

Company No: 10352314

**CROWN PACKAGING DISTRIBUTION UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report of the company for the year ended 31 December 2020.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is operating as a distributor in the UK on behalf of Crown Packaging European Division GmbH (the Principal).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The key business risks and uncertainties affecting the company are limited by the nature of its role within the Crown group of companies under its status as a limited risk distributor for Crown's UK sales.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The results for the company show an operating profit of £4,414,000 (2019: profit £4,692,000) and turnover of £454,575,000 (2019: £435,792,000) for the financial year. The company has £7,490,000 (2019: £7,525,000) of net current assets at the financial year end and is well positioned to take advantage of opportunities to invest in the future of the company.

The company operates under the terms of a limited risk distribution agreement with Crown Packaging European Division GmbH (the Principal) and is expected to continue to do so in the foreseeable future. Under this agreement the company operates as a distributor under the control and direction of the Principal and is a limited risk distribution company with value added returns. This agreement centralises risk mitigation, maintains better risk control and improves sales organisation and process.

### **FINANCIAL RISK MANAGEMENT**

Under the contract distribution agreement, the company has reduced its exposure to price and credit risk as these risks are now borne by the Principal, Crown Packaging European Division GmbH. The company is part of a larger US owned group, Crown Holdings, Inc. ("the 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 distribution agreement, the company's sole supplier is Crown Packaging European Division GmbH and any credit risk exposure to the company is borne by the Principal.

### **EXCHANGE RATE RISK**

The 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.

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

### **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.

### **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. The company uses key performance indicators ("KPIs") to manage the company and distribution cycle. The company's primary KPI is the measurement of customer over-dues after removing credit notes with the target benchmark being under 2.0%. 2020 saw a decrease of 0.7% in average over-dues compared to 2019, averaging 1.83% for the year. This is despite the Covid pandemic and challenges that lockdown restrictions brought to both Crown Packaging Distribution UK Limited and its customers. Management therefore consider this KPI to have been successfully achieved during the year.

### **SECTION 172(1) STATEMENT**

During 2020 the directors of the company have taken operational and strategic decisions with the aim of maintaining business continuity and profitability. As the company operates under a contract manufacturing agreement with a fellow group undertaking, Crown Packaging European Division GmbH (the Principal), any business decisions taken by the directors are made under the control and direction of the Principal which centralises risk mitigation.

Customer relationships benefit from the contract manufacturing agreement as the sales organisation is improved and the company is able to adapt to effectively meet the ever-changing needs of customers, in a timely manner. By working closely with customers, new business is developed and the duration of existing contracts is extended. Directors recognise the importance of having a broad customer base to avoid any issues of placing too much reliance on a narrow customer portfolio and having an adverse effect on the Company.

The directors give high regard to the effect of any business decision on the company's employees with the safety of the employees being of utmost importance. The directors recognise that people are key to the competitive advantage and long-term success of the company. In 2020 the company continued to promote and support its Engage for Excellence initiative to shift the company culture to an employee-centric organisation, by encouraging meaningful conversations about employee expectations. As part of this initiative, the directors are committed to providing training and development opportunities to all employees to improve individual performance.

Further details of the company's employment policies can be found in the Directors Report.

Any decisions taken by the directors have an impact on local communities and the environment within which they operate. The Company and its directors adhere to the Crown Corporate Sustainability Policy and a Corporate Environmental Protection Policy, with environmental awareness being recognised as a key component of sustainability. Further details about Crown's sustainability journey can be found on the ultimate parent company's website, <https://www.crowncork.com/about-crown/sustainability>. Environmental considerations are among the criteria by which the directors evaluate projects, products, processes and purchases. The directors are committed to continuous improvement in product design and manufacturing processes to provide the best outcomes for the environment within which it operates.

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**SECTION 172(1) STATEMENT (continued)**

During 2020, in order to elevate its global commitment to sustainability the Crown Group launched their “Twentyby30” initiative. This programme outlines twenty measurable environmental, social and governance goals to be completed by 2030 or sooner. The programme identifies five distinct pillars of action—Climate Action, Resource Efficiency, Optimum Circularity, Working Together and Never Compromise—that represent topics of urgent global concern and areas of the business in which the Crown Group can create notable impact. As part of the Company’s pledge to advance its contribution to climate action, it has had its greenhouse gas emission reduction targets approved by the Science Based Targets initiative (SBTi) as consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. All pillars are underpinned by the Company’s well-established governance and ethics principles and practices.

