

**Company number: 03182537**

**CROWN UK HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**WEDNESDAY**



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## **CROWN UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

The directors present their annual report and the audited financial statements of the Group and the company for the year ended 31 December 2009

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Group continues to comprise the manufacture, printing and sale of packaging containers. The principal activity of the company is that of a holding company for the group.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The key business risks and uncertainties affecting the company are considered to be:  
The global economic crisis with its impact on consumer purchasing power and product demand,  
The consolidation of the market for tinplated steel which can have significant impact on the price for the company's principal raw material,  
The consolidation of the consumer products market, reducing the number of potential customers,  
The resultant increasing comparative strength of these customers in relation to the suppliers in the market, and the trend towards alternative packaging products and materials.

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

The results for the Group show an operating profit of £11.2M (2008: loss £10.3M) and sales of £722.4M (2008: £656.9M).

The Group has £83.2M (2008: £245.0M) of net assets at the year end. This diminution of net assets is largely as a result of the actuarial defined benefit pension revaluation which resulted in a net loss after tax of £152.3m (2008: gain £11.0m) being recognized in the Statement of Total Recognized Gains and Losses. This large revaluation was a consequence of the global economic crisis and was common across all UK groups with defined benefit pension plans.

During 2009 the group showed a marked improvement in its sales and profitability. Despite increases in raw material prices early in 2009 the company was successful in passing through these price increases to its customers. This pass through of the increase in raw material prices coupled with the economic climate did result in the loss of some volume and whilst volumes are expected to improve in 2010, they are not expected to improve back to prior year volume demands. As a result of this volume loss, the company reinforced its program of cost reduction. Trading conditions are expected to continue to be difficult in 2010 but the group does expect to maintain its share of the market and remain profitable.

There continues to be no current plans for significant restructuring in the Group and the 2010 emphasis continues to be ensuring that all raw material price increases are passed through to the customer whilst attempting to maintain sales volume. Similarly, there is no intention of significant transfer of business either into or out of Crown UK Holdings Limited in the short to medium term.

#### **RESULTS AND DIVIDENDS**

The Group's loss for the financial year of £5.8M (2008: £10.4M) has been deducted from reserves. The directors do not recommend the payment of a dividend (2008: £nil).

## **CROWN UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

#### **DIRECTORS**

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

J W Conway

T Donahue (appointed 30 March 2009)

H C Lomax

A W Rutherford (resigned 30 March 2009)

#### **KEY PERFORMANCE INDICATORS ("KPI's")**

The company and wider group is managed on a divisional basis with performance monitored using a number of "World Class Performance" indicators, based around the efficiency of the production cycle

During the year, all divisions have worked towards meeting these targets and the Group is continuing to work towards exceeding industry standards around operating efficiencies

#### **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 Group and of the individuals concerned, with a view to improving every individual's, and thereby the Group's, performance.

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

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 Group'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.

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## **CROWN UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

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

Donations to charitable organisations made by the Group amounted to £11,630 (2008 £11,717). These donations were made to local sports clubs, charities providing medical support, educational charities and charities providing support to children. No payments were made during the year for political purposes (2008 £nil).

#### **RESEARCH AND DEVELOPMENT**

The directors consider that research and development plays a vital role in the Group's success. Research and development activities include innovation of new products and development of materials, technology and engineering processes. 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.

#### **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/or services have been provided in accordance with the relevant contractual arrangements. Creditor days at 31 December 2009 were 65 days (2008 81 days).

#### **FINANCIAL RISK MANAGEMENT**

The Group's operations expose it to a variety of financial risks that include the effects of any changes in liquidity and cash flow risk, price risk, credit risks, exchange rate 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 by the European Treasury department.

#### **LIQUIDITY AND CASH FLOW 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 have sufficient funds available for operations. The level of debt finance and related finance costs is monitored at European level. 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.

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## **CROWN UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

#### **FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### **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

##### **INTEREST RATE RISK**

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

##### **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.

##### **BRANCHES OUTSIDE THE UK**

The Group has branches outside the UK, in Poland, the West Indies and South Africa

##### **GOING CONCERN**

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the European holding company, Crown European Holdings SA. The directors have received confirmation that Crown European Holdings SA intends to support the company for at least one year after these financial statements are signed, by not seeking repayment of intercompany loans.

## **CROWN UK HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

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

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

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



**H C Lomax**  
Director

## **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 2009 which comprise Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

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

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

*Stephanie Hyde.*

Stephanie Hyde (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

Date **22 OCT 2010**

**CROWN UK HOLDINGS LIMITED****GROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<u>Note</u>	<u>2009</u> <u>£M</u>	<u>2008</u> <u>£M</u>
<b>Turnover</b>	2	<b>722.4</b>	656.9
Operating costs (net)	4	<u>(711.2)</u>	<u>(667.2)</u>
<b>Operating profit/(loss)</b>		<b>11.2</b>	(10.3)
Profit on sale of land and buildings	3	<u>-</u>	<u>1.0</u>
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>11.2</b>	(9.3)
Interest receivable and similar income	5	<b>1.0</b>	2.9
Interest payable and similar charges	6	<b>(19.2)</b>	(25.6)
Other financial income	22	<b>11.0</b>	28.1
Other financial expenses	22	<u><b>(0.7)</b></u>	<u>(0.6)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>3.3</b>	(4.5)
Tax on profit/(loss) on ordinary activities	8	<b>(9.1)</b>	(5.9)
<b>Loss for the financial year</b>	20	<u><b>(5.8)</b></u>	<u>(10.4)</u>

