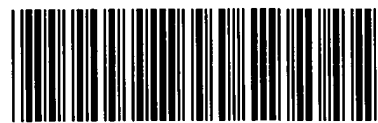


# **CHEP UK Limited**

**Annual report and financial statements  
for the year ended 30 June 2020**

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## **Strategic Report for the year ended 30 June 2020**

The directors present their Strategic Report of CHEP UK Limited ("the Company") for the year ended 30 June 2020.

### **Review of the business**

The principal activity of the Company is the operation of a national, and part of a European, pallet and container pool. The Company is part of a supply-chain logistics group ("the Brambles 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 Company primarily serves customers in the fast-moving consumer goods e.g. dry food, grocery, 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 Company also operates specialist container logistics businesses serving the automotive sector, as well as an Intermediate Bulk Container (IBC) pool, serving the health and personal care and food ingredients sectors.

On 12 December 2019, the Company disposed of its 26% interest in CHEP Equipment Pooling B.V. (incorporated in Belgium) ("CEP") and its UK branch to Brambles Industries Limited, a fellow group undertaking incorporated in Australia. Total consideration for the sale was £97,170,000 giving rise to a gain of £27,959,000. Brambles Industries Limited already owns the other 74% of CEP.

The Company has traded satisfactorily during the year and is expected to continue to do so in the future. The Company has grown pallet sector revenue against a challenging economic backdrop due to the outbreak of the Covid-19 pandemic. The Covid-19 pandemic has introduced significant uncertainty, which is likely to last for an extended time and creates both threats and opportunities in the wider market. 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. Additionally the Company has experienced significant inflationary cost pressures, which have been partially mitigated through cost reduction activities during the year.

The Company is a wholly owned subsidiary of Brambles Limited ("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](http://www.brambles.com).

### **Results**

The results for the year are set out in the income statement on page 13.

### **Financial position**

The net assets of the Company have decreased by £12,933,000 from £45,673,000 at 30 June 2019 to £32,740,000 at 30 June 2020. The decrease principally arises due to £104,442,000 profit, which was offset by a dividend paid of £110,000,000 by the Company during the year.

## Strategic Report for the year ended 30 June 2020 *(continued)*

### Key performance indicators (KPIs)

The Company's pooling activities are managed and operated in accordance with the Brambles Group's global 'share and reuse' business model and supporting policy frameworks. As part of a large Group, the Company has many transactions with fellow Group undertakings. Management review and control of KPI's is primarily focussed on underlying performance excluding such intra group transactions and on a regional or global basis. Accordingly, the directors consider that standalone KPIs for the Company are neither relevant nor appropriate for an understanding of its development, performance or position of the business.

The Brambles Group KPIs, which explain Brambles Group performance as a whole, are disclosed in the Brambles Limited Annual Report 2020, pages 14 and 15. Brambles Group monitors its performance and value creation through a number of financial and non-financial metrics.

### 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 2020, pages 16 to 20. The Brambles Limited Annual Report also includes descriptions of mitigating actions, including responses to the Covid-19 pandemic.

### Section 172(1) statement

Section 414CZA of the Companies Act 2006 ("CA06") requires a statement which describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) of CA06 when performing their duty under section 172. This S172 statement, which is reported for the first time, focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and complexity of the Company.

The Company's primary stakeholders are considered to be fellow group undertakings within the Brambles Group, whether as parent, subsidiary or trading partner; the Company's employees; customers; suppliers; government agencies and other regulators. Members of the Company's ultimate parent undertaking, Brambles Limited, are also considered to be key stakeholders.

The Company, in common with all its fellow group undertakings, operates within the strategic framework and core principles established by and for the Brambles Group. When making decisions, each director of the Company ensures that they act in good faith and in a way they consider would most likely promote the Company's success for the benefit of its members, direct and indirect, as a whole. In doing so they have regard, *inter alia*, to the matters detailed below.

References to the Company and Brambles in this s172 statement are interchangeable, unless otherwise indicated. References to the Brambles Group are to the wider group of which the Company is part.

#### **S172(1) (a) "the likely consequences of any decision in the long term"**

The long term for the Company is inextricably linked with the strategy and objectives of the Brambles Group. The Company operates the national pallet pools in UK and Ireland as part of the global pooling operations of the Brambles Group. The Company's role in providing such administrative services and support is delivered in such a way as to promote the long-term success of those strategies and objectives which in turn directly lead to the long-term success of the Company.

