Trustee's Report and Financial Statements

for the Year ended 31 March 2019

Metal Box Pension Trustees Limited

(Pension Schemes Registry Number 10000024)

The Metal Box Pension Scheme (the Scheme)

Trustee’s Report and Financial Statements for the year ended 31 March 2019

Contents

Trustees and Advisers
for the year ended 31 March 2019

Corporate Trustee
Metal Box Pension Trustees Limited

Employer-nominated directors
G Fishlock (Chairman)
P W Browett
H Lomax
J Riley

Member-nominated directors
N Davis (appointed 1 April 2019)
D M Powell (resigned 31 March 2019)
P Young

Independent Trustee
The Law Debenture Pension Trust Corporation plc

Secretary to the Trustee
C R Aston

Consulting Actuaries
Willis Towers Watson

Scheme Actuary
A N Boyes, Fellow of the Institute and Faculty of Actuaries (appointed 31 July 2018)
M J Pardoe, Fellow of the Institute and Faculty of Actuaries (resigned 31 July 2018)

Investment Adviser –DB Section
Willis Towers Watson

Investment Adviser –DC Section
River & Mercantile Solutions (previously called P-Solve Investments Limited)

Independent Auditors
PricewaterhouseCoopers LLP

Legal Adviser
Mayer Brown International LLP

Employer Covenant Adviser
KPMG LLP

Pension Administration Services provider
Equiniti

Banker
Lloyds Banking Group

Global Custodian - DB Section
The Northern Trust Company

Enquiries: requests for additional information about the Scheme should be addressed to The Metal Box Pension Scheme, Equiniti, Sutherland House, Russell Way, Crawley, RT10 1UH or sent by email to metalboxpensions@equiniti.com

Principal Company
CarnaudMetalbox Group UK Limited

Participating companies
Crown Aerosols UK Limited
Crown Packaging Distribution UK Ltd
Crown Packaging Manufacturing UK Ltd
Crown Promotional Packaging UK Limited
CarnaudMetalbox Engineering Limited

DC Section Investment Manager
Standard Life Assurance Limited

DB Section Investment Managers
1Sharpe Capital LLC
Alcentra Limited
Alinda Capital Partners
AQR Capital Management LLC (terminated 18/09/2018)
Beach Point Capital Management LP
Black Creek Investment Management Inc (terminated 10/10/2018)
BlackRock, Inc
Brandywine Global Investment Management LLC
Bridgewater Associates Inc.
Brigade Capital GP, LLC
Cantab Capital Partners LLP
Crabel Capital Management, LLC (appointed 22/03/2019)
Dymon Asia Capital (Singapore) Pte. Ltd. (appointed 4/09/2018)
Franklin Templeton Investments
Fulcrum Asset Management LLP
Goldman Sachs Asset Management
Goldman Sachs Infrastructure Partners
GQG Partners LLC (terminated 10/10/2018)
GSA Capital Partners LLP (appointed 19/09/2018)
Hosking & Co. Ltd. (terminated 28/09/2018)
Ivory Investment Management LP (terminated 21/08/2018)
Lansdowne Partners Limited
Legal & General Investment Management Limited
Magnetar Capital LLC
Magnetar Financial LLC
MatlinPatterson Global Advisors LLC
Nephila Capital Limited
Octopus Investments Limited
Orchard Global Asset management (S) Pte Ltd
Paul Capital Partners IX, L.P.
River Birch Capital, LLC
Standard Life Aberdeen plc (Standard Life and Aberdeen Asset Management Inc merged on 14 August 2017)
Sun Capital Partners V, LP
The Putnam Advisory Company, LLC
The TCW Group, Inc
Towers Watson Investment Management Limited (appointed 30/10/2018)
Trian Partners, Ltd
Wadhwani Asset Management LLP
Waterfall Asset Management LLC

Trustee's annual report for the year ended 31 March 2019

Introduction

The Directors of Metal Box Pension Trustees Limited are pleased to present their annual report for the Scheme, together with the financial statements of the Scheme for the year ended 31 March 2019.

Constitution of the Scheme

The Scheme is an occupational pension scheme set up under trust to provide retirement benefits to employees of the participating companies listed on page 3. The Scheme comprises two sections: the Defined Benefit (DB) Section which is closed to new entrants and the Defined Contribution Section (DC).

The Scheme is governed by a Trust Deed, dated 30 March 1929, with attaching Rules which have been amended by subsequent Deeds of Variation.

The Scheme is a registered pension scheme under the Finance Act 2004. Prior to 6 April 2016, the employments of members of the DB were contracted-out of the State Second Pension (S2P) on a Reference Scheme basis under a 'Contracting-out' Certificate issued to the Principal Company by the Contributions Agency. Contracting Out ceased with effect from 5 April 2016.

A separate scheme, called The Metal Box AVC Plan (AVC Plan), was available to members of the DB Section who wished to pay additional voluntary contributions.

Rule Changes

Following an employee consultation, the Scheme and the AVC Plan were closed to future accrual with effect from 31 March 2019. Members savings in the DC Section and the AVC Plan were transferred to The Aon MasterTrust in June and July 2019 respectively. The Rules were amended to reflect the Scheme closure and to enable "ring-fenced AVCs" to be transferred from The Aon MasterTrust into the Defined Benefit Section of the Scheme at the point of retirement.

Corporate Trustee

With effect from 1 October 1979, Metal Box Pension Trustees Limited, a Corporate Trustee Company wholly owned by the Principal Company, was appointed to act as the Trustee of the Scheme. The Trustee Board currently comprises four Management-nominated Directors and two Member-nominated Directors (MND) whose names are listed on page 3. Apart from Mr Lomax, all the Directors holding office during the year were Members of the Scheme.

The power of appointing and removing Directors is, subject to requirements in the articles of association, vested with the shareholders of Metal Box Pension Trustees Limited. The MND policy mentioned below requires the agreement of all Trustee Directors for the removal of an MND by the Principal Company.

Under the provisions of the Pensions Act 2004, all active and pensioner members of occupational pension schemes are entitled to nominate one third of the Trustee Directors (in the case of a corporate trustee) of their scheme. One MND is appointed from the Pensioner Members of the Scheme. Due to the closure of the Scheme to future accrual, the MND policy has been amended to allow deferred members who remain employed by one of the participating employers to be an MND. MND's are usually appointed for a three year term. The MND policy is available on request from the Scheme Secretary.

Following a nomination and selection process Neil Davis was appointed on 1 April 2019 for a three year term. Neil replaced David Powell who resigned with effect from 31 March 2019.

The Trustee is responsible for the administration and investment policy of the Scheme and meets at least quarterly.

Investment Committee

The Trustee has set up an Investment Committee (IC) which has delegated authority to make decisions within its terms of reference (copy available from the Scheme Secretary). The IC met nine times during the year to continue its work on monitoring the investments of the Scheme and developing the investment portfolio.

The Investment Committee comprises two Trustee Directors and an independent specialist/ chairman appointed by the Trustee. Trustee Directors who have served on the Investment Committee during the year were David Powell, Paul Browett and Howard Lomax. The independent chairman of the committee is Paul Brine.

Trustee's annual report (continued)

Financial developments and financial statements

The financial statements included in this annual report are the accounts required by the Pensions Act 1995. They have been prepared and audited in accordance with regulations made under Sections 41(1) and (6) of that Act.

Membership

The membership of the Scheme at the beginning and end of the year and changes during the year are shown below.

Active members	**DB Section**	**DC Section**	**Total**
At start of year	**525**	**1,564**	**2,089**
plus			
New joiners	-	215	
less			
Statutory opt outs	-	3	
Leaver no benefits	-	2	
Deferred members (leavers during the year)	45	222	
Deferred members (on Scheme closure)	457	1,549	
Retirements	21	-	
Fully commuted retirement	-	3	
Deaths	2	-	
At end of year	**0**	**0**	**0**

Deferred members	**DB Section**	**DC Section**	**Total**
At start of year	**3,744**	**659**	**4,403**
plus			
New deferred members	502	1,771	
less			
Short service refunds	1	-	
Pensions put into payment / annuities purchased	314	-	
Pensions fully commuted	2	31	
Benefits transferred	274	18	
Death benefits paid	14	2	
At end of year	**3,641**	**2,379**	**6,020**

Members in receipt of a pension from the DB Section	**Pensioners**	**Spouses and Dependants**	**Child allowances**	**Total**
At start of year	**9,701**	**2,817**	**41**	**12,559**
plus				
New pensioners	335	179	5	
Pensions re-instated	8	1	-	
less				
Pensions suspended/ceased	9	8	7	
Pensions fully commuted	48	71	1	
Death benefits paid	406	195	-	
At end of year	**9,581**	**2,723**	**38**	**12,342**

The DC Section has no members in receipt of a pension as the Trustee purchases annuities in the members name.

Trustee's annual report (continued)

Pension Increases

Defined Benefit Section (DB Section)

Under the Rules of the Scheme, pensions in payment and deferred pensions (in excess of the Guaranteed Minimum Pension (GMP) payable as a consequence of Members having been contracted-out of the State Second Pension (S2P)) are reviewed annually and increases granted take effect from 1 April each year.

Following the April 2018 review the annual rate of increase, determined in accordance with the Rules of the Scheme, awarded to pensions in payment in excess of GMP was 4.0% for pensions earned up to 31 March 2008 and 2.5% for pensions earned after 31 March 2008. The increase awarded to pensions in deferment in excess of the GMP was 4.0%.

Following the April 2019 review the annual rate of increase, determined in accordance with the Rules of the Scheme, awarded to pensions in payment in excess of GMP was 2.5% for pensions earned up to 31 March 2008 and 2.5% for pensions earned after 31 March 2008. The increase awarded to pensions in deferment in excess of the GMP was also 2.5%.

Pension increases at the full rate are applied to pensions in payment and deferred pensions which had been in force or set up at least twelve months prior to the effective date of increase. Pensions in payment and deferred pensions set up within twelve months of the effective date are increased by a proportionate amount, dependent upon the number of completed months since the pension was established.

GMPs earned since 5 April 1988 are increased by the Trustee as prescribed by law. Since April 2011 this is by reference to the Consumer Prices Index.

No discretionary increases to pensions were granted in 2018 or 2019.

Defined Contribution Section (DC Section)

Members who have purchased an annuity at retirement have chosen how this will increase during payment according to their personal requirements.

Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated in accordance with the Pension Schemes Act 1993. The value of possible discretionary benefits is excluded.

During the year enhanced transfer values (ETV) were made available to certain deferred members. This ETV exercise is being run in three phases with the second and third phases taking place in the 2019/2020 Scheme year.

Funding position

The financial statements do not take into account the liabilities in respect of expected future benefit and expense payments from the DB Section.

Under Section 222 of the Pensions Act 2004 every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its 'technical provisions'. Technical provisions represent the expected present value of members' benefits based on pensionable service to the effective date of the valuation.

The calculation of technical provisions depends on assumptions being made about various factors that will influence the Scheme's financial position in the future, such as: investment returns, pay increases of active members, when members will retire and how long members and their dependants might live. These assumptions are agreed by the Trustee and the Company and recorded in the Scheme's 'Statement of Funding Principles' (copy available to members on request).

The Scheme's technical provisions are assessed with a formal actuarial valuation at least every 3 years and interim estimates are prepared in the intervening years. The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

The most recent formal actuarial valuation of the Scheme had an effective date of 31 March 2016 and the Actuary's valuation report was published on 12 January 2017. An interim estimate of the Scheme's funding position was carried out as at 31 March 2018, the results of which were communicated to all Members via the Summary Funding Statement in the Winter 2018/2019 Members Report issued in January 2019.

Trustee's annual report (continued)

The Members Report provided information about the interim estimate of the Scheme's funding position as at 31 March 2018 and compared these results with the formal valuation as at 31 March 2016.

The results, including DC Section assets and liabilities, are summarised below.

