Trustee’s Report and Financial Statements

for the Year ended 31 March 2020

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 2020

Contents

Trustees and Advisers for the year ended 31 March 2020

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
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

Investment Adviser –DB Section
Willis Towers Watson

Investment Adviser –DC Section
River & Mercantile Solutions – terminated 05/09/2019

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 - terminated 31/03/2020
Alinda Capital Partners – terminated 31/12/2019
Beach Point Capital Management LP
BlackRock, Inc
Brandywine Global Investment Management LLC
Bridgewater Associates Inc.
Brigade Capital GP, LLC
Cantab Capital Partners LLP
Crabel Capital Management, LLC
Dymon Asia Capital (Singapore) Pte. Ltd.
First State Investments (Hong Kong) Limited – appointed 18/11/2019
Franklin Templeton Investments
Fulcrum Asset Management LLP
Goldman Sachs Asset Management
Goldman Sachs Infrastructure Partners
GSA Capital Partners LLP – terminated 02/12/2019
Lansdowne Partners Limited
Legal & General Investment Management Limited
Magnetar Capital LLC
Magnetar Financial LLC – terminated 30/06/2019
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 – terminated 06/12/2019
Standard Life Aberdeen plc
Sun Capital Partners V, LP
The Putnam Advisory Company, LLC
The TCW Group, Inc
Towers Watson Investment Management Limited
Trian Partners, Ltd
Wadhwani Asset Management LLP – terminated 02/12/2019
Waterfall Asset Management LLC

Trustee's annual report for the year ended 31 March 2020

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 2020.

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 and the Defined Contribution Section (DC). Both sections are closed to new entrants and future accrual and the DC Section no longer has any assets following a bulk transfer to The Aon MasterTrust in June 2019.

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.

Rule Changes

No Rule amendments were made during the Scheme Year.

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

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. MND's are usually appointed for a three year term.

The MND policy was amended in February 2020 such that one MND will be a pensioner and one will either be a pensioner, or any deferred member who is not employed by a competitor.

Following a nomination and selection process Neil Davis, a pensioner, was appointed on 1 April 2019 for a three year term. Neil replaced David Powell who resigned with effect from 31 March 2019. Following his retirement on 30 April 2020, and at the request of the Trustee Board, Peter Young's term of office has been extended to 30 November 2021.

The MND policy is available on request from the Scheme Secretary.

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 ten 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 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.

Deferred members	**DB Section**	**DC Section**	**Total**
At start of year	**3,641**	**2,379**	**6,020**
plus			
Pensions re-instated	1	-	1
less			
Short service refunds	-	1	1
Pensions put into payment / annuities purchased	299	-	299
Pensions fully commuted	-	20	20
Benefits transferred	392	2,357	2,749
Death benefits paid	11	1	12
At end of year	**2,940**	**-**	**2,940**

Members in receipt of a pension from the DB Section	**Pensioners**	**Spouses and Dependants**	**Child allowances**	**Total**
At start of year	**9,581**	**2,723**	**38**	**12,342**
plus				
New pensioners	299	190	1	490
Pensions re-instated	4	1	-	5
less				
Pensions suspended/ceased	6	2	5	13
Pensions fully commuted	34	69	-	103
Death benefits paid	429	206	-	635
At end of year	**9,415**	**2,637**	**34**	**12,086**

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 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%.

Following the April 2020 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 2.7% 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 2.7%.

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 2019 or 2020.

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. There were three phases to this ETV exercise with the second and third phases taking place in the 2019/2020 Scheme year (see notes 8 and 29 of the Financial Statements).

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, 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 updates are prepared in the intervening years (known as an "actuarial report"). The actuarial method used in the calculation of the technical provisions is the Defined Accrued Benefit Method.

The most recent formal actuarial valuation of the Scheme had an effective date of 31 March 2019 and the Actuary's valuation report was published on 20 December 2019, the results of which were communicated to all Members via the Summary Funding Statement in the Winter 2019/2020 Members Report issued in January 2020.

Trustee's annual report (continued)

The Members Report provided information about the formal valuation as at 31 March 2019 and compared these results with the formal valuation as at 31 March 2016 and interim estimate of the Scheme's funding position as at 31 March 2018.

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

	31 March 2019	31 March 2018	31 March 2016
Technical Provisions	£2,518m	£2,539m	£2,369m
Assets	£2,442m	£2,472m	£2,105m
Shortfall	£76m	£67m	£264m
Funding level	97%	97%	89%

An updated recovery plan was agreed by the Trustee and Company as part of the 2019 valuation. Under this plan, the Company is due to recommence deficit contributions as planned in January 2023.

