

# **Brambles Holdings (UK) Limited**

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

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**Brambles Holdings (UK) 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 Brambles Holdings (UK) 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 ongoing businesses are expected to continue to trade satisfactorily in the future.

During the year, the Company has opened a new office in central London for the new Brambles Group CEO and CFO.

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 U.K. Limited, 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 7.

**Financial position**

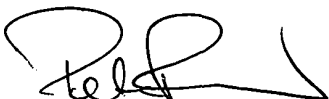
The net assets of the Company have decreased by £76,252,405 from £906,593,675 at 30 June 2016 to £830,341,270 at 30 June 2017.

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: nil). 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. 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 Brambles Holdings (UK) Limited***

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

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### **Opinion**

In our opinion, Brambles Holdings (UK) 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 loss 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

**Brambles Holdings (UK) 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		(26,365,152)	(16,554,466)
Other income		19,536,716	17,208,181
Operating (loss)/profit	4	(6,828,436)	653,715
Income from subsidiaries		51,093,659	97,356,560
Loss on disposal of subsidiaries	9,10	(6,522,489)	-
Impairment of subsidiaries	9	(5,650,000)	(72,100,000)
Impairment of investment in joint venture	10	(111,618,817)	-
(Loss)/profit on ordinary activities before interest and taxation		(79,526,083)	25,910,275
Finance income	6	9,721,248	-
Finance costs	6	(4,426,844)	(5,148,045)
Finance income/(costs) – net	6	5,294,404	(5,148,045)
(Loss)/profit on ordinary activities before taxation		(74,231,679)	20,762,230
Tax on (loss)/profit on ordinary activities	7	(2,453,513)	1,265,596
(Loss)/profit for the financial year		(76,685,192)	22,027,826



**Brambles Holdings (UK) 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**

	2017	2016
(Loss)/profit for the financial year	(76,685,192)	22,027,826
Other comprehensive income	-	-
Other comprehensive income for the year	-	-
Total comprehensive (expense)/income for the year	(76,685,192)	22,027,826

**Brambles Holdings (UK) 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
<b>Fixed assets</b>			
Property, plant and equipment	8	<b>1,829,272</b>	-
Investments in subsidiaries	9	<b>787,208,072</b>	1,017,718,822
Investment in joint venture	10	<b>15,934,010</b>	-
		<b>804,971,354</b>	1,017,718,822
<b>Current assets</b>			
Trade and other receivables	11	<b>174,911,232</b>	11,636,365
Deferred tax asset	12	<b>564,678</b>	395,918
Cash and cash equivalents		<b>1,764,154</b>	-
		<b>177,240,064</b>	12,032,283
Creditors: amounts falling due within one year	13	<b>(7,036,424)</b>	(4,141,927)
Net current assets		<b>170,203,640</b>	7,890,356
<b>Total assets less current liabilities</b>		<b>975,174,994</b>	1,025,609,178
Creditors: amounts falling due after more than one year	14	<b>(144,480,825)</b>	(105,315,503)
Provisions for liabilities and other charges	16	<b>(352,899)</b>	(13,700,000)
Net assets		<b>830,341,270</b>	906,593,675
<b>Equity</b>			
Ordinary shares	19	<b>96,918,364</b>	96,918,364
Share premium account		<b>403,447,620</b>	403,447,620
Other reserves		<b>1,499,211</b>	1,066,424
Retained earnings		<b>328,476,075</b>	405,161,267
Total shareholders' funds		<b>830,341,270</b>	906,593,675

The notes on pages 11 to 31 are an integral part of these financial statements.

The financial statements on pages 6 to 31 were authorised for issue by the board of directors on 28 November 2017 and were signed on its behalf.



P Bruford  
Director

**Brambles Holdings (UK) 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		96,918,364	403,447,620	845,816	383,133,441	884,345,241
Profit for the financial year		-	-	-	22,027,826	22,027,826
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	22,027,826	22,027,826
Credit relating to equity settled share-based payments		-	-	628,874	-	628,874
Charge from parent for equity-settled share-based payments		-	-	(408,266)	-	(408,266)
Tax credit relating to share option scheme		-	-	-	-	-
Dividends		-	-	-	-	-
Total transactions with owners recognised directly in equity		-	-	220,608	-	220,608
Balance as at 30 June 2016		96,918,364	403,447,620	1,066,424	405,161,267	906,593,675

Other reserves comprise a share-based payments reserve.

