

**Company No: 3182537**

**CROWN UK HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**



## **CROWN UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2005.

### **PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The principal activity of the Group continues to comprise the manufacture, printing and sale of packaging containers. The directors are satisfied with the financial performance of the Group in the year and with the financial position at the year end. The directors anticipate that the current level of activity will be sustained throughout the following year.

### **RESULTS AND DIVIDENDS**

The Group's loss for the year of £42.4M (2004: profit of £1.7M) has been transferred to reserves. The directors do not recommend the payment of a dividend (2004: £NIL).

### **DIRECTORS AND THEIR INTERESTS**

The directors of the company who served during the year and up to the date of signing the accounts are set out below:

J W Conway  
J Davidson  
A W Rutherford

J Davidson has an interest of 2 £1 deferred shares in CarnaudMetalbox Group UK Ltd which is a subsidiary undertaking of Crown UK Holdings Limited. No other directors have any interest in the shares of the company or any other Group company required to be disclosed under Schedule 7 of the Companies Act 1985.

### **EMPLOYMENT POLICIES**

It is the Group'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 year, the drive for improved quality in all functions has served as an important focus for improved communication with employees. The Group'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 joint consultation.

The Group promotes its Health and Safety policy with high profile initiatives and has throughout the year continued vigorously to apply increasing standards of machine and employee safety and has also increased the amount of training specifically related to this matter.

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the Group continues employment wherever possible and arranges retraining.

## **CROWN UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **CHARITABLE AND POLITICAL DONATIONS**

Donations to charitable organisations made by the Group amounted to £10,551 (2004: £5,325). No payments were made during the year for political purposes (2004: £NIL).

#### **RESEARCH AND DEVELOPMENT**

The directors consider that research and development plays a vital role in the Group's success. The research and development costs incurred by the Group are set out in note 4 to the financial statements. All of this was expensed to the profit and loss account as incurred.

#### **FINANCIAL RISK MANAGEMENT**

The Group's operations expose it to a variety of financial risks that include the effects of any changes in market prices, credit risks, liquidity risk and interest rate risk. The UK Group is part of a larger US owned Group, the Crown Holdings, Inc. Group, and the risk management programme that seeks to limit the adverse effects on the financial performance of the UK Group is maintained at European level.

#### **CASH FLOW RISK**

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

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

#### **PRICE RISK**

The Group is exposed to commodity price risk as a result of its operations and the management of this exposure is borne as far as is possible by the Group's central purchasing department.

#### **CREDIT RISK**

The Group carries out appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is regularly reviewed having regard to the level of business and changes in the customer circumstances.

#### **EXCHANGE RATE RISK**

The Group 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 Crown Financial Accounting Policies manual.

#### **LIQUIDITY RISK**

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

The level of debt finance and related finance costs is monitored at European level.

## **CROWN UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **INFORMATION TECHNOLOGY**

There is a central Information Technology ("IT") department responsible for ensuring that all business units conform to the Group's IT strategy and policies. The IT department is also responsible for writing and maintaining proprietary operating software.

#### **CREDITORS PAYMENT POLICY**

The Group agrees payment terms with its suppliers and seeks to abide by these terms when it is satisfied that goods and services have been provided in accordance with the relevant contractual arrangements. The Group settles all undisputed accounts for payment within 45 days, unless terms in excess of 45 days are specifically negotiated with the supplier. Creditor days at 31 December 2005 were 70 days (2004: 68 days). The company does not have any trade creditors.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

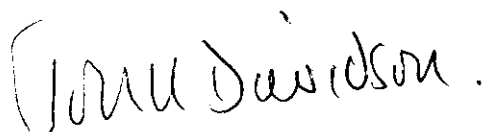
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards as explained on page 9 under Note 1, "Accounting Policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed, subject to any material departures disclosed and explained within the financial statements.

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

#### **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.

By order of the Board



J Davidson  
Director

19/9/06

## **CROWN UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN UK HOLDINGS LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Crown UK Holdings Limited for the year ended 31 December 2005 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

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

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's loss and cash flows for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Reading



**CROWN UK HOLDINGS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<b>Notes</b>	<b>Continuing Operations 2005 £M</b>	<b>Discontinued Operations 2005 £M</b>	<b>Total 2005 £M</b>	<b>Continuing Operations 2004 £M</b>	<b>Discontinued Operations 2004 £M</b>	<b>Total 2004 £M</b>
<b>Turnover</b>	2	<b>615.5</b>	<b>67.4</b>	<b>682.9</b>	586.9	82.4	669.3
Operating costs (net)	4	<u>(639.1)</u>	<u>(64.7)</u>	<u>(703.8)</u>	<u>(575.2)</u>	<u>(77.2)</u>	<u>(652.4)</u>
<b>Operating (loss)/profit</b>	2	<b>(23.6)</b>	<b>2.7</b>	<b>(20.9)</b>	11.8	5.2	17.0
Profit on sale of land and buildings	3	<b>3.2</b>	-	<b>3.2</b>	-	-	-
Losses on sales of operations	3	<u>-</u>	<u>(21.0)</u>	<u>(21.0)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(Loss)/profit on ordinary activities before interest and other income</b>		<b>26.6</b>	<b>(18.3)</b>	<b>(38.7)</b>	11.7	5.2	16.9
Income from shares in group undertakings				<b>0.1</b>			0.3
Interest receivable	5			<b>1.9</b>			2.5
Interest payable	6			<b>(22.8)</b>			(24.7)
Other financial income	22			<b>22.4</b>			19.0
Other financial expenses	22			<u><b>(0.5)</b></u>			<u>(0.7)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>				<b>(37.6)</b>			13.3
Tax on (loss)/profit on ordinary activities	8			<b>(4.8)</b>			(11.6)
<b>(Loss)/retained profit for the financial year</b>	19			<u><b>(42.4)</b></u>			<u><b>1.7</b></u>

The Group sold its plastics operations in October 2005. The 9 month results of these operations up to the date of sale have been classified as discontinued operations, as have the full year comparatives for these operations.