	31 March 2018	31 March 2016
Technical Provisions	£2,539m	£2,369m
Assets	£2,472m	£2,105m
Shortfall	£67m	£264m
Funding level	97%	89%

An updated recovery plan was agreed by the Trustee and Company as part of the 2016 valuation.

The main factor contributing to the improvement in the funding level is the level of contributions paid to the Scheme by the Company, including the advance payment of £181.1m made in December 2017. The Schedule of Contributions provides for annual contributions to address the shortfall to recommence from 1 January 2023.

For the DC Section, the average rate of Company contributions in respect of Standard DC Members to cover their credits and associated risk benefits continued to be 1.2 times the relevant Members' Core and Extra contributions. The Company paid 3% of Pensionable Pay in respect of Automatic Enrolment Members.

A copy of the Actuary's certification of the calculation of the Technical Provisions that formed part of the Actuary's valuation report is on page 25.

A copy of the Schedule of Contributions, dated 27 February 2019, is shown on page 21. This sets out the resulting contributions payable to the Scheme following the valuation agreement. It was updated to reflect the lump sum paid by the Company in December 2017 and the closure of the Scheme to future accrual with effect from 31 March 2019. This Schedule has been agreed by the Trustee with the Participating Companies, and a copy of the Actuary's certification of this Schedule is shown on page 24.

The next formal actuarial valuation has an effective date of 31 March 2019 and is currently underway.

Scheme actuary

There were no circumstances noted by the previous Actuary on leaving office.

Investment Management

Investment strategy and management

The Trustee is responsible for determining the Scheme's investment strategy.

The implementation of the agreed strategy for the DB Section is delegated to the Investment Committee, who regularly report back to the Trustee. Investment Managers for the DB Section are appointed by the Investment Committee on the recommendation of the Investment Adviser and are considered by the Investment Committee to have the appropriate knowledge and experience necessary to manage the particular investments delegated to them.

The Trustee, after having taken appropriate advice, made a range of unitised funds available for members of the DC Section to select. These funds were made available by Standard Life and enabled Members to make up an appropriate portfolio of assets that met their personal preferences on risk and return.

Full information about the funds available, including fund factsheets, were made available on the Metal Box website: www.metalboxpensions.co.uk. Employees could also obtain information about the available funds by calling Standard Life on 0345 278 5641.

All day-to-day investment decisions are delegated to the Investment Managers. A list of the Investment Managers as at 31 March 2019 is given on page 3.

In accordance with the Pensions Act 1995, the Trustee has agreed Statements of Investment Principles (SIP) for both the DB Section and DC Section of the Scheme. The DB SIP was last updated on 21 June 2017 and the DC SIP on 27 March 2018. The DB SIP was subsequently updated on 12 July 2019. Copies are available on request from the Secretary to the Trustee.

Trustee’s annual report (continued)

Social Responsibility and voting rights

The Trustee's policy is that the extent to which social, environmental or ethical considerations are taken into account in these decisions is left to the discretion of its investment managers. However, the Trustee recognises that an investment’s long-term financial success is influenced by a range of factors including Environmental, Social and Governance (ESG) issues and expects that the extent to which social, environmental or ethical ESG issues may have a fundamental impact on the portfolio will be taken into account by the investment managers in the exercise of their delegated duties.

The Trustee recognises the importance of exercising rights (including voting rights) attaching to investments. For reasons of practicality, the Trustee delegates responsibility for the exercise of such rights to its investment managers. The managers are expected to exercise these rights in the best interests of the Trustee. Where the Trustee invests in pooled funds the voting decisions are taken by the managers of those funds.

Custody of Assets

Northern Trust acts as the global custodian for the DB Section of the Scheme.

The assets of the DC Section, held within Members Personal Accounts, are invested in pooled vehicles whereby the choice of custodian of the underlying assets is undertaken by the investment managers and regulated by the Financial Conduct Authority (FCA). The Trustee does not have any direct influence on the selection of the custodian in relation to the pooled assets.

Employer Related Investments

Amendments to the Occupational Pension Schemes (Investment) Regulations 2005 removed the previous exemption for employer-related investments that are made through collective investment schemes (‘CIS’). Therefore, trustees should now ensure that they never have over 5% invested in employer-related investments, through both pooled and segregated funds.

The Scheme complies with the amended regulations. The Trustee understands that less than 5% of the assets of the DC Section were invested in employer-related investments. As at 31 March 2019, the DB Section of the Scheme held under 0.1% in employer related investments on a look-through basis.

Investment Performance

Defined Benefit Section

The Investment Performance of the assets is measured each quarter, and is compared with the performance of the Benchmark, in each individual asset category, and against the liability proxy. Particular attention is paid to the longer-term returns achieved, as the assets are managed with a long-term perspective.

The net of fees performance of the assets of the Scheme is shown below along with a comparison against the Benchmark (the Scheme’s liability proxy):-

	Period to 31 March 2019	
	Scheme	**Benchmark**
1 year - Return	5.7%	5.1%
3 years - Return p.a.	7.6%	6.4%
5 years - Return p.a.	9.7%	8.4%

Over the year, the Scheme has outperformed the Benchmark by 0.6%. Gilt yields fell slightly over the year, causing the value of the liabilities to increase. However, the Scheme holds a material amount of assets that behave in a similar way to the liabilities (matching). The performance of the matching assets along with the rest of the diversified portfolio outperformed the liabilities. Over the 5 year period the return of the portfolio relative to the liability proxy has been 1.3% per annum.

The Scheme’s well diversified investment policy has resulted in investment performance that has ensured consistent funding level improvements, but with lower volatility than that experienced by many other pension schemes.

Trustee's annual report (continued)

Defined Contribution Section

The investment return of the funds available via Standard Life, net of fees, ranged from -0.36% to 17.60% over the 12 months ending 31 March 2019. More information can be found on the fund factsheets.

Marketability of investments

As at 31 March 2019, approximately 8% of the Scheme's assets were not readily realisable within 12 months. This is broken down into the following asset classes:

	31 March 2019	%
Private equity	£47.9m	2.0
Infrastructure	£17.2m	0.7
Alternative credit	£102.1m	4.3
Property	£1.9m	0.1
Investment grade credit	£7.3m	0.3
Alternative betas	£16.2m	0.7

The private equity, infrastructure, some alternative credit and some property holdings are within closed end funds which means assets cannot be realised until the respective funds come to the end of their terms unless they are sold on the secondaries market.

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the schedule of contributions.

Trustee's annual report (continued)

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Further information

Enquiries or requests for additional information about the Scheme should be directed to Equiniti. Contact details are shown on page 3.

By the Order of the Trustee Board

C R Aston
Scheme Secretary
18 September 2019

Statement regarding DC governance for the year ended 31 March 2019

Introduction

This Governance Statement sets out information the Trustee is required to provide by law for the period from 1 April 2018 to 31 March 2019. It demonstrates how the DC Section of the Metal Box Pension Scheme (Scheme) met the minimum governance standards for money purchase schemes in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

In June 2019 benefits in the DC Section of the Scheme transferred to The Aon MasterTrust. Since June 2019, the DC Section of the Scheme no longer has any members. The Governance Statement is based on the arrangements that were in place on the Standard Life platform as at 31 March 2019.

Default arrangement

The Trustee's belief has been that members should make their own investment decisions based on their individual circumstance. However, the Trustee recognised that some members may not be comfortable, or may be unwilling, to make their own investment decisions. For this reason, the Trustee provided a default investment option for the DC Section for members who did not wish to make their own investment decisions and to satisfy the qualifying scheme requirements for auto-enrolment.

Extracts relating to the default arrangement from the Statement of Investment Principles (SIP) as at 31 March 2019 are included below and in the Appendix. The Appendix contains Sections 2.2 and 3 of the SIP which addresses the default investment strategy. The full SIP as at 31 March 2019 is available to download from Scheme website: www.metalboxpensions.co.uk.

The default strategy was based on the technique of life-styling, whereby a member's funds are gradually switched from growth-seeking assets to assets which best match the member's retirement objective as the member approaches retirement. This strategy is designed to be appropriate for the average member taking into account the membership demographics and risk tolerance. It aims to balance the level of risk and expected return over the working lifetime of the member, rather than to maximise return.

Under the default arrangement a member's DC account was gradually moved across four funds (SL BlackRock ACS 30:70 Global Equity Tracker (Hedged) Pension Fund, SL MB Diversified Investment Pension Fund, SL MB Mixed Bonds Pension Fund A and SL BlackRock Aquila Connect Cash Pension Fund) over a member's chosen term to retirement. The aim was to allow members to maximise returns in their earlier years, and protect the value of their retirement income as the member approached retirement. More details of how this was achieved are included in the next section on risk management.

At the point of reaching his/her chosen retirement date, a member would have been invested 75% in a fund designed to move broadly in line with annuity prices and 25% in a cash fund. This position reflects the Trustee's view of members' likely at-retirement decisions at the time the strategy was implemented (June 2012) – namely taking 25% of their pot as a tax-free lump sum and buying an annuity with the remaining 75%.

The Trustee did not carry out a full review of the default investment strategy on the basis that the current provision in the DC Section was under a wider review. However, the Trustee reviewed the performance of the default arrangement at each quarterly Trustee meeting in order that appropriate action could be taken if required should the default arrangement no longer meet the requirements of the default strategy. No changes were made during the year.

Risk Management

The Trustee recognised specific investment risks in respect of DC members of the Scheme. These risks are relevant for members at different points in their life, and the Scheme's default investment strategy aimed to manage these risks throughout their journey through life-styling.

The key investment risks faced by members are summarised below. This list is not exhaustive as there are many other risks associated with investing, but these are considered to be the most likely to have hindered members and the Trustee from achieving their objectives. The Trustee also acknowledged the risk that members may make an inappropriate investment decision or inappropriate choice about how they draw their retirement benefits. This risk can be mitigated by good member communication, positive engagement and education.

Statement regarding DC governance (continued)

The Trustee acknowledged that the risk control measures outlined below do not render the investment policy free of risk, rather they endeavoured to balance the need for risk control and the need for assets which are likely to achieve the desired investment outcome. It should be noted that ultimately the risks fall with the member and not the Trustee, but the Trustee has sought to mitigate them where possible.

Inflation Risk
This is the risk that investments do not provide a return at least in line with inflation, such that the "purchasing power" of the ultimate fund available to provide benefits is not maintained.

This risk is more significant for members who are a long way from retirement as the ultimate purchasing power is more likely to diminish the further the member is from retirement.

To mitigate this risk, the Trustee provided an investment option which was expected to provide a long-term rate of return that exceeded inflation.

Capital Risk
This is the risk that a member incurs a capital loss on their fund assets and there is only a limited period prior to retirement to recover the loss. This is more likely to affect members close to retirement as at this point they will have the largest fund size and less time to recoup any losses.

To mitigate this risk, the Trustee provided an investment option which offered capital protection. A money market (or "cash") fund is an example of such an option. The default strategy reflected a gradually reducing risk profile (in terms of both capital loss and volatility of returns).

Conversion Risk
More broadly this refers to the risk that a member's assets at retirement are not suitably matched with their retirement objective. In relation to purchasing a pension at retirement, it refers to the risk that relative market movements close to retirement may lead to a substantial reduction in the pension secured. Members close to retirement are most likely to be affected by this risk.

To mitigate this risk the Trustee provided a range of funds which allowed members to align funds with their retirement objectives. Members who invested in the Scheme's default strategy had funds that were invested in assets which generally reflected changes in long-term interest rates in the belief that the cost of annuities in the future would be based, at least in part, on these rates.

Opportunity Cost Risk
This is the risk that members do not take sufficient risk at a stage in their lives when they are most able to, resulting in a smaller than expected fund at retirement. The risk is most relevant for members with a longer term to retirement as that is the stage where they are most able to invest in more aggressive, growth-seeking assets.

The Trustee mitigated this risk by providing an investment option which invested in growth-seeking assets, alongside providing communication and educational resources for members. The default strategy reflected a gradually reducing expected risk/return profile through the lifestyle profile, taking as much risk as deemed appropriate based on term to retirement.