#### **S172(1) (b) "the interests of the company's employees"**

The Company is committed to creating workplaces where all employees feel connected to the Company's purpose. The Brambles employee value proposition aims to attract capable people who want to develop their careers, develop themselves and who are passionate about creating more sustainable supply chains. Our 2025 targets reflect the issues that are important for our people. Brambles aims to provide a workplace with purpose, compassion and one that upholds the expectations of all stakeholders now and in the future.

## Strategic Report for the year ended 30 June 2020 *(continued)*

### Section 172(1) statement *(continued)*

Brambles' Better Workplace initiative has taken on a new meaning during the Covid-19 pandemic and has become a source of stability for our people amidst ongoing uncertainty. The Company has actively engaged its employees working remotely, often also home schooling or caring, to ensure they remain connected to their teams and peers.

#### ***S172(1) (c) "the need to foster the company's business relationships with suppliers, customers and others"***

Delivering Brambles Group's strategy requires strong mutually beneficial relationships between the Company and its suppliers. The Company participates in the Brambles Group Procurement process. The centralised procurement process vets suppliers, agrees terms and conditions, and requires agreed purchase orders in advance of all supplies being made to the Company. The Company uses preferred suppliers wherever practicable, and adheres to the agreed terms, including payment within the time limits agreed with suppliers.

The Company also fully participates in the Groups Better Supply Chains and Better Collaboration initiatives. Brambles create better supply chains by helping customers deliver life's essentials, sustainably. In practice, this means transitioning customers from single use or one-way packaging to reusable packaging. This eliminates waste and reduces demand on natural resources, accelerating the evolution to a circular economy. When we amplify the benefits by continuously sharing and reusing our platforms across collaborative networks in each region, we truly create better supply chains on a global scale.

#### ***S172(1) (d) "The impact of the company's operations on the community and the environment"***

Where relevant, the Company, and its subsidiaries, support and are compliant with the environment and community frameworks of the Brambles Group.

The circularity of Brambles' business is sustained by re-growing its key materials under sustainable certification schemes. Our non-renewable materials are maintained in the materials economy ensuring their value is considered over their full life cycle. Brambles' 'share and reuse' model respects the value of these materials by amplifying their useful life for as long as possible, reducing demand for new materials. This approach is less resource intensive than alternative linear models and therefore inherently low-carbon. This positions Brambles, and the Company, well to actively contribute to a 1.5C degree climate future, help decarbonise our customers supply chains and begin our journey to becoming a regenerative business.

The Company participates in Brambles Group's Better Planet programmes wherever relevant.

Since 2015, the Company participates in the Brambles' Better Communities initiatives and have sought to leverage our products, partnerships, position and supply chain experience to create a lasting impact in our communities. Brambles efforts are focused in three main areas:

- food waste and food security;
- environmental restoration; and
- sustainability education and awareness.

Brambles Group aims to contribute 0.7% of pre-tax profits to creating better communities by 2020. In FY20, Brambles Group contributed 0.79% of pre-tax profit. Volunteer hours per employee per year decreased by 21% over FY19, achieving over 17,000 hours globally, the decrease caused by the impact of Covid-19 restrictions arising during the year.

**Strategic Report for the year ended 30 June 2020 (continued)**

**Section 172(1) statement (continued)**

**S172(1) (e) “the desirability of the company maintaining a reputation for high standards of business conduct”**

The Company's reputation, and responsibility for its reputation, is inextricably linked with the Brambles Group.

Brambles Group is committed to being the global leader in platform pooling and insight-based solutions to fast-moving supply chains delivered through its circular 'share and reuse' model. Having introduced the platform pooling model around the world, Brambles Group is re-invigorating it for the supply chains of tomorrow. The Company supports and participates with Brambles Group as it seeks to:

- Achieve and maintain number one positions in each region of operation;
- Lead the industry in customer service, innovation and sustainability; and
- Be an employer of choice through best-in-class safety, diversity and talent development programmes.

The Group has been crucial in connecting people with life's essentials during the COVID-19 pandemic, with each Brambles' business, including the Company's, immediately classified as an essential service at the start of lockdowns in each region.

