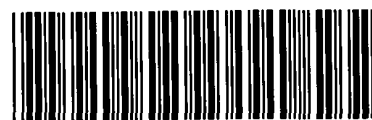


# **BIP Industries Limited**

**Annual report and financial statements  
for the year ended 30 June 2017**

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**BIP Industries Limited**  
**Year ended 30 June 2017**

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**Strategic Report for the year ended 30 June 2017**

The directors present their Strategic Report of BIP Industries Limited ("the Company") for the year ended 30 June 2017.

**Review of the business**

The Company is an intermediate holding company of a supply-chain logistics group ("the Brambles Group"), operating primarily through the CHEP and IFCO brands. The Brambles Group specialises in the pooling of reusable unit-load equipment and the provision of associated services, focussing on the outsourced management of returnable pallets, crates and containers. The Brambles Group primarily serves customers in the fast-moving consumer goods (e.g. dry food, grocery, and health and personal care), fresh produce, beverage, retail and general manufacturing industries, counting many of the world's best-known brands among its customers. The Brambles Group also operates specialist container logistics businesses serving the automotive sector.

The principal subsidiaries have traded satisfactorily during the year and the businesses are expected to continue to trade satisfactorily in the future.

The Company is a wholly owned subsidiary of the Brambles Group. The Brambles Group is a global group comprising Brambles Limited, a company incorporated in Australia and listed on the Australian Securities Exchange, and all its subsidiary undertakings. The Brambles Group is headquartered in Sydney, Australia.

The Company applies FRS 101 - *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Brambles Investment Ltd., has been notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions.

**Key performance indicators**

The Company is an investment holding company and does not trade. The directors consider that key performance indicators for the Company are neither relevant nor appropriate for an understanding of the development, performance or position of the business of the Company. The Brambles KPIs, which explain Group performance as a whole, are disclosed in the Brambles Limited Annual Report 2017.

**Results**

The results for the year are set out in the income statement on page 6.

**Financial position**

The net assets of the Company have increased by £21,386,543 from £14,746,173 at 30 June 2016 to £36,132,716 at 30 June 2017.

The directors consider the Company is in a strong and stable financial position to continue its current operations.

**Principal risks and uncertainties**

The principal risks and uncertainties facing the Company and the Brambles Group are described in the Brambles Limited Annual Report 2017 pages 4 and 5.

On behalf of the Board



P Bruford  
Director

28 November 2017

## **Directors' Report for the year ended 30 June 2017**

The directors present their Report and the audited financial statements of the Company for the year ended 30 June 2017.

### **Future developments**

The Company is expected to continue in its role as an intermediate holding company with no significant changes for the foreseeable future.

### **Dividends**

The Company has not paid an interim dividend during the year (2016: £143,000,000). The directors do not recommend payment of a final dividend (2016: nil).

### **Financial instruments**

The Company manages its financial risk in conjunction with the Brambles Group. The Company is exposed to a variety of financial and market based risks, including exposure to fluctuating interest and exchange rates.

#### Funding and liquidity

The Company borrows from or lends to other Brambles Group undertakings from time to time. To minimise foreign exchange risks Brambles Group borrowings are arranged in the currency of the relevant operating asset to be funded.

#### Interest rate risk

The Brambles Group's interest rate risk policy is designed to reduce volatility in funding costs through prudent selection of hedging instruments. This policy comprises maintaining a mix of fixed and floating rate instruments within a target band over a certain time horizon. The Company has no significant exposure to external interest rate risk.

#### Foreign exchange risk

Under the Brambles Group foreign exchange policy, foreign exchange hedging is mainly confined to hedging transaction exposures where they exceed a certain threshold, and as soon as a defined exposure arises. New exposures may arise with external parties or by way of cross-border inter-company transactions. Forward foreign exchange contracts are primarily used for these purposes.

### **Directors**

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

P Bruford  
P Huat  
R A Warren

### **Qualifying third-party indemnity provisions**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Brambles Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the Company and its directors.

### **Post balance sheet events**

No material events occurred after the year end date of 30 June 2017 and before the signing of the Company's financial statements.

### **Going concern**

The Company participates in the Brambles Group's centralised treasury arrangements and is funded by the Brambles Group through its fellow group undertaking, Brambles U.K. Limited (BUK). The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern or its ability to continue with the current funding arrangements.

