Registered number: 00082196

Sonoco Limited

Annual Report and Financial Statements

for the year ended 31 December 2016

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Sonoco Limited
Annual Report and Financial Statements
for the year ended 31 December 2016

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Sonoco Limited

Directors and advisers for the year ended 31 December 2016

Directors
T Nash
A Clayton
R Carroll
C Beck
A Wood
H Rees

Company secretary
H Rees

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors
DWF LLP
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

Bankers
Deutsche Bank AG
Global Banking Division
6 Bishopsgate
London
EC2N 4DA

Registered office
Station Road
Milnrow
Rochdale
Lancashire
OL16 4HQ

Registered number
00082196

Strategic report for the year ended 31 December 2016

Strategic report for the year ended 31 December 2016
The directors present their strategic report on the Company for the year ended 31 December 2016.

Principal activities
The principal activity of the Company is the conversion of materials for the packaging industry and brand/data management services.

Review of business and future developments
The Company now consists of two rigid paper container plants (RPP) in Bradford and Chesterfield, and "Trident" which is a brand and data management services business headquartered in Hull with operations in Nottingham. During 2016 the RPP operations were consolidated from three plants to two plants and the Manchester operation was closed and demolished in March 2017.

RPP
Traditionally, the company consisted of two rigid paper container plants (RPP) in Manchester and Chesterfield. In November 2014 Sonoco Germany acquired Weidenhammer Packaging which had a UK facility in Bradford. As a result of this acquisition Sonoco Limited announced the closure of the Manchester site in November 2015 with a closure date of March 2017 (ceased operations & trading June 2016). Restructuring costs have been analysed within note 5. Also, on the 31 December 2015, Sonoco Limited acquired from the Sonoco group the trade and assets of Weidenhammer UK Ltd at local book value. The results for the financial year include approximately £13m of sales contributed by the former Weidenhammer UK Ltd operation

UK market conditions remained tough although commodity prices were stable during the year which has helped improve the overall underlying profitability of the business. Sales fell by £1.4m mainly due to one major customer who converted part of their portfolio to an alternative packaging solution. Despite the fall in sales profitability improved by £805k mainly attributable to a reduction in fixed overheads and central recharges for the parent company. Profitability will continue to improve in the coming years due to the acquisition and closure of the Manchester plant.

Trident
The division saw a further fall in sales from £15.9 million to £14.6 million, an 8.2% reduction. However, building on last year's cost reduction and productivity measures, profitability grew £873k in the year. The emphasis on reducing costs is being maintained, but resources are now also targeted on sales growth. Consequently, 2017 is expected to generate further increases in both sales and EBIT.

Non-financial Risks
There are frequent regulative changes, alongside environmental and food contracts alerts which the Company has to keep abreast of and the Company leads the way with excellent knowledge centres, functional experts, R&D facilities in the US and scientists in Europe. As a result, we do not foresee any significant non-financial risks in the UK.

Financial risk management
The Company's operations expose it to a variety of financial risks that include foreign exchange risk, interest rate risk and credit risk.

Foreign exchange Risk

Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Sterling. Significant group transactions in foreign currencies are managed by placing foreign exchange contracts with a fellow group company, Sonoco Europe Brussels.

Sonoco Limited

Strategic report for the year ended 31 December 2016 (continued)

Interest Rate Risk

All of the Company's funding is provided via a cashpool facility or intergroup loans from Sonoco Europe Brussels. Interest rate risk includes exposure to changes in the UK Base Rate and LIBOR as interest rates are variable.

Credit Risk

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed by the Board. The Board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken.

Employee Communication

Annually, the production facilities undergo wage negotiations at which point the financial performance and other influential factors are shared with representative employees. In addition, noticeboards are updated monthly with many KPIs which include the monthly profit or loss for the current and past years in addition to the budget for the year. Other KPIs include measures the employee can feel accountable for such as production efficiency, scrap/waste, administrative productivity and working capital measures.

Key performance indicators ("KPIs")

The Company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy by reference to a number of KPIs.