Manager Risk
This is the risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed in the long term. To the extent that this benchmark reflects the return required to achieve the member's objective, this risk would be more acute for members close to retirement as they will have less time to recover and achieve their objective.

This risk was managed through a thorough qualitative and quantitative assessment of managers prior to appointment, and ongoing monitoring of their performance, intervening where necessary.

Value for Members risk
This is the risk that the Scheme fails to offer value to members, i.e. the charges levied on members' accounts are not commensurate with the level of service received. Member charges varied across the default strategy and between different self-select options, as did the relative importance of each service area. Therefore this risk is relevant for all members, irrespective of term to retirement.

The Trustee reviewed annually, as far as possible based on the data available, all sources of fees levied on member accounts and service levels provided (including investment performance) to determine whether value is present.

Statement regarding DC governance (continued)

Processing of financial transactions

The core financial transactions in the Scheme year included the receipt and investment of contributions, switches between the different investment funds that were available, and payments out of the Scheme, e.g. to other pension arrangements and to members and their beneficiaries.

The Trustee had overall responsibility for the transactions in the Scheme year, agreed processes and response times with the sponsoring employer and with Equiniti, the Scheme's administrator, and Standard Life, which provided DC administration services.

The Scheme's administrator and DC provider processed benefits in accordance with internal processes and controls to ensure that all core transactions were processed promptly and accurately.

The Trustee monitored the performance of the Scheme's administrator and DC provider by:

- reviewing quarterly service performance reports to ensure that all such transactions were processed in a timely manner;
- reviewing the respective AAF 01/08 reports; and
- in the case of the DC provider, maintaining a close relationship with the Scheme's administrator, and obtaining feedback from them regarding the level of service provided by the DC provider.

If transactions would not have been processed within the agreed timescales, the Trustee had appropriate steps in place to ensure that members were not disadvantaged.

Overall, the Trustee was satisfied that the Scheme's administrator and DC provider had robust systems and capability to process financial transactions promptly and accurately and in line with agreed service levels. The Trustee was also satisfied that any complaints from members were dealt with appropriately.

Charges and transaction costs

The annual management charges (“AMCs”) and total expense ratios (“TERs”), as at 31 March 2019, applicable to the funds underlying the default arrangement and the other investment funds available, are set out in the table below.

Fund	AMC % (1)	TER % (2)
SL BlackRock Aquila Connect Cash Pension Fund	0.45	0.46
SL Corporate Bond Pension Fund	0.45	0.46
SL Property Pension Fund	0.45	0.48
SL MB Mixed Bond Pension Fund A	0.45	0.51
SL MB Mixed Bond Pension Fund B	0.45	0.51
SL Ethical Pension Fund	0.45	0.46
SL Majedie UK Equity Pension Fund	1.20	1.22
SL BlackRock ACS 30:70 Global Equity Tracker (Hedged) Pension Fund	0.53	0.54
SL iShares UK Equity Tracker Pension Fund	0.45	0.46
SL MB Diversified Investment Pension Fund	0.45	0.62
SL Veritas Global Focus Pension Fund	1.20	1.34
SL JP Morgan Emerging Markets Pension Fund	1.13	1.28

1) The AMC (Annual Management Charge) included all fixed provider costs and comprised the platform charge for investment administration, underlying fund manager AMC and any Third Party charge. This figure accounts for the Scheme’s 0.55% discount with Standard Life.

2) The TER (Total Expense Ratio) represents the total cost of running the Fund. It included the AMC as well as additional expenses incurred by the underlying fund manager (including depository and custodial charges and audit, registration, and compliance fees). The TER changes from time to time as these additional expenses change.

The Trustee is required, as far as is reasonable and practical, to calculate the transaction costs paid by members during the assessment period and assess the extent to which these transaction costs represent good value for money. If transaction costs are not available, the Trustee must instead state the lengths it is going to in order to obtain transaction costs.

Statement regarding DC governance (continued)

Broadly, transaction costs can be split into three areas:

1) Those incurred by members as part of changes in the fund range
2) Those incurred by members as their DC account gets moved through the funds in the default strategy
3) Those incurred in the day-to-day running of the funds (both in the default and self-select options)

No changes were made to the fund range during the Scheme year, therefore costs incurred in respect of 1) are not applicable.

The Trustee were satisfied that the costs incurred in respect of 2) were reasonable in light of the benefits conferred, therefore provide value for members.

The transaction costs incurred in respect of 3), for the 12 months to 31 March 2019, are set out in the table below.

Fund	Aggregation of Transaction Costs
SL BlackRock Aquila Connect Cash Pension Fund	0.00%
Standard Life Corporate Bond Pension Fund	0.03%
Standard Life Property Pension Fund	0.09%
SL MB Mixed Bond Pension Fund A	0.00%
SL MB Mixed Bond Pension Fund B	0.09%
Standard Life Ethical Pension Fund	0.11%
SL Majedie UK Equity Pension Fund	0.08%
SL BlackRock Aquila Co 3070 Current Hedged Global Equity Index Pension Fund	0.00%
SL iShares UK Equity Index Pension Fund	0.00%
SL MB Diversified Investment Pension Fund	0.05%
SL Veritas Global Focus Pension Fund	0.13%
SL JP Morgan Emerging Markets Pension Fund	0.25%

Source: Standard Life (data, as at July 2019).

The Trustee viewed the ongoing transaction costs in respect of 3) as acceptable in the context of the funds' objectives and the funds' performance net of the transaction costs.

Projected impact of costs and charges

Below is an illustrative example of the cumulative effect over time of the member-borne charges and costs on the value of a member's money purchase savings. This considers the impact of the total expense ratio and ongoing frictional transaction costs (set out in the tables above) across the Scheme's fund range available to members as at 31 March 2019.

The projections are shown for the following four lifestyles/funds:

- The Default Lifestyle – as this was the investment option members were defaulted into unless they choose otherwise
- SL Veritas Global Focus Pension Fund – as this was the fund with the highest annual charges and highest accumulation rate
- SL BlackRock Aquila Connect Cash Pension Fund – as this was the fund with the lowest annual charges and lowest accumulation rate
- SL Mixed Bonds Pension Fund A – to ensure information is provided on a broad range of asset classes that were available.

Statement regarding DC governance (continued)

Years	Default Lifestyle		SL Veritas Global Focus Pension Fund		SL BlackRock Aquila Connect Cash Pension Fund		SL MB Mixed Bonds Pension Fund A	
	Gross of all charges	After all charges and costs deducted	Gross of all charges	After all charges and costs deducted	Gross of all charges	After all charges and costs deducted	Gross of all charges	After all charges and costs deducted
1	£6,750	£6,690	£6,750	£6,640	£6,550	£6,490	£6,610	£6,550
3	£10,500	£10,200	£10,500	£10,000	£9,710	£9,490	£9,930	£9,690
5	£14,500	£14,000	£14,500	£13,600	£12,900	£12,500	£13,300	£12,900
10	£26,200	£24,500	£26,200	£23,200	£21,300	£20,000	£22,600	£21,100
15	£40,500	£36,700	£40,500	£34,000	£30,100	£27,700	£32,700	£29,900
20	£57,800	£50,800	£57,800	£46,100	£39,400	£35,400	£43,800	£39,000
25	£78,600	£67,000	£78,600	£59,600	£49,200	£43,400	£55,900	£48,700
30	£103,000	£85,600	£103,000	£74,500	£59,600	£51,600	£69,200	£58,900
35	£133,000	£106,000	£133,000	£91,100	£70,700	£60,000	£83,800	£69,700
40	£167,000	£128,000	£168,000	£109,000	£82,400	£68,800	£99,600	£81,100
45	£195,000	£146,000	£210,000	£129,000	£94,900	£77,900	£116,000	£93,200
NRD	£204,000	£150,000	£229,000	£138,000	£100,000	£81,700	£124,000	£98,300

Source: Standard Life (calculations, as at July 2019).

Notes:

- Values shown are estimates and are not guaranteed;
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Assumes inflation of 2.0% per annum;
- Assumes starting fund value of £5,000;
- Assumes a salary of £20,000;
- Assumes salary inflation of 3.5% per annum;
- Assumes a total contribution rate equal to 8% of salary;
- Contributions are assumed to increase by 3.5% per annum;
- Assumes charges in future years are equal to charges today, and frictional transaction costs in the future are the same as those over year to 31 March 2019 or the latest available 12-month period;
- For the default strategy, assumes a member is aged 18 years old now;
- NRD refers to the Normal Retirement Date of the Scheme. Assumes a NRD of 65 years old;
- Where the transaction cost is negative, a 0% cost is assumed in the calculation;
- The accumulation rates used, as set out below, are those provided by Standard Life. Returns are as follows:

	Fund	**Real accumulation rate per annum (gross of charges)**
Default Lifestyle Funds	SL MB Mixed Bond Pension Fund A	0.50%
	SL MB Diversified Investment Pension Fund	3.00%
	SL BlackRock Aquila Co 3070 Current Hedged Global Equity Index Pension Fund	3.00%
	SL BlackRock Aquila Connect Cash Pension Fund	-0.50%
Self-Select Funds	SL Veritas Global Focus Pension Fund	3.00%
	SL BlackRock Aquila Connect Cash Pension Fund	-0.50%
	SL MB Mixed Bond Pension Fund A	0.50%

Source: Standard Life (data, as at July 2019).

Statement regarding DC governance (continued)

The above illustration has been prepared with due regard to the Department for Work and Pensions' guidance ("Cost and charge reporting: guidance for trustees and managers of occupational schemes"), published in February 2018, and is based on FCA COBs rules.

Value for members

The Trustee was committed to ensure members obtained value for money. It monitored fund performance and fees paid by members on a regular basis with support from its professional advisers.

The Trustee concluded that, in accordance with The Pensions Regulator's guidance and regulations, value for members was demonstrated through certain aspects of the arrangements, including:

- Investment returns in excess of the charges paid by members for most options over the time horizon assessed.
- Passive investment funds with a strong and consistent ability to track market indices effectively.
- Active investment funds options.
- An overall well-diversified investment portfolio of investments, subject to regular monitoring.
- Robust internal controls and operations from the platform manager.
- Generous discretionary ill-health and death in service benefits.
- Effective communications, for example bespoke benefit statements, factsheets, newsletters and a scheme website including a modeller.

The review found that members of the Scheme who invested in the default arrangement paid, on average, a fee of 0.57% p.a. The Trustee did not view this charge as high or expensive, a view supported by the position of the charge cap set by the government to represent a reasonable charge being 0.75% p.a.

Trustee knowledge and understanding

The Trustee Directors are required to be conversant with the documents governing their scheme (for example the Trust Deed & Rules and SIP), and have an appropriate level of knowledge and understanding of pensions and trust law, and principles of investment. The Trustee ensured this requirement was met in a number of ways to ensure that decisions were made effectively. This included (but was not limited to) a comprehensive induction process for newly appointed Trustee Directors, formal training provided by the Scheme's professional advisers, attendance at external courses/webinars and the completion of the on-line Toolkit training provided by the Pensions Regulator.

A training log maintained by the Scheme secretary was reviewed at each trustee meeting along with the Scheme's business plan. Formal assessments of Trustee's "knowledge and understanding" and "effectiveness", using a questionnaire designed for this purpose, have been carried out every three years to identify any additional training needs. The last assessments completed in June 2018 provided satisfactory results. A few areas for improvement were identified and implemented.

The combined knowledge and understanding of the Trustee Directors, together with the advice which is available to them, enabled the Trustee to properly exercise its functions.