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

**CROWN UK HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>Notes</u>	<u>2005</u> £M	<u>2004</u> £M
(Loss)/profit for the financial year		<b>(42.4)</b>	1.7
Actuarial loss on pension scheme	22	<b>(52.2)</b>	(12.0)
Actuarial (loss)/gain on medical plan	22	<b>(0.9)</b>	1.9
 Movement on deferred tax relating to pension asset		<b>15.7</b>	3.6
Movement on deferred tax relating to medical plan		<b>0.3</b>	(0.6)
 Currency translation differences on foreign currency net investments		<u><b>1.1</b></u>	<u>(0.4)</u>
 <b>Total recognised loss for the year</b>		<u><b>(78.4)</b></u>	<u><b>(5.8)</b></u>

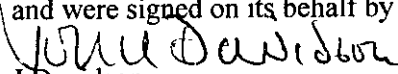
**CROWN UK HOLDINGS LIMITED**

**BALANCE SHEETS AS AT 31 DECEMBER 2005**

	<u>Notes</u>	<u>Group 2005 £M</u>	<u>Company 2005 £M</u>	<u>Group 2004 £M</u>	<u>As restated Company 2004 £M</u>
<b>Fixed assets</b>					
Intangible assets	10	294.0	-	366.6	-
Tangible assets	11	134.5	-	173.2	-
Investments	12	1.3	776.2	1.4	776.3
		<u>429.8</u>	<u>776.2</u>	<u>541.2</u>	<u>776.3</u>
<b>Current assets</b>					
Stocks	13	61.7	-	68.6	-
Debtors	14	162.6	7.6	131.3	12.2
Cash at bank and in hand		14.4	-	16.1	-
		<u>238.7</u>	<u>7.6</u>	<u>216.0</u>	<u>12.2</u>
Creditors (amounts falling due within one year)	15	(403.5)	(307.1)	(305.8)	(315.8)
<b>Net current liabilities</b>		<u>(164.8)</u>	<u>(299.5)</u>	<u>(89.8)</u>	<u>(303.6)</u>
<b>Total assets less current liabilities</b>		<b>265.0</b>	<b>476.7</b>	<b>451.4</b>	<b>472.7</b>
Creditors (amounts falling due after more than one year)	16	(0.4)	-	(125.3)	-
Provisions for liabilities and charges	17	(15.4)	-	(19.0)	-
<b>Net assets excluding pension asset and post-retirement medical benefit plan liability</b>		<b>249.2</b>	<b>476.7</b>	<b>307.1</b>	<b>472.7</b>
Pension asset	22	23.9	23.9	44.0	44.0
Post-retirement medical benefit plan liability	22	(7.6)	-	(7.2)	-
<b>Net assets including pension asset and post-retirement medical benefit plan liability</b>		<u><b>265.5</b></u>	<u><b>500.6</b></u>	<u><b>343.9</b></u>	<u><b>516.7</b></u>
<b>Capital and reserves</b>					
Called-up share capital	18	0.4	0.4	0.4	0.4
Share premium account	19	491.5	491.5	491.5	491.5
Profit and loss account (deficit)	19	(226.6)	7.3	(148.2)	23.4
Other reserves	19	-	1.4	-	1.4
<b>Equity shareholders' funds</b>	20	<u>265.3</u>	<u>500.6</u>	<u>343.7</u>	<u>516.7</u>
Equity minority interests		<u>0.2</u>	<u>-</u>	<u>0.2</u>	<u>-</u>
<b>Capital employed</b>		<u><b>265.5</b></u>	<u><b>500.6</b></u>	<u><b>343.9</b></u>	<u><b>516.7</b></u>

The financial statements on pages 5 to 33 were approved by the board of directors on  
and were signed on its behalf by

19 / 9 / 2006

  
J Davidson  
Director



**CROWN UK HOLDINGS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>Notes</u>	<u>2005</u> £M	<u>2005</u> £M	<u>2004</u> £M	<u>2004</u> £M
<b>Net cash inflow from operating activities</b>	21a		19.6		60.5
<b>Returns on investments and servicing of finance</b>					
Interest received		1.9		2.5	
Interest paid		(22.8)		(24.7)	
Dividends received		<u>0.1</u>		<u>0.3</u>	
			(20.8)		(21.9)
<b>Taxation</b>			(5.7)		(3.1)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets	11	(15.9)		(16.2)	
Purchase of intangible fixed assets		(0.3)		(0.3)	
Sale of tangible fixed assets		<u>3.8</u>		<u>2.5</u>	
			(12.4)		(14.0)
<b>Acquisitions and disposals</b>					
Receipt from sale of operations	3	31.8		1.3	
Net cash disposed of with above investment sold		<u>(3.0)</u>		<u>(0.1)</u>	
			28.8		1.2
<b>Net cash inflow before use of liquid resources and financing</b>			9.5		22.7
<b>Management of liquid resources</b>					
Repayment of short term borrowings			(11.3)		(4.8)
<b>Financing</b>					
Issue of ordinary share capital		-		-	
New finance leases		0.1		-	
Decrease in long term borrowings		<u>-</u>		<u>(27.8)</u>	
			0.1		(27.8)
<b>Decrease in net cash</b>	21		<u>(1.7)</u>		<u>(9.9)</u>

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies, are set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

##### **Changes in accounting policies**

The company and Group have adopted FRS 21, "Events after the balance sheet date" and FRS 25, "Financial Instruments: disclosure and presentation" for the first time in these financial statements. The adoption of these standards represents a change in accounting policies, and the comparative figures have been restated accordingly.

The effect on the company financial statements of the change in accounting policy to adopt FRS 21 was to recognise the final company dividend receivable for the year ended 31 December 2004 of £19.4m in the current year. Any future dividends receivable will be recognised in the year in which they are approved.

The adoption of FRS 21 has had no impact on the Group consolidated financial statements.

The adoption of FRS 25 has had no impact on the financial statements of the Group or the company.

##### **Basis of preparation of Group financial statements**

The Group accounts consolidate the results of the company and all its subsidiary undertakings for the year to 31 December 2005 and its share of the results and post-acquisition reserves of associated undertakings.

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

##### **Turnover**

Turnover represents the amounts invoiced, excluding value added tax, similar sales related taxes and trade discounts in respect of the sale of goods and services to customers and is recognised upon despatch of goods.

##### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at purchase cost net of accumulated depreciation and provision for impairment in value. Cost includes interest on loans directly related to the funding of construction costs.

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful economic lives of the assets which, for the major categories, are:

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

Freehold land and assets in the course of construction are not depreciated.