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.

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 15.

A copy of the Schedule of Contributions, dated 20 December 2020, is shown on page 13. This sets out the resulting contributions payable to the Scheme following the valuation agreement. This takes into account 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 14.

The next formal actuarial valuation is due to have an effective date of 31 March 2022. An actuarial report on developments in the Scheme's financial position to 31 March 2020 will be prepared by the Actuary before the statutory deadline of 31 March 2021.

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.

Prior to the bulk transfer to the Crown Packaging Section of The Aon MasterTrust in June 2019, 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 2020 is given on page 3.

In accordance with Section 35 of 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 17 February 2020 and the DC SIP on 27 March 2018. 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.

In addition to the above, the Scheme's Investment Consultant has a dedicated Sustainable Investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the manager recommendation process and is monitored on an ongoing basis. Whilst noting there may be limitations for each investment manager and asset strategy, the Investment Consultant expects investment managers to have ESG processes that align with the investment risk and return characteristics of the strategy. Where an investment manager's processes are deemed insufficient by the Investment Consultant and the investment manager does not take steps to improve their approach, the investment manager's position in the portfolio may be reviewed.

The Investment Consultant considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Investment Consultant takes into account in the assessment.

The Investment Consultant encourages and expects the Scheme's investment managers to sign up to local or other applicable Stewardship Codes, in-keeping with good practice, subject to the extent of materiality for certain asset classes. The Investment Consultant itself is a signatory to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and is actively involved in external collaborations and initiatives.

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, were 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 2020, 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.

Trustee's annual report (continued)

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 2020	
	Scheme	**Benchmark**
1 year - Return	9.5%	5.4%
3 years - Return p.a.	5.3%	3.5%
5 years - Return p.a.	7.1%	5.4%

Over the year, the Scheme has outperformed the Benchmark by 4.1%. Gilt yields fell 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 Scheme also de-risked in mid-February 2020 as the Scheme was ahead of plan. The de-risking reduced equity market exposure as well as maintaining an equity protection strategy. The Scheme benefitted from these decisions and performed well over the first quarter of 2020 and avoided the significant market falls resulting from Covid-19. The performance of the matching assets along with the rest of the diversified portfolio and other protection strategies meant the Scheme outperformed the liability benchmark over this turbulent market period.

Over the 5 year period, the return of the portfolio relative to the liability proxy has been 1.7% per annum.

The Scheme's well diversified investment policy has resulted in investment performance that has ensured consistent funding level improvements and done so with lower volatility than that experienced by many other pension schemes. The funding level improved during the year, increasing still during the market uncertainty in the Covid-19 due to the protection mentioned above.

Since year end the funding level has improved further.

Defined Contribution Section

The investment return of the funds available via Standard Life over the period to June 2019 when assets were transferred to the Crown Packaging Section of the Aon MasterTrust is not available.

Marketability of investments

As at 31 March 2020, approximately 7% of the Scheme's assets were not readily realisable within 12 months. This is broken down into the following asset classes:

	31 March 2020	%
Private equity	£39.8m	1.7
Infrastructure	£17.6m	0.8
Alternative credit	£96.2m	4.2
Property	£0.7m	0.0
Alternative betas	£5.1m	0.2

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.

Covid-19

Since the end of the Scheme year, scheduled and additional governance meetings continued to be held (remotely) to carefully monitor the operational and funding impact of the Covid-19 pandemic to the Scheme. The Trustee is pleased to confirm that its Business Continuity Plan and those of its suppliers were found to be robust and that the funding level held up well.

Trustee's annual report (continued)

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.

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
17 September 2020

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 2020, 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 Trustee's report and financial statements, which comprise: the statement of net assets available for benefits as at 31 March 2020; 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 other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

Independent Auditor’s Report (continued)

Reporting on other information

The other information comprises all the information in the Trustee’s report and financial statements 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.

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 in accordance with the applicable framework 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
17 September 2020

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 September 2025.

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. From 1 January 2023 to 30 September 2025, Employers will pay deficit contributions each month of an amount 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.

3. Employers will also pay £12,000 per month as an allowance towards expenses (excluding Pension Protection Levies) from 1 April 2019.

4. Expenses (including Pension Protection Levy invoices) will be met directly from the resources of the Scheme. However, the Employers will pay the invoiced amounts of Pension Protection Levy invoices to the Scheme in addition to any other contributions due under this schedule.

5. Due date for payment of contributions: all contributions 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.

6. 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 2022.

7. 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 or required under the Scheme's Trust Deed and Rules.

8. 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 2019 actuarial valuation).