Statement regarding DC governance (continued)

APPENDIX
DEFAULT INVESTMENT STRATEGY
Extracts from the Statement of Investment Principles (SIP) as at 31 March 2019

2.2 Investment options

2.2.1 Details of the current investment arrangements and options are detailed in Appendix C. A brief description of these options is provided below.

a) Default option:

The Trustee believes that members should make their own investment decisions based on their individual circumstance. However, the Trustee recognises that some members may not be comfortable, or may be unwilling, to make their own investment decisions. For this reason, the Trustee provides a default investment option for the DC Section for members who do not wish to make their own investment decisions and to satisfy the qualifying scheme requirements for auto-enrolment.

The default strategy is based on the technique of lifestyling, whereby a member's funds are gradually switched from growth-seeking assets to assets which best match the member's retirement objective, however the objective is defined, as the member approaches retirement.

The strategy is designed to be appropriate for the average member taking into account the membership demographics and risk tolerance. It aims to balance the level of risk and expected return over the working lifetime of the member, rather than to maximise return.

3.1 Aims and objectives of the default strategy

3.1.1 The Trustee's aims and objectives in relation to the default strategy are outlined in Section 2.1, titled "Investment Objectives".

3.1.2 The default strategy is designed to reflect members' changing risk and return requirements over time (by the Trustee's estimation). Broadly, the strategy takes on greater risk (while targeting a greater expected return over the long term) earlier in the strategy, where there is more time in the future to make up any investment losses. The strategy progressively de-risks into lower expected risk/return assets as retirement approaches – reflecting the lower length of time until retirement to make up any investment losses.

3.1.3 The default strategy targets a mixture of bonds (75%) and cash (25%) at retirement. This allocation has been designed with the aim of broadly matching fixed annuity price movements as members approach retirement, and reflects members taking a 25% cash lump sum at retirement. As at the date of this Statement of Investment Principles, the default strategy (including the asset allocation at the point of assumed retirement) is under review.

3.2 Trustee policies in relation to the default strategy

3.2.1 The kinds of investments to be held

The kinds of investments to be held within the default strategy are shown in Appendix C. The strategy is fully invested in equities in the earlier years, reflecting the asset class with the highest expected return over the long term (albeit with the highest expected risk in terms of drawdown and volatility of returns). It then moves into a more diversified mix of assets including equities, corporate bonds, property and index linked gilts. This diversification reflects a lower expected return over the long term, albeit with a lower expected level of risk, reflecting the lower capacity for risk as members begin to approach retirement. Finally, the strategy moves towards the bonds and cash mix, as set out in 3.1.3 above

3.2.2 The balance between different kinds of investments

The balance between different investments within the default strategy in shown in Appendix C. The rationale for the progressive change in the asset mix through the strategy is set out in 3.2.1 above

3.2.3 Risks (including the ways in which risks are to be measured and managed)

Risks applicable to the Scheme as a whole are shown in Section 4, titled "Risk Management". All of the risks shown, including how they are measured and managed, are relevant to the default strategy

Statement regarding DC governance (continued)

3.2.4 Expected return on investments

Target objectives for each fund used with the default strategy are shown in Appendix C

3.2.5 Realisation of investments

Funds used within the default strategy are unitized, pooled funds which are dealt daily

3.2.6 Social, environmental or ethical considerations

The extent to which the Trustee considers social, environmental or ethical issues is shown in Section 5, titled “Governance”

3.2.7 Exercise of rights (including voting rights) attaching to investments

The extent to which the Trustee considers the exercise of rights within the default strategy is shown in Section 5, titled “Governance”

Signed for and on behalf of the Trustee of the Scheme

G Fishlock
Chair of Trustee
18 September 2019

Independent Auditors' Report to the Trustee of the Metal Box Pension Scheme

Report on the Financial Statements

Our opinion

In our opinion, Metal Box Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2019, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the annual report, which comprise: the statement of net assets available for benefits as at 31 March 2019; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Scheme, its operations and other organisations on which it depends and the wider economy.

Reporting on other information

The other information comprises all the information in the annual report other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

Independent Auditor's Report (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the scheme, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
18 September 2019

Schedule of Contributions (as required under Section 227 of the Pensions Act 2004)

Name of Scheme: **The Metal Box Pension Scheme**

Period covered by this schedule: Period from the Scheme Actuary's certification date to 30 April 2027.

1. This schedule of contributions is made by Metal Box Pension Trustees Limited in accordance with Section 227 of the Pensions Act 2004. The matters shown in the schedule have been agreed between the Trustee and CarnaudMetalbox Group UK Limited, the Scheme's Principal Company, nominated on behalf of all the Employers contributing to the Scheme to act as their representative for this purpose.

2. Level of contributions payable in respect of future benefit accrual in the DB Section and expenses (excluding Pension Protection Levies):

by Members - in accordance with the Scheme Rules and the elections made by individual Members

by Employers - ***Until 31 December 2016:***

Deficit contributions as described in paragraph 3 below plus*:*

For Non-Exchange Members:
- 5.2 times Members' contributions (excluding Additional Contributions made under DB Section Rule 3(1) and additional voluntary contributions made under DB Section Rule 3(4))
- Less Additional Contributions made under DB Section Rule 3(1)

For Salary Exchange Members:
- Salary Exchange Contributions due on behalf of members (as defined in the Scheme Rules);
- plus 5.2 times Salary Exchange Contributions (excluding any additional voluntary contributions made under DB Section Rule 3(4))

\- ***from 1 January 2017 to 31 December 2017:***
Deficit contributions as described in paragraph 3 below plus*:*

For Non-Exchange Members:
- 6.7 times Members' contributions (excluding Additional Contributions made under DB Section Rule 3(1) and additional voluntary contributions made under DB Section Rule 3(4))
- Less Additional Contributions made under DB Section Rule 3(1)

For Salary Exchange Members:
- Salary Exchange Contributions due on behalf of members (as defined in the Scheme Rules);
- plus 6.7 times Salary Exchange Contributions (excluding any additional voluntary contributions made under DB Section Rule 3(4))

\- ***Additional lump sum in December 2017***

A lump sum of £46,000,000 to be paid in December 2017 (in addition to any other contributions under this Schedule) in respect of the Employers' share of the future accrual costs relating to the period 1 January 2018 to 31 December 2022.

\- ***from 1 January 2018 to 31 March 2019:***
For Non-Exchange Members:
- 0.6% of Members' Earnings

For Salary Exchange Members:

- Salary Exchange Contributions due on behalf of members (as defined in the Scheme Rules);
- plus 0.6% of Members' Earnings

from 1 April 2019 to 31 December 2022:

- £12,000 per month as an allowance towards expenses

\- ***from 1 January 2023:***
Deficit contributions as described in paragraph 3 below plus £12,000 per month as an allowance towards expenses.

3. Deficit contributions:

by Employers - ***Until 31 December 2016:***
£2,094,614 each month

\- No deficit contribution is payable in respect of January 2017

\- ***from 1 February 2017 to 31 December 2017:***
£2,115,560 each month

\- ***Additional lump sum in December 2017:***
£135,100,000 (in addition to the £2,115,560 above)

From 1 January 2023 to 30 April 2027:

- An amount payable each month equivalent to £2,115,560 but increased by the six annual changes in the UK Consumer Prices Index "CPI" over the six years from September 2016 to September 2022, subject to a minimum increase of 0% and a maximum increase of 5% applying in respect of each year's increase.
- The monthly amount of these deficit contributions will continue to be increased annually thereafter with effect from 1 January each year in line with the annual increase in the UK CPI (over the year to the preceding September), subject to a minimum increase of 0% and a maximum increase of 5% each year.

4. Level of contributions payable in respect of the DC Section:

by Members - in accordance with the Scheme Rules and the elections made by individual Members

by Employers - ***Until 31 March 2018:***

For Non-Exchange Members:

- 1.2 times the Standard DC Members' Core and Extra Contributions; and 1.0% of Pensionable Pay in respect of Automatic Enrolment Members

For Salary Exchange Members:

- Salary Exchange Contributions due on behalf of members (as defined in the Scheme Rules);
- Plus 1.2 times the Standard DC Members' Core and Extra Contributions; and 1.0% of Pensionable Pay in respect of Automatic Enrolment Members

- ***From 1 April 2018 until 31 March 2019:***

  For Non-Exchange Members:
  - 1.2 times the Active DC Members' Core and Extra Contributions

  For Salary Exchange Members:
  - Salary Exchange Contributions due on behalf of members (as defined in the Scheme Rules);
  - Plus 1.2 times the Active DC Members' Core and Extra Contributions

  From 1 April 2019:
  - Nil

5. Employers which are the subject of a temporary participation in the Scheme will pay such percentage of Earnings (or Multiple of Members' contributions) as prescribed by the Scheme Actuary at the time of any divestment.

6. In addition to the above rates of contribution, Employers will make special contributions where Company consent is given for early retirement on terms more generous than cost neutral. Additional Employer contributions that are or that may be required on the advice of the Scheme Actuary in respect of augmentations under Clause 5 of the Trust Deed remain payable.

7. Expenses (excluding Pension Protection Levies) will be met directly from the resources of the Scheme. An allowance for such expenses has been included in the technical provisions and contributions due.

8. Pension Protection Levy invoices will be paid by the Scheme. However, the Employers will pay the invoiced amounts to the Scheme in addition to any other contributions due under this schedule.

9. Due date for payment of contributions: all contributions (from both Members and Employers) except those in respect of Pension Protection Levy invoices are payable monthly and are due to be paid to the Scheme by the 19th of the month following that to which the contributions relate. Payments to the Scheme by the Employers in respect of Pension Protection Levy invoices will be made by the deadline set by the Pension Protection Fund.

10. The rate of contributions payable by Employers will be reviewed, unless the Scheme Actuary advises earlier, as part of the next actuarial valuation of the Scheme, due not later than as at 31 March 2019.

11. Nothing in this Schedule shall preclude higher contributions being paid by the Employers, for any reason, as may be agreed by the Trustee and Employers.

12. The Employers' contribution obligations to the Scheme may in some circumstances be met by an alternative entity as provided for in the Guarantee put in place as part of the agreement on the 31 March 2010 actuarial valuation (as amended for the 31 March 2016 actuarial valuation).

Note: This Schedule of Contributions relates to the payment of normal contributions to the Defined Benefit and Defined Contribution Sections of the Scheme, payable by the Employers under Clause 2(5) of the TrustDeed, and by Non-Exchange Members under DB Section Rules 3(1) and 3(2) or DC Section Rules 5(1), 5(3) and 5A(1). It does not relate to the payment of Additional Voluntary Contributions by members of the Defined Benefit Section (or the associated Employer matching payments).

Agreed on behalf of the Employers:	Agreed on behalf of the Trustee to the Scheme
Signed:	Signed:
Name: John Beardsley	Name: Gary Fishlock
Authorised signatory, CarnaudMetalbox Group UK Limited	Director, Metal Box Pension Trustees Limited
Date: 27 February 2019	Date: 27 February 2019

Actuary's certification of Schedule of Contributions

Name of Scheme: The Metal Box Pension Scheme

Adequacy of rates of contributions

1 I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 March 2016 to be met by the end of the period specified in the Recovery Plan.

Adherence to Statement of Funding Principles

2 I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 12 January 2017.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Adam n Boyes
Fellow of the Institute and Faculty of Actuaries

Date: 27 February 2019

Towers Watson Limited
A Willis Towers Watson Company
Watson House
London Road
Reigate
Surrey RH2 9PQ

Actuarial certification for the purposes of regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: The Metal Box Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2016 is made in accordance with regulations under Section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 12 January 2017.

