	**5,729**	8,681
Prepayments and accrued income	**3,656**	2,414
	335,433	335,729

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

Further information about the derivative financial instruments can be found in note 24.

The deferred tax balance has been reclassified from Debtors: amounts falling due after more than one year (see note 16), as a result of the company's trade and assets being sold on 1 October 2016 to Crown Packaging Manufacturing UK Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

16 Debtors: amounts falling due after more than one year

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

Deferred tax asset:	**30 September 2016**	31 December 2015
	£'000	£'000
At 1 January	**33,469**	40,373
Charged to the profit and loss account	**(8,858)**	(6,868)
Credited/(charged) to the statement of comprehensive income re: medical plan liability	**180**	(36)
Credited to the statement of comprehensive income re: defined pension plan liability	**7,180**	-
Reclassify deferred tax asset to Debtors: amounts falling due within one year (note 15)	**(31,971)**	
At 30 September and 31 December	**-**	33,469

The deferred tax asset has been recognised in full (2015: recognised in full) and comprises:

	30 September 2016	31 December 2015
	£'000	£'000
Accelerated capital allowances	**2,698**	2,210
Advance corporation tax	**-**	3,876
Pensions and similar obligations	**25,245**	22,896
Other timing differences	**4,028**	4,487
At 30 September and 31 December	**31,971**	33,469

17 Creditors: amounts falling due within one year

	30 September 2016	31 December 2015
	£'000	£'000
Trade creditors	**68,044**	88,612
Amounts owed to group undertakings	**63,347**	79,639
Finance leases	**233**	261
Taxation and social security	**10,040**	8,347
Derivative financial instruments	**1,531**	328
Finance leases	**181**	-
Government grants	**142**	-
Other creditors	**171**	519
Accruals and deferred income	**12,297**	12,206
	155,986	189,912

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

Further information about the derivative financial instruments can be found in note 24.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

17 Creditors: amounts falling due within one year (continued)

The finance lease liability and government grant has been reclassified from Creditors: amounts falling due after more than one year (see note 18), as a result of the company's trade and assets being sold on 1 October 2016 to Crown Packaging Manufacturing UK Limited.

The future minimum finance lease payments are as follows:

	30 September 2016 £'000	31 December 2015 £'000
Less than one year	**233**	261
Greater than one year and less than 5 years	**181**	109
Total gross payments	**414**	370
Less finance charges	**(23)**	(1)
Carrying amount of liability	**391**	369

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

18 Creditors: amounts falling due after more than one year

	30 September 2016 £'000	31 December 2015 £'000
Finance leases	**181**	109
Government grants	**142**	1,985
Reclassify to Creditors: amounts falling due within one year	**(323)**	-
	-	2,094

19 Provisions for liabilities: Other provisions

	Onerous lease provision £'000	**Severance £'000**	**Other £'000**	**Total £'000**
At 1 January 2016	106	1,293	2,573	**3,972**
Charged to profit and loss account	-	8,326	91	**8,417**
Utilised in the period	(106)	(3,027)	(409)	**(3,542)**
At 30 September 2016	**-**	**6,592**	**2,255**	**8,847**

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

The severance provision is for the closure of the company's Food Can manufacturing plant, as announced in 2015. The remaining provision is expected to be fully utilised by the middle of 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

20 Provisions for liabilities: Pensions and similar obligations

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

The latest actuarial valuation of the UK Group scheme was carried out as at 30 September 2016 by professionally qualified independent actuaries, Aon Consulting.

The normal contributions paid by the company for the 9 months ended 30 September 2016 were £25,916,000 (2015: £36,957,000). This included contributions under an agreed deficit reduction programme of £18,852,000 (2015: £25,100,000). All amounts due in the period were paid and as such there are no accruals and prepayments in respect of pension scheme contributions at the period end. The contributions are based on pension costs across the company as a whole.

The company also operates a retiree medical plan. The benefits provided under this plan are unfunded. The latest actuarial valuation of the UK scheme was also carried out by Aon Consulting, as at 30 September 2016.