Agreed on behalf of the Employers:

Signed:

Name: John Beardsley

Authorised signatory, CarnaudMetalbox Group UK Limited

Date: 20 December 2019

Agreed on behalf of the Trustee to the Scheme

Signed:

Name: Gary Fishlock

Director, Metal Box Pension Trustees Limited

Date: 20 December 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 2019 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 20 December 2019.

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: 20 December 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 2019 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 20 December 2019.

Adam N Boyes
Fellow of the Institute and Faculty of Actuaries
20 December 2019

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

Fund Account
For the year ended 31 March 2020

	Note	DB Section Year to 31 March 2020 (£000)	DC Section Year to 31 March 2020 (£000)	Total Year to 31 March 2020 (£000)	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)
Contributions and benefits							
Contributions receivable:	4						
Employer contributions		199	-	**199**	2,573	6,200	**8,773**
Employee contributions		-	-	**-**	167	150	**317**
Total contributions		199	-	**199**	2,740	6,350	**9,090**
Transfers in	5	2,433	-	**2,433**	4,187	-	**4,187**
		2,632	-	**2,632**	6,927	6,350	**13,277**
Benefits paid or payable	6	96,250	94	**96,344**	98,120	241	**98,361**
Payments to and on account of leavers	7	6	-	**6**	-	-	**-**
Transfers out	8	233,129	49,940	**283,069**	72,470	960	**73,430**
Administrative expenses	9	3,065	-	**3,065**	2,401	-	**2,401**
		332,450	50,034	**382,484**	172,991	1,201	**174,192**
Net (withdrawals) / additions from dealings with members		(329,818)	(50,034)	**(379,852)**	(166,064)	5,149	**(160,915)**
Returns on investments							
Investment income	10	36,857	-	**36,857**	35,590	-	**35,590**
Change in market value of investments	12	185,842	1,042	**186,884**	105,496	2,266	**107,762**
Investment management expenses	11	(14,037)	-	**(14,037)**	(12,090)	-	**(12,090)**
Net returns on investments		208,662	1,042	**209,704**	128,996	2,266	**131,262**
Net (decrease) / increase in the fund during the year		(121,156)	(48,992)	**(170,148)**	(37,068)	7,415	**(29,653)**
Opening net assets of the Scheme		**2,393,119**	**49,142**	**2,442,261**	**2,430,187**	**41,727**	**2,471,914**
Transfers between sections		150	(150)	**-**	-	-	**-**
Closing net assets of the Scheme		**2,272,113**	**-**	**2,272,113**	**2,393,119**	**49,142**	**2,442,261**

The notes on pages 18 to 38 form part of these financial statements.

Statement of Net Assets available for benefits
As at 31 March 2020

	Note	DB Section As at 31 March 2020 (£000)	DC Section As at 31 March 2020 (£000)	Total As at 31 March 2020 (£000)	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)
Investment assets:							
Equities	12	1	-	**1**	2	-	**2**
Bonds	12	1,376,206	-	**1,376,206**	1,384,497	-	**1,384,497**
Pooled investment vehicles	13	941,562	-	**941,562**	1,067,515	48,991	**1,116,506**
Derivatives	14	410,985	-	**410,985**	247,101	-	**247,101**
Cash	12	168,438	-	**168,438**	104,810	-	**104,810**
Other investment balances	12	6,000	-	**6,000**	6,736	-	**6,736**
Amounts receivable under reverse repurchase agreements	19	72,500	-	**72,500**	-	-	**-**
		2,975,692	-	**2,975,692**	2,810,661	48,991	**2,859,652**
Investment liabilities:							
Derivatives	14	(310,314)	-	**(310,314)**	(131,808)	-	**(131,808)**
Other investment balances	12	(31,561)	-	**(31,561)**	(3,577)	-	**(3,577)**
Amounts due under short sold bonds	12	(73,202)	-	**(73,202)**	-	-	**-**
Amounts due under repurchase agreements	19	(291,978)	-	**(291,978)**	(282,494)	-	**(282,494)**
		(707,055)	-	**(707,055)**	(417,879)	-	**(417,879)**
Total net investments		2,268,637	-	**2,268,637**	2,392,782	48,991	**2,441,773**
Current assets	22	8,128	-	**8,128**	4,095	455	**4,550**
Current liabilities	23	(4,652)	-	**(4,652)**	(3,758)	(304)	**(4,062)**
		3,476	-	**3,476**	337	151	**488**
Total net assets – available for benefits		**2,272,113**	**-**	**2,272,113**	**2,393,119**	**49,142**	**2,442,261**

The notes on pages 18 to 38 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets available for benefits 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 actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the report on actuarial liabilities on pages 6 and 7 of the Trustees' Report and these financial statements should be read in conjunction with this report.