Michael J Pardoe
Fellow of the Institute and Faculty of Actuaries
12 January 2017

Towers Watson Limited
Watson House
London Road
Reigate
Surrey RH2 9PQ
UK

Fund Account
For the year ended 31 March 2019

	Note	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)	DB Section Year to 31 March 2018 (£000)	DC Section Year to 31 March 2018 (£000)	Total Year to 31 March 2018 (£000)
Contributions and benefits							
Contributions receivable:	4						
Employer contributions		2,573	6,200	**8,773**	210,721	4,953	**215,674**
Employee contributions		167	150	**317**	189	152	**341**
Total contributions		2,740	6,350	**9,090**	210,910	5,105	**216,015**
Transfers in	5	4,187	-	**4,187**	5,613	-	**5,613**
Other income	6	-	-	**-**	1	-	**1**
		6,927	6,350	**13,277**	216,524	5,105	**221,629**
Benefits paid or payable	7	98,120	174	**98,294**	97,997	118	**98,115**
Payments to and on account of leavers	8	-	67	**67**	-	58	**58**
Transfers out	9	72,470	960	**73,430**	63,024	1,325	**64,349**
Administrative expenses	10	2,401	-	**2,401**	2,884	-	**2,884**
		172,991	1,201	**174,192**	163,905	1,501	**165,406**
Net (withdrawals) / additions from dealings with members		(166,064)	5,149	**(160,915)**	52,619	3,604	**56,223**
Returns on investments							
Investment income	11	35,590	-	**35,590**	38,080	-	**38,080**
Change in market value of investments	13	105,496	2,266	**107,762**	(13,176)	1,456	**(11,720)**
Investment management expenses	12	(12,090)	-	**(12,090)**	(13,174)	-	**(13,174)**
Net returns on investments		128,996	2,266	**131,262**	11,730	1,456	**13,186**
Net (decrease) / increase in the fund during the year		(37,068)	7,415	**(29,653)**	64,349	5,060	**69,409**
Opening net assets of the Scheme		**2,430,187**	**41,727**	**2,471,914**	2,365,838	36,667	**2,402,505**
Closing net assets of the Scheme		**2,393,119**	**49,142**	**2,442,261**	**2,430,187**	**41,727**	**2,471,914**

The notes on pages 28 to 48 form part of these financial statements.

Statement of Net Assets available for benefits
As at 31 March 2019

	Note	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)	DB Section As at 31 March 2018 (£000)	DC Section As at 31 March 2018 (£000)	Total As at 31 March 2018 (£000)
Investment assets:							
Equities	13	2	-	**2**	55,221	-	**55,221**
Bonds	13	1,384,497	-	**1,384,497**	1,227,627	-	**1,227,627**
Pooled investment vehicles	14	1,067,515	48,991	**1,116,506**	1,031,652	41,602	**1,073,254**
Derivatives	15	247,101	-	**247,101**	238,137	-	**238,137**
Cash	13	104,810	-	**104,810**	84,055	-	**84,055**
Other investment assets	13	6,736	-	**6,736**	3,478	-	**3,478**
		2,810,661	48,991	**2,859,652**	2,640,170	41,602	**2,681,772**
Investment liabilities:							
Derivatives	15	131,808	-	**131,808**	134,129	-	**134,129**
Other investment liabilities	13	286,071	-	**286,071**	73,187	-	**73,187**
		417,879	-	**417,879**	207,316	-	**207,316**
Total net investments		2,392,782	48,991	**2,441,773**	2,432,854	41,602	**2,474,456**
Current assets	23	4,095	455	**4,550**	644	174	**818**
Current liabilities	24	(3,758)	(304)	**(4,062)**	(3,311)	(49)	**(3,360)**
		337	151	**488**	(2,667)	125	**(2,542)**
Total net assets – available for benefits		**2,393,119**	**49,142**	**2,442,261**	**2,430,187**	**41,727**	**2,471,914**

The notes on pages 28 to 48 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The funding position of the DB Section, which does take account of such obligations, is summarised on pages 6 and 7. These financial statements should be read in conjunction with that information.

The financial statements on pages 26 to 48 were approved by the Board of Directors on 18 September 2019.

G Fishlock

Directors

P Browett

Notes (forming part of the Financial Statements)
For the year ended 31 March 2019

1. General information

The Metal Box Pension Scheme (the "Scheme") is an occupational pension scheme, set up under trust. The Scheme is governed by a Trust Deed, dated 30 March 1929, with attaching Rules which have been amended by subsequent Deeds of Variation.

The Scheme offers both defined benefit and defined contribution benefits to the employees of the participating employers listed on page 3. The Defined Benefit Section of the Scheme is closed to new entrants. The Defined Contribution Section of the Scheme is open to all employees of the above companies.

The Scheme is a registered pension scheme under the Finance Act 2004. Therefore, contributions by employers and employees are eligible for tax relief and income & capital gains earned by the Scheme receive preferential tax treatment.

2. Statement of compliance

The financial statements of the Metal box Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (revised November 2014) ("the SORP").

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee does not anticipate that the adoption of the revised SORP will have a material impact on the financial statements, however it will require certain additions to or amendments of disclosures in the financial statements.

3. Accounting policies

The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the financial statements.

Investments

Equities traded through the Stock Exchange Electronic Trading Service ("SETS") are valued on the basis of the bid price. Other quoted investments are valued on the basis of the bid price (or, if unavailable, the most recent transaction) on the relevant stock market.

Other than the Private Equity investments, Global Infrastructure and the Funds of Hedge Funds, Pooled Investment Vehicles are valued at the closing bid price if both bid and offer prices are published, or, if single priced, at the closing single price. Unlisted securities held by the Scheme at the year end in Private Equity Investments are valued in line with British Venture Capital Association principles, based on the stated value by each General Partner of the underlying investments at 31 March 2019, or a different date of valuation as close as possible to the year end. Unlisted securities held by the Scheme at the year end in Global Infrastructure are valued at prices provided by the funds' investment managers. Unlisted securities held by the Scheme at the year end in Funds of Hedge Funds are valued on the basis of the underlying investments at the year end or on the most recent valuation available adjusted for cash flow data between the valuation date and the year end.

Private equity and infrastructure funds value investments in line with applicable regulations within their jurisdiction. US based firms need to use FAS 157 (now ASC 820) for fair value accounting. The majority of assets within private equity and infrastructure will be considered "level 3 assets", where a range of methods to value these assets are allowed. In Europe, private equity and infrastructure firms follow the IPEV guidelines which are similar and focus on the concept of fair value with some minor differences. Each private equity and infrastructure manager employs an auditor which provides an opinion on the financial statements on a quarterly basis and provides a full audit of the Fund's year-end financial statements. Investment management fees are accounted for on an accruals basis. Acquisition costs are included in the purchase cost of investments.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

The change in market value of investments during the year is comprised of all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. The change in market value for Derivatives includes the net effect of foreign exchange purchases and sales during the year. Gains or losses on translation of transactions denominated in foreign currency are shown separately in the Fund Account.

Bond securities are valued on a clean-price basis.

3. Accounting policies (continued)

Annuity policies

The Trustee holds annuity policies that secure pensions payable to specified beneficiaries; these policies remain assets of the Scheme. The SORP permits annuity policies held to pay pensions to be valued at nil if the combined value of the policies is not considered material in relation to the assets of the Scheme. The Trustee has reviewed the policies held and has concluded that the combined value is not material enough to be shown separately in these financial statements. Any income from annuity policies is disclosed in Note 11 to the financial statements "Investment income", if sufficiently material.

Investment income

Income from equities, and any pooled investment vehicles which distribute income, is accounted for on the date stocks are quoted ex-dividend/interest.

In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

Income from bonds, cash and short term deposits is accounted for on an accruals basis.

Income from overseas investments is translated into sterling at the spot exchange rate at the date of the transaction.

Derivatives

Derivative contract assets are fair valued at bid prices and derivative contract liabilities are fair valued at offer prices.

Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Amounts due from the broker represent the amounts outstanding in respect of the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.

For exchange traded options and interest rate and currency swaps, fair value is determined using the exchange price for closing out the derivative at the reporting date. If a quoted market price is not available on a recognised exchange the over the counter ("OTC") fair value is determined by the investment manager using generally accepted pricing models such as Black Scholes, where inputs are based on market data at the year end date.

Interest is accrued monthly on a basis consistent with the terms of the contract. The amounts included in change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts. Net receipts or payments on swap contracts are either reported in investment income (where the economic exposure relates to income) or change in market value (where the economic exposure relates to assets).

The fair value of forward currency contracts is based on market forward exchange rates at the year end date and is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

Repurchase agreements (Repo)

Bond investments are sold subject to contractual agreements ('Repurchase Agreements') for the repurchase of equivalent securities. The securities sold are stated at bid prices where available and accounted for within their respective investment classes. The contracts to buy back the equivalent securities, the Repurchase Agreements, are an investment liability and amounts payable under the repurchase agreements are stated at the value of contracted obligation.

Bond investments are bought subject to contractual agreements ('Reverse Repurchase Agreements') for the resale of equivalent securities. The securities bought are excluded from their respective investment classes. The contracts to sell back the equivalent securities, the Reverse Repurchase Agreements, are an investment asset and the Market Value reported is the cash paid to the counterparty at inception of the Agreements.

Foreign currencies

Assets and liabilities held in foreign currencies are expressed in sterling at rates of exchange ruling at the year-end. Gains and losses arising on conversion or translation are dealt with in the Fund Account as part of the change in market value of investments.

Transaction costs or receipts together with cash balances denominated in foreign currency are translated into sterling at the spot exchange rate at the date of the transaction.

3. Accounting policies (continued)

Contributions

Normal, Ordinary and Additional contributions, both from the members and from the employer, are accounted for on an accruals basis in the month employee contributions are deducted from, or Salary Exchange reductions applied to, the payroll and at rates agreed by the Trustee as recommended by the Scheme Actuary and in accordance with the Schedule of Contributions.

Employers' extra and special contributions are accounted for on an accruals basis and in accordance with the agreement under which they are paid. DC Section extra and special contributions are paid on a similar basis to that of the DB Section.

Employers' deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions under which they are paid.

Special Contributions are paid by the Company from time to time to provide additional benefits in accordance with Clause 5 of the Trust Deed and Rules. This includes payments in respect of employment termination payment exchange options exercised by employees leaving service.

As provided for in the Schedule of Contributions, the Company reimburses the Scheme for Pension Protection Fund Levy payments.

Benefits

Pensions and lump sums are accounted for on an accruals basis from the later of the date the benefit becomes payable and the date on which any option is communicated to the Trustee.

Administrative Expenses

Administrative expenses are accounted for on an accruals basis.

Transfers In and Out

Transfers received from the Metal Box AVC Plan in respect of those retirees who have selected this option are accounted for on an accruals basis. The Scheme does not accept transfers in respect of past service rights from other approved pension arrangements.

Transfer values out represent the capital sums payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on a cash basis or where the Trustee has agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.

4. Contributions

	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)	DB Section Year to 31 March 2018 (£000)	DC Section Year to 31 March 2018 (£000)	Total Year to 31 March 2018 (£000)
Employer						
Normal	136	2,494	**2,630**	7,152	1,968	**9,120**
Advance payment for future accrual	-	-	**-**	46,000	-	**46,000**
Ordinary salary exchange	1,137	3,645	**4,782**	1,314	2,940	**4,254**
Additional salary exchange	365	-	**365**	429	-	**429**
Extra contributions in respect of DC members	893	-	**893**	671	-	**671**
Special	-	61	**61**	383	45	**428**
PPF Levy re-imbursement	42	-	**42**	632	-	**632**
Deficit funding	-	-	**-**	19,040	-	**19,040**
Advanced deficit funding	-	-	**-**	135,100	-	**135,100**
	2,573	6,200	**8,773**	210,721	4,953	**215,674**
Employee:						
Ordinary	124	150	**274**	138	152	**290**
Additional	43	-	**43**	51	-	**51**
	167	150	**317**	189	152	**341**
	2,740	**6,350**	**9,090**	**210,910**	**5,105**	**216,015**

Minimum contributions to the DC section increased to 3% of Pensionable Pay with effect from 1 April 2018.

In late 2017, the Company offered to pay in advance the contributions due to the Scheme between 1 January 2018 and 31 December 2022 instead of making monthly payments (deficit recovery and future service) over the next 5 years. The Trustee agreed that this would be beneficial to the Scheme and a payment of £181.1m was made to the Scheme in December 2017.