Brambles constantly seeks to reduce the negative impacts of its business, and where possible create a more positive outcome. The direct and indirect benefits of the business which underpin Brambles' social license to operate, and maintain the Company's reputation for high business standards, include:

- direct economic benefits from Brambles' businesses that include employment opportunities and associated financial and non-financial benefits for ~12,000 global employees, payments to local suppliers and the associated generation of indirect employment, financial donations to community groups and taxes paid to governments.
- Brambles purchasing 100% of its timber materials from certified sustainable forests has helped transform these markets by driving demand for certified forest management. Forestry certification directly supports those regions and communities connected to forestry operations while conserving the ecological processes of the forest. This supports the objective of Sustainable Development Goal (SDG) 15, Life on the Land, which aims for the sustainable use of the world's forests.
- advocating for widespread adoption of a circular economy is central to Brambles' and the Company's purpose and is promoted by non-government bodies, such as the World Economic Forum (WEF) and the Ellen MacArthur Foundation (EMF). A circular strategy addresses both economic inefficiencies and environmental issues that have reached a critical junction including waste and climate change.
- demand for food relief services has increased dramatically with the added difficulty of social distancing reducing the availability of volunteers to donate time safely. Brambles and its food donation partners, many of whom are customers, have needed to increase their support to food banks to ensure food relief and essentials can flow to those in need. Brambles is the backbone of food relief logistics operations and is constantly supplying in-kind platforms to help redistribute food and essentials.

**S172(1) (f) “the need to act fairly as between members of the company”**

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the Company's strategy over the long-term, taking into consideration all relevant stakeholders' interests. The Company has only one direct member, Brambles Holdings (UK) Limited, but also has regard to the members of the ultimate parent undertaking, Brambles Limited, and acts fairly in relation to all such members. Ultimately, the directors are not required to balance the interest of members with other stakeholders and there may be occasions when not all stakeholder interests are fully aligned.

**Strategic Report for the year ended 30 June 2020** *(continued)*

**Section 172(1) statement** *(continued)*

**Principal decisions**

Principal decisions taken by the directors are defined as those decisions during FY20 that are of a strategic nature and that are significant to any of the Company's key stakeholders. As outlined in the FRC Guidance on the Strategic Report, we include decisions related to capital allocation and dividend policy. We describe:

- how regard was given to likely long-term consequences of decisions including how stakeholders were considered during the decision-making process; and
- which accommodations/mitigations were made, if any, and how directors have considered different interests and the factors taken into account.

The Company holds its investments in subsidiaries on behalf of the Brambles Group. The investments are held on the understanding that they may require additional capital injections from time-to-time or be subject to reorganisation transactions initiated by Brambles. The directors consider any request for additional capital made by a subsidiary, having regard to the financial needs of the subsidiary, its future prospects, and its role in the Brambles Group.

During the year, the Company considered and approved additional capital contributions into CHEP Argentina SA (incorporated in Argentina). See Note 14.

Every year, the directors assess the accumulated retained earnings of the Company and the accumulation of surplus funds. Regard is also had to the strategic, cash and capital management objectives of the wider Brambles Group. Dividend distributions are based on this matrix of metrics and wider considerations.

During 2020, the directors noted that as at the start of the financial year the Company had accumulated distributable reserves greater than £24 million, was generating profits for FY20 in excess of £100 million, and had surplus funds on deposit, in particular arising from the disposal of CHEP Equipment Pooling BV for cash proceeds of £97,170,000. It was confirmed that payment of the distribution would not affect the Company's present or future solvency, nor its ability to fulfil its day-to-day treasury activities.

On behalf of the Board



C Brocklehurst  
Director

20th November 2020

## **Directors' Report for the year ended 30 June 2020**

The directors present their Report and the audited financial statements of the Company for the year ended 30 June 2020.

### **Future developments**

The directors are satisfied with the performance of the business and expect that the present level of activity will be sustained for the foreseeable future. Whilst the market is expected to remain competitive in the UK, the directors are confident that the Company is positioned to deliver profitable growth.

