

BIP Industries Limited

**Annual report and financial statements
for the year ended 30 June 2022**

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Strategic Report for the year ended 30 June 2022

The directors present their Strategic Report of BIP Industries Limited ("the Company") for the year ended 30 June 2022.

Review of the business

The Company is an intermediate holding company of a supply-chain logistics group ("the Brambles Group", "Brambles", or "the Group"), operating primarily through the CHEP brand. The Brambles Group manages the world's largest pool of reusable pallets and containers. As a pioneer of the sharing economy, the Brambles Group promotes the shared use of its platforms among multiple supply chain participants under a circular 'share and reuse' model known as pooling.

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.

Further information about the Brambles Group and copies of the Brambles Limited Annual Report, for the current and prior years, are available at www.brambles.com.

Impact of COVID-19

Brambles Group's, and the Company's, strategy is focused on delivering exceptional results over a sustained period. The COVID-19 pandemic has introduced significant uncertainty, which is likely to last for an extended time and to create both threats and opportunities. The core elements of Brambles' strategy are robust against a wide range of outcomes and position the Group and the Company well to manage through near-term volatility. Nonetheless, Brambles remains agile and ready to pivot where needed in response to economic conditions and changing customer needs. Brambles is committed to supporting its customers and partners through this challenging period, to ensure the continued delivery of goods through supply chains around the world.

The protocols established by Brambles in response to the COVID-19 pandemic, and the lessons learned, remain in place to enable Brambles, and the Company, to operate and respond to potential changes in the economic and business environment arising from the pandemic.

Results

The results for the year are set out in the Income statement on page 8.

Financial position

The net assets of the Company have increased by £28,525,822 from £10,422,024 at 30 June 2021 to £38,947,846 at 30 June 2022. The increase relates to dividend income from the Company's subsidiary undertaking.

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

Key performance indicators (KPIs)

The Company is an investment holding company and does not trade. All activity and transactions are intra group to the Brambles Group. 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.

Strategic Report for the year ended 30 June 2022 *(continued)*

Key performance indicators (KPIs) *(continued)*

The Brambles Group KPIs, which explain Brambles Group performance as a whole, are disclosed in the Brambles Limited Annual Report 2022 on pages 30 and 31.

Principal risks and uncertainties

The Company operates robust risk management processes to ensure recognition and appropriate escalation of key financial, commercial, compliance, reputational and environmental risks. We strive to ensure sound risk management is embedded in all decision making and performance management processes. The directors believe that appropriate delegated authority and processes are in place to proactively manage emerging risks. The principal risks and uncertainties facing the Company (directly or indirectly) and the Brambles Group, and which might impact their ability to achieve their financial and sustainability objectives, do not form part of this report but they are described in the Brambles Limited Annual Report 2022, pages 32 to 39. The Brambles Limited Annual Report also includes descriptions of mitigating actions, including responses to the COVID-19 pandemic.

On behalf of the Board



P Bruford
Director
6 December 2022

Directors' Report for the year ended 30 June 2022

The directors present their Report and the audited financial statements of the Company for the year ended 30 June 2022.

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 (2021: £78,000,000). The directors do not recommend payment of a final dividend (2021: nil).

Financial risk management

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
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 2022 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. 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 2022 *(continued)*

Going Concern *(continued)*

The Directors have received assurance of continued financial support from Brambles Investment Ltd. for at least 12 months from the date of approval of these financial statements.

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 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 101 "Reduced Disclosure Framework", 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 101, 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
- 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 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.

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.

Directors' confirmations

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.

On behalf of the Board



P Bruford
Director
6 December 2022

Registered office: 2nd Floor, 400 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2HJ

Independent auditors' report to the members of BIP Industries Limited

Report on the audit of the financial statements

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 2022 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 2022; the Income statement, Statement of comprehensive income and 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.

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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Independent auditors' report to the members of BIP Industries Limited *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection legislation, the Health and Safety Executive legislation, anti-bribery and corruption legislation and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Independent auditors' report to the members of BIP Industries Limited *(continued)*

We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the 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.

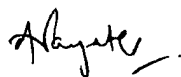
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.



Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 December 2022

BIP Industries Limited
Year ended 30 June 2022

(All amounts are in £ unless otherwise stated)

Income statement for the year ended 30 June 2022

	Note	2022	2021
Other operating income		-	201,856
Other operating expenses		-	(14,130)
Operating profit	4	-	187,726
Income from shares in group undertakings	9	29,767,780	29,038,990
Profit before interest and taxation		29,767,780	29,226,716
Finance income	6	257,504	456,037
Finance income – net	6	257,504	456,037
Profit before taxation		30,025,284	29,682,753
Tax on profit	7	(1,499,462)	(1,573,765)
Profit for the financial year		28,525,822	28,108,988

(All amounts are in £ unless otherwise stated)

Statement of comprehensive income for the year ended 30 June 2022

	2022	2021
Profit for the financial year	28,525,822	28,108,988
Other comprehensive income	-	-
Total other comprehensive income for the year	-	-
Total comprehensive income for the year	28,525,822	28,108,988

BIP Industries Limited
Year ended 30 June 2022

(All amounts are in £ unless otherwise stated)

Statement of financial position as at 30 June 2022

	Note	2022	2021
Fixed assets			
Investments	9	897,708	897,708
Deferred tax asset	10	1,709	2,084
		899,417	899,792
Current assets			
Trade and other receivables	11	38,181,093	9,779,527
		38,181,093	9,779,527
Creditors: amounts falling due within one year	12	(132,664)	(257,295)
Net current assets		38,048,429	9,522,232
Total assets less current liabilities		38,947,846	10,422,024
Net assets		38,947,846	10,422,024
Equity			
Called up share capital	13	100	100
Other reserves		350,625	350,625
Retained earnings		38,597,121	10,071,299
Total shareholders' funds		38,947,846	10,422,024

The notes on pages 12 to 23 are an integral part of these financial statements.

The financial statements on pages 8 to 23 were approved for issue by the Board of directors on 6 December 2022 and were signed on its behalf.



P Bruford
Director

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BIP Industries Limited
Year ended 30 June 2022

(All amounts are in £ unless otherwise stated)

Statement of changes in equity for the year ended 30 June 2022

	Note	Called up share capital	Other reserves	Retained earnings	Total shareholders' funds
Balance as at 1 July 2020		100	350,625	59,962,311	60,313,036
Profit for the financial year		-	-	28,108,988	28,108,988
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	28,108,988	28,108,988
Dividends paid	8	-	-	(78,000,000)	(78,000,000)
Total transactions with owners recognised directly in equity		-	-	(78,000,000)	(78,000,000)
Balance as at 30 June 2021		100	350,625	10,071,299	10,422,024
Balance at 1 July 2021		100	350,625	10,071,299	10,422,024
Profit for the financial year		-	-	28,525,822	28,525,822
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	28,525,822	28,525,822
Dividends paid	8	-	-	-	-
Total transactions with owners recognised directly in equity		-	-	-	-
Balance as at 30 June 2022		100	350,625	38,597,121	38,947,846

Other reserves at 30 June 2022 comprise a share-based payments reserve of £350,625 (2021: £350,625).

Notes to the financial statements for the year ended 30 June 2022

1 General information

BIP Industries Limited ("the Company") is an intermediate holding company of a supply-chain logistics group ("the Brambles Group", "Brambles", or "the Group"), operating primarily through the CHEP brand. The Brambles Group manages the world's largest pool of reusable pallets and containers. As a pioneer of the sharing economy, the Brambles Group promotes the shared use of its platforms among multiple supply chain participants under a circular 'share and reuse' model known as pooling.

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.

Further information about the Brambles Group and copies of the Brambles Limited Annual Report, for the current and prior years, are available at www.brambles.com.

The Company is a private company; limited by shares; incorporated and domiciled in the UK; and registered in England and Wales. The address of its registered office is 2nd Floor, 400 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2HJ.

Statement of compliance with FRS 101

These financial statements were 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.

2 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.

Unless otherwise indicated, references to 2022 or FY22 and to 2021 or FY21 are to the financial years ended 30 June 2022 and 30 June 2021, respectively.

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") as applicable to companies using FRS 101. 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 in accordance with international accounting standards in conformity with the requirements of the Act.

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 2022 (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 – paragraphs 45(b) and 46 to 52 of IFRS 2;
- business combinations - paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3;
- non-current assets held for sale and discontinued operations – paragraph 33(c) of IFRS 5;
- financial instruments – IFRS 7;
- fair value measurement – paragraphs 91 to 99 of IFRS 13;
- revenue from contracts with customers - second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15;
- leases - paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, and paragraph 58 of IFRS 16;
- presentation of comparative information in respect of certain assets – paragraph 38 of IAS 1 relating to paragraphs 79(a)(iv) of IAS 1, 73(e) of IAS 16 and 118(e) of IAS 38;
- presentation of a cash flow statement – IAS 7 and paragraphs 10(d) and 111 of IAS 1;
- capital management – paragraphs 134 to 136 of IAS 1;
- standards not yet effective - paragraphs 30 and 31 of IAS 8;
- related party transactions - paragraphs 17 and 18A of IAS 24 and requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- impairment of assets - paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36.

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

New standards, amendments and IFRS IC interpretations

There are no new accounting standards, amendments to accounting standards, or IFRS IC interpretations, that are effective for the year ended 30 June 2022 or that 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. 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.