**Directors' Report for the year ended 30 June 2017** *(continued)*

**Going concern** *(continued)*

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101), and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- 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. They 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.

**Disclosure of information to auditors**

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he 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.

On behalf of the Board



P Bruford  
Director  
28 November 2017

*Registered office: Unit 2 Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP*

# ***Independent auditors' report to the members of BIP Industries Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, BIP Industries Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 30 June 2017; the Income statement and the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

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### **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 Company 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.

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### **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 when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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 Company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are 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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement; whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report:*

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.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicholas Campbell-Lambert (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 November 2017

**BIP Industries Limited**  
**Year ended 30 June 2017**

*(All amounts are in £ unless otherwise stated)*

**Income statement for the year ended 30 June 2017**

	Note	2017	2016
Administrative expenses		-	(24)
Other expense		(27,450)	-
Other income		-	39,054
Operating (loss)/profit	4	(27,450)	39,030
Income from subsidiary		22,507,596	25,515,283
Profit on ordinary activities before interest and taxation		22,480,146	25,554,313
Finance income	6	33,080	205,878
Finance costs	6	-	-
Finance income – net	6	33,080	205,878
Profit on ordinary activities before taxation		22,513,226	25,760,191
Tax on profit on ordinary activities	7	(1,126,683)	(1,325,966)
Profit for the financial year		21,386,543	24,434,225



**BIP Industries Limited**  
**Year ended 30 June 2017**

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*(All amounts are in £ unless otherwise stated)*

**Statement of comprehensive income for the year ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
Profit for the financial year	<b>21,386,543</b>	<b>24,434,225</b>
Other comprehensive income	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<b>21,386,543</b>	<b>24,434,225</b>

**BIP Industries Limited**  
**Year ended 30 June 2017**

*(All amounts are in £ unless otherwise stated)*

**Statement of financial position as at 30 June 2017**

	Note	2017	2016
Fixed assets			
Investments	9	897,708	897,708
		<b>897,708</b>	<b>897,708</b>
Current assets			
Trade and other receivables	10	35,279,813	13,992,156
Deferred tax asset		3,503	4,493
		<b>35,283,316</b>	<b>13,996,649</b>
Creditors: amounts falling due within one year	11	(48,308)	(148,184)
Net current assets		<b>35,235,008</b>	<b>13,848,465</b>
Total assets less current liabilities		<b>36,132,716</b>	<b>14,746,173</b>
Net assets		<b>36,132,716</b>	<b>14,746,173</b>
Equity			
Ordinary shares	12	100	100
Other reserves		350,625	350,625
Retained earnings		35,781,991	14,395,448
Total shareholders' funds		<b>36,132,716</b>	<b>14,746,173</b>

The notes on pages 10 to 19 are an integral part of these financial statements.

The financial statements on pages 6 to 19 were approved for issue by the Board of directors on 28 November 2017 and were signed on its behalf.



P Bruford  
Director

**BIP Industries Limited**  
**Year ended 30 June 2017**

*(All amounts are in £ unless otherwise stated)*

**Statement of changes in equity for the year ended 30 June 2017**

	Note	Called-up share capital	Share premium account	Other reserves	Retained earnings	Total shareholders' funds
Balance as at 1 July 2015		33,595,408	72,213,914	3,378,745	24,123,881	133,311,948
Profit for the financial year		-	-	-	24,434,225	24,434,225
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	24,434,225	24,434,225
Capital reduction		(33,595,308)	(72,213,914)	(3,028,120)	108,837,342	-
Dividends	8	-	-	-	(143,000,000)	(143,000,000)
Total transactions with owners recognised directly in equity		(33,595,308)	(72,213,914)	(3,028,120)	(34,162,658)	(143,000,000)
Balance as at 30 June 2016		100	-	350,625	14,395,448	14,746,173
Balance at 1 July 2016		100	-	350,625	14,395,448	14,746,173
Profit for the financial year		-	-	-	21,386,543	21,386,543
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	21,386,543	21,386,543
Capital reduction		-	-	-	-	-
Dividends	8	-	-	-	-	-
Total transactions with owners recognised directly in equity		-	-	-	-	-
Balance as at 30 June 2017		100	-	350,625	35,781,991	36,132,716

Other reserves at 30 June 2017 comprise a share-based payments reserve of £350,625 (2016: £350,625).