### **Dividends**

The Company has paid an interim dividend on its ordinary shares during the year of £110,000,000 (2019: £60,000,000). The directors do not recommend payment of a final dividend (2019: 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:

M Barwell	
D Berry	
C Brocklehurst	
H Lane	(resigned 2 <sup>nd</sup> October 2019)
A Rens	(appointed 2 <sup>nd</sup> October 2019)
M Quinn	(appointed 2 <sup>nd</sup> October 2019)

### **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.



**Directors' Report for the year ended 30 June 2020 (continued)**

**Research and development**

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During the year the Company incurred no expenditure in respect of research and development.

**Post balance sheet events**

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No material events occurred after the year end date of 30 June 2020 and before the signing of the Company's financial statements.

**Employees**

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During the last 12 months the Company has been certified by the Top Employers Institute. The Top Employers Institute certifies excellence in the conditions that employers create for their people. Optimal employee conditions ensure that people develop themselves personally and professionally. This in turn enables companies to grow and develop.

In order to ensure our employees receive relevant information in respect of the company performance, monthly business updates take place for our office and field based employees. Business performance updates are included in our Shift briefs for our employees based in Plants and mid-year and full-year "business update" meetings take place where employees are briefed on the overall performance of the Global Brambles business as well as the European and CHEP UK & Ireland business unit.

Included in these business updates will be information on any change programmes, employees are encouraged to give feedback and ideas on how we can successfully manage change in the business. Should a formal consultation process be required this will always be supported by our human resources department who will ensure correct processes and followed in line with ACAS guidelines.

All employees are encouraged to participate in the Brambles MyShare scheme, employees can easily gain access to information on the share scheme via our employee hub. For employees based in Plants, we will provide relevant marketing materials, including posters and flyers and Plant Managers will conduct specific briefings close to the time that the Share save scheme registration takes place.

CHEP UK are an equal opportunities employer. As an equal opportunities employer, we have policies and processes in place to ensure that all colleagues and job applicants receive the same treatment regardless of gender, marital status, age, nationality, disability or ethnic origin.

We are fully committed to inclusion & diversity. Openness to diversity widens our access to the best talent. Inclusion allows us to engage that talent fully, leading to enhanced innovation, creativity, productivity, reputation, engagement and results.

**Branches outside the UK**

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CHEP UK Limited operates a branch in the Republic of Ireland – CHEP Ireland.

**Going Concern**

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The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on page 1.

The Directors have assessed the liquidity requirements for the Company for at least the next 12 months from date of approval of these financial statements. They intend to manage their working capital needs on a day to day basis through realising existing resources. The Directors have received assurance of continued financial support from an appropriate Brambles group company for at least 12 months from the date these financial statements.

The Directors therefore believe the Company is well placed to manage its business risks and they have a reasonable expectation the Company has adequate resources to continue their operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

**Directors' Report for the year ended 30 June 2020 (continued)**

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements for the year ended 30 June 2020 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.

**Streamlined energy and carbon reporting (SECR)**

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") introduced requirements for large unquoted companies to disclose their annual energy use and greenhouse gas emissions, and related information. The Company falls within scope of the SERC reporting requirements and has provided the required information below. Unless otherwise indicated, all information provided relates to FY20. Since this is the first year of reporting SERC information, prior year comparative information is not provided.

As a member of the Brambles Group, the Company participates in the Brambles sustainability initiatives. 2020 is a defining year for Brambles as the ambitious sustainability commitments set back in 2015 have, on the whole, been achieved. Most notably, reaching 100% sustainable sourcing of timber across all regions of operation underscores Brambles' commitment to fighting deforestation and taking action on a global scale. Brambles has communicated its 2025 sustainability vision and supporting targets with the release of the FY20 Sustainability Review. The vision will define a pathway where the resources Brambles depends on are regenerated, creating value by establishing more forests and drawing down more carbon than generated by the business. Brambles' commitment to a low-carbon future and how it plans to reduce carbon emissions through its entire value chain is central to our strategy.