Additional Contributions were paid on Additional Contributions Earnings which were Pensionable Earnings between £5,824 and £40,040 per annum. The rate of Additional Contributions for Members paying their contributions via Salary Exchange was 2.7%. The rate for Members who have opted out of Salary Exchange was 3.4%.

The DB Section meets most of the operating costs of the Scheme. The Normal Contributions shown above were paid by the Company as an allowance towards the expenses of the DB section. Extra contributions in respect of DC members above are Company contributions made in accordance with the Schedule of Contributions to help meet the DC elements of those costs.

The PPF Risk Based Levy paid from the Scheme in September 2018 was £41,550 (October 2017 - £632,219) and PPF Levy payments continue to be met by the Company. Employer's special contributions are mainly in respect of employment termination payment exchange options exercised by employees leaving service.

5. Transfers in

	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)	DB Section Year to 31 March 2018 (£000)	DC Section Year to 31 March 2018 (£000)	Total Year to 31 March 2018 (£000)
Individual transfers in from other schemes	**4,187**	**-**	**4,187**	**5,613**	**-**	**5,613**

Transfers from the Metal Box AVC Plan in respect of those retirees who have selected this option.

6. Other income

	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)	DB Section Year to 31 March 2018 (£000)	DC Section Year to 31 March 2018 (£000)	Total Year to 31 March 2018 (£000)
State scheme premiums refunded	-	-	**-**	1	-	**1**

7. Benefits paid or payable

	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)	DB Section Year to 31 March 2018 (£000)	DC Section Year to 31 March 2018 (£000)	Total Year to 31 March 2018 (£000)
Pensions	89,709	-	**89,709**	87,993	-	**87,993**
Commutations and lump sum retirement benefits	7,846	166	**8,012**	9,608	97	**9,705**
Lump sum death benefits	433	8	**441**	303	21	**324**
Taxation where annual allowance exceeded	132	-	**132**	93	-	**93**
	98,120	**174**	**98,294**	**97,997**	**118**	**98,115**

8. Payments to and on account of leavers

	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)	DB Section Year to 31 March 2018 (£000)	DC Section Year to 31 March 2018 (£000)	Total Year to 31 March 2018 (£000)
Refunds to members leaving service and opting out	-	-	**-**	-	1	**1**
Purchase of annuities	-	67	**67**	-	57	**57**
	-	**67**	**67**	**-**	**58**	**58**

9. Transfers out

	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)	DB Section Year to 31 March 2018 (£000)	DC Section Year to 31 March 2018 (£000)	Total Year to 31 March 2018 (£000)
Individual transfers to other schemes	35,712	960	**36,672**	63,024	1,325	**64,349**
Individual enhanced transfers to other schemes	36,758	-	**36,758**	-	-	**-**
	72,470	**960**	**73,430**	**63,024**	**1,325**	**64,349**

An increased number of members have decided to transfer their savings to an alternative pension arrangement to exercise flexible retirement options not available from the Scheme.

During the year, enhanced transfer values (ETV) were made available to certain members. This ETV exercise is being run in three phases with the second and third phases taking place in the 2019 / 2020 Scheme year.

10. Administrative expenses

	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)	DB Section Year to 31 March 2018 (£000)	DC Section Year to 31 March 2018 (£000)	Total Year to 31 March 2018 (£000)
Administration and processing	910	-	**910**	996	-	**996**
Trustee remuneration & expenses	187	-	**187**	199	-	**199**
Actuarial fees	687	-	**687**	517	-	**517**
Legal and other professional fees	476	-	**476**	434	-	**434**
Audit fees	53	-	**53**	58	-	**58**
PPF & other levies	88	-	**88**	680	-	**680**
	2,401	-	**2,401**	**2,884**	**-**	**2,884**

11. Investment income

	DB Section	DC Section	Total	DB Section	DC Section	Total
	Year to 31 March 2019 (£000)	Year to 31 March 2019 (£000)	Year to 31 March 2019 (£000)	Year to 31 March 2018 (£000)	Year to 31 March 2018 (£000)	Year to 31 March 2018 (£000)
Dividends from equities	644	-	**644**	607	-	**607**
Income from bond securities	15,704	-	**15,704**	15,775	-	**15,775**
Income from pooled investment vehicles	13,329	-	**13,329**	13,601	-	**13,601**
Charges on repurchase agreements	(2,572)	-	**(2,572)**	(1,041)	-	**(1,041)**
Charges on collateral cash held	(335)	-	**(335)**	(148)	-	**(148)**
Interest on credit default swaps	8,171	-	**8,171**	9,029	-	**9,029**
Interest on cash deposits	649	-	**649**	257	-	**257**
	35,590	-	**35,590**	**38,080**	**-**	**38,080**

Investment income shown above reflects income earned by investments within the DB Section. All income earned on pooled investment units held by the DC Section is accounted for within the value of those funds.

12. Investment management expenses

Investment management fees are calculated by each manager as a percentage of portfolio size. Fee scales are pre-agreed and in some cases have performance related elements. Where the Scheme is invested in pooled funds, charges are reflected within the unit price rather than expensed directly to the Scheme. The following table identifies investment manager fees incurred by the Scheme during the year which are recognised as directly attributable to each fund:-

	DB Section	DC Section	Total	DB Section	DC Section	Total
	Year to 31 March 2019 (£000)	Year to 31 March 2019 (£000)	Year to 31 March 2019 (£000)	Year to 31 March 2018 (£000)	Year to 31 March 2018 (£000)	Year to 31 March 2018 (£000)
Investment managers fees	10,073	-	**10,073**	10,847	-	**10,847**
Investment consultancy	1,979	-	**1,979**	2,395	-	**2,395**
Custody	157	-	**157**	92	-	**92**
Investment committee costs	48	-	**48**	53	-	**53**
Fund of hedge funds fee rebates	(167)	-	**(167)**	(213)	-	**(213)**
	12,090	-	**12,090**	**13,174**	**-**	**13,174**

Total investment managers fees including those charges absorbed within unit price and market value changes have been estimated by Messrs Willis Towers Watson for 2019 at £10.4 million (2018: £12.2 million).

Funds of Hedge Funds fee rebates arise as a result of renegotiation of fee levels with the specific fund managers by the scheme actuaries. Rebates reflect the difference between fees initially charged under the standard fee calculation and the agreed reduced fee levels.

13. Reconciliation of investments

Changes in investments	Market Value as at 1 April 2018 (£000)	Purchases at Cost and Derivative Payment (£000)	Sale Proceeds and Derivative Receipts (£000)	Change in Market Value of Investments (£000)	Market Value as at 31 March 2019 (£000)
Defined Benefit Section					
Equities	**55,221**	152,962	(226,061)	17,880	**2**
Bonds	**1,227,627**	660,558	(559,497)	55,809	**1,384,497**
Pooled investment vehicles	**1,031,652**	816,290	(835,931)	55,504	**1,067,515**
Derivatives	**104,008**	68,629	(33,647)	(23,697)	**115,293**
	2,418,508	**1,698,439**	**(1,655,136)**	**105,496**	**2,567,307**
Cash	**84,055**				**104,810**
Other investment balances	**(69,709)**				**(279,335)**
	2,432,854				**2,392,782**
Defined Contribution Section					
Pooled investment vehicles	**41,602**	**6,353**	**(1,230)**	**2,266**	**48,991**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

All assets within the Defined Contribution Section are designated to members.

There are no individual investments exceeding 5% of the value of net assets.

13. Reconciliation of investments (continued)

Cash and other investment balances

	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)	DB Section As at 31 March 2018 (£000)	DC Section As at 31 March 2018 (£000)	Total As at 31 March 2018 (£000)
Cash and other investment assets						
Cash balances - UK	35,424	-	**35,424**	42,809	-	**42,809**
Cash balances - overseas	41,950	-	**41,950**	40,384	-	**40,384**
Cash balances - margins	800	-	**800**	327	-	**327**
Amounts due from brokers	26,636	-	**26,636**	535	-	**535**
Tax receivable	36	-	**36**	20	-	**20**
Investment income accrued	6,700	-	**6,700**	3,458	-	**3,458**
	111,546	-	**111,546**	**87,533**	**-**	**87,533**
Other investment liabilities						
Repos (note 20)	(282,494)	-	(282,494)	(72,853)	-	**(72,853)**
Investment charges accrued	(869)	-	(869)	(177)	-	**(177)**
Amounts due to brokers	-	-	-	(157)	-	**(157)**
Cash balances - margins	(2,708)	-	(2,708)	-	-	**-**
	(286,071)	-	**(286,071)**	(73,187)	-	**(73,187)**
Total net cash and other investment balances	**(174,525)**	-	**(174,525)**	**14,346**	**-**	**14,346**

Transaction costs

Transaction costs within the DB Section incurred in the year all related to equity and amounted to £281,000 (2018: £95,000). In addition to these transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. These costs are not separately advised to the Scheme. The managed and unitised funds are managed by companies registered in the UK.

14. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year end comprised the following:

	DB Section	DC Section	Total	DB Section	DC Section	Total
	Value as at 31 March 2019 (£000)	Value as at 31 March 2019 (£000)	Value as at 31 March 2019 (£000)	Value as at 31 March 2018 (£000)	Value as at 31 March 2018 (£000)	Value as at 31 March 2018 (£000)
Equity funds	468,000	24,176	492,176	411,778	20,534	**432,312**
Bond funds	75,905	5,127	81,032	89,078	4,047	**93,125**
Hedge funds	282,682	-	282,682	270,949	-	**270,949**
Property funds	52,195	1,906	54,101	40,717	1,766	**42,483**
Private equity funds	166,877	-	166,877	159,076	-	**159,076**
Diversified investment funds	-	16,343	16,343	-	14,038	**14,038**
Money market	-	1,439	1,439	-	1,217	**1,217**
Cash	21,856	-	21,856	60,054	-	**60,054**
	1,067,515	**48,991**	**1,116,506**	**1,031,652**	**41,602**	**1,073,254**

15. Derivatives

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme as explained in the Trustee's Report. In many global bond markets, the use of derivatives enables a readily tradable and low cost approach to manage risk exposures (hedging) and to generate returns. Summarised details of the derivatives held at the year end are set out below:

	Assets	Liabilities	Assets	Liabilities
	Value as at 31 March 2019 (£000)	Value as at 31 March 2019 (£000)	Value as at 31 March 2018 (£000)	Value as at 31 March 2018 (£000)
Futures	3,502	-	1,833	-
Options – OTC	5,859	1,067	7,582	1,817
Swaps – OTC	226,393	129,700	220,398	129,292
Forward foreign currency contracts – exchange traded	11,347	1,041	8,324	3,020
	247,101	**131,808**	**238,137**	**134,129**

16. Futures

The Trustee did not want cash held to be "out of the market" and therefore bought futures contracts which had an underlying economic value broadly equivalent to cash held.

Nature	Notional amount (£000)	Latest Expiry Date	Assets Value as at 31 March 2019 (£000)	Liabilities Value as at 31 March 2019 (£000)
2019				
Bonds - US Dollar	**261,796**	June 2019	**3,502**	-
2018	**231,838**		**1,833**	**-**

17. Options

The Trustee wants to benefit from the potentially greater returns available from investing in equities but wish to minimise the risk of loss of value through adverse equity price movements. During the year Investment Managers acting for the Scheme bought a number of option contracts that protect it from falls in value in the main markets in which the scheme invests.

Options (ETD or OTC)	Notional amount (£000)	Expires Within	Assets Value as at 31 March 2019 (£000)	Liabilities Value as at 31 March 2019 (£000)
Purchased Calls - OTC:				
Euros	49	1 month	-	21
Sterling	1	1 month	-	6
Japanese Yen	1,019	1 month	-	9
			-	**36**
Purchased Puts - OTC:				
Euros	5	6 months	-	23
Euros	5	1 year	-	50
Euros	(2)	2 years	2,337	151
Sterling	2	3 months	221	-
Sterling	3	6 months	397	-
Sterling	6	1 year	806	-
Sterling	6	2 years	1,572	294
Japanese Yen	2	3 months	-	5
Japanese Yen	3	1 year	526	109
Japanese Yen	6	2 years	-	399
			5,859	**1,031**
Total 2019			**5,859**	**1,067**
Total 2018			**7,582**	**1,817**

18. Swaps

The Scheme uses derivatives to hedge part of the exposure of its liabilities to interest rates and inflation.