**Brambles Holdings (UK) 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 (continued)**

	Note	Called up share capital	Share premium account	Other reserves	Retained earnings	Total shareholders' funds
Balance at 1 July 2016		96,918,364	403,447,620	1,066,424	405,161,267	906,593,675
Loss for the financial year		-	-	-	(76,685,192)	(76,685,192)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive expense for the year		-	-	-	(76,685,192)	(76,685,192)
Credit relating to equity settled share-based payments		-	-	928,114	-	928,114
Charge from parent for equity-settled share-based payments		-	-	(495,327)	-	(495,327)
Tax credit relating to share option scheme		-	-	-	-	-
Dividends		-	-	-	-	-
Total transactions with owners recognised directly in equity		-	-	432,787	-	432,787
Balance as at 30 June 2017		96,918,364	403,447,620	1,499,211	328,476,075	830,341,270

Other reserves comprise a share-based payments reserve.

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

<b>1 General information</b>
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Brambles Holdings (UK) 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. 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 U.K. Limited 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 income'.

**2.4 Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- |                                     |               |
|-------------------------------------|---------------|
| • Leasehold improvements            | 10 years      |
| • Furniture, fittings and equipment | 3 to 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the income statement.

**2.5 Impairment of non-financial assets**

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. 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.

**2.6 Financial assets**

***2.6.1 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.

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

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

**2.6 Financial assets (continued)**

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.

**2.6.2 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.

**2.7 Investment in subsidiaries**

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

**2.8 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.

**2.9 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**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.

**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.



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

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

**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 taxes 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 Employee benefits**

The Company's post-employment schemes comprise a defined contribution pension plan and a defined benefit pension plan, The Brambles United Kingdom Pension Plan ("the Plan"), which is closed to new members and future accrual.

*Pension obligations*

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Plan is a defined benefit plan that shares risks between entities under common control, comprising the Company and Brambles U.K. Limited. Under an established policy, the net defined benefit cost for the Scheme is borne in full by Brambles U.K. Limited, as principal employer, and no part is borne by the Company. Accordingly, the Company's reported share of the net defined benefit cost and related balance sheet obligation is nil (2016: nil) and the full defined benefit cost, balance sheet obligation and all related disclosures required by IAS 19 - *Employee Benefits* are reported in the 2017 Annual Report of Brambles U.K. Limited.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

**2.15 Share-based payments**

The Company participates in a number of Brambles Group equity-settled, share-based compensation plans, including the MyShare employee share plan, under which the Company receives services from employees as consideration for equity instruments (options) of Brambles Limited, the ultimate parent undertaking incorporated in Australia and listed on the Australian Securities Exchange.

The awards are granted by Brambles Limited and the Company has no obligation to settle the awards. Options and share awards are fair valued by qualified actuaries at their grant dates in accordance with the requirements of IFRS 2 - *Share-based Payment*, using a binomial model. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense on a straight-line basis over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). A credit is recognised directly in shareholders' funds.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); but
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company and Brambles Limited revise their estimate of the number of options that are expected to become exercisable based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity..

When the options are exercised the Company is recharged by Brambles Limited for the options' total fair value as at the date of exercise. The portion of this recharge that equates to the original fair value of the options at the grant date is accounted for as a deduction from shareholders' funds, and any excess is recognised through the income statement.

Details of the share option and performance share schemes are given in the Remuneration Report (pages 22 to 25) and in Note 23 to the financial statements of the 2017 Annual Report of Brambles Limited.

**2.16 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.

**2.17 Dividend income**

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

**2.18 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.

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

<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 the fixed assets investments, as disclosed (if relevant) in Notes 9 and 10, 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.