KPI	2016	2015
Growth (Units)	250M	254M
Contribution (Consumer)	25.6%	20.0%
Contribution (Trident)	40.2%	36.2%
Working Capital Cash to Cash (Days)	112	115

By order of the Board

H Rees
Secretary
29 September 2017

Directors' report for the year ended 31 December 2016

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

Business Review, KPIs and Future Development
A review of the business, an overview of the company's KPIs and indication of the likely future development of the business is included in the Strategic Report on page 2.

Political donations
There were no political donations during the financial year (2015: nil).

Dividends
The directors do not recommend the payment of a dividend (2015: nil).

Financial risk management
Financial risk management is described in the Strategic Report on pages 2 and 3.

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

D Collins
T Nash
A Clayton
R Carroll
C Beck
A Wood
H Rees

On the 19th of January 2017 D Collins resigned as director & company secretary and H Rees was appointed as director and company secretary.

Directors' indemnities
The Company maintained throughout the year and the date of approval of the financial statements, liability insurance for its directors and officers. This is a third party qualifying provision for the purposes of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

Directors' report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Equal Opportunities Policy
It is the Policy of Sonoco to provide equal employment opportunities without regard to race, colour, marital status, religion, sex, age, national or ethnic origin or disabled status. The Company will also take positive action to employ and advance disabled individuals who are qualified. This Policy relates to all phases of employment, including but not limited to, recruitment, employment, promotion or demotion, transfer, layoff, redundancy and termination, rates of pay or other forms of compensation and selection for training and the use of all facilities.

Research and development
The Company utilises the Group dedicated Research and Development facilities in the USA.

Statement of disclosure of information to auditors
In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

H Rees
Director
29 Sep 2017
Registered number: 00082196

Independent auditors' report to the members of Sonoco Limited

Report on the financial statements

Our opinion

In our opinion, Sonoco Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Independent auditors' report to the members of Sonoco Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

Independent auditors' report to the members of Sonoco Limited (continued)

What an audit of financial statements involves (continued)

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

PricewaterhouseCoopers LLP

Philip Storer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 September 2017

Sonoco Limited

Statement of comprehensive income for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	1	**47,131**	36,976
Cost of sales		**(39,763)**	(32,684)
Gross profit		**7,368**	4,292
Distribution costs		**(1,425)**	(1,269)
Administrative expenses		**(4,237)**	(3,808)
Operating profit/(loss)		**1,706**	(785)
Exceptional costs	5	**(1,580)**	(3,623)
Net interest payable and similar charges	4	**(351)**	(870)
Loss before taxation	5	**(225)**	(5,278)
Tax on loss	6	**246**	-
Profit/(loss) for the financial year		**21**	(5,278)
Other comprehensive income:			
Actuarial gain on pension scheme	14	**3,004**	10,558
Other comprehensive income for the year, net of tax		**3,004**	10,558
Total comprehensive income for the year		**3,025**	5,280

All activities in the years shown above relate to continuing operations.

Sonoco Limited

Balance sheet as at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	7	**433**	523
Tangible assets	8	**21,540**	21,720
Investments	9	**169**	169
		22,142	22,412
Current assets			
Stocks	10	**3,497**	3,674
Debtors	11	**31,228**	38,809
Cash at bank and in hand		**640**	103
		35,365	42,586
Creditors: amounts falling due within one year	12	**(33,468)**	(73,320)
Net current assets/(liabilities)		**1,897**	(30,734)
Total assets less current liabilities		**24,039**	(8,322)
Retirement benefit obligations	14	**988**	(5,676)
		988	(5,676)
Net assets/(liabilities)		**25,027**	(13,998)
Capital and reserves			
Called up share capital	15	**36,016**	16
Accumulated losses		**(10,989)**	(14,014)
Total shareholders' funds/(deficit)		**25,027**	(13,998)

The financial statements on pages 9 to 33 were approved by the Board of Directors on 29 September 2017 and were signed on its behalf by:

H Rees
Director
Registered number: 00082196

Sonoco Limited

Statement of changes in equity for the year ended 31 December 2016

	Note	Called up Share capital £'000	Accumulated Losses £'000	Shareholders' (deficit)/funds £'000
Balance as at 1 January 2015		16	(19,294)	(19,278)
Loss for the financial year		-	(5,278)	(5,278)
Other comprehensive income for the year:				
Actuarial gain on pension scheme		-	10,558	10,558
Total comprehensive expense for the year		-	5,280	5,280
Balance as at 31 December 2015		16	(14,014)	(13,998)
Profit for the financial year			21	21
Other comprehensive income for the year:				
Shares issued in the year	15	36,000	-	36,000
Actuarial gain on pension scheme		-	3,004	3,004
Total comprehensive income for the year		36,000	3,025	38,923
Balance as at 31 December 2016		36,016	(10,989)	25,027

The Company's retained profits carried forward at 31 December 2016 include an amount of £1,923,000 which arose on the disposal of certain trade and assets to Sonoco Cores and Paper Limited during the year ended 31 December 2004 and is not available for distribution to shareholders.

Accounting policies for the year ended 31 December 2016

1 General information

Sonoco Limited is a private company limited by shares and is incorporated in England, United Kingdom. The address of its registered office is Station Road, Milnrow, Rochdale Lancashire, OL16 4HQ.

The principal activity of the Company is the conversion of materials for the packaging industry and brand/data management services.

2 Statement of compliance

The individual financial statements of Sonoco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Going concern

The going concern assumption is based on the company continuing to trade in the foreseeable future.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Sonoco Products Company which are publicly available.

Accounting policies for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

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

As a qualifying entity, the Company has taken advantage of the following exemptions:

(i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
(ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
(iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
(iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

(d) Group financial statements

The financial statements contain information about Sonoco Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included within the consolidated financial statements of Sonoco Products Company (incorporated in the United States of America) whose financial statements are prepared in a manner equivalent to the EU 7th Directive, and which are publicly available.

These financial statements are the Company's separate financial statements.

(e) Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(f) Turnover

Turnover represents the value of goods sold and services provided excluding value added tax. Turnover is recognised at the point of despatch of non-returnable goods to customers, or at the completion of the performance of services. Turnover is disclosed gross of carriage costs.

Accounting policies for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

(g) Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Defined benefit pension plan

Throughout the year, the United Kingdom group of companies operated a funded, defined benefit pension scheme (the Sonoco UK Retirement Benefits Plan (the 'Plan')). Most members contribute a proportion of salary to the Plan and all members are provided with benefits based on final pensionable salary. The assets of the Plan are held independently from the Company and are administered by the trustees. The Plan is subject to an actuarial valuation at regular intervals.

A full actuarial valuation of the scheme is prepared by independent professionally qualified actuaries every three years which are updated annually. The last full valuation was performed as at 1 January 2014. These valuations determine the level of contributions required to fund the benefits set out in the rules of the scheme and allow for the periodic increase in pensions in payment. Following the full adoption of section 28 of FRS 102, the regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year.

A credit representing the expected return on the assets of the scheme during the year is included within other finance expense. This is based on the market value of the assets of the scheme at the start of the financial year. A charge within other finance expense representing the expected increase in the liabilities of the scheme during the year is included within net interest. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet gross of deferred tax. Differences between actual and expected returns on assets during the year are recognised in the other comprehensive income in the year, together with differences arising from changes in assumptions.

h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Accounting policies for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

h) Taxation (continued)

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(iv) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Under the section 19 of FRS 102 (Business Combinations and Goodwill), goodwill arising on acquisitions has been capitalised and is being amortised over a period between 5 and 20 years, being the period expected to benefit.

Goodwill is made of 4 components:
The RPP division acquired Robinson's of Chesterfield in 2011. The order book acquired was valued at £206k and is being amortised over 10 years, the remaining £300k of goodwill is being amortised over 15 years. In 2011, RPP also acquired the order book of ABPS which is being amortised over 5 years. Finally, Trident acquired Image-Link in 2013, for £236k, which being amortised over 10 years.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The Company has taken transition exemption under paragraph 35.10(a) relating to business combinations on the date of transition to FRS 102 (1 January 2014) and have elected not to apply Section 19 (Business Combinations and Goodwill) to business combinations that were effected before its FRS 102 transition date.