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **Stocks and work-in-progress**

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and consists of material and direct labour costs, together with an appropriate proportion of production overheads.

##### **Intangible assets**

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account on a straight line basis over an estimated useful life of 20 years.

Intellectual property is capitalised and amortised through the profit and loss account in equal instalments over an estimated useful life of 20 years.

##### **Government grants**

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

##### **Deferred taxation**

The charge for taxation is based on the result for the year and takes into account deferred taxation. Provision is made in full for deferred taxation liabilities that arise from timing differences where transactions or events that result in an obligation to pay more taxation in the future have occurred at the balance sheet date.

Deferred taxation assets are recognised to the extent that they are regarded as recoverable.

Deferred taxation is measured by 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. Deferred taxation assets and liabilities are not discounted.

##### **Foreign currencies**

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for:

- (a) monetary assets and liabilities which are translated at the rate ruling at the balance sheet date and;
- (b) transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract which are translated at those contracted rates.

Differences arising on the translation of such items are included in the profit and loss account.

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

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **Research and development expenditure**

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

##### **Leases**

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

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

##### **Investments**

Investments are stated at cost less provision for any impairment in value.

##### **Retirement benefits**

The company is a member of both the MetalBox Pension Scheme ('pension scheme'), which comprises both a defined benefit and defined contribution scheme, and the Post-retirement Medical Plan ('medical plan') operated by CarnaudMetalbox Group UK Ltd.

The assets of the pension scheme are held separately from the Group's assets in a Trustee administered fund. The medical plan is an unfunded scheme.

Details of the pension scheme and medical plan for the Group are set out in note 22 to the financial statements.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 2. SEGMENTAL INFORMATION

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

	EU Countries 2005 £M	Rest of Europe 2005 £M	Rest of World 2005 £M	Total Group 2005 £M	EU Countries 2004 £M	Rest of Europe 2004 £M	Rest of World 2004 £M	Total Group 2004 £M
<b>TURNOVER</b>								
Sales to third parties	527.9	6.3	37.2	571.4	509.8	17.9	36.8	564.5
Sales to other members of the Crown Holdings, Inc. Group	68.6	3.0	39.9	111.5	57.7	4.2	42.9	104.8
Total	596.5	9.3	77.1	682.9	567.5	22.1	79.7	669.3
<b>Operating (loss)/profit</b>	(21.6)	0.2	0.5	(20.9)	13.0	0.0	4.0	17.0
<b>NET OPERATING ASSETS</b>	74.6	(4.0)	(1.1)	69.5	185.2	(6.7)	(9.9)	168.6
Reconciliation of net operating assets to the balance sheet:								
Net operating assets				69.5				168.6
Intangible fixed assets				294.0				366.6
External and intercompany debt				(98.0)				(191.3)
Net assets				265.5				343.9

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

### 3. PROFIT ON SALE OF LAND AND BUILDINGS AND SALES OF OPERATIONS

The Group sold its land and buildings at Westhoughton in June 2003 for a cash consideration of £5.0M and recognised a profit of £4.2M. In 2005, following further criteria in the original sales agreement being met, the Group received a further £3.2M in respect of this 2003 sale, which has now been recognised as additional profit.

In October 2005 the Group sold the shares of its two plastics operations for a net consideration of £39.4M of which £31.8M was received in cash with the remaining £7.6M settled through intercompany. Net assets disposed of, including goodwill, totalled £60.4M and a loss of £21.0M has been recognised in the accounts.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 4. OPERATING COSTS (NET) are:

	Continuing operations 2005	Discontinued operations 2005	Total 2005	As restated Continuing operations 2004	As restated Discontinued operations 2004	As restated Total 2004
	£M	£M	£M	£M	£M	£M
Change in stocks of finished goods and work in progress	2.3	0.5	2.8	(3.6)	1.0	(2.6)
Own work capitalised	(0.4)	-	(0.4)	(0.5)	-	(0.5)
Other operating charges	33.7	9.8	43.5	39.0	15.6	54.6
Raw materials and consumables	344.9	31.3	376.2	326.9	31.6	358.5
Goodwill and intellectual property amortisation	30.5	-	30.5	31.4	-	31.4
Staff costs - wages and salaries	105.4	11.5	116.9	102.7	14.1	116.8
social security	9.8	0.8	10.6	9.5	1.1	10.6
other pension costs	12.4	0.1	12.5	13.4	-	13.4
Depreciation - owned assets	25.0	4.1	29.1	26.3	5.6	31.9
Depreciation - leased assets	0.1	-	0.1	0.1	-	0.1
Loss on disposal of fixed assets	0.1	-	0.1	0.3	-	0.3
Operating lease rentals						
- on plant and machinery	3.9	1.2	5.1	3.7	1.3	5.0
- other than plant and machinery	2.9	0.2	3.1	2.3	0.3	2.6
Auditors remuneration						
- audit services	0.4	-	0.4	0.4	-	0.4
- non audit services	0.2	-	0.2	0.3	-	0.3
Distribution costs	26.7	3.0	29.7	24.5	2.2	26.7
Selling and marketing costs	1.5	0.7	2.2	1.5	1.1	2.6
Research and development costs	18.5	1.5	20.0	15.3	1.9	17.2
Net exchange (losses)/gains	16.4	-	16.4	(21.0)	0.1	(20.9)
Post retirement medical benefits	(0.2)	-	(0.2)	0.3	-	0.3
Loss on early redemption of bonds	2.0	-	2.0	0.9	-	0.9
Provision against bad debts	-	-	-	-	1.2	1.2
Redundancy and reorganisation	3.0	-	3.0	1.5	0.1	1.6
	<b>639.1</b>	<b>64.7</b>	<b>703.8</b>	<b>575.2</b>	<b>77.2</b>	<b>652.4</b>

Auditor's remuneration for the company was £13,000 (2004: £19,000). No non-audit services were provided to the company (2004: £NIL).

During the year bonds with a face value of \$128.0 M (2004: \$33.5M) were redeemed early at a cost of \$131.6M (2003: \$35.2M). The sterling equivalent of the \$3.6M loss (2004: \$1.7M gain) equated to £2.0M (2004: £0.9M).