**Brambles Holdings (UK) 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
Wages and salaries	10,650,570	7,665,084
Social security costs	1,163,410	1,067,847
Other pension costs (Note 17)	776,334	553,023
Share-based payments	1,132,964	628,874
	<b>13,723,278</b>	<b>9,914,828</b>
Recharged to fellow group undertakings	(1,347,173)	(1,469,141)
Staff costs	<b>12,376,105</b>	<b>8,445,687</b>
Foreign exchange (gains)/losses on trade receivables	<b>(63,054)</b>	<b>77,854</b>

Operating profit/(loss) is computed after audit fees expensed during the year by the Company on behalf of itself and certain fellow group undertakings within the Brambles Group in the UK totalling £44,880 (2016: £85,000), of which £2,000 (2016: £2,000) related to the audit of the Company.

Other income consists of management fees charged to fellow group undertakings within the Brambles Group.

**5 Employees and directors**

**Employees**

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

	2017 Number	2016 Number
<i>By activity:</i>		
Administration	<b>63</b>	<b>61</b>

**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 the Company as employees of the Company, or from Brambles Industries Limited (Australia), but, due to the non-executive nature of their services, it is not appropriate to make an apportionment of their emoluments in respect of their role as directors of the Company.

**Brambles Holdings (UK) 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)*

**6 Interest income and expense**

<b>Finance income</b>	<b>2017</b>	<b>2016</b>
Bank interest income	3,116	-
Interest income on loan to joint venture	8,393,661	-
Interest on deferred consideration	1,321,521	-
Other interest	2,950	-
Total interest income on financial assets not measured at fair value through profit and loss	9,721,248	-
<b>Total finance income</b>	<b>9,721,248</b>	<b>-</b>
 <b>Finance expense</b>	 <b>2017</b>	 <b>2016</b>
Bank borrowings and overdraft	(2,082)	(6,466)
Interest expense on loans from fellow group undertakings	(4,400,403)	(5,141,579)
Other interest	(24,359)	-
Total interest expense on financial liabilities not measured at fair value through profit and loss	(4,426,844)	(5,148,045)
<b>Total finance expense</b>	<b>(4,426,844)</b>	<b>(5,148,045)</b>
 <b>Net finance cost</b>	 <b>2017</b>	 <b>2016</b>
Interest income	9,721,248	-
Interest expense	(4,426,844)	(5,148,045)
<b>Net finance income/(cost)</b>	<b>5,294,404</b>	<b>(5,148,045)</b>

**Brambles Holdings (UK) 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)*

**7 Tax on (loss)/profit on ordinary activities**

Tax on (loss)/profit on ordinary activities included in profit or loss

	2017	2016
Current tax:		
– UK Corporation tax on (losses)/profits for the year	(951,345)	1,853,595
– Adjustments in respect of prior years	(356,697)	628,258
– Overseas tax	(1,314,231)	(1,360,026)
Total current tax	(2,622,273)	1,121,827
Deferred tax:		
Origination and reversal of timing differences	199,542	143,769
Impact of change in tax rate	(30,782)	-
Total deferred tax	168,760	143,769
Tax on (loss)/profit on ordinary activities	(2,453,513)	1,265,596

Tax expense for the year is higher (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
(Loss)/profit on ordinary activities before taxation	(74,231,679)	20,762,230
(Loss)/profit multiplied by the standard rate of tax in the UK of 19.75% (2016: 20%):	14,660,757	(4,152,446)
Effects of:		
– Income not subject to tax – income from subsidiaries	10,090,998	19,471,312
– Remeasurement of deferred tax – change in UK tax rate	(30,782)	-
– Adjustments in respect of prior years	(356,697)	628,258
– Overseas tax	(1,314,231)	(1,360,026)
– Expenses not deductible for tax purposes:		
– loss on disposal of subsidiaries	(1,288,192)	-
– impairment of subsidiaries	(23,160,591)	(14,420,000)
– other	(1,054,775)	1,098,498
Total tax (charge)/credit	(2,453,513)	1,265,596

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.