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

All results derive from continuing operations



**CROWN UK HOLDINGS LIMITED****GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<u>Note</u>	<u>2009</u> <u>£M</u>	<u>2008</u> <u>£M</u>
Loss for the financial year		<b>(5.8)</b>	(10.4)
Actuarial (loss)/gain on pension scheme	22	<b>(211.6)</b>	15.4
Actuarial (loss)/gain on medical plan	22	<b>(1.9)</b>	1.5
Movement on deferred tax relating to pension (liability)/asset	22	<b>59.3</b>	(4.4)
Movement on deferred tax relating to medical plan	22	<b>0.4</b>	(0.4)
Currency translation differences on foreign currency net investments		<u><b>(2.7)</b></u>	<u>6.9</u>
<b>Total recognised (losses)/gains for the year</b>		<u><b>(162.3)</b></u>	<u><b>8.6</b></u>

**CROWN UK HOLDINGS LIMITED**

**BALANCE SHEETS  
AS AT 31 DECEMBER 2009**

	Note	Group 2009 £M	Company 2009 £M	Group 2008 £M	Company 2008 £M
<b>Fixed assets</b>					
Intangible assets	10	185.2	-	212.4	-
Tangible assets	11	91.0	-	99.5	-
Investments	12	-	710.1	-	710.1
		<u>276.2</u>	<u>710.1</u>	<u>311.9</u>	<u>710.1</u>
<b>Current assets</b>					
Stocks	13	79.2	-	93.1	-
Debtors amounts falling due within one year	14	143.0	2.8	88.4	6.5
Debtors amounts falling due after more than one year	15	11.7	-	15.4	-
Cash at bank and in hand		8.2	-	8.4	-
		<u>242.1</u>	<u>2.8</u>	<u>205.3</u>	<u>6.5</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(383.4)</u>	<u>(319.7)</u>	<u>(362.5)</u>	<u>(319.6)</u>
<b>Net current liabilities</b>		<u>(141.3)</u>	<u>(316.9)</u>	<u>(157.2)</u>	<u>(313.1)</u>
<b>Total assets excluding pension less current liabilities</b>		<b>134.9</b>	<b>393.2</b>	<b>154.7</b>	<b>397.0</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(0.5)</u>	<u>-</u>	<u>(0.3)</u>	<u>-</u>
<b>Provisions for liabilities</b>	18	<u>(2.9)</u>	<u>-</u>	<u>(2.9)</u>	<u>-</u>
<b>Net assets excluding pension (liability)/ asset and post-retirement medical benefit plan liability</b>		<b>131.5</b>	<b>393.2</b>	<b>151.5</b>	<b>397.0</b>
Pension (liability)/asset	22	(40.0)	-	100.3	-
Post-retirement medical benefit Plan liability	22	<u>(8.3)</u>	<u>-</u>	<u>(6.8)</u>	<u>-</u>
<b>Net assets including pension (liability)/ asset and post-retirement medical benefit plan liability</b>		<u><b>83.2</b></u>	<u><b>393.2</b></u>	<u><b>245.0</b></u>	<u><b>397.0</b></u>
<b>Capital and reserves</b>					
Called up share capital	19	0.4	0.4	0.4	0.4
Share premium account	20	491.5	491.5	491.5	491.5
Profit and loss account	20	<u>(409.1)</u>	<u>(98.7)</u>	<u>(247.3)</u>	<u>(94.9)</u>
<b>Total shareholders' funds</b>	21	<b>82.8</b>	<b>393.2</b>	<b>244.6</b>	<b>397.0</b>
Minority interests		<u>0.4</u>	<u>-</u>	<u>0.4</u>	<u>-</u>
<b>Capital employed</b>		<u><b>83.2</b></u>	<u><b>393.2</b></u>	<u><b>245.0</b></u>	<u><b>397.0</b></u>

The financial statements on pages 7 to 36 were approved by the board of directors on 20<sup>th</sup> October 2010 and were signed on its behalf by

H C Lomax  
Director



Crown UK Holdings Limited

Company Number: 03182537

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **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 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year.

The company is a wholly owned subsidiary company of a group headed by Crown Holdings, Inc., and is included in the Group financial statements of both that company and the intermediate parent company, Crown Canadian Holdings ULC, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS1 (Revised 1996), "Cash Flow Statements" from not presenting a cash flow statement.

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

The Group financial statements consolidate the results of the company and all its subsidiary undertakings for the year to 31 December 2009 and its share of the results and post-acquisition reserves of associated undertakings.

All the subsidiary undertakings use uniform accounting policies and all intra-group balances and profits are eliminated.

##### **Share-based payments**

The Group's employees were members of five active stock-based incentive compensation plans – the 1990, 1997, 2001, 2004 and 2007 plans – operated by the ultimate parent company, Crown Holdings, Inc., that currently comprise of fixed stock options.

The Group is applying the transitional arrangements of FRS 20 "Share-based Payment" whereby compensation expense for all non-vested share options, measured by the grant-date fair value of the awards, will be charged to the profit and loss account prospectively over the remaining vesting period based on the estimated number of awards that are expected to vest.