The total realised exchange gain on the exit of the \$300m swap in September 2003 was £9.9M. This gain has been apportioned over the period of the swap with £4.0M recognised as income in 2005 and a further £1.1M deferred to 2006.

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **4a. EXCHANGE (LOSSES)/GAINS**

Losses totalling £16.1M (2004: gain £21.4M) were made on the previously held \$235.1M bonds repayable as a result of exchange movements on US dollar versus GBP. A summary of gains made during the year is:

	<u>2005</u>	<u>2004</u>
	£M	£M
<u>Realised</u>		
On redemption of bonds	(3.5)	1.4
On exit on \$300m swap	4.0	3.8
On interest on bonds	<u>(0.2)</u>	<u>(0.6)</u>
	0.3	4.6
<u>Unrealised</u>		
On outstanding bonds as at 31 December	(6.4)	9.2
On intercompany loan	(11.6)	7.5
On accrued interest on intercompany loan	<u>1.6</u>	<u>0.1</u>
	(16.4)	16.8
	<u>(16.1)</u>	<u>21.4</u>

#### **5. INTEREST RECEIVABLE**

	<u>2005</u>	<u>2004</u>
	£M	£M
Interest receivable		
- on bank and other deposits	0.5	1.0
- on loans to fellow Group companies	<u>1.4</u>	<u>1.5</u>
	<u>1.9</u>	<u>2.5</u>

**CROWN UK HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)****6. INTEREST PAYABLE**

	<u>2005</u>	<u>2004</u>
	£M	£M
On bank loans and overdrafts	7.9	11.5
On securitisation of trade debtors	1.1	-
On loans from fellow Group companies	13.8	13.2
	<u>22.8</u>	<u>24.7</u>

**7. DIRECTORS AND EMPLOYEES**

	<u>2005</u>	<u>2004</u>
	Number	Number
Average number of persons, including executive directors, employed by the Group during the period:	<u>4,184</u>	<u>4,428</u>
Production and research & development	3,502	3,674
Administrative	682	754
Total	<u>4,184</u>	<u>4,428</u>

Staff costs are disclosed in note 4.

**Remuneration**

Directors' aggregate emoluments	<u>359</u>	<u>206</u>
---------------------------------	------------	------------

	<u>2005</u>	<u>2004</u>
	£'000	£'000
Highest paid UK director	<u>359</u>	<u>206</u>

During the year, one (2004: one) of the directors accrued benefits under the defined benefit pension scheme.

At 31 December 2005 the following amounts relating to the highest paid director were accrued under a defined benefit pension scheme.

	<u>2005</u>	<u>2004</u>
	£'000	£'000
Accrued pension entitlement	34	32
Accrued lump sum	<u>97</u>	<u>66</u>



**CROWN UK HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)****8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	<u>2005</u>	<u>2004</u>
	<u>£M</u>	<u>£M</u>
<b>Current tax</b>		
UK corporation tax on (loss)/profit for the year	(3.3)	6.6
Adjustment in respect of prior years	3.3	(2.8)
Overseas tax	1.2	1.1
Total current tax	<u>1.2</u>	<u>4.9</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3.3)	0.4
Adjustment in respect of prior years	(0.2)	0.7
Post-retirement medical benefits	0.1	(0.1)
Defined benefit pension scheme	7.0	5.6
Overseas deferred tax	-	0.1
Total deferred tax (note 17)	<u>3.6</u>	<u>6.7</u>
 Tax on (loss)/profit on ordinary activities	 <u>4.8</u>	 <u>11.6</u>

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

The tax assessed for the year is higher (2004: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained over page.

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

	<u>2005</u> £M	<u>2004</u> £M
<b>(Loss)/profit on ordinary activities before tax</b>	<b><u>(37.6)</u></b>	<b><u>13.3</u></b>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	<b>(11.3)</b>	<b>4.0</b>
Effects of:		
Overseas (losses)/profits taxed at different rates	<b>(0.6)</b>	<b>0.3</b>
Expenses not deductible for tax purposes	<b>0.6</b>	<b>0.2</b>
Goodwill amortisation	<b>9.0</b>	<b>9.3</b>
Loss not allowable arising on the sale of business	<b>6.5</b>	<b>-</b>
Dividends received	<b>-</b>	<b>(0.1)</b>
Double tax relief on intra-group dividends	<b>-</b>	<b>0.3</b>
Research allowances	<b>(0.6)</b>	<b>(0.5)</b>
Imputed rebate income 2004-2005	<b>2.6</b>	<b>-</b>
ACT utilisation 2005	<b>(4.5)</b>	<b>-</b>
Accelerated capital allowances and other timing differences	<b>3.1</b>	<b>(0.6)</b>
Pension contributions relief in excess of net pension charge	<b>(6.9)</b>	<b>(5.4)</b>
Medical plan contributions relief in excess of net medical plan charge	<b>-</b>	<b>0.2</b>
Adjustments in respect of previous years	<b>3.3</b>	<b>(2.8)</b>
Current tax charge for the year	<b><u>1.2</u></b>	<b><u>4.9</u></b>

#### **9. PROFIT OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these accounts. The company's profit for the financial period was £20.4M (2004 as restated: Loss of £5.9M), which includes dividends receivable from Group undertakings of £19.4M (2004 as restated: £0.3M).

# **CROWN UK HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

### **10. INTANGIBLE FIXED ASSETS**

#### **Group**

	<b>Intellectual Property</b>	<b>Goodwill</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>COST</b>			
At 1 January 2005	4.1	618.5	622.6
Additions	0.3	-	0.3
Disposal of operations	(1.9)	(75.7)	(77.6)
<b>At 31 December 2005</b>	<b>2.5</b>	<b>542.8</b>	<b>545.3</b>
<b>ACCUMULATED AMORTISATION</b>			
At 1 January 2005	2.5	253.5	256.0
Charge for the year	0.5	30.0	30.5
Disposals of operations	(1.1)	(34.1)	(35.2)
<b>At 31 December 2005</b>	<b>1.9</b>	<b>249.4</b>	<b>251.3</b>
<b>NET BOOK AMOUNT</b>			
<b>At 31 December 2005</b>	<b>0.6</b>	<b>293.4</b>	<b>294.0</b>
At 31 December 2004	1.6	365.0	366.6

The company has no intangible fixed assets.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 11. TANGIBLE FIXED ASSETS