**Brambles Holdings (UK) 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 Property, plant and equipment**

	Leasehold improvements	Furniture and office equipment	Total
Year ended 30 June 2017			
Additions	1,228,965	611,962	1,840,927
Disposals	-	-	-
Depreciation	(4,172)	(7,483)	(11,655)
Closing net book amount	1,224,793	604,479	1,829,272
At 30 June 2017			
Cost	1,228,965	611,962	1,840,927
Accumulated depreciation and impairment	(4,172)	(7,483)	(11,655)
Net book amount	1,224,793	604,479	1,829,272

On 9 March 2017, the Company entered into a lease for offices in London for use as the UK office of the Brambles Group CEO. Leasehold improvement and office fit-out costs have been incurred during May and June 2017 and capitalised as appropriate. The office officially opened on 3 July 2017.

The office lease is for a term of 10 years.

**Brambles Holdings (UK) 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)*

**9 Investments in subsidiaries**

	Shares in group undertakings
At 1 July 2015	1,089,391,106
Additions	427,716
Disposals	-
Impairment charge for the year	(72,100,000)
At 30 June 2016	1,017,718,822
Additions	31,968,471
Contribution to joint venture (Note 10)	(218,895,966)
Disposals	(24,433,281)
Impairment charge for the year	(5,650,000)
Transfer from provisions (Note 16)	(13,499,974)
At 30 June 2017	787,208,072

Additions to investments in subsidiaries comprise:

	Country of incorporation	2017	2016
<u>Continuing:</u>			
Brambles Investment Holdings Limited	England	13,500,662	-
BXB Digital Limited	England	3,393,000	-
CHEP (Malaysia) Sdn Bhd	Malaysia	4,590,434	427,716
CHEP Konteyner Ve Palet Ltd Sirketi	Turkey	198,292	-
<u>Preparation for disposal:</u>			
Arden Holding Limited (Note 10)	Scotland	8,882,965	-
ASH Aviation Service Holdings AG	Switzerland	138,884	-
JMI Aerospace Denmark ApS	Denmark	1,264,234	-
		<b>31,968,471</b>	<b>427,716</b>

On 2 June 2017, the Company subscribed for 13,500,662 ordinary shares of £1 each in Brambles Investment Holdings Limited (BIH), settled in full via intercompany loan account. BIH is slated to be dissolved, and so the Company has provided in full against the carrying value of its investment in BIH. The additional capital subscription is covered by a prior year provision for £13,700,000 (Note 16) which has been reallocated against the investment and the excess provision credited back to profit and loss.

On 5 May 2017, the Company acquired BXB Digital Limited (BXB) from BIH for £893,000, being equivalent to the net asset value of BXB, and on the same date subscribed for an additional 2,500,000 ordinary shares of £0.10 each, at a premium of £0.90 per share. All proceeds were settled in cash.

During the year, the Company subscribed for additional ordinary shares of RM 1.00 each (Malaysian Ringitt) in CHEP (Malaysia) Sdn Bhd (CHEP Malaysia), an entity incorporated in Malaysia, as follows:

- July 2016 – 10,000,000 shares, equivalent to £1,919,018; and
- February 2017 – 15,000,000 shares, equivalent to £2,671,416.

The total consideration of RM 25,000,000 was settled in cash. CHEP Malaysia is owned 50% by the Company, and 50% by Brambles Industries Limited, a fellow group undertaking. During FY16, the Company subscribed for 2,500,000 shares, equivalent to £427,716.



**Brambles Holdings (UK) 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)

**9 Investments in subsidiaries (continued)**

During October 2016, the Company subscribed for an additional 30,000 ordinary shares of 25 Turkish lira each in the ordinary share capital of CHEP Konteyner Ve Palet Ltd Sirketi (CHEP Turkey), equivalent to £198,292. The subscription was settled in full in cash. CHEP Turkey is owned 1% by the Company, and 99% by Brambles Nominees Limited, a wholly owned subsidiary of the Company.

**CHEP Aerospace Disposal**

On 2 November 2016, Brambles Limited announced a binding agreement to divest the CHEP Aerospace Solutions business to EQT Infrastructure II ("EQT Infrastructure"), a leading infrastructure fund, for an enterprise value of US\$130 million. The transaction completed on 30 November 2016.