Similarly, compensation expense for all future awards will be recognized over the vesting period based on the grant-date fair value and the estimated number of awards that are expected to vest. Compensation expense is recognized over the vesting period on a straight-line basis over the total service period for the entire award. Valuation of awards granted prior to the adoption of the standard were calculated using the Black-Scholes option pricing model and the Group expects to use the same model of valuing future awards.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Details of the share-based payment scheme are set out in note 25.

##### **Turnover**

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.

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

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

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

Tangible fixed assets are stated at historic 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 so as to write-off the cost of each asset, less their estimated residual values, over the term of its estimated useful economic life. The estimated useful economic lives of the assets concerned is as follows:

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.

##### **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, based on normal production levels. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow moving or defective items where appropriate.

##### **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 economic life of 20 years.

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

##### **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.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

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

##### **Government grants**

Regional development grants and other investment grants received are treated as deferred income and credited to the profit and loss account over the estimated useful economic life of the relevant fixed assets

##### **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

##### **Cash**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

##### **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. Monetary assets and liabilities of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are included within reserves

##### **Forward contracts**

The company utilises forward contracts for the purchase of raw materials, namely aluminium. The potential future benefit of these contracts is not recognised as an asset. Details of the aluminium forward contracts as at the year end are set out in note 24

##### **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**

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**

Fixed asset investments are stated at purchase cost less amounts written off. Provision is made for any impairment in value. Dividend income from fixed asset investments is recognised in the profit and loss account of the parent company in the year in which it is received

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

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

##### **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 defined contribution scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 22 represents contributions payable by the company to the fund.

The company also operates a defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Group statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

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.

##### **Going concern**

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the European holding company, Crown European Holdings SA. The directors have received confirmation that Crown European Holdings SA intends to support the company for at least one year after these financial statements are signed, by not seeking repayment of intercompany loans.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

### 2. SEGMENTAL INFORMATION

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

	EU Count ries 2009	Rest of Europe 2009	Rest of World 2009	Total Group 2009	EU Countries 2008	Rest of Europe 2008	Rest of World 2008	Total Group 2008
	£M	£M	£M	£M	£M	£M	£M	£M
<b>TURNOVER</b>								
Sales to third parties	519.6	5.4	46.5	571.5	480.4	9.5	34.0	523.9
Sales to other members of the Crown Holdings, Inc Group	95.2	5.5	50.2	150.9	72.9	10.5	49.6	133.0
Total	614.8	10.9	96.7	722.4	553.3	20.0	83.6	656.9
<b>Profit/ (loss) on ordinary activities before tax</b>	2.5	0.1	0.7	3.3	(6.7)	0.6	1.6	(4.5)
<b>NET OPERATING (LIABILITIES)/ ASSETS</b>	<b>(43.3)</b>	<b>-</b>	<b>3.0</b>	<b>(40.3)</b>	<b>132.4</b>	<b>-</b>	<b>4.9</b>	<b>137.3</b>
Reconciliation of net operating (liabilities) /assets to the balance sheet								
Net operating (liabilities)/assets				(40.3)				137.3
Intangible fixed assets				185.2				212.4
External and intercompany debt				(61.7)				(104.7)
Net assets				83.2				245.0

The Group's 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 different from the above analysis.

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

In 2008, the Group sold a "ransom strip" of land with a Net Book Value of £nil for a consideration of £1.0M. The ransom strip had been held by the Group following the sale of the land and buildings at Palmers Green.

# **CROWN UK HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

### **4. OPERATING COSTS (NET)**

	<b>Total 2009</b>	<b>Total 2008</b>
	<b>£M</b>	<b>£M</b>
Change in stocks of finished goods and work in progress	<b>1.5</b>	(10.7)
Own work capitalised	<b>-</b>	(0.5)
Other operating charges	<b>46.8</b>	43.0
Raw materials and consumables	<b>439.7</b>	395.3
Goodwill and intellectual property amortisation	<b>27.4</b>	27.4
Staff costs - wages and salaries	<b>104.6</b>	107.7
social security	<b>10.2</b>	10.4
Cost of employee share option Schemes (note 25)	<b>0.5</b>	0.5
UK pension expense (note 22)	<b>8.1</b>	12.8
Overseas pension expense	<b>1.2</b>	1.3
Depreciation - owned assets (note 11)	<b>13.7</b>	17.2
Loss on disposal of Fixed assets	<b>0.2</b>	0.1
Operating lease rentals		
- on plant and machinery	<b>6.2</b>	4.3
- other than plant and machinery	<b>2.3</b>	1.9
Auditors' remuneration		
- audit of company's financial statements pursuant to legislation	<b>0.4</b>	0.5
- tax services	<b>0.1</b>	0.1
Distribution costs	<b>27.1</b>	28.9
Selling and marketing costs	<b>2.2</b>	2.1
Research and development costs	<b>16.6</b>	17.4
Net exchange losses	<b>1.3</b>	5.5
Post retirement medical benefits (note 22)	<b>0.1</b>	0.1
Bad debt write-off	<b>-</b>	1.5
Redundancy and reorganisation	<b>1.0</b>	0.4
	<b>711.2</b>	<b>667.2</b>

Auditors' remuneration for the group was £405,000 (2008 £494,000) Non-audit services were provided to the group of £54,000 (2008 £101,000)



# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009	2008
	£M	£M
Interest receivable		
- on bank and other deposits	0.3	0.5
- on loans to fellow Group companies	0.7	2.4
	<u>1.0</u>	<u>2.9</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£M	£M
On bank loans and overdrafts	2.3	5.6
On securitisation of trade debtors	1.4	2.2
On loans from fellow Group companies	15.5	17.8
	<u>19.2</u>	<u>25.6</u>