3 Summary of significant accounting policies (continued)

(j) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	Over 40 years
Long leasehold land and buildings	Over the lease term
Plant and machinery	Over 4 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent additions and major components.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

(k) Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

ii) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

l) *Impairment of non-financial assets*

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

Accounting policies for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

l) Impairment of non-financial assets (continued)

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in profit or loss.

m) *Investments*

Investment in subsidiary company is held at historical cost less accumulated impairment losses.

n) Stocks and work in progress

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised. Estimated selling price is based on estimated selling price less further cost expected to be incurred to completion and disposal.

Cost is determined on the standard cost method and includes in the case of manufactured goods and work in progress, all direct expenditure and production overhead is based on the normal level of activity.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

p) Financial instruments

The Company has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments.

(v) Financial assets

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Accounting policies for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

p) Financial instruments (continued)

(vi) Financial assets (continued)

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial Liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Accounting policies for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

p) Financial instruments (continued)

(vii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

q) Related party transactions

As the Company is a wholly owned subsidiary of Sonoco Products Company Inc, it has taken advantage of the exemption contained in 33.1A of FRS 102 and has therefore not disclosed details of transactions and balances with entities which form part of the Sonoco Products Company group.

r) Critical accounting judgement and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of stocks

The company makes an estimate of the recoverable value of stocks. When assessing impairment of stocks, management considers factors including the current ageing of the stocks held and the budgeted sales volumes in the next 12 months of certain products. See note 10 for the net carrying amount of the stocks and associated impairment provision.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Accounting policies for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

r) Critical accounting judgement and key source of estimation uncertainty

(iii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 14 for the disclosures relating to the defined benefit pension scheme.

s) Exceptional items

The company discloses exceptional items when they are individually regarded as one off items by both magnitude and nature.

t) Future amendments to FRS 102

Amendments to FRS 102 were issued in July 2015 as a result of changes in the EU-directives and UK Companies Regulation. The amendments are mandatory for periods beginning on or after 1 January 2016, with early adoption permitted for periods beginning on or after 1 January 2015 Entities will have to adopt and comply with all amendments if they elect to early adopt the Amendments to FRS 102 (issued in July 2015). None of these are expected to have a significant effect on the financial statements of the Company.

Sonoco Limited

Notes to the financial statements for the year ended 31 December 2016

1 Turnover

The Company has two significant classes of business, RPP which is involved in the conversion of materials and Trident, providing brand data management services.

	2016 £'000			2015 £'000		
	RPP	**Trident**	**Total**	RPP	Trident	Total
United Kingdom	**30,234**	**6,742**	**36,976**	19,521	7,325	26,846
Rest of Europe	**2,395**	**6,352**	**8,747**	1,338	7,503	8,841
America	**65**	**577**	**642**	167	600	767
Middle East	**-**	**79**	**79**	8	48	56
Australia and Far East	**-**	**687**	**687**	-	466	466
	32,694	**14,437**	**47,131**	21,034	15,942	36,976

2 Directors' remuneration

	2015 £'000	2014 £'000
Aggregate remuneration	**267**	257

	2015 £'000	2014 £'000
Highest-paid Director		
Aggregate remuneration	**135**	131

At 31 December 2016 there were retirement benefits accruing to 4 (2015: 4) Directors under the Sonoco UK Group's defined benefit pension scheme.