As part of this transaction, the Company subscribed for additional shares in two of its wholly owned subsidiaries in order to prepare them for disposal. The entities disposed by the Company were:

	Country of incorporation	Percentage holding	2017
ASH Aviation Service Holdings AG	Switzerland	100%	(138,884)
CHEP Aerospace Solutions (Schweiz) AG	Switzerland	100%	(13,212,302)
CHEP Aerospace Solutions UK Limited	England	100%	(9,611,820)
CHEP Aerospace Solutions (Thailand) Limited	Thailand	1%	(3,443)
JMI Aerospace Denmark ApS	Denmark	100%	(1,466,8322)
			(24,433,281)
Less: proceeds			46,323,540
Net gain on disposal of Aerospace			21,890,259
Net loss on disposal of Ferguson (Note 10)			(28,412,748)
Net loss in income statement			(6,522,489)

**Impairments:**

The impairment charge for the year comprises:

	Country of incorporation	2017	2016
<u><b>Continuing:</b></u>			
Brambles Nominees Limited	England	4,700,000	3,200,000
CHEP Middle East FZCO	UAE	900,000	400,000
CHEP Konteyner Ve Palet Ltd Sirketi	Turkey	50,000	-
The Ferguson Group	Scotland	-	68,500,000
		<b>5,650,000</b>	<b>72,100,000</b>

The Company has recognised an impairment of £5,650,000 (2016: £3,600,000) to write down the carrying value of certain subsidiaries to their underlying net asset value. Brambles Nominees Ltd holds the balance of investments in CHEP Middle East FZCO and CHEP Turkey.

Following completion during October 2016 of the transfer of the Company's investment in the Ferguson Group to a joint venture, as explained in Note 10, the Company recognised an impairment of £68,500,000 in FY16 to write down the carrying value of its investment in the Ferguson Group to the underlying fair value determined for the purpose of the transfer.

Details of all group undertakings are provided in Note 25.

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

**10 Investments in joint venture**

	2017
Additions	
- subscription for incorporation shares	5,113
- Ferguson fair value	190,483,218
- equalisation consideration received	(62,935,504)
Impairment charge for the year	(111,618,817)
At 30 June 2017	<u>15,934,010</u>

*Oil & Gas Joint Venture*

On 21 October 2016, Brambles completed the transaction to combine its Oil & Gas businesses, comprising Ferguson Group (Ferguson) and CHEP Catalyst & Chemical Containers (CCC), with Hoover Container Solutions (Hoover) to create an independent joint venture company, Hoover-Ferguson Group (HFG). HFG is 50% owned by Brambles and 50% owned by First Reserve, with both parties accounting for their interest as a joint venture on the basis the shareholders cannot control HFG and key decisions require mutual agreement from both parties.

The Company is the direct shareholder holding Brambles' 50% interest in HFG. The Company contributed Ferguson, and CCC was contributed from other parts of the Brambles Group, to HFG, and the Company made a US\$150.0 million shareholder loan to HFG, with a cash interest rate of 10.0% per annum, payable quarterly (Note 11).

Brambles (that is, the Company) received consideration of US\$76.8 million (equivalent to £62,935,504) from First Reserve to equalise ownership of HFG, with US\$40.0 million received in cash and US\$36.8 million as deferred consideration on acquisition (Note 11).

The investment was fair valued on acquisition, which equalled the book value of the Ferguson and CCC net assets. The fair value attribution between Ferguson and CCC gave rise to a loss in the Company, as follows:

	2017
Contribution of Ferguson (Note 9)	(218,895,966)
Ferguson fair value at acquisition	190,483,218
Net loss (Note 9)	<u>(28,412,748)</u>

*Investment recoverable amount testing*

Based on the performance of HFG and the market conditions in the oil and gas sector, Brambles tested the recoverable amount of the investment in HFG as at 31 December 2016.

The recoverable amount of the investment in HFG is determined based on the fair value less costs to sell calculation, using a discounted cash flow methodology covering a ten-year period with an appropriate terminal value at the end of that period. Key assumptions included in the fair value less costs to sell model relating to the investment include average revenue growth rate of 4.1%, terminal growth rate of 2.0% and pre-tax weighted average cost of capital (WACC) of 13.3%.