The Brambles Group publishes two annual reports on these matters, which are both available on [www.brambles.com](http://www.brambles.com):

**Directors' Report for the year ended 30 June 2020 (continued)**

**Streamlined energy and carbon reporting (SECR) (continued)**

- Task Force on Climate-related Financial Disclosures 2020 Annual Review – published August 2020; and
- Sustainability Review 2020 – published September 2020

UK energy use

	Energy consumption	Greenhouse gas emissions
Electricity – annual quantity of energy consumed in UK resulting from the purchase of electricity by the Company for its own use	10,201,529 kWh	2,378 tonnes CO <sub>2</sub> e
Gas combustion – the annual quantity of energy consumed from stationary or mobile activities for which the business is responsible involving the combustion of gas	4,736,214 kWh	871 tonnes CO <sub>2</sub> e
Transport – the annual quantity of energy consumed from activities for which the Company is responsible, involving the consumption of fuel for the purposes of transport	18,667,247 kWh	552 tonnes CO <sub>2</sub> e

Energy efficiency action

Brambles aimed to achieve a 20% reduction in scope 1 and 2 carbon emissions per unit delivered by 2020. In FY19, Brambles achieved a 9% reduction in CO<sub>2</sub> per unit delivered, resulting in an 18% reduction on our 2020 goal.

Intensity ratio

We have chosen the metric Transport equivalent unit (TEU) as our intensity ratio. A (TEU) is an industry standard accepted measure, that is used widely in the logistics industry. CHEP pallet issue volumes to the market, are adjusted to the equivalent (TEU) based on their physical dimensions.

More information on the calculation can be found on the Brambles website:

[www.brambles.com/Content/cms/sustainability-2020/FY20 Brambles Supplementary Information Document.pdf](http://www.brambles.com/Content/cms/sustainability-2020/FY20%20Brambles%20Supplementary%20Information%20Document.pdf)

This is measured by grams of CO<sub>2</sub>e per TEU issued. In FY20 Brambles intensity ratio was 88.2 Grams of CO<sub>2</sub>e per TEU issued.

Total tCO <sub>2</sub> e	4,021
TEUs	45,586,541
TEU Intensity (g/TEU)	88.21

Quantification and reporting methodology

We have used 2020 UK Government's Conversion Factors for Company Reporting which can be found on the Government website.

[www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020](http://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020)

On behalf of the Board



C Brocklehurst  
Director  
20th November 2020

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

**Independent auditors' report to the members of CHEP UK Limited**

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

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**Opinion**

In our opinion, CHEP UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 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, which comprise: the Statement of financial position as at 30 June 2020; the Income statement, 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 where:

- 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.

**Independent auditors' report to the members of CHEP UK Limited (*continued*)**

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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 2020 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.

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**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 in respect of the financial statements set out on page 8, 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.

**Independent auditors' report to the members of CHEP UK Limited (*continued*)**

**Responsibilities for the financial statements and the audit (*continued*)**

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*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**

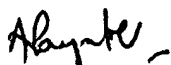
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**Companies Act 2006 exception reporting**

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.



Andrew Paynter (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
20<sup>th</sup> November 2020

**CHEP UK Limited**  
**Year ended 30 June 2020**

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

**Income statement for the year ended 30 June 2020**

	Note	2020	2019
Revenue	4	401,576	366,208
Cost of sales		(11,691)	(12,396)
Gross profit		389,885	353,812
Administrative expenses		(306,680)	(296,677)
Operating profit	5	83,205	57,135
Income from shares in group undertakings	7	17,886	1,734
Gain on disposal of fixed asset investments	14	27,959	-
Amounts written off investments	14	(7,260)	(13,650)
Profit before interest and taxation		121,790	45,219
Finance costs	8	(1,392)	(1,433)
Finance costs – net		(1,392)	(1,433)
Profit before taxation		120,398	43,786
Tax on profit	9	(15,956)	(11,052)
Profit for the financial year		104,442	32,734

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

**Statement of comprehensive income for the year ended 30 June 2020**

	Note	2020	2019
Profit for the financial year		<b>104,442</b>	32,734
Other comprehensive (expense)/income: Items that will not be reclassified to profit or loss			
Actuarial (losses)/gains on pension scheme	20	<b>(4,791)</b>	(4,960)
Movement on deferred tax relating to pension deficit		<b>904</b>	940
Movement on deferred tax relating to change in tax rates		<b>541</b>	(99)
Exchange losses		<b>(22)</b>	(34)
Other comprehensive (expense)/income for the financial year, net of tax		<b>(3,368)</b>	(4,153)
Total comprehensive income for the financial year		<b>101,074</b>	28,581