The financial statements on pages16 to 38 were approved by the Board of Directors on 17 September 2020.

G Fishlock

} **Directors**

P Browett

Notes (forming part of the Financial Statements)
For the year ended 31 March 2020

1. Identification of the financial statements

The Metal Box Pension Scheme (the "Scheme") is established as a trust under English law. The address for enquiries to the Scheme is: The Metal Box Pension Scheme, Equiniti, Sutherland House, Russell Way, Crawley, RT10 1UH, or send by email to metalboxpensions@equiniti.com.

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 offered both defined benefit and defined contribution benefits to the employees of the participating employers listed on page 3. Both sections of the Scheme (Defined Benefit and Defined Contribution) closed to future accrual on 31 March 2019. Benefits in the DC Section were transferred in bulk to the Crown Packaging Section of the Aon MasterTrust in June 2019.

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. Basis of preparation

The financial statements 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 (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ('FRS 102') and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised June 2018) ('the SORP').

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustees have adopted the revised SORP the first time in these financial statements. The adoption of the revised SORP has had no material impact on these 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.

Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

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 2020, 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.

3. Accounting policies (continued)

Investments (continued)

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.

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.

3. Accounting policies (continued)

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.

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.

Where the Trustees agree or are required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member’s benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits.

Administrative Expenses

Administrative expenses are accounted for on an accruals basis.

Transfers In and Out

Transfers received from the Metal Box AVC Plan and Crown Packaging Section of the Aon MasterTrust 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 an accruals basis on the date the trustees of the receiving scheme accept the liability. In the case of individual transfers, this is normally when the payment of the transfer value is made.

4. Contributions

	DB Section Year to 31 March 2020 (£000)	DC Section Year to 31 March 2020 (£000)	Total Year to 31 March 2020 (£000)	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)
Employer						
Normal	144	-	**144**	136	2,494	**2,630**
Ordinary salary exchange	-	-	**-**	1,137	3,645	**4,782**
Additional salary exchange	-	-	**-**	365	-	**365**
Extra contributions in respect of DC members	-	-	**-**	893	-	**893**
Special	11	-	**11**	-	61	**61**
PPF Levy re-imbursement	44	-	**44**	42	-	**42**
	199	-	**199**	2,573	6,200	**8,773**
Employee:						
Ordinary	-	-	**-**	124	150	**274**
Additional	-	-	**-**	43	-	**43**
	-	-	**-**	167	150	**317**
	199	**-**	**199**	**2,740**	**6,350**	**9,090**

In late 2017, the Company paid in advance the contributions due to the Scheme between 1 January 2018 and 31 December 2022 amounting to £181.1m, instead of making monthly payments (deficit recovery and future service) over the following 5 years.

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.

The PPF Risk Based Levy paid from the Scheme in September 2019 was £44,449 (October 2018: £41,550) 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 2020 (£000)	DC Section Year to 31 March 2020 (£000)	Total Year to 31 March 2020 (£000)	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)
Individual transfers in from other schemes:						
Metal Box AVC Plan	1,861	-	**1,861**	4,187	**-**	**4,187**
Aon MasterTrust	572	-	**572**	-	-	**-**
	2,433	**-**	**2,433**	**4,187**	**-**	**4,187**

Transfers in are from savings made to the Metal Box AVC Plan which were transferred in bulk to the Crown Packaging Section of the Aon MasterTrust on 18 July 2019) in respect of retiring Scheme members who have selected this option.

6. Benefits paid or payable

	DB Section Year to 31 March 2020 (£000)	DC Section Year to 31 March 2020 (£000)	Total Year to 31 March 2020 (£000)	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)
Pensions	89,702	-	**89,702**	89,709	-	**89,709**
Commutations and lump sum retirement benefits	6,297	86	**6,383**	7,846	166	**8,012**
Purchase of annuities	-	-	**-**	-	67	**67**
Lump sum death benefits	145	8	**153**	433	8	**441**
Taxation where annual allowance exceeded	106	-	**106**	132	-	**132**
	96,250	**94**	**96,344**	**98,120**	**241**	**98,361**

7. Payments to and on account of leavers

	DB Section Year to 31 March 2020 (£000)	DC Section Year to 31 March 2020 (£000)	Total Year to 31 March 2020 (£000)	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)
Refunds to members leaving service and opting out	6	-	**6**	-	-	**-**

Refunds amounting to £5,538 (2019: £nil) paid from the DB Section were State Scheme Premiums due in respect of historic payments.