Based on the impairment testing at 31 December 2016, an impairment loss of US\$120.0 million (equivalent to £97,918,817) was recognised in relation to the HFG investment. At 30 June 2017, the impairment was increased by £13,700,000 to reflect the trading loss and other costs of HFG for the period then ended.

At 30 June 2017, there were no indicators of impairment. All other things being equal, a reasonably possible change in any of the key assumptions may cause an increase or decrease in the impairment of the investment being recognised.

**Brambles Holdings (UK) 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 Trade and other receivables**

	2017	2016
Amounts due from group undertakings – falling due after more than one year	28,289,291	-
Amounts due from group undertakings - other	303,459	6,645,590
Loan to joint venture	115,310,285	-
Amounts due from joint venture partner – deferred consideration	30,140,121	-
Corporate income tax – group relief receivable	-	4,337,943
Other receivables	509,164	652,832
Prepayments and accrued income	358,914	-
	<b>174,911,232</b>	<b>11,636,365</b>

Amounts due from group undertakings – falling due after more than one year

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.

Amounts due from group undertakings – other

Other amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Loan to joint venture

The Company has made a US\$150.0 million loan to its joint venture, Hoover Ferguson Group Limited (HFG) (Note 10). The loan bears interest at 10% per annum, settled in cash quarterly in arrears. The loan is unsecured and repayable upon the earlier of Brambles exit from the joint venture or 28 July 2021. The loan is subordinated to certain other external debt of HFG.

Foreign exchange exposure on this receivable, together with the amount due from the joint venture partner, is largely offset by a US dollar loan from Brambles Finance plc (Note 15).

Amounts due from joint venture partner – deferred consideration

An amount of US\$ 36.8 million is receivable from the joint venture partner in HFG, First Reserve (Note 10). It is unsecured and bears interest at 6.25% per annum. Interest is added to the loan balance. The loan is repayable on the earlier of the exit of either Brambles or First Reserve from the joint venture, or upon dissolution of the joint venture.

**Brambles Holdings (UK) 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)*

**12 Deferred tax asset**

	Deferred tax
At 1 July 2016	395,918
Additions to the income statement	168,760
Additions to the statement of other comprehensive income	-
Additions to statement of changes in equity	-
At 30 June 2017	<u>564,678</u>

The deferred tax consists of the following:

	2017	2016
Deferred tax due within 12 months	52,464	(1,032)
Deferred tax due after more than 12 months	512,214	396,950
Total provision	<u>564,678</u>	<u>395,918</u>

Deferred tax	Accelerated capital allowances	Other short term differences	Total
At 1 July 2015	(7,605)	259,754	252,149
Charged/(credited) to the income statement	(1,259)	145,028	143,769
Charged/(credited) directly to other comprehensive income	-	-	-
At 30 June 2016	(8,864)	404,782	395,918
Charged/(credited) to the income statement	(60,719)	229,479	168,760
Charged/(credited) directly to other comprehensive income	-	-	-
At 30 June 2017	<u>(69,583)</u>	<u>634,261</u>	<u>564,678</u>

The deferred tax on other short term timing differences principally relates to share-based payments. The deferred tax asset will be utilised as share-based payments crystallise, and 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.

**Brambles Holdings (UK) 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)*

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

	2017	2016
Bank loans and overdrafts (Note 15)	-	145,370
Amounts due to group undertakings	585,880	541,767
Corporate income tax – group relief payable	391,021	-
Taxation and social security	380,444	200,766
Other creditors	241,144	490,823
Accruals and deferred income	5,437,935	2,763,201
	<b>7,036,424</b>	<b>4,141,927</b>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**14 Creditors: amounts falling due after more than one year**

	2017	2016
Amounts due to group undertakings (Note 15)	<b>144,480,825</b>	105,315,503