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

	Defined benefit pension plan		**Post-retirement medical benefit plan**	
	30 September 2016 £'000	31 December 2015 £'000	**30 September 2016 £'000**	31 December 2015 £'000
Current service cost	**8,100**	11,200	**-**	-
Net interest expense	**2,500**	4,600	**100**	100
Total charge	**10,600**	15,800	**100**	100

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

	Defined benefit pension plan		**Post-retirement medical benefit plan**	
	30 September 2016 £'000	31 December 2015 £'000	**30 September 2016 £'000**	31 December 2015 £'000
Actual return on plan assets	**525,500**	26,300	**-**	-
Interest income on plan assets	**(45,200)**	(66,400)	**-**	-
Actuarial gains/(losses) from assets	**480,300**	(40,100)	**-**	-
Other actuarial (losses)/gains	**(516,200)**	40,100	**(900)**	200
Re-measurement gain recognised in other comprehensive income	**(35,900)**	-	(900)	200

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

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

The comprehensive review undertaken by the independent actuaries, Aon Consulting, was carried out at 30 September 2016. Adjustments to the valuation at that date have been made based on the following assumptions:

	Defined benefit pension plan		**Post-retirement medical benefit plan**	
	30 September 2016	31 December 2015	**30 September 2016**	31 December 2015
Discount rate at 30 September and 31 December	**2.150%**	3.680%	**2.040%**	3.550%
Expected return at 30 September and 31 December	**2.150%**	3.680%	**N/A**	N/A
Future salary increases (excluding age related increases)	**3.000%**	2.880%	**N/A**	N/A
Future pension increases	**3.000%**	2.880%	**N/A**	N/A
Future price inflation	**3.000%**	2.880%	**3.000%**	2.880%
Annual increase in company paid retiree medical premium	**N/A**	N/A	**4.750%**	4.750%

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

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

	Defined benefit pension plan		**Post-retirement medical benefit plan**	
	30 September 2016 £'000	31 December 2015 £'000	**30 September 2016 £'000**	31 December 2015 £'000
Defined benefit obligation at 1 January	**2,083,800**	2,138,900	**2,400**	2,484
Current service cost	**8,100**	11,200	**-**	-
Interest cost	**47,700**	71,000	**100**	100
Employee contributions	**1,700**	2,100	**-**	-
Actuarial losses/(gains)	**516,200**	(40,100)	**900**	(200)
Benefits paid	**(83,200)**	(99,300)	**(300)**	16
Defined benefit obligation at 30 September and 31 December	**2,574,300**	2,083,800	**3,100**	2,400

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

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

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

	Defined benefit pension plan		**Post-retirement medical benefit plan**	
	30 September 2016 £'000	31 December 2015 £'000	**30 September 2016 £'000**	31 December 2015 £'000
Fair value of plan assets:				
Global equities	**312,500**	156,700	**-**	-
Bonds	**1,616,900**	1,273,400	**-**	-
Property	**49,000**	39,200	**-**	-
Alternative investments	**450,500**	489,700	**-**	-
Fair value of plan assets	**2,428,900**	1,959,000	**-**	-
Present value of plan liabilities	**(2,574,300)**	(2,083,800)	**(3,100)**	(2,400)
Defined benefit pension liability/ post-retirement medical benefit plan liability	**(145,400)**	(124,800)	**(3,100)**	(2,400)

The amount recognised as an expense for the defined contribution pension scheme was £4,034,000 (2015 restated: £4,725,000). The prior year amount has been restated due to an error in the original calculation.

21 Called up share capital

	30 September 2016	31 December 2015
	£'000	£'000
Issued, called up and fully paid		
165,000,000 (2015: 165,000,000) ordinary shares of £1 each	**165,000**	165,000

22 Contingent liabilities

The company has given indemnities in respect of bonds and guarantees issued on its behalf. The amount outstanding at 30 September 2016 was £450,000 (2015: £400,000). The indemnities which arose in the ordinary course of business are not expected to result in any material loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016 (continued)

23 Financial commitments

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

	30 September 2016	31 December 2015
	£'000	£'000
Payments due:		
Within 1 year	**310**	1,591
Between 2 and 5 years	**1,170**	1,310
Over 5 years	**164**	37
Total	**1,644**	2,938

24 Financial instruments

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

	Actual currency	
	30 September 2016	31 December 2015
	'000	'000
Currency derivatives		
Futures currency contracts USD $	**-**	-
Futures currency contracts EUR €	**43,276**	57,004

The forward currency contracts are recorded at mark to market fair values. The effect of these forward currency contracts being brought onto the balance sheet is to recognise a debtor of £3,992,000 (2015: £454,000) and a creditor of £1,531,000 (2015: £328,000). There is no impact on the profit and loss account due to the contract manufacturing agreement with a fellow group undertaking Crown Packaging Europe GmbH (the Principal), whereby any gains or losses arising on the forward currency contracts are payable to or recoverable from the Principal.

25 Ultimate parent undertaking and controlling party

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

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

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

26 Post Balance Sheet event

On 1 October 2016 the company sold its trade and assets to Crown Packaging Manufacturing UK Limited, a fellow group company. From that date the company ceased to trade and the intention is that the company will be liquidated within 12 months.