**CHEP UK Limited**  
**Year ended 30 June 2020**

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

**Statement of financial position as at 30 June 2020**

	Note	2020	2019
Fixed assets			
Intangible assets	11	7,025	7,175
Property, plant and equipment	12	34,565	33,651
Right-of-use assets	13	25,541	-
Investments in subsidiaries	14	61,965	137,219
Deferred tax asset	15	3,811	2,719
		<b>132,907</b>	<b>180,764</b>
Current assets			
Inventories	16	5,425	2,771
Trade and other receivables	17	50,006	56,141
Cash and cash equivalents		1,063	2,111
		<b>56,494</b>	<b>61,023</b>
Creditors: amounts falling due within one year	18	(77,521)	(77,676)
Net current liabilities		<b>(21,027)</b>	<b>(16,653)</b>
Total assets less current liabilities		<b>111,880</b>	<b>164,111</b>
Creditors: amounts falling due after more than one year	19	(55,357)	(96,661)
Pensions and similar obligations	20	(23,783)	(21,777)
Net assets		<b>32,740</b>	<b>45,673</b>
Equity			
Called up share capital	22	7,935	7,935
Share premium account		6,835	6,835
Revaluation reserve		181	181
Capital contribution reserve		2,372	2,725
Retained earnings		15,417	27,997
Total shareholders' funds		<b>32,740</b>	<b>45,673</b>

The notes on pages 18 to 50 are an integral part of these financial statements.

The financial statements on pages 13 to 50 were approved for issue by the Board of directors on 20<sup>th</sup> November 2020 and were signed on its behalf.



C Brocklehurst  
Director

**CHEP UK Limited**  
**Year ended 30 June 2020**

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

**Statement of changes in equity for the year ended 30 June 2020**

	Note	Called-up share capital	Share premium account	Revaluation reserve	Capital contribution reserve	Retained earnings	Total shareholders' funds
Balance as at 1 July 2018		7,935	6,835	181	2,965	59,416	77,332
Profit for the financial year		-	-	-	-	32,734	32,734
Other comprehensive income/(expense) for the financial year							
Actuarial gains on pensions scheme	20	-	-	-	-	(4,960)	(4,960)
Movement on deferred tax relating to pension deficit		-	-	-	-	841	841
Exchange differences		-	-	-	-	(34)	(34)
Total comprehensive income for the financial year		-	-	-	-	28,581	28,581
Credit relating to equity settled share-based payments		-	-	-	1,283	-	1,283
Charge from parent for equity-settled share-based payments		-	-	-	(1,523)	-	(1,523)
Dividends paid	10	-	-	-	-	(60,000)	(60,000)
Total transactions with owners recognised directly in equity		-	-	-	(240)	(60,000)	(60,240)
Balance as at 30 June 2019		7,935	6,835	181	2,725	27,997	45,673

**CHEP UK Limited**  
**Year ended 30 June 2020**

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

**Statement of changes in equity for the year ended 30 June 2020 (continued)**

	Note	Called-up share capital	Share premium account	Revaluation reserve	Capital contribution reserves	Retained earnings	Total shareholders' funds
Balance at 30 June 2019 – previously reported		7,935	6,835	181	2,725	27,997	45,673
Effect of changes in accounting policies	27					(3,654)	(3,654)
Balance as at 1 July 2019		7,935	6,835	181	2,725	24,343	42,019
Profit for the financial year		-	-	-	-	104,442	104,442
Other comprehensive income for the financial year							
Actuarial losses on pensions scheme	20	-	-	-	-	(4,791)	(4,791)
Movement on deferred tax relating to pension deficit		-	-	-	-	1,445	1,445
Exchange differences		-	-	-	-	(22)	(22)
Total comprehensive income for the financial year		-	-	-	-	101,074	101,074
Credit relating to equity settled share-based payments		-	-	-	767	-	767
Charge from parent for equity-settled share-based payments		-	-	-	(1,120)	-	(1,120)
Dividends paid	10	-	-	-	-	(110,000)	(110,000)
Total transactions with owners recognised directly in equity		-	-	-	(353)	(110,000)	(110,353)
Balance as at 30 June 2020		7,935	6,835	181	2,372	15,417	32,740

## Notes to the financial statements for the year ended 30 June 2020

### 1 General information

CHEP UK 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 Company also operates specialist container logistics businesses serving the automotive sector, as well as an Intermediate Bulk Container (IBC) pool, serving the health and personal care and food ingredients sectors.