### 7. DIRECTORS AND EMPLOYEES

	2009	2008
	Number	Number
Average number of persons, including executive directors, employed by the Group during the year	<u>3,337</u>	<u>3,443</u>
By activity		
Production and research and development	2,669	2,768
Administrative	668	675
Total	<u>3,337</u>	<u>3,443</u>

Staff costs are disclosed in note 4

	2009	2008
	£'000	£'000
<b>Directors' remuneration</b>		
Aggregate emoluments	<u>54</u>	<u>87</u>
	<u>54</u>	<u>87</u>

Other than directors remuneration charged to the group, directors remuneration costs are predominantly borne outside of the UK group

During the year, none (2008: none) of the directors accrued benefits under the defined benefit pension scheme, nor the defined contribution pension scheme

During the year, none (2008: none) of the directors exercised share options. During the year, none (2008: none) of the directors received share options

There are no employees (2008: none) and subsequently no employee costs in the individual entity of Crown UK Holdings Limited, the company

**CROWN UK HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)****8. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES**

	<u>2009</u>	<u>2008</u>
	<u>£M</u>	<u>£M</u>
<b>Current tax</b>		
UK corporation tax on profit for the year	0.3	-
Adjustment in respect of prior years	(0.2)	(1.4)
Overseas tax	0.6	0.6
Total current tax charge/(credit)	<u>0.7</u>	<u>(0.8)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7.6	2.5
Adjustment in respect of prior years	-	0.5
UK tax rate change	-	(0.5)
Post-retirement medical benefits	-	(0.2)
Defined benefit pension scheme	0.8	4.4
Total deferred tax	<u>8.4</u>	<u>6.7</u>
Tax on profit/(loss) on ordinary activities	<u>9.1</u>	<u>5.9</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 lower (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained on the next page.

# **CROWN UK HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

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

	<u>2009</u> £M	<u>2008</u> £M
<b>Profit/(loss) on ordinary activities before tax</b>	<b>3.3</b>	<b>(4.5)</b>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	<b>0.9</b>	<b>(1.3)</b>
Effects of		
Overseas losses taxed at different rates	<b>(0.5)</b>	<b>0.1</b>
Expenses not deductible for tax	<b>0.6</b>	<b>0.5</b>
Goodwill amortisation	<b>7.6</b>	<b>7.8</b>
Capital Disposal	<b>-</b>	<b>(0.3)</b>
Research allowances	<b>(0.3)</b>	<b>(0.3)</b>
Imputed rebate income	<b>1.2</b>	<b>0.9</b>
Stock options exercised	<b>(0.2)</b>	<b>(0.1)</b>
Accelerated capital allowances and other timing differences	<b>(7.6)</b>	<b>(2.5)</b>
Pension contributions relief in excess of net pension charge	<b>(0.8)</b>	<b>(4.4)</b>
Medical plan contributions relief in excess of net medical plan charge	<b>-</b>	<b>0.2</b>
Adjustments in respect of prior years	<b>(0.2)</b>	<b>(1.4)</b>
<b>Current tax charge/(credit) for the year</b>	<b><u>0.7</u></b>	<b><u>(0.8)</u></b>

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes enacted in the Finance (No 2) Act 2010 on the deferred taxation balance for Crown UK Holdings Limited are not significant.

### **9. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements. The company's loss for the financial year was £3.8M (2008 £11.3M), which includes dividends receivable from Group undertakings of £3.0M (2008 £2.0M).

**CROWN UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

**10. INTANGIBLE ASSETS**

Group	Intellectual property	Goodwill	Total
	£M	£M	£M
<b>COST</b>			
At 1 January 2009	3.1	542.8	545.9
Additions	0.2	-	0.2
<b>At 31 December 2009</b>	<b>3.3</b>	<b>542.8</b>	<b>546.1</b>
<b>ACCUMULATED AMORTISATION</b>			
At 1 January 2009	2.6	330.9	333.5
Charge for the year	0.3	27.1	27.4
<b>At 31 December 2009</b>	<b>2.9</b>	<b>358.0</b>	<b>360.9</b>
<b>NET BOOK AMOUNT</b>			
<b>At 31 December 2009</b>	<b>0.4</b>	<b>184.8</b>	<b>185.2</b>
At 31 December 2008	0.5	211.9	212.4

The company has no intangible fixed assets

Goodwill is amortised over twenty years which is considered to equate to its estimated useful economic life