Group	Freehold land and properties £M	Leasehold properties £M	Plant and machinery £M	Fixtures, fittings, tools and equipment £M	Total £M
<b>COST</b>					
At 1 January 2005	52.6	0.4	298.5	58.9	410.4
Additions	0.1	-	14.4	1.4	15.9
Disposals	(0.1)	-	(1.2)	(1.0)	(2.3)
Transfers from fellow Group undertakings	3.3	-	(0.4)	(0.2)	2.7
Disposal of operations	(9.7)	(0.3)	(62.1)	(1.5)	(73.6)
Reclassifications	0.1	-	(0.4)	0.3	-
Exchange movement	0.2	-	0.4	0.7	1.3
<b>At 31 December 2005</b>	<b>46.5</b>	<b>0.1</b>	<b>249.2</b>	<b>58.6</b>	<b>354.4</b>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2005	12.0	0.3	187.8	37.1	237.2
Charge for the year	1.7	-	22.3	5.2	29.2
Disposals	-	-	(0.8)	(0.9)	(1.7)
Transfers to fellow Group undertakings	(1.4)	-	(0.4)	(0.1)	(1.9)
Disposal of operations	(0.8)	(0.2)	(41.2)	(1.4)	(43.6)
Exchange movement	0.1	-	0.2	0.4	0.7
<b>At 31 December 2005</b>	<b>11.6</b>	<b>0.1</b>	<b>167.9</b>	<b>40.3</b>	<b>219.9</b>
<b>NET BOOK AMOUNT</b>					
<b>At 31 December 2005</b>	<b>34.9</b>	<b>0.0</b>	<b>81.3</b>	<b>18.3</b>	<b>134.5</b>
At 31 December 2004	40.6	0.1	110.7	21.8	173.2

Freehold land amounting to £9.9M (2004: £11.0M) has not been depreciated.

Plant and machinery includes the cost of assets in the course of construction being £5.0M (2004: £7.8M) which are not depreciated until the assets are commissioned.

Included in the net book amount of plant and machinery is £0.1M (2004: £NIL) in respect of assets held under finance lease. This is represented by additions of £0.1M during the year.

The transfer of fixed assets to fellow Group undertakings took place at net book value.

The company has no tangible fixed assets.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 12. FIXED ASSET INVESTMENTS

#### GROUP UNDERTAKINGS

	<u>2005</u>	<u>2004</u>
	£M	£M
<b>Company</b>		
Shares in Group undertakings		
- subsidiary undertakings	776.2	776.3
	<u>776.2</u>	<u>776.3</u>

The above investments are unlisted.

The company's investments comprise:

	<u>2005</u>	<u>2004</u>
	£M	£M
CarnaudMetalbox Group UK Ltd	691.2	691.2
CarnaudMetalbox Overseas Ltd	57.7	57.7
Crown Aerosols UK Ltd	25.9	25.9
Crown Cork & Seal Finance plc	0.1	0.1
CarnaudMetalbox Asia Ltd	1.3	1.4
	<u>776.2</u>	<u>776.3</u>

See note 28 for a list of the principal subsidiary and associated undertakings.

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

#### Group

	<u>2005</u>	<u>2004</u>
	£M	£M
Shares in Group undertakings	<u>1.3</u>	<u>1.4</u>

This represents a share of 0.99% (2004: 1.07%) in the equity of Crown Asia Pacific Holdings Limited.

During 2005 shares representing 0.08% of Crown Asia Pacific Holdings Limited were sold for a consideration of £0.1M resulting in no gain or loss.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 13. STOCKS

	Group 2005 £M	Company 2005 £M	Group 2004 £M	Company 2004 £M
Raw materials and consumables	24.0	-	28.1	-
Work-in-progress	10.4	-	12.0	-
Finished goods and goods for resale	27.3	-	28.5	-
	<u>61.7</u>	<u>-</u>	<u>68.6</u>	<u>-</u>

### 14. DEBTORS

	Group 2005 £M	Company 2005 £M	Group 2004 £M	As restated Company 2004 £M
<b>Amounts falling due within one year:</b>				
Trade debtors	39.4	-	45.3	-
Amounts owed by Group undertakings	108.2	-	74.6	4.4
Corporation tax	-	7.6	-	7.6
Other debtors	12.1	-	8.1	0.2
Prepayments and accrued income	2.9	-	3.3	-
	<u>162.6</u>	<u>7.6</u>	<u>131.3</u>	<u>12.2</u>

### 15. CREDITORS: Amounts falling due within one year

	Group 2005 £M	Company 2005 £M	Group 2004 £M	Company 2004 £M
Bank loans and overdrafts	11.0	-	-	-
Trade creditors	95.4	-	104.9	-
Amounts owed to Group undertakings	149.5	307.0	157.2	315.7
Amounts due in respect of securitised debtors	37.9	-	-	-
\$107.1M fixed rate 7% bonds payable in 2006	62.3	-	-	-
Corporation tax	1.1	-	5.6	-
Other taxation and social security	3.9	-	3.8	-
Other creditors and accruals	42.4	0.1	34.3	0.1
	<u>403.5</u>	<u>307.1</u>	<u>305.8</u>	<u>315.8</u>

The bank loans and overdrafts are unsecured and bear interest at rates which fluctuate in line with the inter-bank rate and vary by country.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 15. CREDITORS: Amounts falling due within one year (Continued)

Trading balances within the group do not incur an interest charge. Amounts owed to the Group finance company accrue interest at EURIBOR + 1.5%, being the group's cost of capital.

Amounts due in respect of securitised debtors include cash advances received from BNP Paribas. These amounts are secured on the trade debtors of the Group as at 25 December 2005 and on cash received from securitised debtors between this date and the year-end. 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% for the term of the loan on each individual securitised trade debtor balance.