The company is committed to maintaining high standards of business conduct, with training given to employees reinforcing the company’s strict business conduct & ethics policies and guidelines, including specific topics such as bribery and corruption. The directors recognise the potential severe consequences for both employees and the business of not conforming to all locally applicable legal requirements and guidelines. The decisions taken by the directors are undertaken so as to not damage the company’s reputation and subsequently allow stakeholders to engage with confidence with Crown Packaging Distribution UK Limited.

In making their decisions, regardless of the subject matter, the directors act in as fair and balanced manner as possible, with no preference given to any particular member.

On behalf of the Board



A G Ruddock  
**Director**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report together with the audited financial statements for the year ended 31 December 2020.

### **RESULTS AND DIVIDENDS**

The profit for the financial year of £3,463,000 (2019: profit £3,582,000) has been credited to reserves. A dividend of £3,500,000 was paid during the year (2019: £3,700,000). A dividend of £3,000,000 was proposed at the year end and paid in April 2021. The future development of the company and financial risk management are detailed in the strategic report.

### **DIRECTORS**

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

L R Bradley

T M Conybeare

Appointed 26 March 2021

A G Ruddock

### **GOING CONCERN**

Taking into account the strong trading activity during the first half of 2020, the directors have a reasonable expectation that it is appropriate to prepare the financial statements on a going concern basis. As the company operates under a limited risk contract manufacturing agreement, the directors also have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and faces no material uncertainties. The company therefore adopts the going concern basis in preparing its financial statements.

### **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.

Throughout the financial year, 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 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 financial year continued vigorously to apply increasing standards of employee safety and has continued to invest heavily in training programmes specifically related to this matter.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020  
(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.

In direct response to the COVID-19 pandemic, the company has taken specific actions to ensure the safety of its employees. Following the implementation of travel and visitor restrictions in February 2020, the company continues to update its policies as new information becomes available. The company has adopted a flexible approach to enable as many of its employees as possible to work remotely.

**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 was in force during the financial year and remains in force as at the date of approving the Directors' Report.

**RESEARCH AND DEVELOPMENT**

The Company's activities do not lend themselves to research and development.

**BRANCHES OUTSIDE THE UK**

The company has one branch located outside of the UK, in Ireland.

**REGISTERED OFFICE AND COUNTRY OF INCORPORATION**

The company is a private limited company, limited by shares and was incorporated in England & Wales. Its registered office address is Borland Avenue, Botcherby, Carlisle, Cumbria CA1 2TL.

**POST BALANCE SHEET EVENT**

Crown Holdings, Inc. entered into a definitive agreement on the 8th April 2021 to sell its European Tinplate Business to KPS Capital Partners, LP. The European Tinplate Business includes the manufacturing facilities of Crown Promotional Packaging UK Limited and Crown Aerosols UK Ltd as well as its Food Can manufacturing facilities. The sale of the European Tinplate Business is expected to close during the third quarter of 2021 and is subject to certain regulatory approvals and customary closing conditions.

**CROWN PACKAGING DISTRIBUTION UK LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

**DIRECTORS CONFIRMATIONS**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they 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



A G Ruddock  
**Director**

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

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Crown Packaging Distribution UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

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 when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described overleaf.



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

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives 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 auditors' report that includes our 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.

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. 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 Waste Regulations, Environmental Damage Regulations and the Health and Safety Act, 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 financial statements such as 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 the manipulation of results by management to achieve performance targets. Audit procedures performed by the engagement team included:

- Evaluation of management's controls designed to prevent and detect irregularities;
- discussions with management, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- challenging assumptions made by management in its significant accounting estimates;
- reviewing board minutes to determine if any known or suspected fraud has been identified; and
- testing of journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

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

### *Use of this report*

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.

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## **Other required reporting**

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### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



**John Ellis (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
27 July 2021

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £'000	2019 £'000
<b>Turnover</b>	4	<b>454,575</b>	435,792
Staff costs	5	(2,176)	(2,193)
Depreciation and other amounts written off tangible and intangible fixed assets	6	(5)	(6)
Other operating expenses		(447,980)	(428,901)
<b>Operating profit</b>	6	<b>4,414</b>	4,692
Interest receivable and similar income	8	2	5
Interest payable and similar expenses	9	(102)	(157)
<b>Profit before taxation</b>		<b>4,314</b>	4,540
Tax on profit	10	(851)	(958)
<b>Profit for the financial year</b>		<b>3,463</b>	3,582
<b>Total comprehensive income for the financial year</b>		<b>3,463</b>	3,582

The profit for the financial year and total comprehensive income shown above is derived entirely from continuing operations.

There is no material difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalent.