**CROWN UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

**11. TANGIBLE ASSETS**

Group	Freehold land and buildings £M	Leasehold Buildings £M	Plant and machinery £M	Fixtures, fittings, tools and equipment £M	Total £M
<b>COST</b>					
At 1 January 2009	47.6	0.1	264.4	61.8	373.9
Additions	-	-	5.3	1.3	6.6
Disposals	-	-	(1.1)	(1.4)	(2.5)
Net transfers to/from fellow Group undertakings	0.1	-	(0.5)	-	(0.4)
Reclassifications	0.1	-	2.6	(2.7)	-
Exchange movement	(0.6)	-	(1.3)	(1.0)	(2.9)
<b>At 31 December 2009</b>	<b>47.2</b>	<b>0.1</b>	<b>269.4</b>	<b>58.0</b>	<b>374.7</b>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2009	16.1	0.1	204.6	53.6	274.4
Charge for the year	1.6	-	9.6	2.6	13.8
Disposals	-	-	(1.1)	(1.2)	(2.3)
Net transfers to/from fellow Group undertakings	-	-	(0.7)	-	(0.7)
Reclassifications	-	-	2.2	(2.2)	-
Exchange movement	(0.2)	-	(0.7)	(0.6)	(1.5)
<b>At 31 December 2009</b>	<b>17.5</b>	<b>0.1</b>	<b>213.9</b>	<b>52.2</b>	<b>283.7</b>
<b>NET BOOK AMOUNT</b>					
<b>At 31 December 2009</b>	<b>29.7</b>	<b>-</b>	<b>55.5</b>	<b>5.8</b>	<b>91.0</b>
At 31 December 2008	31.5	-	59.8	8.2	99.5

Freehold land amounting to £8.7M (2008 £8.7M) has not been depreciated

Plant and machinery includes the cost of assets in the course of construction being £3.0M (2008 £5.3M) which are not depreciated until the assets are commissioned

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 2009 (CONTINUED)**

### **12. INVESTMENTS**

	<u>2009</u> £M	<u>2008</u> £M
<b>Company</b>		
Shares in Group undertakings		
- subsidiary undertakings	<u>710.1</u>	<u>710.1</u>

The above investments are unlisted

The company's investments comprise

	<u>2009</u> £M	<u>2008</u> £M
CarnaudMetalbox Group UK Limited	626.5	626.5
CarnaudMetalbox Overseas Limited	57.6	57.6
Crown Aerosols UK Limited	25.9	25.9
Crown Cork & Seal Finance Limited	0.1	0.1
	<u>710.1</u>	<u>710.1</u>

See note 29 for a list of the principal subsidiary undertakings

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

### **13. STOCKS**

	<u>Group</u> <u>2009</u> £M	<u>Company</u> <u>2009</u> £M	<u>Group</u> <u>2008</u> £M	<u>Company</u> <u>2008</u> £M
Raw materials and consumables	27.2	-	39.6	-
Work-in-progress	12.6	-	16.1	-
Finished goods and goods for resale	39.4	-	37.4	-
	<u>79.2</u>	<u>-</u>	<u>93.1</u>	<u>-</u>

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

**CROWN UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

**14. DEBTORS**

	<b>Group 2009</b>	<b>Company 2009</b>	<b>Group 2008</b>	<b>Company 2008</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	55.9	-	50.8	-
Amounts owed by Group undertakings	73.9	-	27.2	-
Corporation tax	0.4	2.8	-	6.5
Other debtors	10.3	-	6.4	-
Prepayments	2.5	-	4.0	-
	<u>143.0</u>	<u>2.8</u>	<u>88.4</u>	<u>6.5</u>

Amounts owed by Group undertakings are unsecured and have no fixed repayment date

**15. DEBTORS: amounts falling due after more than one year**

**Deferred tax asset excluding deferred tax on pension and medical plan**

	<b>Group 2009</b>	<b>Group 2008</b>
	<b>£M</b>	<b>£M</b>
At 1 January	15.4	14.8
(Charge)/credit for the year	(3.7)	0.8
Exchange movement	-	(0.2)
At 31 December	<u>11.7</u>	<u>15.4</u>

The company has no deferred tax assets or liabilities

# **CROWN UK HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

### **15. DEBTORS: amounts falling due after more than one year (Continued)**

The deferred tax asset, which has been recognised in full comprises

	Amount provided 2009 £M	Amount Provided 2008 £M
Excess of depreciation over capital allowances	2.9	3 0
Other timing differences	0.8	3 6
Advanced corporation tax	8.0	8 8
	<u>11.7</u>	<u>15 4</u>

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

The Group has recognised its Advance Corporation Tax asset on the Balance Sheet on the basis that it is considered more likely than not that there will be future corporation tax liabilities arising in the Group against which the surplus Advanced Corporation tax can be set.

### **16. CREDITORS: amounts falling due within one year**

	Group 2009 £M	Company 2009 £M	Group 2008 £M	Company 2008 £M
Bank loans and overdrafts	0.4	-	1 3	-
Trade creditors	125.5	-	134 6	-
Amounts owed to Group undertakings	146.3	319.7	142 2	319 6
Amounts due in respect of securitised debtors	53.5	-	38 4	-
Corporation tax	-	-	0 1	-
Other taxation and social security	4.0	-	3 9	-
Other creditors	23.3	-	15 1	-
Accruals	30.4	-	26 9	-
	<u>383.4</u>	<u>319.7</u>	<u>362 5</u>	<u>319 6</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.

Amounts owed to group undertakings are unsecured and have no fixed repayment date.



# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

### 16. CREDITORS: amounts falling due within one year (Continued)

Trading balances within the group totalling £26 1M (2008 £27 8M) 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 2009 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 Group'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.