**Notes to the financial statements for the year ended 30 June 2017**

<b>1 General information</b>
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BIP Industries Limited ("the Company") is an intermediate holding company of a supply-chain logistics group ("the Brambles Group"), operating primarily through the CHEP and IFCO brands. The Brambles Group specialises in the pooling of reusable unit-load equipment and the provision of associated services, focussing on the outsourced management of returnable pallets, crates and containers.

The Brambles Group primarily serves customers in the fast-moving consumer goods (e.g. dry food, grocery, and health and personal care), fresh produce, beverage, retail and general manufacturing industries, counting many of the world's best-known brands among its customers. The Brambles Group also operates specialist container logistics businesses serving the automotive sector.

The Company is a wholly owned subsidiary of the Brambles Group. The Brambles Group is a global group comprising Brambles Limited, a company incorporated in Australia and listed on the Australian Securities Exchange, and all its subsidiary undertakings. The Brambles Group is headquartered in Sydney, Australia.

The Company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Unit 2, Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP.

*Statement of compliance with FRS 101*

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The Company meets the definition of a qualifying entity under FRS 100, 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council.

<b>2 Summary of significant accounting policies</b>
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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.

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company's date of transition to FRS 101 was 1 July 2014. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations.

The preparation of financial statements in conformity with FRS 101 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.

**Notes to the financial statements for the year ended 30 June 2017 (continued)**

**2 Summary of significant accounting policies (continued)**

**2.1 Basis of preparation (continued)**

As permitted by FRS 101, in the preparation of these financial statements the Company has (where relevant) taken full advantage of the disclosure exemptions from the requirements of IFRS in relation to the following:

- share-based payments;
- business combinations;
- non-current assets held for sale and discontinued operations;
- financial Instruments;
- fair value measurement;
- presentation of comparative information in respect of certain assets;
- presentation of a cash flow statement
- a statement of financial position as at the beginning of the preceding period;
- capital management
- standards not yet effective
- related party transactions; and
- impairment of assets.

Where required, equivalent disclosures are given in the consolidated financial statements of Brambles Limited.

*New standards, amendments and IFRIC interpretations*

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2017, have had a material impact on the Company.

*Going concern*

The Company participates in the Brambles Group's centralised treasury arrangements and is funded by the Brambles Group through its fellow group undertaking, Brambles U.K. Limited (BUK). The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern or its ability to continue with the current funding arrangements.

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**2.2 Consolidation**

The Company is a wholly owned subsidiary of Brambles Investment Ltd. and of its ultimate parent, Brambles Limited. It is included in the consolidated financial statements of Brambles Limited which are publicly available. Accordingly, the Company has taken advantage of the exemption under section 401 of the Act from the requirement to prepare and deliver consolidated financial statements.

These financial statements are separate financial statements.

**2.3 Foreign currency translation**

*(a) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

**Notes to the financial statements for the year ended 30 June 2017 (continued)**

**2 Summary of significant accounting policies (continued)**

**2.3 Foreign currency translation (continued)**

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the income statement within 'Other expense' (2016: 'Other income').

**2.4 Impairment of non-financial assets**

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

**2.5 Financial assets**

**2.5.1 Classification**

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Company's loans and receivables comprise receivables and cash in the balance sheet.

**2.5.2 Recognition and measurement**

Financial assets are recognised on balance sheet when the Company becomes a party to the contractual provisions of the instrument. Derecognition takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party

Loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost using the effective interest method.

**2.6 Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**2.7 Impairment of financial assets**

**Assets carried at amortised cost**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**Notes to the financial statements for the year ended 30 June 2017 (continued)**

**2 Summary of significant accounting policies (continued)**

**2.8 Derivative financial instruments and hedging activities**

The Company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

**2.9 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.10 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**2.11 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.12 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. 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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Notes to the financial statements for the year ended 30 June 2017 (continued)**

**2 Summary of significant accounting policies (continued)**

**2.13 Interest income**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

**2.14 Dividend income**

Dividend income is recognised when the right to receive payment is established.