The Directors have received assurance of continued financial support from Brambles Investment Ltd. for at least 12 months from the date of approval of these financial statements.

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.

Notes to the financial statements for the year ended 30 June 2022 *(continued)*

2 Summary of significant accounting policies *(continued)*

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, prepared in accordance with IFRS as adopted in Australia, 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.

The registered office of Brambles Limited is Level 29, 255 George Street, Sydney, NSW 2000, Australia.

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.

(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 operating expenses'.

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 financial assets at amortised cost. This classification reflects the purpose for which the financial assets were acquired and is determined at initial recognition.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Company's financial assets at amortised cost comprise amounts due from group undertakings.

Notes to the financial statements for the year ended 30 June 2022 (continued)

2 Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

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. Refer to Note 2.9 below.

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 Trade and other receivables

Trade and other receivables are amounts due from group undertakings. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables and other receivables are a reasonable approximation of the loss rates.

2.10 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.

Notes to the financial statements for the year ended 30 June 2022 *(continued)*

2 Summary of significant accounting policies *(continued)*

2.11 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.

2.12 Borrowing costs

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

2.13 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.

2.14 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.

Notes to the financial statements for the year ended 30 June 2022 (continued)

2 Summary of significant accounting policies (continued)

2.15 Dividend income

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

2.16 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.

3 Critical accounting estimates and judgments
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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 four-year period with an appropriate terminal value at the end of the period.

The assumptions used in the impairment review process for the 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.

3.2 Critical judgements in applying the Company's accounting policies

There are no 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.

Notes to the financial statements for the year ended 30 June 2022 (continued)
(All amounts are in £ unless otherwise stated)

4 Operating profit

The audit fees for the Company of £5,319 (2021: £4,210) have been borne by Brambles Holdings (UK) Limited, a fellow group undertaking, during the current and preceding years.

Other operating income of nil (2021: £201,856) relates to unclaimed dividends. Until December 2006, the Company was listed on the London Stock Exchange and paid dividends to its then external shareholders. In accordance with the Company's Articles, dividends remaining unclaimed after a period of twelve years or more revert to the Company. During FY21, the Company undertook an exercise to clear out all of its unclaimed dividends, all of which related to 2006 or earlier. The Company has no remaining unclaimed dividends.

5 Employees and directors

Employees

The Company had no employees during the year (2021: 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 (2021: 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 Finance income and costs

Finance income	2022	2021
Interest income on deposits with fellow group undertakings	257,504	456,037
Total finance income	257,504	456,037
 Net finance income	 2022	 2021
Interest income	257,504	456,037
Interest costs	-	-
Net finance income	257,504	456,037

Notes to the financial statements for the year ended 30 June 2022 (continued)
(All amounts are in £ unless otherwise stated)

7 Tax on profit

Tax expense included in the income statement

	2022	2021
Current tax:		
– UK Corporation tax on profits for the year	(48,641)	(121,967)
– Adjustments in respect of prior years	37,943	-
– Overseas tax	(1,488,389)	(1,451,950)
Total current tax	(1,499,087)	(1,573,917)
Deferred tax:		
Origination and reversal of timing differences	(285)	(348)
Impact of change in tax rate	(90)	500
Total deferred tax	(375)	152
Tax on profit	(1,499,462)	(1,573,765)

Tax expense for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for the year ended 30 June 2022 of 19% (2021: 19%). The differences are explained below:

	2022	2021
Profit before taxation	30,025,284	29,682,753
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2021: 19%):	(5,704,804)	(5,639,723)
Effects of:		
– Income not subject to tax – dividends from group undertakings	5,655,878	5,517,408
– Remeasurement of deferred tax – change in UK tax rate	(90)	500
– Adjustments in respect of prior years	37,943	-
– Overseas tax not recovered	(1,488,389)	(1,451,950)
Total tax charge	(1,499,462)	(1,573,765)

The tax rate for the current year is the same as the prior year, being 19%, effective since 1 April 2017. The Finance Act 2021, enacted on 10 June 2021, has increased the tax rate to 25% with effect from 1 April 2023. Deferred tax assets and liabilities measured at 19%, but expected to unwind after 1 April 2023, have been remeasured at 25% during the year.

Notes to the financial statements for the year ended 30 June 2022 (continued)
(All amounts are in £ unless otherwise stated)

8 Dividends paid

Declared and paid during the year:

	2022	2021
Equity dividends on ordinary shares		
– first interim for 2022: nil (2021: £39,000) per ordinary share	-	78,000,000
	-	78,000,000

9 Investments

	Shares in group undertakings
At 1 July 2020	897,708
Additions	-
Disposals	-
At 30 June 2021	897,708
Additions	-
Disposals	-
At 30 June 2022	897,708

At 30 June 2022, the Company directly owned 100% (2021: 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 2022 is provided in Note 17.