3 Employee information

The average monthly number of persons (including Executive Directors) employed by the Company during the year was:

	2016 Number	2015 Number
By activity		
Office and management	**357**	389
Manufacturing	**193**	154
	550	543

3 Employee information (continued)

	2016 £'000	2015 £'000
Staff costs (for the above persons)		
Wages and salaries	**13,251**	13,809
Social security costs	**1,324**	1,225
Other pension costs – defined benefit scheme (note 14)	**817**	575
Other pension costs – defined contribution scheme	**712**	677
	16,104	16,286

4 Net interest payable and similar charges

	2015 £'000	2015 £'000
Interest payable to other group companies	**(228)**	(280)
Interest on net defined benefit liability pension scheme liabilities	**(123)**	(590)
	(351)	(870)

5 Loss before taxation

	2015 £'000	2015 £'000
Loss on ordinary activities before taxation is stated after charging:		
Services provided by the Company's auditors:		
Fees payable for the audit	**64**	45
Fees payable for other services – tax compliance	**27**	15
Amortisation of goodwill and other intangibles	**90**	91
Depreciation charge for the year:		
Tangible owned fixed assets	**3,837**	2,170
Operating lease charges	**467**	363

Sonoco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

5 Loss before taxation (continued)

	2016 **£'000**	2015 £'000
Redundancies	1,096	3,144
Impairment of fixed assets	24	479
Demolition	70	-
Stock Write off	223	-
Ongoing expenses of closed site	147	-
Legal & Consulting	20	-
Total exceptional loss	**1,580**	**3,623**

The exceptional costs relate to two restructuring activities. Firstly, redundancies and impairment of certain assets held as part of the closure of the Manchester factory in 2015 due to the acquisition of the trade and assets of Weidenhammer UK Ltd. Secondly, redundancies relating to the closure of the Deeside office (part of the Trident business unit) which was a dedicated facility for a customer; this contract ended in the year and was not renewed by the customer.

6 Tax on loss

(a) Tax expense included in profit or loss	**2016** **£'000**	2015 £'000
Current tax:		
UK corporation tax on loss for the year	-	-
Adjustment in respect of prior years	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Impact of changes in tax rates	-	-
Adjustment in respect of prior years	(246)	-
Total deferred tax	(246)	-
Tax on loss	(246)	-

6 Tax on loss (continued)

(b) Tax expense/(income) included in other comprehensive income

	2016 £'000	2015 £'000
Current tax:	-	-
Deferred tax:		
- Origination and reversal of timing differences	273	-
- Impact of change in tax rate	(27)	-
Total tax expense included in other comprehensive income	246	-

(c) Reconciliation of tax charge

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Loss on ordinary activities before taxation	**(225)**	(5,278)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.00 % (2015: 20.25%)	**(45)**	(1,068)
Effects of:		
Expenses not deductible for tax purposes	**695**	116
Amounts unrecognised for deferred tax	**(377)**	474
Group relief surrendered	-	478
Tax rate changes	**(27)**	
Total tax charge	**246**	-

(d) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

7 Intangible assets

	Goodwill £'000
Cost	
At 1 January 2016	1,692
Additions	-
At 31 December 2016	**1,692**
Accumulated amortisation	
At 1 January 2016	1,169
Amortisation charge	90
At 31 December 2016	**1,259**
Net book value	
At 31 December 2016	**433**
At 31 December 2015	523

8 Tangible assets

	Freehold land and buildings	Plant and machinery	Construction in Progress	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2016	14,153	41,718	334	56,205
Additions	-	3,389	(334)	3,055
Acquisitions	-	-	-	-
Disposals	-	(18,158)	-	(18,158)
Transfer In	-	988	-	988
As at 31 December 2016	**14,153**	**27,937**	**-**	**42,090**
Accumulated depreciation				
At 1 January 2016	4,071	30,414	-	34,485
Charge for the year	84	3,653	-	3,737
Acquisitions	-	-	-	-
Disposals In Year	-	(18,134)	-	(18,134)
Transfer In	-	462	-	462
At 31 December 2016	**4,155**	**16,395**	**-**	**20,550**
Net book value				
At 31 December 2016	**9,998**	**11,542**	**-**	**21,540**
At 31 December 2015	10,082	11,304	334	21,720

The net book value of land and buildings comprises:

	2016	2015
	£'000	£'000
Freehold	**9,998**	10,082
	9,998	10,082

There is no material difference between the market value and book value of land, buildings, plant and machinery.