**15 Loans and other borrowings**

	2017	2016
Bank loans and overdrafts	-	145,370
Borrowings from group undertakings:		
- Brambles Finance plc	144,480,825	-
- Brambles U.K. Limited	-	105,315,503
	<b>144,480,825</b>	<b>105,460,873</b>

All intra-group loans to the Company as borrower comprise unsecured committed revolving loan facilities that carried interest during FY 2017 at Brambles' cost of funds plus a margin of 1.0%. During June 2015, all existing intra group loan agreements were amended to decrease the interest margin from 1.3% to 1.0% with effect from 30 September 2015, and to extend the loan term from 30 September 2015 to 30 September 2018. Individual committed loan facilities comprise: Loan agreements entered into since 30 June 2015 are on the same terms and conditions.

- USD 250,000,000 facility from Brambles Finance plc, dated 10 October 2016;
- GBP 350,000,000 (2016: GBP 350,000,000) facility from Brambles U.K. Limited, dated 18 June 2012 (as amended).

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

**16 Provisions for liabilities and other charges**

	2017	2016
Impaired loan in subsidiary undertaking (Note 9)	-	13,700,000
Leasehold dilapidations provision	352,899	-
	<b>352,899</b>	<b>13,700,000</b>

The provision against the impaired loan in subsidiary undertaking relates to Brambles Investment Holdings Limited (BIH), a wholly owned subsidiary of the Company. As explained in Note 9, during June 2017, the Company subscribed for additional capital in BIH to the value of the, then, outstanding intercompany loan balance of £13,500,662. Since BIH is slated for dissolution, the Company's investment has been fully provided. An amount of the provision equal to the net assets of BIH, after taking account of the additional capital subscription, has been reallocated to the cost of investment, and the excess balance of £200,026 has been released to profit and loss (in administration expenses).

**17 Post-employment benefits**

The Company operates a number of pension schemes for its employees.

Defined benefit scheme

Until 30 September 2011, certain employees of the Company participated in a defined benefit pension scheme operated by the Brambles Group, The Brambles United Kingdom Pension Plan ("the Plan"). The Plan is funded, self-administered and its assets held independently from the Company's (and Group's) finances. The Plan is closed to new members and, from 30 September 2011, closed to future accrual of pension benefits and all existing active members became deferred.

The Plan shares risks between entities under common control, comprising the Company and Brambles U.K. Limited. Under an established policy, the net defined benefit cost for the Plan is borne in full by Brambles U.K. Limited, as principal employer, and no part is borne by the Company. Accordingly, the Company accounts for the Plan as if it were a defined contribution scheme.

Full details of the Plan are disclosed in the 2017 Annual Report of Brambles U.K. Limited. At 30 June 2017, the Plan has a deficit of £8,433,000 (2016: £7,503,000) that is being addressed by an increase in the level of contributions made to the Plan.

Defined contribution scheme

The Company also provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was:

	2017	2016
Current year contributions	<b>776,334</b>	<b>553,023</b>

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

**18 Share-based payments**

*Performance shares*

Certain employees of the Company have the opportunity to receive an annual equity grant in the form of long-term incentive ("LTI") share awards in Brambles Limited. Vesting occurs three years from the date the award is granted and is subject to satisfaction of performance conditions over a three year performance period. If awards vest, they are exercisable for up to six years from the date of grant. The exercise price for all awards is nil.

*Employee share plan*

MyShare is a Brambles Group vehicle developed to encourage share ownership and retention across the Brambles Group. Employees of the Company may buy up to A\$5,000 of shares in Brambles Limited each year, which Brambles Limited then matches on a one for one basis after a two year qualifying period (provided the employee remains in employment at vesting). The exercise price for all matching shares is nil.

The Company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution.

When the options are exercised the Company is recharged by Brambles Limited for the options' total fair value as at the date of exercise. The portion of this recharge that equates to the original fair value of the options at the grant date is accounted for as a deduction from shareholders' funds, and any excess is recognised through the income statement.

Details of the share option and performance share schemes are given in the Remuneration Report (pages 30 to 34) and in Note 21 to the financial statements of the 2017 Annual Report of Brambles Limited.