## CROWN PACKAGING DISTRIBUTION UK LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)

## BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
<b>Fixed Assets</b>			
Tangible assets	11	67	35
<b>Current Assets</b>			
Debtors: amounts falling due after more than one year	12	1,227	1,341
Debtors: amounts falling due within one year	13	99,712	87,338
Cash at bank and in hand		19	3
		<b>100,958</b>	<b>88,682</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(93,468)</b>	<b>(81,157)</b>
<b>Net current assets</b>		<b>7,490</b>	<b>7,525</b>
<b>Total assets less current liabilities</b>		<b>7,557</b>	<b>7,560</b>
<b>Net assets</b>		<b>7,557</b>	<b>7,560</b>
<b>Capital and reserves</b>			
Called up share capital	15	3,000	3,000
Profit and loss account		4,557	4,560
<b>Total equity</b>		<b>7,557</b>	<b>7,560</b>

The notes on pages 14 to 26 are an integral part of these financial statements. The financial statements on pages 11 to 26 were approved and authorised for issue by the board of directors on 27 July 2021 and were signed on its behalf by:



**A G Ruddock**

Director

Crown Packaging Distribution UK Limited

Company No: 10352314

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(continued)**
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
As at 1 January 2019	3,000	4,644	7,644
Profit and total comprehensive income for the financial year	-	3,582	3,582
Dividend paid	-	(3,700)	(3,700)
Equity share option charge	-	34	34
As at 31 December 2019	<u>3,000</u>	<u>4,560</u>	<u>7,560</u>
 <b>As at 1 January 2020</b>	 <b>3,000</b>	 <b>4,560</b>	 <b>7,560</b>
Profit and total comprehensive income for the financial year	-	3,463	3,463
Dividend Paid	-	(3,500)	(3,500)
Equity share option charge	-	34	34
<b>As at 31 December 2020</b>	<u><b>3,000</b></u>	<u><b>4,557</b></u>	<u><b>7,557</b></u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **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 going concern basis under the historical cost convention. 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.

The directors consider it appropriate to prepare the financial statements on a going concern basis. As the company operates under a limited risk contract manufacturing agreement, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and faces no material uncertainties. The company therefore adopts the going concern basis in preparing its financial statements.

#### **b) Consolidated financial statements**

These financial statements contain information about Crown Packaging Distribution UK Limited as an individual company and do not contain consolidated financial information as it is not a parent of a group.

#### **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 financial year.
- 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.
- 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**2 Summary of significant accounting policies (continued)**

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

- FRS 102 para 33.7 from the non-disclosure of key management personnel compensation in total.
- FRS 102 para 33.1A from 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. 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 financial year to which they relate.

**e) Revenue recognition**

Turnover represents the invoiced value of sales (excluding Value Added Tax, similar sales related taxes and trade discounts) of packaging containers and related services in the normal course of business and is recognised upon despatch of goods, or where appropriate, on satisfactory delivery of goods to a customer designated location depending on terms of supply. In all cases, revenue is recognised once all risks and rewards have passed to the customer.

**f) 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 financial year 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 a reliable estimate of the obligation can be made.

**g) 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 in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity. The expense is recognised over the vesting period on a straight-line basis using the grant date fair value of the award and the estimated number of awards that are expected to vest. The company's plans provide for stock awards which may include accelerated vesting upon retirement, disability or death of eligible employees. The company considers a stock-based award to be vested when the service period is no longer contingent on the employee providing future service. Accordingly, the related compensation cost is recognised immediately for awards granted to retirement-eligible individuals, or over the period from the grant date to the date that retirement eligibility is achieved if less than the stated vesting period.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**2 Summary of significant accounting policies (continued)**

**h) Defined contribution and defined benefit pension plans**

The company is a member of The Metal Box Pension Scheme (“pension scheme”) which comprises both a defined benefit and defined contribution scheme. The defined benefit plan was closed to new entrants in 2001, with benefits to employees and employer contributions ceasing with effect from 31 March 2019. The assets of the pension scheme are held separately from the Group’s assets in a Trustee administered fund. The pension scheme is accounted for as a defined contribution scheme as the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

A defined contribution plan is a pension plan which is funded by the payment of employee and employer contributions to the pension scheme. 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.

A defined benefit plan is a pension plan that defines the pension benefit that the employee will receive on retirement, dependent on several factors including age, length of service and remuneration. A defined benefit pension plan is a pension plan that is not a defined contribution plan. The defined benefit pension plan liability is recognised wholly in another Group undertaking, Crown Packaging Manufacturing UK Limited, as this entity meets all funding obligations.

**i) Taxation**

Taxation expense for the financial year 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 financial year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the financial year 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.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**2 Summary of significant accounting policies (continued)**

**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:

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 or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. 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) 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**2 Summary of significant accounting policies (continued)**

**m) Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of Financial Instruments. Basic financial assets and liabilities, including trade and other receivables and payables, are recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts or payments, discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts.