8. Transfers out

	DB Section Year to 31 March 2020 (£000)	DC Section Year to 31 March 2020 (£000)	Total Year to 31 March 2020 (£000)	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)
Individual transfers to other schemes	7,001	742	**7,743**	35,712	960	**36,672**
Individual enhanced transfers to other schemes	226,128	-	**226,128**	36,758	-	**36,758**
Bulk transfer to Aon MasterTrust	-	49,198	**49,198**	-	-	**-**
	233,129	**49,940**	**283,069**	**72,470**	**960**	**73,430**

During the year, enhanced transfer values (ETV) were made available to certain members. This ETV exercise was run in three phases. The amounts shown above relate to the third phase which commenced at the end of August 2019.

The bulk transfer of £49,198,032 (2019: £nil), is the value of all policies held by Standard Life for members of the Metal Box Pension Scheme DC Section transferred to the Crown Packaging Section of the Aon MasterTrust. The bulk transfer took place in June 2019.

9. Administrative expenses

	DB Section Year to 31 March 2020 (£000)	DC Section Year to 31 March 2020 (£000)	Total Year to 31 March 2020 (£000)	DB Section Year to 31 March 2019 (£000)	DC Section Year to 31 March 2019 (£000)	Total Year to 31 March 2019 (£000)
Administration and processing	1,015	-	**1,015**	910	-	**910**
Trustee remuneration & expenses	178	-	**178**	187	-	**187**
Actuarial fees	1,197	-	**1,197**	687	-	**687**
Legal and other professional fees	535	-	**535**	476	-	**476**
Audit fees	50	-	**50**	53	-	**53**
PPF & other levies	90	-	**90**	88	-	**88**
	3,065	-	**3,065**	**2,401**	-	**2,401**

10. Investment income

	DB Section	DC Section	Total	DB Section	DC Section	Total
	Year to 31 March 2020 (£000)	Year to 31 March 2020 (£000)	Year to 31 March 2020 (£000)	Year to 31 March 2019 (£000)	Year to 31 March 2019 (£000)	Year to 31 March 2019 (£000)
Dividends from equities	(66)	-	**(66)**	644	-	**644**
Income from bond securities	17,843	-	**17,843**	15,704	-	**15,704**
Income from pooled investment vehicles	16,917	-	**16,917**	13,329	-	**13,329**
Charges on repurchase agreements	(3,813)	-	**(3,813)**	(2,572)	-	**(2,572)**
Charges on collateral cash held	(684)	-	**(684)**	(335)	-	**(335)**
Interest on credit default swaps	6,071	-	**6,071**	8,171	-	**8,171**
Interest on cash deposits	589	-	**589**	649	-	**649**
	36,857	-	**36,857**	**35,590**	-	**35,590**

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.

11. 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 2020 (£000)	Year to 31 March 2020 (£000)	Year to 31 March 2020 (£000)	Year to 31 March 2019 (£000)	Year to 31 March 2019 (£000)	Year to 31 March 2019 (£000)
Investment managers fees	12,031	-	**12,031**	10,073	-	**10,073**
Investment consultancy	1,960	-	**1,960**	1,979	-	**1,979**
Custody	173	-	**173**	157	-	**157**
Investment committee costs	46	-	**46**	48	-	**48**
Fund of hedge funds fee rebates	(173)	-	**(173)**	(167)	-	**(167)**
	14,037	-	**14,037**	**12,090**	**-**	**12,090**

Total investment managers fees including those charges absorbed within unit price and market value changes have been estimated by Messrs Willis Towers Watson for 2020 at £15.326 million (2019: £10.446 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.

12. Reconciliation of investments

Changes in investments	Market Value as at 1 April 2019 (£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 2020 (£000)
Defined Benefit Section					
Equities	**2**	-	(39)	38	**1**
Bonds	**1,384,497**	95,099	(184,875)	81,485	**1,376,206**
Pooled investment vehicles	**1,067,515**	684,594	(808,664)	(1,883)	**941,562**
Derivatives	**115,293**	66,630	(187,454)	106,202	**100,671**
	2,567,307	**846,323**	**(1,181,032)**	**185,842**	**2,418,440**
Cash	**104,810**				**168,438**
Other investment balances	**(279,335)**				**(318,241)**
	2,392,782				**2,268,637**
Defined Contribution Section					
Pooled investment vehicles	**48,991**	**-**	**(50,033)**	**1,042**	**-**

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 were designated to members.