9 Investments

	Subsidiary undertakings £'000
Cost	
At 1 January 2016 and 31 December 2016	**169**

Details of subsidiary undertakings as at 31 December 2016, all of which are wholly owned, are as follows:

Name of Company	Country of incorporation	Description of shares held	Principal activity
Friarsgate Studios Limited	England and Wales	Ordinary £1 shares	Dormant
Corepak Limited	England and Wales	Ordinary £1 shares	Dormant

All subsidiaries are registered in England (Station road, Milnrow, Rochdale, OL16 4HQ)

The director's believe the carrying value of the investment is supportable by the underlying net assets of the related companies.

10 Stocks

	2016 £'000	2015 £'000
Raw materials and consumables	**2,249**	2,107
Finished goods and goods for resale	**1,248**	1,567
	3,497	3,674

The amount of stock recognised as an expense during the year was £16,913k (2015: £12,503k).

There is no material difference between the carrying amount of stock and the replacement cost.

The stock balance above is shown after a provision of £149k (2015: £213k).

11 Debtors

	2016 £'000	2015 £'000
Trade debtors	**15,966**	12,855
Amounts owed by group undertakings	**12,747**	24,385
Prepayments and accrued income	**2,515**	1,569
	31,228	38,809

At 31 December 2016 £7,533,000 (2015: £7,575,000) of the amounts owed by group undertakings are interest bearing. All of the outstanding amounts are repayable on demand.

The trade debtors balance above is shown after a provision of £109k (2015: £149k).

12 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**4,905**	3,617
Amounts owed to group undertakings	**25,361**	65,872
Other taxation and social security	**1,330**	706
Deferred tax liability	**-**	246
Accruals and deferred income	**1,872**	2,879
	33,468	73,320

At 31 December 2016 £22,794,000 (2015: £52,690,000) of the amounts owed to group undertakings are interest bearing. All of the outstanding amounts are repayable on demand.

13 Deferred taxation

	2016 £'000	2015 £'000
At 1 January	**(246)**	-
Amounts charged to statement of comprehensive income (note 6)	**246**	-
Acquired from Weidenhammer UK Ltd	-	(246)
At 31 December	-	(246)

	Total recognised liability		Total unrecognised asset	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Tax effect of timing differences because of:				
Capital allowances in excess of depreciation	-	(246)	**1,936**	1,605
Tax losses	-	-	**3,387**	3,480
Pension scheme	-	-	-	1,006
Short term timing differences	-	-	**(96)**	86
	-	(246)	5,227	6,177

Due to significant taxable losses in this and other group companies and the Company's continued commitment to eliminate the deficit on the Company pension scheme, it will be several years before the group is in a tax paying position. It is, therefore, prudent not to recognise the deferred tax asset amount at this point.

14 Pension obligations

Up to 31 December 2014, the United Kingdom group of companies operated a funded, defined benefit pension scheme (the Sonoco UK Retirement Benefits Plan (the 'Plan')). Most members contributed a proportion of salary to the Plan and all members are provided with benefits based on final pensionable salary. The plan was closed to future accrual as at 31 December 2014 and active members of the DB plan transferred to the company's Defined Contribution Plan whilst preserving their benefits and link to final salary in the DB plan. The assets of the Plan are held independently from the Company and are administered by the trustees. The Plan is subject to an actuarial valuation at regular intervals.

Sonoco Cores and Paper Limited, a related party, is a participant in the Plan. During the year, Sonoco Cores and Paper Limited's contribution amounted to £1,552,000 (2015: £1,552,000). This contribution has been credited to the statement of comprehensive income within operating profit.

Sonoco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

14 Pension obligations (continued)

The latest actuarial valuation using the projected unit basis was carried out at 31 December 2015 by a qualified independent actuary. The major assumptions used by the actuary were:

	2016	2015
Discount rate	**2.7%**	3.7%
Rate of increase in pensionable salaries	**3.8%**	3.6%
Inflation assumption	**3.3%**	3.1%

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member who retires in 2016 at age 65 will live on average for a further 21.7 years (2015: 21.1 years) after retirement if they are male and for a further 24.4 years (2015: 24.1 years) after retirement if they are female.