### 17. CREDITORS: amounts falling due after more than one year

	Group 2009 £M	Company 2009 £M	Group 2008 £M	Company 2008 £M
Other creditors and accruals – government grant	0.2	-	0.3	-
Business Rates in respect of empty properties	0.3	-	-	-
	<u>0.5</u>	<u>-</u>	<u>0.3</u>	<u>-</u>

### Analysis of debt maturity

	Bank loans and overdrafts 2009 £M	Finance leases 2009 £M	Other loans 2009 £M	Total 2009 £M
Group				
Amounts payable In one year or less	0.4	-	53.5	53.9

	Bank loans and overdrafts 2008 £M	Finance leases 2008 £M	Other loans 2008 £M	Total 2008 £M
Group				
Amounts payable In one year or less	1.3	-	38.4	39.7

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

### 18. PROVISIONS FOR LIABILITIES

Group	Redundancy and rationalisation provisions	Warranty provision	Onerous lease provision	Other provisions	Total
	£M	£M	£M	£M	£M
At 1 January 2009	0.4	0.8	0.6	1.1	2.9
Charge for the year	1.0	0.1	0.7	0.2	2.0
Utilised during the year	(1.4)	(0.1)	(0.4)	(0.1)	(2.0)
<b>At 31 December 2009</b>	<b>-</b>	<b>0.8</b>	<b>0.9</b>	<b>1.2</b>	<b>2.9</b>

The onerous lease provision is in respect of property rental agreements that are currently not sublet and that expire in 2012 and 2017. The provision for onerous leases is discounted. The warranty provision is to cover claims made by customers. The provision is held for a twelve month period or until a claim is received. The warranty provision has not been discounted.

Other provisions include a provision for pension guarantees and a provision for employee claims.

### 19. CALLED UP SHARE CAPITAL

	2009 £	2008 £
<b>Authorised:</b>		
500,000 (2008: 500,000) ordinary shares of £1 each	500,000	500,000
<b>Allotted, issued and fully paid:</b>		
390,880 (2008: 390,880) ordinary shares of £1 each	390,880	390,880

**CROWN UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

**20. RESERVES**

<b>Group</b>	<b>Called up share capital £M</b>	<b>Share premium £M</b>	<b>Profit and loss account £M</b>	<b>Total £M</b>
At 1 January 2009	0.4	491.5	(247.3)	244.6
Loss for the financial year	-	-	(5.8)	(5.8)
Equity share option charge	-	-	0.5	0.5
Exchange movement	-	-	(2.7)	(2.7)
Actuarial loss on pension scheme	-	-	(211.6)	(211.6)
Actuarial loss on medical plan	-	-	(1.9)	(1.9)
Movement on deferred tax relating to pension scheme	-	-	59.3	59.3
Movement on deferred tax relating to medical plan	-	-	0.4	0.4
<b>At 31 December 2009 (deficit)</b>	<b>0.4</b>	<b>491.5</b>	<b>(409.1)</b>	<b>82.8</b>
<b>Pension liability</b>			<b>40.0</b>	
<b>Profit and loss excluding pension liability</b>			<b>(369.1)</b>	

<b>Company</b>	<b>Share premium account £M</b>	<b>Profit and loss account £M</b>	<b>Total £M</b>
At 1 January 2009	491.5	(94.9)	397.0
Loss for the financial year	-	(3.8)	(3.8)
<b>At 31 December 2009</b>	<b>491.5</b>	<b>(98.7)</b>	<b>393.2</b>

## CROWN UK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

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

	Group 2009 £M	Company 2009 £M	Group 2008 £M	Company 2008 £M
Loss for the financial year	(5.8)	(3.8)	(10.4)	(11.3)
Equity share option charge	0.5	-	0.5	-
Currency translation differences on foreign currency and net investments	(2.7)	-	6.9	-
Actuarial (loss)/gain on pension scheme (note 22)	(211.6)	-	15.4	-
Actuarial (loss)/gain on medical plan (note 22)	(1.9)	-	1.5	-
Movement on deferred tax relating to pension scheme	59.3	-	(4.4)	-
Movement on deferred tax relating to medical plan	0.4	-	(0.4)	-
<b>Net (reduction)/increase to shareholders' funds</b>	<b>(161.8)</b>	<b>(3.8)</b>	<b>9.1</b>	<b>(11.3)</b>
<b>Opening shareholders' funds</b>	<b>244.6</b>	<b>397.0</b>	<b>235.5</b>	<b>408.3</b>
<b>Closing shareholders' funds</b>	<b>82.8</b>	<b>393.2</b>	<b>244.6</b>	<b>397.0</b>

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

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

The latest actuarial valuation of the UK Group scheme was carried out as at 31 December 2009 by professionally qualified independent actuaries, Aon Consulting.

The normal contributions paid by the group for the year ended 31 December 2009 were £15.1M (2008: £14.1M). All amounts due in the year were paid and as such there are no accruals and prepayments in respect of pension scheme contributions at the year end. The contributions are based on pension costs across the group as a whole.

**CROWN UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension scheme 2009 £M	Defined benefit pension scheme 2008 £M	Medical benefit plan 2009 £M	Medical benefit plan 2008 £M
Present value of funded obligations	(1,497.2)	(1,219.0)	-	-
Fair value of plan assets	1,441.6	1,358.3	-	-
Present value of Unfunded obligations	-	-	(11.5)	(9.4)
Total (deficit)/surplus	(55.6)	139.3	(11.5)	(9.4)
Related deferred tax asset/liability	15.6	(39.0)	3.2	2.6
Net (deficit)/surplus	(40.0)	100.3	(8.3)	(6.8)

The amounts deducted from/(added to) operating profit / (loss) are as follows:

	Defined benefit pension scheme 2009 £M	Defined benefit pension scheme 2008 £M	Medical benefit plan 2009 £M	Medical benefit plan 2008 £M
<b>Operating profit / (loss)</b>				
Current service cost	8.1	12.8	0.1	0.1
<b>Other finance (income)/expenses</b>				
Interest on obligations	79.5	86.1	0.7	0.6
Expected return on assets	(90.5)	(114.2)	-	-
Net return	(11.0)	(28.1)	0.7	0.6
<b>Statement of total recognised gains and losses</b>				
Actuarial loss/(gain)	211.6	(15.4)	1.9	(1.5)
<b>Actual return on plan assets</b>	146.0	(186.9)	-	-

The cumulative amount of actuarial gains and losses on the pension scheme recognised in the statement of total recognised gains and losses is £279.0M loss (2008: £67.4M loss)

The cumulative amount of actuarial gains and losses on the medical benefit plan recognised in the statement of total recognised gains and losses is £0.8M gain (2008: £2.7M gain)

**CROWN UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

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

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension scheme 2009 £M	Defined benefit pension scheme 2008 £M	Medical benefit plan 2009 £M	Medical benefit plan 2008 £M
Opening defined benefit obligation	1,219.0	1,513.5	9.4	10.8
Current service cost	8.1	12.8	0.1	0.1
Interest cost	79.5	86.1	0.7	0.6
Employee contributions	3.2	3.6	-	-
Actuarial losses/ (gains)	267.0	(316.5)	1.9	(1.5)
Benefits paid	(79.6)	(80.5)	(0.6)	(0.0)
Closing defined benefit obligation	1,497.2	1,219.0	11.5	9.4

As the scheme is closed to new entrants, the current service cost will increase as members approach retirement.

Changes in the fair value plan assets:

	Defined benefit pension scheme 2009 £M	Defined benefit pension scheme 2008 £M
Opening fair value of plan assets	1,358.3	1,609.8
Expected return	90.5	114.2
Actuarial gains / (losses)	55.4	(301.1)
Contributions by employer	13.8	12.2
Contributions by employees	3.2	3.7
Benefits paid	(79.6)	(80.5)
Closing fair value of plan assets	1,441.6	1,358.3

The group expects to contribute £16M (2009: £14M) to the defined benefit pension plan in 2010.

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

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

The major categories of plan assets as a percentage of total plan assets are as follows:

	Defined benefit pension scheme 2009	Defined benefit pension scheme 2008
Global equities	9%	10%
Fixed interest bonds	46%	39%
Index linked bonds	18%	19%
Real estate	2%	4%
Alternative investments	25%	28%
Total	100%	100%

Principal actuarial assumptions at the balance sheet date:

	Defined benefit pension scheme 2009	Defined benefit pension scheme 2008	Medical benefit plan 2009	Medical benefit plan 2008
Discount rate at 31 December	5.88%	6.75%	5.88%	6.75%
Expected return at 31 December	7.00%	6.75%	N/A	N/A
Future salary increases*	3.25%	2.75%	N/A	N/A
Future pension increases	3.25%	2.25%	N/A	N/A
Future price inflation	3.25%	2.25%	3.25%	2.25%
Annual increase in company paid retiree medical premium	N/A	N/A	4.75%	4.75%

\*excluding the age related increases

Post retirement mortality is based on recent tables (PA 92 – medium cohorts) published by the Institute and Faculty of Actuaries, with due allowance for expected improvements in longevity

The expected return is determined at each measurement date based on a review of the actual plan assets, the target allocation, and the historical returns of the capital markets, adjusted for current interest rates as appropriate

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

**CROWN UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

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

Amounts for the current and previous four periods are as follows

**Defined benefit pension plan**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
	£M	£M	£M	£M	£M
Defined benefit obligation	1,497.2	1,219.0	1,513.5	1,459.7	1,485.5
Plan assets	1,441.6	1,358.3	1,609.8	1,590.1	1,519.7
(Deficit)/ Surplus	(55.6)	139.3	96.3	130.4	34.2
Experienced adjustment on plan liabilities	1.5	(20.7)	(23.0)	-	-
Experienced adjustments on plan assets	55.4	(301.1)	(29.2)	(2.6)	82.4

**Retiree medical benefit plan**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
	£M	£M	£M	£M	£M
Defined benefit obligation	11.5	9.4	10.8	10.8	10.9
Experience adjustments on plan liabilities	(0.7)	(0.4)	0.3	(0.1)	0.1

The deferred tax asset of £15.6M (2008 liability £39.0M) has been deducted in arriving at the net pension plan liability on the balance sheet

	<u>2009</u>	<u>2008</u>
	£M	£M
<b>Deferred tax (asset)/liability relating to pension plan:</b>		
At 1 January	39.0	27.0
Deferred tax charge in profit and loss account	4.7	7.6
Deferred tax (credited)/charged to the statement of total recognised gains and losses	(59.3)	4.4
<b>At 31 December</b>	<b>(15.6)</b>	<b>39.0</b>



# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

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

The deferred tax asset of £3 2M (2008 £2 6M) has been deducted in arriving at the net medical plan liability on the balance sheet

	2009 £M	2008 £M
<b>Deferred tax asset relating to medical plan liability:</b>		
At 1 January	2.6	3 0
Deferred tax credited in profit and loss account	0.2	-
Deferred tax credited/(charged) to the statement of total recognised gains and losses	0.4	(0 4)
<b>At 31 December</b>	<b>3.2</b>	<b>2 6</b>