**19 Share capital**

Ordinary shares of £1.00 each

	No.	£
Allotted and fully paid		
At 1 July 2016	96,918,364	96,918,364
Issued during the year	-	-
At 30 June 2017	96,918,364	96,918,364

All shares rank *pari passu* in all respects.

**20 Contingent liabilities**

The Company, in conjunction with certain companies within the Brambles Group in the United Kingdom, is party to a composite guarantee structure with a clearing bank for set-off arrangements to a net maximum of £10,000,000 (2016: £18,000,000).

In the ordinary course of business, the Company becomes involved in litigation. Provisions are recognised for known obligations where the existence of the liability is probable and can be reasonably quantified. As the outcomes of these matters remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts provided.

**Brambles Holdings (UK) 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)*

**21 Capital and other commitments**

At 30 June, the Company had no capital commitments (2016: nil).

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017	2016
Not later than one year	-	-
Later than one year and not later than five years	2,633,260	-
Later than five years	3,392,702	-
	<u>6,025,962</u>	<u>-</u>

**22 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.

**23 Controlling parties**

The immediate parent undertaking is Brambles U.K. Limited, 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.

**24 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.



**Brambles Holdings (UK) 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)

<b>25 Group undertakings</b>			
	<b>Place of incorporation</b>	<b>Holding</b>	<b>Class of Shares</b>
<b><u>Investment holding companies</u></b>			
Brambles Investment Holdings Ltd	England and Wales	100%*	Ordinary
Brambles Nominees Ltd	England and Wales	100%*	Ordinary
Cyan Logistics Ltd	England and Wales	100%*	Ordinary
<b><u>Miscellaneous activities</u></b>			
Brambles Consolidated UK Pension Schemes Trustee Ltd (dissolved 8 August 2017)	England and Wales	100%	Ordinary
Brambles Enterprises Ltd	England and Wales	100%	Ordinary
CHEP International Inc	USA	100%	Ordinary
BXB Digital Ltd	England and Wales	100%*	Ordinary
<b><u>Pallet pooling</u></b>			
CHEP UK Ltd	England and Wales	100%	Ordinary
CHEP Ireland (branch)	Eire	100%	Branch
CHEP Maroc Sarl	Morocco	100%	Ordinary
CHEP Magyarország Szolgálató kft	Hungary	100%	Ordinary
CHEP do Brasil Ltda	Brazil	100%	Ordinary
CHEP Konteyner Ve Palet Ltd Sirketi	Turkey	100%	Ordinary
CHEP Taiwan Ltd	Taiwan	100%	Ordinary
CHEP Argentina SA	Argentina	100%	Ordinary
CHEP Uruguay SA	Uruguay	100%	Ordinary
CHEP Osterreich GmbH	Austria	100%	Ordinary
CHEP SK S.r.o.	Slovakia	100%	Ordinary
CHEP (Thailand) Ltd	Thailand	100%	Ordinary
Brambles (Hong Kong) Ltd	China	100%	Ordinary
CHEP (China) Company Ltd	China	72.27%	Ordinary
CHEP Saudi Arabia Ltd	Saudi Arabia	100%	Ordinary
Boxpal Ltd	Scotland	100%	Ordinary
CHEP Equipment Pooling NV	Belgium	26%	Ordinary
CHEP Equipment Pooling NV – UK branch	England and Wales	26%	Branch
CHEP Canada Inc	Canada	50%*	Ordinary
CHEP Chile SA	Chile	50%*	Ordinary
CHEP (Malaysia) Sdn Bhd	Malaysia	50%*	Ordinary
CHEP Mexico SA de CV	Mexico	50%*	Ordinary
Servicios Corporativos CHEP SA de CV	Mexico	3%	Ordinary
CHEP Middle East FCZO	UAE	100%*	Ordinary
<b><u>Reusable plastic crates</u></b>			
IFCO Chile S.A.	Chile	50%	Ordinary
<b><u>Intermediate bulk containers</u></b>			
CHEP Pallecon Solutions Ltd	England and Wales	100%*	Ordinary
CHEP Pallecon Solutions (Thailand) Ltd	Thailand	100%	Ordinary

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