### 16. CREDITORS: Amounts falling due after more than one year

	Group 2005 £M	Company 2005 £M	Group 2004 £M	Company 2004 £M
Finance lease obligation	0.1	-	-	-
\$235.1M fixed rate bonds repayable in 2006	-	-	122.5	-
Deferred foreign exchange gains	-	-	2.5	-
Other creditors and accruals	0.3	-	0.3	-
	<u>0.4</u>	<u>-</u>	<u>125.3</u>	<u>-</u>

#### Analysis of debt maturity

	Bank loans and overdrafts 2005 £M	Finance leases 2005 £M	Other loans 2005 £M	Bonds 2005 £M	Total 2005 £M
Group					
Amounts payable:					
In one year or less	11.0	-	37.9	62.3	111.2
Between two and five years	-	0.1	-	-	0.1
	<u>11.0</u>	<u>0.1</u>	<u>37.9</u>	<u>62.3</u>	<u>111.3</u>

	Bank loans and overdrafts 2004 £M	Finance leases 2004 £M	Other loans 2004 £M	Bonds 2004 £M	Total 2004 £M
Group					
Amounts payable:					
In one year or less	-	-	-	-	-
Between two and five years	-	-	-	122.5	122.5
	<u>-</u>	<u>-</u>	<u>-</u>	<u>122.5</u>	<u>122.5</u>

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 17. PROVISIONS FOR LIABILITIES AND CHARGES:

#### Group

	Deferred taxation £M	Redundancy and rationalisation provisions £M	Other provisions £M	Total £M
At 1 January 2005	16.8	1.5	0.7	19.0
(Credit)/charge for the period	(2.8)	3.0	0.3	0.5
Disposal of operations	(3.3)	-	-	(3.3)
Utilised during the period	-	(1.3)	(0.1)	(1.4)
Reclassification from creditors	-	-	0.6	0.6
<b>At 31 December 2005</b>	<b>10.7</b>	<b>3.2</b>	<b>1.5</b>	<b>15.4</b>

The remaining redundancy and rationalisation provision is expected to be fully utilised in 2006.

Other provisions include a provision for pension guarantees and onerous lease provisions.

#### Deferred Taxation

	Amount provided 2005 £M	Amount provided 2004 £M
Excess of capital allowances over depreciation	12.1	17.5
Other timing differences	(1.4)	(0.7)
	<b>10.7</b>	<b>16.8</b>

Deferred taxation is not provided on the accumulated reserves of overseas subsidiaries since the amounts involved are not material. The company has no unprovided deferred taxation.

### 18. CALLED-UP SHARE CAPITAL

	Authorised 2005 £	Allotted, issued and fully paid 2005 £	Authorised 2004 £	Allotted, issued and fully paid 2004 £
Ordinary shares of £1 each	500,000	390,880	500,000	390,880



# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 19. RESERVES

Group	Share capital £M	Share premium £M	Profit and loss account £M	Total £M
At 1 January 2005	0.4	491.5	(148.2)	343.7
Loss for the financial year	-	-	(42.4)	(42.4)
Exchange movement	-	-	1.1	1.1
Actuarial loss on pension scheme	-	-	(52.2)	(52.2)
Actuarial loss on medical plan	-	-	(0.9)	(0.9)
Movement on deferred tax relating to pension scheme	-	-	15.7	15.7
Movement on deferred tax relating to medical plan	-	-	0.3	0.3
<b>At 31 December 2005</b>	<b>0.4</b>	<b>491.5</b>	<b>(226.6)</b>	<b>265.3</b>
<b>Pension asset</b>			<b>(23.9)</b>	
<b>Profit and loss deficit excluding pension asset</b>			<b>(250.5)</b>	

Company	Share capital £M	Share premium £M	Other reserves £M	Profit and loss account £M	Total £M
At 1 January 2005 as previously reported	0.4	491.5	1.4	42.8	536.1
Prior year adjustment - FRS 21	-	-	-	(19.4)	(19.4)
At 1 January 2005 as restated	0.4	491.5	1.4	23.4	516.7
Retained profit for the financial year	-	-	-	20.4	20.4
Actuarial loss on pension scheme	-	-	-	(52.2)	(52.2)
Movement on deferred tax relating to pension scheme	-	-	-	15.7	15.7
<b>At 31 December 2005</b>	<b>0.4</b>	<b>491.5</b>	<b>1.4</b>	<b>7.3</b>	<b>500.6</b>
<b>Pension asset</b>				<b>(23.9)</b>	
<b>Profit and loss deficit excluding pension asset</b>				<b>(16.6)</b>	

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2005 £M	Company 2005 £M	Group 2004 £M	As restated Company 2004 £M
(Loss)/profit for the financial period	(42.4)	20.4	1.7	(5.9)
Currency translation differences on foreign currency and net investments	1.1	-	(0.4)	-
Actuarial loss on pension scheme (note 22)	(52.2)	(52.2)	(12.0)	(12.0)
Actuarial (loss)/gain on medical plan (note 22)	(0.9)	-	1.9	-
Movement on deferred tax relating to pension scheme	15.7	15.7	3.6	3.6
Movement on deferred tax relating to medical plan	0.3	-	(0.6)	-
<b>Net reduction to shareholders' funds</b>	<b>(78.4)</b>	<b>(16.1)</b>	<b>(5.8)</b>	<b>(14.3)</b>
<b>Opening shareholders' funds</b>	<b>343.7</b>	<b>536.1</b>	<b>349.5</b>	<b>531.0</b>
Prior year adjustment – FRS 21	-	(19.4)	-	-
<b>Opening shareholders funds as restated</b>	<b>343.7</b>	<b>516.7</b>	<b>349.5</b>	<b>531.0</b>
<b>Closing shareholders' funds</b>	<b>265.3</b>	<b>500.6</b>	<b>343.7</b>	<b>516.7</b>

### 21. CASH FLOW STATEMENT

#### a) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2005 £M	2004 £M
Operating (loss)/profit	(20.9)	16.9
Exceptional items:		
- Loss on sale of operations	(21.0)	-
- Profit on sale of land and buildings	3.2	-
Net pension and medical plan related income/costs	20.5	1.0
Loss on disposal of fixed assets	0.1	0.3
Depreciation and amortisation	59.7	63.5
Increase in stocks	(3.7)	(6.5)
Increase in debtors	(56.9)	(7.4)
Increase/(decrease) in creditors	39.4	(5.5)
Decrease in provisions	(0.8)	(1.8)
<b>Net cash inflow from continuing operating activities</b>	<b>19.6</b>	<b>60.5</b>

**CROWN UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

**21. CASH FLOW STATEMENT (CONTINUED)**

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

	<u>2005</u> £M	<u>2004</u> £M
Net debt at 1 January	(106.4)	(128.7)
Decrease in net debt	9.5	22.7
Currency translation adjustment	-	(0.4)
Net debt at 31 December	<u>96.9</u>	<u>(106.4)</u>