**2.15 Dividend distribution**

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

<b>3 Critical accounting estimates and judgments</b>
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Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**3.1 Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

*(a) Impairment of fixed asset investments*

The Company undertakes an impairment review process annually to ensure that its fixed asset investment balances are not carried at amounts that are in excess of their recoverable amounts. The recoverable amount is determined based on the higher of the value in use and fair value less costs to sell. The value in use is calculated using a discounted cash flow methodology covering a five-year period with an appropriate terminal value at the end of the period.

**3.2 Critical judgements in applying the Company's accounting policies**

The assumptions used in the impairment review process for fixed assets investments, as disclosed (if relevant) in Note 9, could change in the next year and have a material effect on the carrying amounts of fixed asset investments recognised at the balance sheet date. There are no other critical judgements used in applying the Company's accounting policies which could change in the next year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.



**BIP Industries Limited**  
**Year ended 30 June 2017**

**Notes to the financial statements for the year ended 30 June 2017 (continued)**  
*(All amounts are in £ unless otherwise stated)*

**4 Operating (loss)/profit**

Operating (loss)/profit is stated after (charging)/crediting:

	2017	2016
Foreign exchange (losses)/gains	<u>(27,450)</u>	39,054

The audit fees for the Company of £2,000 (2016: £2,000) have been borne by Brambles Holdings (UK) Limited, a fellow group undertaking, during the current and preceding years.

**5 Employees and directors**

**Employees**

The Company had no employees during the year (2016: none). All administrative duties are performed by employees of Brambles Holdings (UK) Limited and Brambles Industries Limited (an Australian company), at no cost to the Company.

**Directors**

None of the directors received any emoluments or any other benefits as described in Schedule 5 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 from the Company during the year (2016: nil). All of the directors receive remuneration from Brambles Holdings (UK) Limited or Brambles Industries Limited as employees of those companies and, due to the non-executive nature of their services, it is not appropriate to make an apportionment of their emoluments in respect of the Company.

**6 Interest income and expense**

<b>Finance income</b>	<b>2017</b>	<b>2016</b>
Interest income on deposits with fellow group undertakings	<u>33,080</u>	205,878
Total finance income	<u>33,080</u>	205,878

<b>Finance expense</b>	<b>2017</b>	<b>2016</b>
Bank borrowings	<u>-</u>	-
Total finance expense	<u>-</u>	-

<b>Net finance income</b>	<b>2017</b>	<b>2016</b>
Interest income	<u>33,080</u>	205,878
Interest expense	<u>-</u>	-
Net finance income	<u>33,080</u>	205,878

**Notes to the financial statements for the year ended 30 June 2017 (continued)**  
*(All amounts are in £ unless otherwise stated)*

**7 Tax on profit on ordinary activities**

Tax expense included in profit or loss

	2017	2016
Current tax:		
– UK Corporation tax on profits for the year	(313)	(47,996)
– Adjustments in respect of prior years	-	(1,019)
– Overseas tax	(1,125,380)	(1,275,764)
Total current tax	(1,125,693)	(1,324,779)
Deferred tax:		
Origination and reversal of timing differences	(799)	(1,187)
Impact of change in tax rate	(191)	-
Total deferred tax	(990)	(1,187)
Tax on profit on ordinary activities	(1,126,683)	(1,325,966)

Tax expense for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for the year ended 30 June 2017 of 19.75% (2016: 20%). The differences are explained below:

	2017	2016
Profit on ordinary activities before taxation	22,513,226	25,760,191
Profit multiplied by the standard rate of tax in the UK of 19.75% (2016: 20%):	(4,446,362)	(5,152,038)
Effects of:		
– Other non-deductible items	-	(202)
– Income not subject to tax – dividends from group undertakings	4,445,250	5,103,057
– Remeasurement of deferred tax – change in UK tax rate	(191)	-
– Adjustments in respect of prior years	-	(1,019)
– Overseas tax not recovered	(1,125,380)	(1,275,764)
Total tax charge	(1,126,683)	(1,325,966)

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017. The Finance Act 2017, which was enacted on 15 September 2016, further reduces the main rate to 17% from 1 April 2020.