**n) 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 company considers that there are no 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

### 4 Turnover

Analysis of turnover by geographical destination:

	2020	2019
	£'000	£'000
EU countries	409,753	393,140
Rest of Europe	38,215	39,297
Rest of the World	6,607	3,355
<b>Total</b>	<b>454,575</b>	<b>435,792</b>

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:

	2020	2019
	£'000	£'000
Sales to external customers	438,244	425,854
Sales to fellow group undertakings	16,331	9,938
<b>Total</b>	<b>454,575</b>	<b>435,792</b>

### 5 Staff costs

(a) The average monthly number of employees during the financial year, split by activity was:

	2020	2019
	Number	Number
Sales	29	28
<b>Total</b>	<b>29</b>	<b>28</b>

(b) Employee costs during the financial year comprised:

	2020	2019
	£'000	£'000
Wages and salaries	1,767	1,656
Social security costs	233	202
Cost of employee share option schemes (note 7)	34	34
Other pension costs	142	301
<b>Total</b>	<b>2,176</b>	<b>2,193</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

### 5 Staff costs (continued)

#### (c) Directors' emoluments

	2020	2019
	£'000	£'000
<b>Directors' emoluments</b>		
Aggregate emoluments excluding pension cost	366	306
Pension cost	16	21
<b>Total</b>	<b>382</b>	<b>327</b>
 <b>Highest paid director</b>		
Aggregate emoluments	191	108
Pension cost	8	7
<b>Total</b>	<b>199</b>	<b>115</b>

During the year two (2019: three) of the directors received deferred stock awards.

### 6 Operating Profit

Operating profit is stated after charging/(crediting):	2020	2019
	£'000	£'000
Selling and marketing costs	2,583	2,743
Total staff costs (note 5(b) )	2,176	2,193
Depreciation of tangible fixed assets (note 11)	5	6
Operating lease rental		
- plant and machinery	125	116
Services provided by the company's auditors		
- fees payable for the audit	25	25
Purchase of finished goods	444,042	426,038
Foreign exchange loss/(gain)	336	(366)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****7 Share-based payments**

The Company's shareholder-approved stock-based incentive compensation plans provide for the granting of awards in the form of stock options or deferred stock. The awards may be subject to the achievement of certain performance goals as determined by the Compensation Committee designated by the ultimate parent company's Board of Directors. Shares awarded are issued from the ultimate parent company's treasury shares.

The ultimate parent company, Crown Holdings, Inc., issues shares of deferred stock to certain employees, which vest rateably over three to five years commencing one year after the date of grant.

There were no stock options granted in 2020 (2019: none). There were no issuances of deferred stock in 2020 (2019: one).

Deferred stock awards are settled in cash.

The amount expensed is based on an allocation of the total expense from the total group plan where the deferred stock awards are valued at the grant date stock price. In 2020 the amount expensed was £34,000 (2019: £34,000).

**8 Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable on bank and other deposits	<b>2</b>	<b>5</b>
	<b>2</b>	<b>5</b>

**9 Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
On overdrafts and other interest bearing liabilities	<b>102</b>	<b>157</b>
	<b>102</b>	<b>157</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2020 (continued)**
**10 Tax on profit**
**a) Tax expense included in profit or loss account**

	2020	2019
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profit for the financial year	853	959
<b>Total current tax</b>	853	959
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2)	(1)
<b>Total deferred tax (note 12)</b>	(2)	(1)
<b>Tax on profit</b>	851	958

**b) Reconciliation of tax charge**

The tax assessed for 2020 is higher (2019: higher) than that calculated using the statutory rate. The differences are explained below:

	2020	2019
	£'000	£'000
<b>Profit before taxation</b>	4,314	4,540
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	819	863
Effects of:		
Expenses not deductible for tax purposes	15	16
Stock option permanent difference	(8)	(7)
Imputed interest income	25	86
<b>Total tax charge for the financial year</b>	851	958

**c) Tax rate changes**

A change to the UK corporation tax rates was announced in the Finance Bill 2021. Corporation tax is set at 19% for the financial years beginning 1 April 2020, 2021 and 2022. The rate of corporation tax will increase to 25% from 1 April 2023.