**c) RECONCILIATION OF MOVEMENT IN NET DEBT**

	<u>At 1 January 2005 £M</u>	<u>Reclassi- fication £M</u>	<u>Cash flow £M</u>	<u>At 31 December 2005 £M</u>
Cash at bank and in hand	16.1	-	(1.7)	14.4
Debt due after more than one year	(122.5)	122.5	(0.1)	(0.1)
Debt due within one year	-	(122.5)	11.3	(111.2)
<b>TOTAL</b>	<u>(106.4)</u>	<u>-</u>	<u>9.5</u>	<u>(96.9)</u>

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS**

##### **(a) Pension Scheme**

The group offers pension schemes to employees in its subsidiary undertakings in the UK. The principal scheme is the MetalBox Pension Scheme ('pension scheme'), for which employees at most UK locations are eligible. The pension scheme is both a defined benefit and defined contribution pension scheme, the assets of which are held in a separate trustee administered fund. For employees who joined the pension scheme on or after 1 April 2002, benefits are provided on a defined contribution basis.

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

The amount paid into the scheme for the UK sub group for the period to 31 December 2005 was £11.9M (2004: £12.0M). All amounts due in the year were paid and as such there are no accruals or prepayments in respect of pension scheme contributions at the year end. Planned contributions for the defined benefit scheme for 2006 total £11.0M plus an additional special contribution of £31.1M related to the sale of the Group's Plastic Closures business.

##### **Defined Benefit Scheme**

Formal actuarial valuations of the pension scheme are carried out triennially by a professionally qualified independent actuary. An actuarial valuation for the purposes of compliance with the requirements of FRS 17 was carried at 31 December 2005. All rates have been calculated on the Projected Unit Method. As the pension scheme is closed to new entrants, under the Projected Unit Method the current service cost (as a percentage of salary) will increase as the members of the pension scheme approach retirement.

	<b>2005</b>	<b>2004</b>	<b>2003</b>
Rate of increase in salaries	<b>3.25%</b>	3.25%	3.50%
Rate of increase in pensions in payment and deferment	<b>2.75%</b>	2.75%	2.75%
Discount rate	<b>4.75%</b>	5.25%	5.50%
Inflation assumption	<b>2.75%</b>	2.75%	2.75%

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

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

#### (a) Pension Scheme (continued)

The assets in the scheme measured and the expected return were:

	<u>2005</u>	<u>Value at 31/12/05 £M</u>	<u>2004</u>	<u>Value at 31/12/04 £M</u>	<u>2003</u>	<u>Value at 31/12/03 £M</u>
Global equities	8.75%	399.3	8.75%	346.4	8.75%	348
Investment grade bonds	5.00%	832.6	5.00%	736.4	5.2%	684
Real estates	6.50%	125.2	6.50%	125.2	6.5%	112
High yield bonds	8.75%	31.6	8.75%	73.6	8.75%	68
Alternative investments	10.0%	131.0	10.0%	114.9	10.0%	104
		<u>1,519.7</u>		<u>1,396.5</u>		<u>1,316</u>
Present value of scheme liability		<u>(1,485.5)</u>		<u>(1,333.5)</u>		<u>(1,259)</u>
Surplus in the scheme		34.2		63.0		57
Related deferred tax liability		<u>(10.3)</u>		<u>(19.0)</u>		<u>(17)</u>
		<u>23.9</u>		<u>44.0</u>		<u>40</u>

The following amounts have been recognised in the performance statements in the year to 31 December 2005:

	<u>2005 £M</u>	<u>2004 £M</u>
<b>Operating profit</b>		
Current service cost	12.8	13
Past service cost	-	-
Curtailments	(1.9)	-
Total operating charge	<u>10.9</u>	<u>13</u>
<b>Other finance income</b>		
Expected return on pension scheme assets	91.6	88
Interest on pension scheme liabilities	(69.2)	(69)
Net return	<u>22.4</u>	<u>19</u>
<b>Statement of total recognised gains and losses</b>		
Actual return less expected return on pension scheme assets	82.5	39
Experience gains and losses arising on the scheme liabilities	0.3	9
Changes in assumptions underlying the present value of the scheme liabilities	(135.0)	(60)
Actuarial loss	<u>(52.2)</u>	<u>(12)</u>

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

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

#### (a) Pension Scheme (continued)

	2005 £M	2004 £M
<b>Movement in surplus during the year</b>		
Surplus in scheme at beginning of the year	63.0	57
Current service cost	(12.8)	(13)
Contributions	11.9	12
Past service costs	-	-
Settlements/curtailments	1.9	-
Other finance income	22.4	19
Actuarial loss	(52.2)	(12)
Surplus in scheme at end of the year	<u>34.2</u>	<u>63.4</u>

The full actuarial valuation at 31 December 2005 showed a decrease in the surplus from £63.4M to £34.2M.

#### History of experience gains and losses

	2005 £M	2004 £M	2003 £M	2002 £M
Difference between expected and actual return on scheme assets:				
Amount (£M)	83	39	69	(144)
Percentage of scheme assets	5.4%	2.8%	5.2%	(11.8%)
Experience gains and losses on scheme liabilities:				
Amount (£M)	0	9	11	(13)
Percentage of scheme liabilities	0.0%	0.7%	0.9%	(1.1%)
Total amount recognised in statement of total recognised gains and losses:				
Amount (£M)	(52.2)	(12)	15	(114)
Percentage of scheme liabilities	(3.5%)	(0.9%)	1.2%	(9.6%)

#### Defined Contribution Scheme

Contributions under the defined contribution scheme amounted to £0.7M (2004: £0.2M). All contributions owing were paid during the year and charged to the profit and loss account.

#### (b) Post retirement medical costs

The Group continues to participate in the private post-retirement medical plan for certain executives, and in some instances, their dependants. The medical plan is not funded.

The latest actuarial valuation for the purposes of compliance with the requirements of FRS 17 of the medical plan was carried out as at 31 December 2005 by a professionally qualified independent actuary.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

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

#### (b) Post retirement medical costs (continued)

The major assumptions used by the actuary are as follows:

	2005	2004	2003
Discount rate	4.75%	5.25%	5.50%
Medical inflation	4.50%	4.50%	5.00%

The post retirement medical benefits are not funded in advance. The Group and employees pay the premiums as they fall due.