Income from shares in group undertakings	2022	2021
Dividends received		
- from UK subsidiaries	-	-
- from non-UK subsidiaries	29,767,780	29,038,990
	29,767,780	29,038,990

Notes to the financial statements for the year ended 30 June 2022 (continued)
(All amounts are in £ unless otherwise stated)

10 Deferred tax asset

	Deferred tax
At 1 July 2021	2,084
Additions to the income statement	(375)
At 30 June 2022	1,709

The deferred tax consists of the following:

	2022	2021
Deferred tax due within 12 months	-	-
Deferred tax due after more than 12 months	1,709	2,084
Total provision	1,709	2,084

	Accelerated capital allowances
Deferred tax	
At 1 July 2020	1,932
Credited to the income statement	152
Charged directly to the statement of comprehensive income	-
At 30 June 2021	2,084
Charged to the income statement	(375)
Charged directly to the statement of comprehensive income	-
At 30 June 2022	1,709

The deferred tax asset is available for offset against the Company's own future profits or for surrender as group relief to fellow group undertakings.

There are no unused tax losses or unused tax credits (2021: none).

Notes to the financial statements for the year ended 30 June 2022 (continued)
(All amounts are in £ unless otherwise stated)

11 Trade and other receivables

	2022	2021
Amounts due from group undertakings		
- falling due within one year	-	-
- falling due after more than one year	38,181,093	9,779,527
	38,181,093	9,779,527

Amounts due from Group undertakings comprise intra-group loans to Brambles U.K. Limited, made by the Company as lender. During FY21 up to 29 June 2021, the loan comprised an unsecured committed revolving loan facility expiring 30 September 2021. The loan carried interest at Brambles' cost of funds.

On 30 June 2021, the Company (as lender) and Brambles U.K. Limited entered into a new loan agreement to replace the above agreement with immediate effect. This new loan agreement comprises an unsecured committed revolving loan facility for GBP 50,000,000 carrying interest at Brambles' cost of funds less a margin of 0.28% and available for drawdown from 30 June 2021 onwards. The committed term of the facility is for four years to 30 June 2025.

12 Creditors: amounts falling due within one year

	2022	2021
Corporate income tax – group relief payable	132,664	257,295

13 Called up share capital

Ordinary shares of £0.05 each	No.	£
<i>Allotted and fully paid</i>		
At 1 July 2021	2,000	100
Capital reduction	-	-
At 30 June 2022	2,000	100

All shares rank *pari passu* in all respects.

14 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 (2021: none).

Notes to the financial statements for the year ended 30 June 2022 (continued)
(All amounts are in £ unless otherwise stated)

15 Controlling parties

The immediate parent undertaking is Brambles Investment Ltd., which is incorporated in UK and registered 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 2nd Floor, 400 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2HJ.

The ultimate controlling party is Brambles Limited.

The registered office of Brambles Limited is Level 29, 255 George Pitt Street, Sydney, NSW 2000, Australia.

16 Events after the end of the financial year

No material events occurred after the year end date of 30 June 2022 and before the signing of the Company's financial statements.

17 Group undertakings

	Registered office (or equivalent)	Holding	Class of Shares
<u>Pallet pooling</u>			
CHEP South Africa (Pty) Ltd	7 Westville Road, Westville, Durban, 3629, South Africa	100%*	Ordinary
CHEP Botswana (Pty) Ltd	Plot 14407, Maakgadigau Road, Gaborone, Botswana	100%	Ordinary
CHEP Mozambique LDA	1233 Street, nr. 72/C, Holland Building, Central District, Mozambique	100%	Ordinary
CHEP Namibia (Pty) Ltd	78 Rensburger Street, Windhoek, Namibia	100%	Ordinary
CHEP Eswatini (Pty) Ltd	Plot No. 490, Corner 13 Mbandzeni Avenue, Matsapha, Mbabane, Eswatini	100%	Ordinary
CHEP Zambia (branch)	2374/B Abacus Square, Mass Media, Thabo Mbeki, Lusaka, Zambia	100%	Branch
CHEP Zimbabwe (branch)	Cnr, Aspindale/Gleneagles Road, Harare, Zimbabwe	100%	Branch
Braecroft Timbers Pty Ltd	7 Westville Road, Westville, Durban, 3629, South Africa	90%	Ordinary
Weatherboard (Pty) Ltd	7 Westville Road, Westville, Durban, 3629, South Africa	100%	Ordinary

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

10% of Braecroft Timbers Pty Ltd is owned by an employee share trust in South Africa for the benefit of employees of that company.