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

12. Reconciliation of investments (continued)

Cash and other investment balances

	DB Section As at 31 March 2020 (£000)	DC Section As at 31 March 2020 (£000)	Total As at 31 March 2020 (£000)	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)
Cash and other investment assets						
Cash balances - UK	103,525	-	**103,525**	35,424	-	**35,424**
Cash balances - overseas	3,390	-	**3,390**	41,950	-	**41,950**
Cash balances - margins	35,837	-	**35,837**	800	-	**800**
Amounts due from brokers	25,686	-	**25,686**	26,636	-	**26,636**
Tax receivable	27	-	**27**	36	-	**36**
Investment income accrued	5,973	-	**5,973**	6,700	-	**6,700**
Reverse repos	72,500	-	**72,500**	-	-	**-**
	246,938	-	**246,938**	**111,546**	-	**111,546**
Other investment liabilities						
Repos	(291,978)	-	**(291,978)**	(282,494)	-	(282,494)
Short sold bonds	(73,202)	-	**(73,202)**	-	-	**-**
Investment charges accrued	(1,219)	-	**(1,219)**	(869)	-	(869)
Cash balances - margins	(30,342)	-	**(30,342)**	(2,708)	-	(2,708)
	(396,741)	**-**	**(396,741)**	**(286,071)**	**-**	**(286,071)**
Total net cash and other investment balances	**(149,803)**	-	**(149,803)**	**(174,525)**	-	**(174,525)**

Transaction costs

Transaction costs within the DB Section incurred in the year all related to equity and amounted to £nil (2019: £281,000). 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.

13. 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 2020 (£000)	Value as at 31 March 2020 (£000)	Value as at 31 March 2020 (£000)	Value as at 31 March 2019 (£000)	Value as at 31 March 2019 (£000)	Value as at 31 March 2019 (£000)
Equities	453,755	-	453,755	468,000	24,176	492,176
Bonds	118,061	-	118,061	75,905	5,127	81,032
Fund of hedge funds	173,792	-	173,792	282,682	-	282,682
Property	48,895	-	48,895	52,195	1,906	54,101
Private equity	134,201	-	134,201	166,877	-	166,877
Diversified growth	-	-	-	-	16,343	16,343
Money market	-	-	-	-	1,439	1,439
Cash	12,858	-	12,858	21,856	-	21,856
	941,562	**-**	**941,562**	**1,067,515**	**48,991**	**1,116,506**

14. 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 2020 (£000)	Value as at 31 March 2020 (£000)	Value as at 31 March 2019 (£000)	Value as at 31 March 2019 (£000)
Futures	-	6,577	3,502	-
Options – OTC	21,443	21,443	5,859	1,067
Swaps – OTC	385,301	248,515	226,393	129,700
Forward foreign currency contracts – exchange traded	4,241	33,779	11,347	1,041
	410,985	**310,314**	**247,101**	**131,808**

15. 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 2020 (£000)	Liabilities Value as at 31 March 2020 (£000)
2020				
Bonds - US Dollar	**(101,821)**	June 2020	**-**	**6,577**
2019	**261,796**		**3,502**	**-**

16. 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 2020 (£000)	Liabilities Value as at 31 March 2020 (£000)
Purchased Puts - OTC:				
USD	7	3 Months	4,536	4,536
USD	14	6 Months	11,358	11,358
USD	9	1 Year	2,733	2,733
USD	3	2 Years	2,816	2,816
Total 2020			**21,443**	**21,443**
Total 2019			**5,859**	**1,067**

17. 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 2020 (£000)**	**Value as at 31 March 2020 (£000)**
LGIM	Inflation	247,705	30/09/2062	101,532	110,803
LGIM	Interest rate	957,200	30/09/2067	257,894	137,712
LGIM	Total return	183,722	21/09/2022	25,875	-
Total 2020				**385,301**	**248,515**
Total 2019				**342,091**	**245,398**

18. 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 2020 (£000)**	**Value as at 31 March 2020 (£000)**
Forward FX - Euro	Within 6 Months	£35,064,385	€38,102,716	606	721
Forward FX - USD	Within 6 Months	£1,088,226,781	$1,329,777,099	3,635	33,058
Total 2020				**4,241**	**33,779**
Total 2019				**11,347**	**1,041**

19. Repurchase and reverse repurchase agreements

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.

Open repos

	Value as at 31 March 2020 (£000)	Value as at 31 March 2019 (£000)
Amounts receivable under reverse repurchase agreements	72,500	-
Amounts payable under repurchase agreements	(291,978)	(282,494)
	(219,478)	**(282,494)**

Bonds with a fair value of £304,385,748 have been sold subject to repurchase contracts and therefore continue to be recognised in the financial statements (2019: £288,929,430). There are 16 (2019: 12) repurchase agreements, with maturity dates between April 2020 and 20 January 2021.