	2005 £M	2004 £M	2003 £M
Present value of liabilities	10.9	10.3	11.9
Related deferred tax asset	(3.3)	(3.1)	(3.6)
	<u>7.6</u>	<u>7.2</u>	<u>8.3</u>

The following amounts have been recognised in the performance statements in the year to 31 December 2005:

	2005 £M	2004 £M
<b>Operating profit</b>		
Current service cost	0.1	0.1
Settlements/curtailments	(0.3)	-
	<u>(0.2)</u>	<u>0.1</u>
	2005 £M	2004 £M
<b>Other finance expense</b>		
Interest on plan liabilities	<u>0.5</u>	<u>0.7</u>
	2005 £M	2004 £M
<b>Statement of total recognised gains and losses</b>		
Experienced gains and losses arising on plan liabilities	0.1	1.6
Changes in assumptions underlying the present value of plan liabilities	(1.0)	0.3
Actuarial (loss)/gain	<u>(0.9)</u>	<u>1.9</u>

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

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

#### (b) Post retirement medical costs (continued)

##### Movement in deficit during the year

	<u>2005</u> £M	<u>2004</u> £M
Deficit in plan at beginning of the year	(10.3)	(11.9)
Movement in year:		
Current service cost	(0.1)	(0.1)
Settlements/curtailments	0.3	-
Contributions	0.6	0.5
Other finance expense	(0.5)	(0.7)
Actuarial (loss)/gain	(0.9)	1.9
Deficit in plan at end of the year	<u>(10.9)</u>	<u>(10.3)</u>

##### History of experience gains and (losses)

	<u>2005</u> £M	<u>2004</u> £M	<u>2003</u> £M	<u>2002</u> £M
Experienced gains and losses on scheme liabilities:				
Amount (£M)	0.1	1.6	(0.1)	(0.5)
Percentage of scheme liabilities	0.9%	15.4%	(1.0%)	(4.4%)
Changes in assumptions underlying the present value of plan liabilities (£M)	(1.0)	0.3	-	(0.4)
Percentage of scheme liabilities	(8.8%)	3.2%	-	(3.6%)
Total amount recognised in statement of total recognised gains and losses:				
Amount (£M)	(0.9)	1.9	(0.1)	(0.9)
Percentage of scheme liabilities	(7.9%)	18.6%	1.0%	(8.0%)

### 23. CAPITAL COMMITMENTS

	<u>Group</u> <u>2005</u> £M	<u>Company</u> <u>2005</u> £M	<u>Group</u> <u>2004</u> £M	<u>Company</u> <u>2004</u> £M
Capital expenditure contracted for but not provided for in the accounts	<u>0.1</u>	<u>-</u>	<u>0.4</u>	<u>-</u>



## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **24. OTHER FINANCIAL COMMITMENTS**

At 31 December 2005 the company had annual commitments under non-cancellable operating leases expiring as follows:

	<b>Land and Buildings 2005</b>	<b>Other 2005</b>	<b>Land and Buildings 2004</b>	<b>Other 2004</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Within 1 year	-	1.0	-	1.7
Between 2-5 years	-	3.1	0.2	3.4
Over 5 years	1.8	0.1	2.3	0.6
<b>Total</b>	<b>1.8</b>	<b>4.2</b>	<b>2.5</b>	<b>5.7</b>

#### **25. CONTINGENT LIABILITIES**

Bank and other guarantees in respect of Group pooling given by the Group amounted to £0.6M (2004: £1.9M).

In accordance with Section 17 of the Companies (Amendment) Act, 1986, the company has guaranteed the liabilities of Crown Packaging Ireland Limited, a subsidiary undertaking registered in Ireland. As a result Crown Packaging Ireland Limited has been exempted from the provision of Section 7 of the Companies (Amendment) Act, 1986 in Ireland.

#### **26. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available under paragraph 3 (c) from the provisions of FRS 8, "Related Party Disclosures" which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Crown Holdings, Inc. whose accounts are publicly available. Accordingly the company has not therefore disclosed transactions with members of the Crown Holdings, Inc. Group.

#### **27. ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking and controlling party is Crown Canadian Holdings ULC, a company incorporated in Canada. The ultimate parent company and controlling party is Crown Holdings, Inc. which is incorporated in the USA.

The only group for which consolidated accounts are prepared, and which include the accounts of the company, are Crown Holdings, Inc.

Copies of the Group accounts of Crown Holdings, Inc. which are publicly available may be obtained from CarnaudMetalbox Group UK Ltd, Downsview Road, Wantage, Oxon OX12 9BP.

## CROWN UK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

#### 28. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The directors consider that to give particulars of all subsidiary undertakings would lead to a statement of excessive length. Crown UK Holdings Limited owns directly or indirectly 100% of the shares in all subsidiaries except where a lower percentage is shown. Undertakings part or all of whose share capital is owned by another subsidiary, are marked\*. The following subsidiary undertakings, in the opinion of the directors, principally affect the results and assets of the Group and are included in the consolidated accounts.

		<b>Country of operation and incorporation</b>	<b>Nature of business</b>
CarnaudMetalbox Group UK Ltd		UK	Holding Company
Crown Aerosols UK Ltd		UK	Packaging
Crown Cork & Seal Finance Plc		UK	Finance
Crown Packaging UK Plc	*	UK	Packaging
CarnaudMetalbox Overseas Ltd		UK	Holding Company
Crown Packaging Ireland Ltd	*	Ireland	Packaging
Crown Speciality Packaging UK Plc	*	UK	Packaging
CarnaudMetalbox Engineering Plc	*	UK	Packaging
CarnaudMetalbox Food South Africa PTY Ltd	*	South Africa	Packaging
Crown Packaging Polska Sp Z.O.O.	*	Poland	Packaging
Crown Packaging Jamaica Ltd	*	Jamaica	Packaging
Crown Packaging Trinidad Ltd (91.01%)	*	Trinidad	Packaging
CarnaudMetalbox Barbados Ltd	*	Barbados	Packaging

In October 2005 the Group disposed of its interests in Crown UCP Limited and Crown Massmould Ltd.