**BIP Industries Limited**  
**Year ended 30 June 2017**

**Notes to the financial statements for the year ended 30 June 2017 (continued)**  
*(All amounts are in £ unless otherwise stated)*

**8 Dividends paid**

Declared and paid during the year:

	2017	2016
Equity dividends on ordinary shares:		
– first interim for 2017: nil (2016: £0.1920) per share	-	129,000,000
– second interim for 2017: nil (2016: £0.0208) per share	-	14,000,000
	<u>-</u>	<u>143,000,000</u>

**9 Investments**

	Shares in group undertakings
At 1 July 2015	897,708
Additions	-
Disposals	-
At 30 June 2016	<u>897,708</u>
Additions	-
Disposals	-
At 30 June 2017	<u>897,708</u>

At 30 June 2017, the Company directly owned 100% (2016: 100%) of the issued share capital and voting rights of CHEP South Africa Pty Limited (CHEP). CHEP operates national and international pallet and container pools in Southern Africa.

A full listing of group undertakings as at 30 June 2017 is provided in Note 16.

**10 Trade and other receivables**

	2017	2016
Amounts due from group undertakings		
- falling due within one year	-	13,992,156
- falling due after more than one year	<u>35,279,813</u>	-
Amounts due from group undertakings	<u>35,279,813</u>	<u>13,992,156</u>

Deposit amounts due from group undertakings are unsecured, carry interest at LIBOR less 0.125% (subject to a floor of 0.125%), have no fixed date of repayment and are repayable on demand.

With effect from 30 June 2017, deposits placed with fellow group undertakings have been restructured as loans to fellow group undertakings. The intra-group loans made by the Company as lender comprise unsecured committed revolving loan facilities expiring 30 September 2018. From 30 June 2017, the loans will carry interest at Brambles' cost of funds. Affected balances at 30 June 2017 fall due after more than one year.

**BIP Industries Limited**  
**Year ended 30 June 2017**

**Notes to the financial statements for the year ended 30 June 2017 (continued)**  
(All amounts are in £ unless otherwise stated)

**11 Creditors: amounts falling due within one year**

	2017	2016
Corporate income tax – group relief payable	<u>48,308</u>	<u>148,184</u>

**12 Share capital**

Ordinary shares of £0.05 each

	No.	£
Allotted and fully paid		
At 1 July 2016	2,000	100
Capital reduction	-	-
At 30 June 2017	<u>2,000</u>	<u>100</u>

All shares rank *pari passu* in all respects.

Capital reduction

On 17 November 2015, the Company undertook a capital reduction in accordance with section 642 of the Companies Act 2006, reducing the Company's:

- issued share capital from £33,595,408 divided into 671,908,159 ordinary shares of 5 pence each to £100 divided into 2,000 ordinary shares of 5 pence each;
- share premium from £72,213,914 to nil;
- capital redemption reserve from £2,978,122 to nil; and
- capital profits reserve from £49,998 to nil.

The proceeds of the reduction of £108,837,342 were transferred to the Company's distributable reserves.

**13 Related party transactions**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries of Brambles Limited.

See Note 5 for disclosure of the directors' remuneration.

There are no other related party transactions.

**Notes to the financial statements for the year ended 30 June 2017 (continued)**  
*(All amounts are in £ unless otherwise stated)*

**14 Controlling parties**

The immediate parent undertaking is Brambles Investment Ltd., which is incorporated in England and Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Brambles Limited, which is incorporated in Australia. Copies of all Brambles Group financial statements are available from Unit 2 Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP.

The ultimate controlling party is Brambles Limited.

**15 Events after the end of the reporting period**

No material events occurred after the year end date of 30 June 2017 and before the signing of the Company's financial statements.

**16 Group undertakings**

	Place of incorporation	Holding	Class of Shares
<b><u>Pallet pooling</u></b>			
CHEP South Africa (Pty) Ltd	South Africa	100%*	Ordinary
CHEP Botswana (Pty) Ltd	Botswana	100%	Ordinary
CHEP Mozambique LDA	Mozambique	100%	Ordinary
CHEP Namibia (Pty) Ltd	Namibia	100%	Ordinary
CHEP Swaziland (Pty) Ltd	Swaziland	100%	Ordinary
CHEP Zambia (branch)	Zambia	100%	Branch
CHEP Zimbabwe (branch)	Zimbabwe	100%	Branch
Braecroft Timbers Pty Ltd	South Africa	100%	Ordinary
Weatherboard Pty Ltd	South Africa	100%	Ordinary

Holdings marked \* are held directly by the Company. All other holdings are held by subsidiary undertakings.