Bonds with a fair value of £73,648,012 received as collateral in respect of reverse repurchase agreements are not recognised in the financial statements (2019: nil). There are 4 (2019: none) reverse repurchase agreements, with maturity dates between April 2020 and January 2021.

20. 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 2020	Level 1 (£000)	Level 2 (£000)	Level 3 (£000)	2020 Total (£000)
Defined Benefit Section				
Equities	1	-	-	**1**
Bonds	-	1,376,204	2	**1,376,206**
Pooled investment vehicles	-	586,565	354,997	**941,562**
Derivatives	(36,114)	-	136,785	**100,671**
Cash & other investment balances	142,877	(292,680)	-	**(149,803)**
	106,764	1,670,089	491,784	**2,268,637**
Defined Contribution Section				
Pooled investment vehicles	-	-	-	-
	106,764	**1,670,089**	**491,784**	**2,268,637**

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	107,969	(282,494)	-	**(174,525)**
	121,779	1,740,420	530,583	**2,392,782**
Defined Contribution Section				
Pooled investment vehicles	-	48,991	-	**48,991**
	121,779	**1,789,411**	**530,583**	**2,441,773**

Investments reported under Level 3 are included at fair value based on values estimated by the underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market data. Some of the classifications in the above table have been amended from the 2019 financial statements following additional guidance in the new 2018 SORP.

21. Investment risks

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.

To meet the primary investment objective, the Trustee aims to achieve a 100% funding level on its Long-Term Funding Target (a Gilts +0.25% pa liability basis) between September 2024 and March 2026.

The investment objective of the Scheme is to generate returns above the Long-Term Funding Target liabilities. The Trustee has agreed an initial return target with effect from 1 April 2020 of Gilts +1.3% pa as part of its plan to achieve its objective.

In seeking to achieve this objective, the Trustee is prepared to run the investment risk level commensurate with a one-in-twenty chance of the funding level falling between 4-7% in any one year. Should the return target and risk limit conflict, the Trustee will review the investment strategy and Journey Plan to determine an appropriate course of action.

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	2020 Value (£000)	2019 Value (£000)
Equities	○	◐	◐	●	**1**	**2**
Bonds	◐	◐	●	●	**1,376,206**	**1,384,497**
Pooled investment vehicles	◐	◐	◐	●	**941,562**	**1,067,515**
Derivatives	●	◐	●	●	**100,671**	**115,293**
Cash & other investment balances	●	◐	○	◐	**(149,803)**	**(174,525)**
Total DB section investments					**2,268,637**	**2,392,782**

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

21. 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.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated Baa3 or higher by Moody's.

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.

Direct 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 Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

A summary of pooled investment vehicle by type of arrangement is as follows:

Legal Nature of Pooled Arrangements	2020	2019
Unit Linked Insurance Contract	62,157	93,846
Authorised Unit Trust	663	1,893
Common Contractual Fund	102,650	133,831
Open ended Investment Company	451,458	472,411
Limited Liability Partnership	288,832	323,893
Luxembourg SICAV	35,803	41,640
Grand Total	**941,562**	**1,067,515**

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 2020 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.

21. Investment risks (continued)

(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.

(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. Short equity futures were introduced in February 2020 to protect the Scheme's funding level (because it was ahead of plan) against potential market falls. In March 2020, the equity options position was closed, locking in profits following falls in equities over Q1 2020.

In relation to impacts of Covid-19 on the Scheme, some further information is provided below

- Investment valuations: The impacts of Covid-19 on investment valuations are likely to be accurately reflected in the 31 March statements. When the reports and accounts are published in the latter part of 2020, most, if not all valuations from illiquid managers will be as at 31 March 2020, therefore capturing any performance impacts over the first quarter of 2020.
- Funding position: Given the short equity futures position that the Scheme introduced in February 2020, alongside other protections, meant the funding level of the Scheme was largely protected from the market impacts of Covid-19 over the first quarter of 2020.
- Liquidity position – the liquidity position of the Scheme has not been materially impacted from the effects of Covid-19. Given the Scheme is undergoing de-risking, the Scheme's liquidity is increasing.
- Contributions – the Scheme was not scheduled to receive any deficit reduction contributions in the Scheme year until the date of these accounts.

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 met 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 monitored the performance of the available funds quarterly.

The DC Section's assets were 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 invested in a wide range of investments through a number of underlying investment managers who in turn, invest in underlying funds. These underlying funds held various investments, known as the underlying investments.