## CROWN PACKAGING DISTRIBUTION UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****11 Tangible assets**

	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>		
At 1 January 2020	66	66
Additions	37	37
<b>At 31 December 2020</b>	<b>103</b>	<b>103</b>
<b>Accumulated depreciation</b>		
At 1 January 2020	31	31
Charge for the financial year	5	5
<b>At 31 December 2020</b>	<b>36</b>	<b>36</b>
<b>Net book amount</b>		
<b>At 31 December 2020</b>	<b>67</b>	<b>67</b>
At 31 December 2019	35	35

**12 Debtors: amounts falling due after more than one year**

	2020 £'000	2019 £'000
Deferred tax asset	7	5
Prepayments and accrued income	1,220	1,336
	<b>1,227</b>	<b>1,341</b>

The deferred tax asset recognised in the balance sheet is as follows:

	2020 £'000	2019 £'000
<b>At 1 January</b>	<b>5</b>	<b>4</b>
Credited to the profit and loss account	2	1
<b>At 31 December</b>	<b>7</b>	<b>5</b>

The deferred tax asset has been recognised in full and comprises accelerated capital allowances.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)****13 Debtors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	<b>8,081</b>	7,428
Amounts owed by group undertakings	<b>89,368</b>	78,426
Other debtors	<b>2,263</b>	1,468
Prepayments and accrued income	<b>-</b>	16
	<b>99,712</b>	<b>87,338</b>

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

**14 Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>247</b>	7
Amounts owed to group undertakings	<b>43,073</b>	29,994
Amounts due in respect of securitised debtors	<b>35,862</b>	37,097
UK Corporation tax	<b>853</b>	957
Other taxation and social security	<b>745</b>	250
Accruals and deferred income	<b>12,688</b>	12,852
	<b>93,468</b>	<b>81,157</b>

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.

Amounts due in respect of securitised debtors represents a cash advance of £35,862,000 (2019: £37,097,000) received from Credit Agricole. These amounts are secured on the trade debtors of the company as at 18 December 2020 and on cash received from securitised debtors between this date and the year-end which has been deposited with another group company. The debtors on which this loan is secured are reflected in the company's Balance Sheet. Interest is payable on these balances at a rate of Euribor plus 1.3% for the term of the loan on each individual securitised trade debtor balance. The factoring agreement is with Credit Agricole and will remain in place until November 2022.



CROWN PACKAGING DISTRIBUTION UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**15 Called up share capital**

	2020	2019
	£'000	£'000
<b>Issued, called up and fully paid</b>		
3,000,000 ordinary shares of £1.00 each (2019: 3,000,000)	3,000	3,000
<b>Total issued, called up and fully paid 3,000,000 ordinary shares of £1 each</b>	<b>3,000</b>	<b>3,000</b>

The directors approved a final dividend in respect of the financial year ending 31 December 2020 of £1.00 (2019: £1.17) per share which will absorb £3,000,000 (2019: £3,500,000) of shareholders' funds. It was paid in April 2021 to the parent company Crown UK Holdings Limited.

**16 Retirement benefits**

The company participates in the Group's UK pension scheme, The Metal Box Pension Scheme, which is operated by CarnaudMetalbox Group UK Ltd and comprises both a defined benefit and defined contribution scheme providing benefits to certain employees within the Group. The defined benefit scheme was closed to new entrants in 2001 and ceased employee benefits and employer contributions at 31 March 2019. The scheme is funded and the assets of the scheme are held separately from the Group's assets in a Trustee administered fund.

The latest actuarial valuation of the UK Group scheme was carried out as at 31 December 2020 by professionally qualified independent actuaries Aon Consulting. The total surplus of the scheme as at 31 December 2020 was £375,400,000 (2019: surplus £351,200,000). The scheme is funded by a fellow UK group company, Crown Packaging Manufacturing UK Limited.

Crown Packaging Manufacturing UK Limited expects to contribute approximately £200,000 to the defined benefit pension plan in 2021.

**17 Financial commitments**

At 31 December the company had the following future minimum lease payments under non-cancellable operating leases:

	2020	2019
	Other	Other
	£'000	£'000
<b>Payments due:</b>		
Within one year	100	81
Later than one year and not later than five years	137	52
<b>Total</b>	<b>237</b>	<b>133</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2020 (continued)**

**18 Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is Crown UK Holdings Limited, a company registered in England & Wales. 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's website at <https://www.crowncork.com/investors/sec-filings>.

**19 Post Balance Sheet Event**

Crown Holdings, Inc. entered into a definitive agreement on the 8th April 2021 to sell its European Tinplate Business to KPS Capital Partners, LP. The European Tinplate Business includes the manufacturing facilities of Crown Promotional Packaging UK Limited and Crown Aerosols UK Ltd as well as its Food Can manufacturing facilities. The sale of the European Tinplate Business is expected to close during the third quarter of 2021 and is subject to certain regulatory approvals and customary closing conditions.