Limited Price Inflation (LPI) inflation-linked swaps – These are used to hedge the inflation exposure of the Scheme’s LPI-linked liabilities. From 1 April 2004 the Scheme receives variable LPI linked payments and makes fixed payments with pre-determined increases, based on nominal values of £17m a year for the first 10 years, reducing by £0.5m a year for the next 15 years to £9.5m in the final year. These receipts and payments are credited or debited to the Fund Account on an accruals basis.

At the Scheme’s year end, the swaps are marked to market by the counterparty banks and this value is recorded as an asset or liability. This value reflects the present value of future cash flows associated with the transaction through to the termination date of 2029. The resulting gain or loss is credited or debited to change in market value in the Fund Account.

Interest rate and RPI inflation swaps – Under these arrangements, the Scheme exchanges payments with its counterparties at the end of each contract based on the interest rates / inflation over the period of the contract. The longest maturity interest rate swap and the longest maturity inflation swap mature in 2067.

These LPI swaps, RPI swaps and PAR-and zero coupon interest rate swaps are held as part of the segregated mandate with LGIM.

Collateral requirements, based on the mark to market value of the swaps, are calculated monthly. The amount held or lent by the Scheme as collateral at the Scheme’s year end is disclosed in Note 25.

In addition, Fund Managers use swaps to adjust interest rate and yield curve exposures and credit default swaps to manage credit exposure without buying or selling securities outright. The year end open swap positions and their longest maturity dates are set out in the table below. Broadly, the longer the swap maturity, the more the value of the contract is exposed to inflation and interest rate movement. The greater the numbers of contracts that are in place, the greater the notional values are exposed. However, the table is a simple guide to overall exposure as it does not give a detailed analysis of the contracts and their construction which is fundamental in evaluating the Scheme’s exposure to inflation and interest rate variation.

Swaps (OTC)

				Assets	**Liabilities**
	Nature	**Notional amounts (£000)**	**Latest Expiry Date**	**Value as at 31 March 2019 (£000)**	**Value as at 31 March 2019 (£000)**
LGIM	Inflation	523,880	30/09/2062	119,542	122,491
LGIM	Interest rate	1,078,880	30/09/2067	215,835	119,734
LGIM	Total return	223,537	21/09/2022	6,714	3,173
Total 2019				**342,091**	**245,398**
Total 2018				**220,398**	**129,292**

19. Forward foreign currency contracts

Investments in non UK Bonds are fully hedged into Sterling. Currency forwards are used as part of a currency overlay programme, with the aim of reducing price volatility as a result of exchange rate fluctuations. US Dollars and Euro exposure is hedged in the following proportions:-

- Approximately 100% of investment grade credit
- Approximately 50% of equity, alternative asset classes and alternative credit.

The Scheme had open FX contracts at the year end relating to its currency hedging strategy as follows:

				Assets	**Liabilities**
Contract	**Settlement Date**	**Currency bought**	**Currency sold**	**Value as at 31 March 2019 (£000)**	**Value as at 31 March 2019 (£000)**
Forward FX - Euro	Within 6 Months	£27,644,440	€30,495,447	1,237	4
Forward FX - USD	Within 6 Months	£559,761,761	$713,356,952	10,110	1,037
Total 2019				**11,347**	**1,041**
Total 2018				**8,324**	**3,020**

20. Repos

A repo, also known as a "sale and repurchase agreement" allows the Scheme to use assets as collateral in order to generate leverage or lend excess cash at a cash rate of interest. In such agreements, the Scheme agrees to buy/sell the asset from/to a counterparty bank, but the Scheme also agrees to buy/sell back the same asset from the counterparty bank at a pre-agreed price at some later date known as the maturity date.

All repos were held with LGIM. Details of the repos held are shown below:

Open repos

Nominal	Underlying investment	Counter-party	Term	Currency	Assets Value as at 31 March 2019 (£000)	Liabilities Value as at 31 March 2019 (£000)
Term repos						
USD						
$42,970,000	USA (GOVT) I/L 0.5%, 15/01/28	HSBC	17-Jul-2019	USD	-	32,637
$26,286,000	USA (GOVT) I/L 0.375%, 15/07/27	HSBC	17-Jul-2019	USD	-	20,042
$54,720,000	USA (GOVT) I/L 0.125%, 15/04/22	HSBC	17-Jul-2019	USD	-	42,485
					-	**95,164**
GBP						
11,000,000	Treasury I/L 1.25%, 22/11/32	Credit Suisse AG	19-Jun-2019	GBP	-	36,917
11,000,000	Treasury I/L 1.25%, 22/11/27	Barclays Capital	17-Jul-2019	GBP	-	21,518
7,000,000	Treasury I/L 1.25%, 22/11/27	Credit Suisse AG	17-Jul-2019	GBP	-	21,421
16,500,000	Treasury I/L 1.125%, 22/11/37	Credit Suisse AG	21-Aug-2019	GBP	-	13,374
6,750,000	Treasury I/L 1.25%, 22/11/32	HSBC	18-Sep-2019	GBP	-	13,439
6,750,000	Treasury I/L 1.25%, 22/11/32	Morgan Stanley	18-Sep-2019	GBP	-	13,237
16,200,000	Treasury I/L 0.125%, 22/11/36	Morgan Stanley	16-Oct-2019	GBP	-	25,029
12,800,000	Treasury I/L 0.625%, 22/03/40	Barclays Capital	15-Jan-2020	GBP	-	28,840
8,000,000	Treasury 4.25%, 07/12/49	Barclays Capital	15-Jan-2020	GBP	-	13,555
					-	**187,330**
Total 2019					**-**	**282,494**
Total 2018					**-**	**72,853**

21. Investment fair value hierarchy

FRS 102 requires schemes to analyse and allocate each class of financial instrument held into one of three fair value hierarchy levels.

Level (1)	The unadjusted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level (2)	Inputs other than quoted prices included in Level 1 that are observable (i.e. using market data) for the asset or liability, either directly or indirectly
Level (3)	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability. Instead inputs are developed using the best information available.

For the purposes of this analysis daily priced funds have been included in (1), regularly priced (weekly or monthly) and frequently traded funds in (2), infrequently priced and thinly traded funds in (3).

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

At 31 March 2019	Level 1 (£000)	Level 2 (£000)	Level 3 (£000)	2019 Total (£000)
Defined Benefit Section				
Equities	2	-	-	**2**
Bonds	-	1,384,495	2	**1,384,497**
Pooled investment vehicles	-	633,627	433,888	**1,067,515**
Derivatives	13,808	4,792	96,693	**115,293**
Cash & other investment balances	(174,525)	-	-	**(174,525)**
	(160,715)	2,022,914	530,583	**2,392,782**
Defined Contribution Section				
Pooled investment vehicles	-	48,991	-	**48,991**
	(160,715)	**2,071,905**	**530,583**	**2,441,773**

At 31 March 2018	Level 1 (£000)	Level 2 (£000)	Level 3 (£000)	2018 Total (£000)
Defined Benefit Section				
Equities	55,221	-	-	**55,221**
Bonds	-	1,227,627	-	**1,227,627**
Pooled investment vehicles	-	597,687	433,965	**1,031,652**
Derivatives	7,137	5,765	91,106	**104,008**
Cash & other investment balances	14,346	-	-	**14,346**
	76,704	1,831,079	525,071	**2,432,854**
Defined Contribution Section				
Pooled investment vehicles	-	41,602	-	**41,602**
	76,704	**1,872,681**	**525,071**	**2,474,456**

22. Investment risks

Defined Benefit Section (DB)

FRS 102 requires the disclosure of information in relation to certain investment risks as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy.

Risks are categorised as either "direct" or "indirect". If a fund invests in a financial asset which is subject to a risk, the fund is said to exhibit a "direct risk". If the fund invests in another fund which itself invests in a financial asset subject to a risk, the risk is said to be an "indirect risk".

This note is an overview of the main risks that are, in the opinion of the Trustee, currently observable. Other risks not mentioned below may become critical and result in significant losses.

Defined Benefit Section (DB)
The Trustee's primary investment objective is to secure and maintain sufficient assets to meet the Scheme's defined benefit liabilities, as they fall due.

The Trustee formulated a mission statement in 2014 to aim to achieve a 100% funding level, with the liabilities measured on the assumption of gilt yields (gilts basis), by 31 December 2026 through targeting an expected asset return of 2.0% pa net of all fees in excess of the expected growth of the liabilities. In seeking to achieve this target return, the Trustee was prepared to run the risk level commensurate with a one in twenty chance of the funding level (on this measure) falling between 3.5-7.5% in any one year.

Following the Actuarial valuation as at 31 March 2016, the Trustee reviewed this target. As from 21 June 2017, the target return has reduced to 1.8% pa net of all fees and the one in twenty acceptable risk range has narrowed to between 4-7%. The target date to achieve fully funded status remains the same, i.e. 31 December 2026.

The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. The Trustee's risk management policy is documented in the Statement of Investment Principles. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Credit Risk	Market Risk Currency	Market Risk Interest Rate	Market Risk Other price	2019 Value (£000)	2018 Value (£000)
Equities	○	◐	◐	●	**2**	**55,221**
Bonds	◐	◐	●	●	**1,384,497**	**1,227,627**
Pooled investment vehicles	◐	◐	◐	●	**1,067,515**	**1,031,652**
Derivatives	●	◐	●	●	**115,293**	**104,008**
Cash & other investment balances	●	◐	○	◐	**(174,525)**	**14,346**
Total DB section investments					**2,392,782**	**2,432,854**

In the above table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly / not at all.

22. Investment risks (continued)

Information on the Trustee's approach to risk management and the DB Section of the Scheme's exposures to credit and market risks are set out below.

(i) Credit risk

The DB Section is subject to direct credit risk as the Scheme invests in bonds, OTC derivatives, exchanged traded derivatives, has cash balances, enters into repurchase agreements and has the potential to undertake stock lending activities. It is also exposed to indirect credit risk through the Scheme's investments in pooled funds.

Direct credit risk arising from investments in bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Direct credit risk arising on other investments is mitigated by investment mandates requiring counterparties to have at least investment grade credit quality.

Direct credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). Exchanged traded derivatives are guaranteed against default through the clearinghouse of the derivatives exchanges. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The direct credit risk for OTC swaps is reduced by collateral arrangements (see note 25 Collateral) and through diversification of counterparties. Direct credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.

Direct credit risk on cash is managed by using financial institutions which are at least investment grade credit rated.

Direct credit risk on repurchase agreements is mitigated through collateral arrangements and diversification of counterparties.

Indirect credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The investment advisors (Willis Towers Watson) carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

Another source of indirect credit risk arises from investing in alternative credit assets (e.g. high yield debt or emerging market bonds). The risk associated with investments in alternative credit assets which are non-investment grade are managed by having a portfolio that is in aggregate will diversified against the impact of default by any one issuer.

Pooled funds held by the Scheme have the ability to lend certain fixed interest and equity securities at their discretion. This is monitored by the Trustee and as at 31 March 2019 there was no stock lending activity taking place in any of the Scheme's pooled holdings. The Trustee does not permit the Scheme's custodian to engage in stock lending activity with segregated assets.

(ii) Currency risk

The Scheme is subject to direct and indirect currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee attempts to limit overseas currency exposure through a currency hedging policy.