The DC Section was subject to direct credit risk in relation to Standard Life Assurance Limited through its holdings in unit linked insurance funds. The DC Section was 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, could be found on the Scheme website. Employees could also obtain information about the available funds by calling Standard Life on 0345 278 5641.

21. Investment risks (continued)

(i) Credit risk

All assets of the DC Section were 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 carried out due diligence checks on the appointment of the investment platform and new investment managers and monitored 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 was 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 have been 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 were 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 was 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.

All funds were 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 were 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

21. Investment risks (continued)

(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 were 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 managed 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 were 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 managed 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.

22. Current assets

	DB Section As at 31 March 2020 (£000)	DC Section As at 31 March 2020 (£000)	Total As at 31 March 2020 (£000)	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)
Cash at bank	8,128	-	**8,128**	3,791	-	**3,791**
Cash at bank - designated to members	-	-	**-**	-	455	**455**
Other debtors - not designated to members	-	-	**-**	304	-	**304**
	8,128	**-**	**8,128**	**4,095**	**455**	**4,550**

23. Current liabilities

	DB Section As at 31 March 2020 (£000)	DC Section As at 31 March 2020 (£000)	Total As at 31 March 2020 (£000)	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)
Unpaid benefits - not designated to members	1,163	-	**1,163**	1,438	-	**1,438**
Accrued expenses	2,502	-	**2,502**	1,242	-	**1,242**
Other creditors - not designated to members	11	-	**11**	57	304	**361**
Tax due on pensions	976	-	**976**	1,021	-	**1,021**
	4,652	**-**	**4,652**	**3,758**	**304**	**4,062**

24. 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 2020 (£000)	DC Section As at 31 March 2020 (£000)	Total As at 31 March 2020 (£000)	DB Section As at 31 March 2019 (£000)	DC Section As at 31 March 2019 (£000)	Total As at 31 March 2019 (£000)
Legal & General Collateral:						
Government Bonds	16,369	-	16,369	43,031	-	**43,031**
Cash and accrued income	121,931	-	121,931	75,854	-	**75,854**
Total	**138,300**	**-**	**138,300**	**118,885**	**-**	**118,885**

25. 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 2020 (2019: less than 0.1%) through the Scheme's pooled fund arrangements.

26. Commitments

Commitments for investment in Private Equity Funds of Funds that have not yet been called for at 31 March 2020 amounted to £15.8m (2019: £17.8m). Commitments for investment in the Global Infrastructure funds that have not yet been called for at 31 March 2020 amounted to £4.1m (2019: £3.9m). Commitments for investment in commercial real estate debt that have not yet been called for amounted to £13.6m (2019: £15.1m).

27. Related party transactions

Key Management Personnel
Trustee costs paid from the Scheme during the year amounted to £224,000 (2019: £235,000). 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 9 & 11 respectively.

Neil Davis, a Pensioner nominated Trustee Director (MND) is in receipt of a pension from the Scheme, in accordance with the Scheme rules. Peter Young (MND) commenced receipt of a pension from the Scheme following the Scheme year end.

All related party transactions were conducted at arm's length.

28. 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 the equalisation requirements in respect of benefits earned between May 1990 and April 1997 for both men and women, 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 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.

29. Subsequent events

As stated at Note 8 Transfers out, the third Enhanced Transfer Value exercise (ETV) commenced August 2019. The exercise completed in May 2020 with a total of £79,970,000 paid following the 31 March 2020 year end.

The impact of Covid-19 has caused volatility and uncertainty across investment markets globally. The Trustees, in consultation with its advisers, will continue to monitor the economic impact going forward on the Scheme. For the purposes of these financial statements Covid-19 and its economic effects will be treated as an ongoing non-adjusting post balance sheet event.

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 2020 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 February 2019 and 20 December 2019.

We have examined Metal Box Pension Scheme's summary of contributions for the Scheme year ended 31 March 2020 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
17 September 2020

Summary of contributions payable to the Scheme for the year ended 31 March 2020

The contributions payable to the Scheme as required by the schedule of contributions for the Scheme year ended 31 March 2020 were as follows:-

	Year to 31 March 2020 Employee (£000)	Year to 31 March 2020 Employer (£000)	Year to 31 March 2020 Total (£000)
Required by the schedule of contributions			
Normal Contributions - DB Section	-	144	144
Special Contributions - DB Section	-	11	11
PPF Levy re-imbursement – DB Section	-	44	44
Total required by Schedule of Contributions	**-**	**199**	**199**

Signed on behalf of the Trustee:

G Fishlock

Directors

P Browett

17 September 2020