The assets are invested with Barclays Global Investors Limited and Schroder Investment Management Limited. The assets in the Plan (excluding AVCs) and the expected rates of return were:

	2016 Market value £'000	2015 Market value £'000
Equities	**83,692**	72,037
Index Linked Gilts	**94,795**	73,727
Other	**1,034**	1,109
Total	**179,521**	146,873

The following amounts were measured in accordance with the requirements of section 28 of FRS 102:

	2016 £'000	2015 £'000
Total market value of assets	**179,521**	146,873
Present value of plan liabilities	**(178,533)**	(152,549)
Net pension asset/(liability)	**988**	(5,676)

The entire surplus/(deficit) in the Plan relates to the obligations of Sonoco Limited. The above amounts have been recognised in these financial statements.

14 Pension obligations (continued)

Reconciliation of present value of scheme liabilities

	2016 £'000	2015 £'000
At the beginning of the year	**152,549**	168,797
Current service cost	**-**	-
Interest cost	**5,492**	5,611
Contributions paid by plan participants	**-**	-
Benefits paid	**(8,330)**	(7,572)
Actuarial loss/(gain)	**28,822**	(14,287)
At the end of the year	**178,533**	152,549

Reconciliation of fair value of plan assets

	2016 £'000	2015 £'000
At the beginning of the year	**146,873**	149,128
Expected return on pension scheme assets	**5,369**	5,021
Actuarial gain/(loss) on plan assets	**31,826**	(3,729)
Contributions paid by employer	**4,600**	4,600
Contributions paid by plan participants	**-**	-
Administration costs incurred	**(817)**	(575)
Benefits paid	**(8,330)**	(7,572)
At the end of the year	**179,521**	146,873

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £37,195,000 (2015: £1,292,000).

Analysis of the amounts included in the statement of comprehensive income

	2016 £'000	2015 £'000
Contribution received from Sonoco Cores & Paper Limited	**(1,522)**	(1,522)
Expected return on pension scheme assets	**(5,369)**	(5,021)
Interest on pension scheme liabilities	**5,492**	5,611
Admin costs incurred	**817**	575
Actuarial gain on pension scheme	**(3,004)**	(10,558)
Total credit	**(3,586)**	(10,915)

14 Pension obligations (continued)

As the scheme has been shut to further entrants which is the reason for no current service costs in the year.

The Sonoco Group has agreed to make contributions to the scheme of £4.6 million during 2017.

The Company operates a funded defined contribution stakeholder pension scheme. The pension cost charge for the year represents contributions paid by the Company to the fund and amounted to £1,090k (2015: £906k).

15 Called up share capital

	2016 **£'000**	2015 £'000
Allotted, issued and fully paid		
36,015,849 (2015: 15,849) ordinary shares of £1 each	**36,016**	16

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital. During the year Sonoco Limited issued 36,000,000 ordinary shares of £1 each at par value. These were acquired by Sonoco Holdings Deutschland GmbH.

16 Capital commitments

	2016 **£'000**	2015 £'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	-	520

Notes to the financial statements for the year ended 31 December 2016 (continued)

17 Financial commitments

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

	2016 Land & Buildings	**2016 Other**	2015 Land & Buildings	2015 Other
	£'000	**£'000**	£'000	£'000
Payments due:				
Not later than one year	**271**	**215**	271	150
Later than one year and not later than five years	**1,018**	**920**	498	200
Later than five years	**-**	**-**	944	-
	1,289	**1,135**	1,713	350

18 Ultimate parent company and controlling party

The Company's immediate holding company Sonoco Holdings Deutschland GmbH, which is registered in Germany.

The Company's ultimate holding company and controlling party is Sonoco Products Company Inc, which is incorporated in the United States of America. Copies of the ultimate parent's consolidated financial statements which is the smallest and largest company to consolidate these financial statements may be obtained from: The Secretary, Sonoco Products Company, Hartsville, South Carolina 29550, USA.