(iii) Interest rate risk

The Scheme is subject to direct and indirect interest rate risk on the LDI investments comprising bonds and interest rate swaps held either as segregated investments or through pooled vehicles and cash. The purpose of the Scheme's LDI investments is to match the interest rate sensitivity of the Scheme's liabilities. In 2018 the Trustee moved to target hedging 100% of the funding level risk coming from changes in interest rates or inflation. Therefore when considering the Scheme's liabilities these investments are risk reducing.

The Scheme has additional exposure to direct interest rate risk through segregated US Treasury futures. These instruments provide exposure to interest rates in the US and is designed to reduce the impact on the Scheme of a significant downside scenario such as that experienced in 2007/08. In such an event investors typically reposition their portfolios toward low risk securities, of which US Treasuries are amongst the most secure, thereby benefitting the Scheme's existing position. The Trustee therefore considers this exposure to be risk reducing.

(iv) Other price risk

Direct and indirect other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities held in pooled vehicles, equity exposure through futures, hedge funds, private equity, indirect investment in properties and other alternative investments. The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets (which the Trustees continued to evolve over the year).

In terms of other risk management strategies, in 2017 the Trustee, at the request of the company, introduced an equity options strategy to manage the risk of equity market shocks. The Scheme also holds exposure to US inflation as part of its extreme risk hedge.

22. Investment risks (continued)

Defined Contribution Section (DC)

The Trustee, having taken appropriate advice, made a range of unitised funds available for members to select. These funds were made available by Standard Life and enabled members to make up an appropriate portfolio of assets that meet their personal preferences on risk and return.

The investment objectives and strategy for the DC Section are outlined in the Statement of Investment Principles (SIP). The Trustee monitors the performance of the available funds quarterly.

The DC Section's assets are all invested through a unit-linked insurance policy, designed for company pension schemes, provided by its investment platform, Standard Life Assurance Limited. The unit-linked policy invests in a wide range of investments through a number of underlying investment managers who in turn, invest in underlying funds. These underlying funds will hold various investments, known as the underlying investments.

The DC Section is subject to direct credit risk in relation to Standard Life Assurance Limited through its holdings in unit linked insurance funds. The DC Section is also subject to indirect credit, currency, interest rate and other price risk arising from the underlying investments held by the underlying managers.

Full information about the funds, including fund factsheets, can be found on the Scheme website:
http://www.metalboxpensions.co.uk. Employees can also obtain information about the available funds by calling Standard Life on 0345 278 5641.

(i) Credit risk

All assets of the DC Section are subject to direct credit risk in relation to the potential insolvency of Standard Life, the underlying managers or the custodians used by the underlying managers to hold Scheme assets.

The Trustee carries out due diligence checks on the appointment of the investment platform and new investment managers and, on an ongoing basis, monitors any changes to the regulatory and operating environments of both.

Credit risk in relation to Standard Life

Standard Life is authorised by the Prudential Regulation Authority, regulated by the Financial Conduct Authority and the Prudential Regulation Authority, and maintains capital for its policy holders.

As well as the regulatory environment in which the investment platform operates, direct credit risk is mitigated at the investment platform level by the assets backing the DC Section's policy being ring-fenced from those of the investment platform.

In the event of the insolvency of Standard Life, members' Personal Accounts held in Standard Life funds may be recoverable by the Trustee through the Financial Services Compensation Scheme ("FSCS"). Currently, FSCS compensation coverage in this situation is 100% of the Trustee's claims.

Credit risk in relation to the underlying funds

Direct credit risk is mitigated by the underlying investments being ring-fenced from those of the underlying investment manager and through the regulatory environments in which the underlying managers operate.

If assets in an underlying fund are invested via an insured fund of an insurance company which becomes insolvent, Standard Life expects to cover members for the full amount. In the case where the insurance company is Standard Life Assurance Limited, FSCS compensation coverage would apply as described in the previous section.

Some of the underlying funds are set up as mutual funds where the assets are held by a custodian separately from the fund manager's own assets. This provides a robust level of protection in the event of the default of that manager.

Indirect credit risk arising on the investments held by some of the underlying funds is mitigated by using investment managers whose mandate includes one or more of the following:

- invest in government bonds where the credit risk is minimal;
- invest in corporate bonds which are rated at least investment grade;
- diversification of the underlying investments.

22. Investment risks (continued)

All funds are likely to have some indirect credit risk or the risk that asset value falls in the event of a generic credit event. The following funds in particular are exposed to indirect credit risk:

SL Ethical Pension Fund

SL MB Diversified Investment Pension Fund

SL MB Mixed Bond Pension Fund A

SL MB Mixed Bond Pension Fund B

SL Corporate Bond Pension Fund

SL BlackRock Aquila Connect Cash Pension Fund

(ii) Currency risk

Some funds are subject to indirect currency risk because some of the underlying investments are held in overseas markets via pooled investment vehicles. The Trustee regards currency risk as one which can, in some cases, add value and manages this risk through advice from its investment advisor.

Where a fund holds overseas assets the Sterling value of these assets may rise and fall as a result of exchange rate fluctuations. The following funds in particular are exposed to indirect currency risk.

SL BlackRock ACS 30:70 Global Tracker (Hedged) Pension Fund

JP Morgan Emerging Markets Pensions Fund

Veritas Global Focus Fund

SL Ethical Pension Fund

SL MB Diversified Investment Pension Fund

(iii) Interest rate risk

Some funds are subject to indirect interest rate risk because some of the underlying investments are held in bonds, property or cash through pooled vehicles. If interest rates fall the value of these investments will rise (all else equal) and vice versa.

The Trustee manages this risk through the following:

- diversification, where appropriate, to reduce the impact of a change in interest rates; or
- allowing the risk, where appropriate, in recognition that a change in interest rates will likely be correlated with a change in annuity rates and therefore this degree of "matching" is desirable.

The funds particularly exposed to indirect interest risk are as follows:

SL Ethical Pension Fund

SL Property Pension Fund

SL MB Diversified Investment Pension Fund

SL MB Mixed Bond Pension Fund A

SL MB Mixed Bond Pension Fund B

SL Corporate Bond Pension Fund

SL BlackRock Aquila Connect Cash Pension Fund

(iv) Other price risk

All assets are subject to indirect other price risk. Other price risk arises in relation to risks not mentioned above, such as those affecting equity markets, property, non-investment grade bonds, etc.

The Trustee manages this risk by making available member funds with a diverse portfolio of investments across various markets, designed to minimise the overall price risk. Members may also invest in funds with a higher degree of overall price risk should they choose.

23. Current assets

	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)	DB Section As at 31 March 2018 (£000)	DC Section As at 31 March 2018 (£000)	Total As at 31 March 2018 (£000)
Cash at bank	3,791	-	**3,791**	644	-	**644**
Cash at bank - designated to members	-	455	**455**	-	33	**33**
Other debtors - not designated to members	304	-	**304**	-	141	**141**
	4,095	**455**	**4,550**	**644**	**174**	**818**

24. Current liabilities

	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)	DB Section As at 31 March 2018 (£000)	DC Section As at 31 March 2018 (£000)	Total As at 31 March 2018 (£000)
Unpaid benefits - not designated to members	1,438	-	**1,438**	664	-	**664**
Unpaid benefits - designated to members	-	-	**-**	-	3	**3**
Contributions due to AVC providers	-	-	**-**	9	-	**9**
Contributions due to company	-	-	**-**	-	46	**46**
Accrued expenses	1,242	-	**1,242**	1,486	-	**1,486**
Other creditors - not designated to members	57	304	**361**	159	-	**159**
Tax due on pensions	1,021	-	**1,021**	993	-	**993**
	3,758	**304**	**4,062**	**3,311**	**49**	**3,360**

25. Collateral

Collateral pledged to the Scheme under its Swap contracts managed by each of the managers are set out below. A negative value indicates that the Scheme must pledge collateral to its counterparties in aggregate under swap contracts held with that manager. Collateral held, relates to the following asset classes and is constituted as follows:

	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)	DB Section As at 31 March 2018 (£000)	DC Section As at 31 March 2018 (£000)	Total As at 31 March 2018 (£000)
Legal & General Collateral:						
Government Bonds	43,031	-	**43,031**	38,863	-	**38,863**
Cash and accrued income	75,854	-	**75,854**	67,679	-	**67,679**
Total	**118,885**	**-**	**118,885**	**106,542**	**-**	**106,542**

26. Self investment

The Trustee does not allow the Scheme to have any direct shareholdings in Crown Packaging UK Plc or associated companies. However, it is estimated that less than 0.1% of the Scheme's total assets will have been indirectly invested in Crown Packaging UK Plc or associated companies as at 31 March 2019 through the Scheme's pooled fund arrangements.

27. Commitments

Commitments for investment in Private Equity Funds of Funds that have not yet been called for at 31 March 2019 amounted to £17.8m (2018: £21.3m). Commitments for investment in the Global Infrastructure funds that have not yet been called for at 31 March 2019 amounted to £3.9m (2018: £7.9m). Commitments for investment in commercial real estate debt that have not yet been called for amounted to £15.1m (2018: £56.5m).

28. Related party transactions

Trustee costs paid from the Scheme during the year amounted to £235,000 (2018 £252,000). These costs include remuneration and expenses for the Trustee Chairman, Pensioner nominated Trustee Director and Secretary to the Trustee, together with fees incurred for investment strategy development and investment direction and assessment. These costs are disclosed in these financial statements at notes 10 & 12 respectively. David Powell, a Pensioner nominated Trustee Director is in receipt of a pension from the Scheme, in accordance with the Scheme rules.

29. Contingent assets and liabilities

A guarantee is in place which provides for the participating employer's deficit contributions to be met by a different legal entity within the Crown group of companies in certain defined circumstances. A separate guarantee is also in place which provides for Crown Packaging UK plc to meet payments due to the Scheme (up to a maximum amount) should another participating employer become insolvent.

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to equalise benefits for the gender effects of Guaranteed Minimum Pension (GMP) earned between May 1990 and April 1997 for both men and women. This is known as "GMP Equalisation". Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP Equalisation and provide interest on the backdated amounts.

The Scheme is undertaking a process of assessing the overall impact of GMP Equalisation, and plans to adjust members' benefits to reflect the correct position and communicate this to members in due course. Based on an initial assessment by the Scheme actuary of the likely backdated amounts (less than 1% of liabilities) and related interest, the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

30. Subsequent events

There were no subsequent events requiring disclosure in these financial statements.

Independent Auditors' Statement about Contributions to the Trustee of the Metal Box Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable to the Scheme as required by the schedule of contributions for the Scheme year ended 31 March 2019 as reported in Metal Box Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Scheme actuary on 27 March 2018 and 27 February 2019.

We have examined Metal Box Pension Scheme's summary of contributions for the Scheme year ended 31 March 2019 which is set out on the following page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the schedule of contributions and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
18 September 2019

Summary of contributions payable for the year ended 31 March 2019

During the year, the contributions payable to the Scheme by the Employer and Employees were as follows:-

	Year to 31 March 2019 Employee (£000)	Year to 31 March 2019 Employer (£000)	Year to 31 March 2019 Total (£000)
Required by the schedule of contributions			
Normal Contributions - DB Section	-	136	136
Ordinary Contributions - DB Section	124	-	124
Additional Contributions - DB Section	43	-	43
Ordinary Contributions – Salary Exchange - DB Section	-	1,137	1,137
Additional Contributions - Salary Exchange - DB Section	-	365	365
Normal Contributions - DC Section	-	2,494	2,494
Ordinary Contributions - DC Section	150	-	150
Ordinary Contributions – Salary Exchange - DC Section	-	3,645	3,645
Extra contributions in respect of DC Section members	-	893	893
PPF Levy re-imbursement – DB Section	-	42	42
Total required by Schedule of Contributions	**317**	**8,712**	**9,029**
Special Contributions - Exchange Options DC	-	61	61
Total of Contributions as per Fund Account	**317**	**8,773**	**9,090**

Signed on behalf of the Trustee:

G Fishlock

Directors

P Browett

18 September 2019