### 23. CAPITAL COMMITMENTS

	Group 2009 £M	Company 2009 £M	Group 2008 £M	Company 2008 £M
Capital expenditure contracted for but not provided for in the accounts	0.1	-	0 8	-

### 24. OTHER FINANCIAL COMMITMENTS

At 31 December 2009 the Group had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings 2009 £M	Other 2009 £M	Land and buildings 2008 £M	Other 2008 £M
Within 1 year	0.1	1.3	0 2	1 8
Between 2-5 years	0.6	3.6	0 5	4 4
Over 5 years	1.1	0.3	1 1	-
<b>Total</b>	<b>1.8</b>	<b>5.2</b>	<b>1 8</b>	<b>6 2</b>

The Group had outstanding forward contracts to hedge aluminium purchases, which mature within one year, as follows

	Actual currency 2009 '000	2008 '000	GBP £ equivalent 2009 £M	2008 £M
To hedge future aluminium costs in USD \$	\$4,232	\$17,991	2.6	12 4
To hedge future aluminium costs in Euros €	€10,590	€14,162	9.4	13 6
To hedge future aluminium costs in GBP £	£15,070	£14,342	15.1	14 3
			<b>27.1</b>	<b>40 3</b>

## CROWN UK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 25. SHARE-BASED PAYMENTS

##### Share options

At 31 December 2009, the Company's employees were members of five active stock-based incentive compensation plans – the 1990, 1997, 2001, 2004 and 2007 plans – operated by the ultimate parent company, Crown Holdings, Inc. The plans provide for the granting of awards in the form of stock options, deferred stock, restricted stock or stock appreciation rights ("SARs") and may be subject to the achievement of certain performance goals as determined by the Plan Committee designated by the Board of Directors. There were no issuances of deferred stock or SARs under any of the plans as of 31 December 2009. As of 31 December 2009, there were no further shares available for awards under the 2007 plan, and no shares were available under the other five plans. The 2007 plan expires in February 2013. Shares awarded are generally issued from the ultimate parent company's treasury shares.

A reconciliation of option movements over the year to 31 December 2009 is shown below

	2009		2008	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at start of the year	707,885	11.62	879,650	10.52
Exercised	(51,550)	9.52	(19,765)	4.12
Forfeited	(12,000)	14.98	(10,000)	12.66
Expired	(4,000)	17.88	(22,500)	28.67
Transfer from other group companies	7,500	14.98	(119,500)	6.89
Outstanding at end of the year	647,835	13.32	707,885	11.62
Exercisable at end of the year	227,835	13.07	175,385	5.84

There were no options granted in the year ended 31 December 2009 (2008: none). The weighted average fair value of options granted in the year was £nil (2008: £nil).

# CROWN UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

### 25. SHARE-BASED PAYMENTS (CONTINUED)

For options outstanding at the end of the year, the range of exercise prices and weighted average remaining contractual life are as follows

Exercise prices £	Number of shares outstanding (000's)	2009	Weighted average exercise price £	Number of shares outstanding (000's)	2008	Weighted average exercise price £
		Weighted average remaining contractual life Years			Weighted average remaining contractual life Years	
2.71	44.5	1.34	2.71	60	2.34	2.29
5.49	78.3	3.6	5.49	15	4.60	3.92
-	-	-	-	84	5.34	4.64
-	-	-	-	5	5.15	4.72
-	-	-	-	8	0.98	10.70
14.98	525	7.14	14.98	533	8.14	12.66
-	-	-	-	3	0.30	17.58

The share options are granted in US\$ but have been translated into GBP sterling for the purposes of this disclosure

The total charge for the year relating to employee share based payment plans was £0.5M (2008 £0.5M), all of which related to equity-settled share based payment transactions. After deferred tax, the total charge was £0.4M (2008 £0.4M).

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

Outstanding stock options were valued at their grant-date fair value using the Black-Scholes option pricing model. Valuations incorporate several variables, including expected term, volatility, a risk-free interest rate and employee termination behaviour ("forfeiture rate"). The expected term (which is the timeframe under which an award is exercised after grant) is derived from historical data about participant exercise patterns. Volatility is the expected fluctuation of the company's stock price in the market and is derived from historical data about the company's stock price. The risk-free interest rate is the US Treasury yield curve rate in effect at the date of the grant which has a contractual life similar to the option's expected term. The forfeiture rate is based on historical data of the forfeiture of non-vested share-based awards through the termination of service by plan participants.

## **CROWN UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

#### **26. CONTINGENT LIABILITIES**

Bank and other guarantees in respect of Group pooling given by the Group amounted to £4 5M (2008 £4 5M)

The indemnities which arose in the normal course of business are not expected to result in any material loss

There is a fixed charge over the company's fixed assets, and a floating charge over the company's current assets which supports the Group's external funding

In accordance with Section 17 of the Companies (Amendment) Act 1986 in Ireland, 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 17 of the Companies (Amendment) Act, 1986 in Ireland

#### **27. 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 financial statements are publicly available. Accordingly, the company has not therefore disclosed transactions with members of the Crown Holdings, Inc Group

#### **28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

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 Group financial statements are prepared, and which include the financial statements of the company, are Crown Holdings, Inc

Copies of the Group financial statements of Crown Holdings, Inc which are publicly available may be obtained from The Company Secretary, CarnaudMetalbox Group UK Ltd, Downsview Road, Wantage, Oxfordshire OX12 9BP

## CROWN UK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 29. 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 ordinary issued 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 Group accounts.

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