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](http://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 2<sup>nd</sup> Floor, 400 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2HJ.

#### 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.

### 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 2020 or FY20 and 2019 or FY19 are to the financial years ended 30 June 2020 and 30 June 2019, 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"). 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 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 2020 (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
- 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**

IFRS 16 Leases is a new accounting standard that has been adopted and is effective for the financial year beginning 1 July 2019. The impact of IFRS 16 is explained further in Notes 2.23 and 27.

IFRS 16 requires a lessee to recognise all qualifying leases on the balance sheet in the form of a lease liability and right-of-use leased asset, adjusted for deferred tax. The new standard mainly impacts property and equipment leases located at offices and service centres where the Company is the lessee. The straight-lined operating lease expense recognised under IAS 17 Leases has been replaced by depreciation of the right-of-use leased asset and finance costs on the lease liability.

The Company adopted the following approach and practical expedients:

- the modified retrospective approach was used on transition to IFRS 16 and therefore the comparative period was not restated and continues to reflect accounting policies under IAS 17;
- on transition, land and buildings right-of-use leased assets were valued as if IFRS 16 had always been applied, but using the incremental borrowing rate on a country-specific and portfolio basis as at the date of application, for all other assets the right-of-use leased asset equals the lease liability, adjusted for any prepaid or accrued lease payments recognised immediately before the date of initial application;
- on transition right-of-use leased assets excluded initial direct costs and were reduced by any existing onerous lease provisions; and
- optional exemptions for short-term and low-value assets were applied; and

New software was implemented to calculate the IFRS 16 adjustments. The opening adjustments at 1 July 2019 are disclosed in Note 27.

Prior to this change in accounting policy, the only leases held by the Company were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. The Company held no leases classified as finance leases.

No other new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2020, have had a material impact on the Company.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**

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

**2.1 Basis of preparation (continued)**

Going concern

The Directors have assessed the liquidity requirements for the Company for at least the next 12 months from the date of approval of these financial statements. They intend to manage their working capital needs on a day to day basis through realising existing resources. The Directors have received assurance of continued financial support from an appropriate Brambles group company for at least 12 months from the date these financial statements. The Directors therefore believe the Company is well placed to manage its business risks and they have a reasonable expectation the Company has adequate resources to continue their operations for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's borrowings is given in note 2.15 and 2.16.

**2.2 Consolidation**

The Company is a wholly owned subsidiary of Cyan Logistics Limited 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 address of Brambles Limited is Level 10, Angel Place, 123 Pitt 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 'Operating costs'.

**2.4 Property, plant and equipment**

Land and buildings comprise mainly service centres for pooling equipment and offices. Land and buildings are stated at historical cost less subsequent depreciation for buildings. All other 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.

## Notes to the financial statements for the year ended 30 June 2020 *(continued)*

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

#### 2.4 Property, plant and equipment *(continued)*

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:

• Buildings	10 to 50 years
• Plant and machinery	5 to 10 years
• Vehicles	4 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 (*Note 12*).

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

#### 2.5 Intangible assets

##### *Intellectual property rights*

The Company's intangible assets arose from the purchase of the intellectual property rights attaching to the CHEP brand and pooling systems. The intellectual property rights are stated at their historical cost less accumulated amortisation and provision for impairment. Intangible assets are amortised on a straight-line basis over their estimated useful life of 10 years down to a residual value of zero.

##### *Purchased goodwill*

The purchased goodwill was acquired as part of the reorganisation and acquisition of the Pallexon UK business operations, as explained in Note 11 and arose as part of the original acquisition of the Pallexon UK legal entity and its business by Brambles during December 2012. Purchased goodwill is stated at cost less provision for impairment.

##### *Customer relations*

The customer relationship intangible assets were acquired as part of the reorganisation and acquisition of the Pallexon UK business operations, as explained in Note 11. The customer relationships arose as part of the original acquisition of the Pallexon UK legal entity and its business by Brambles during December 2012. Customer relationships are amortised over their useful life of 10 years down to a residual value of zero.

#### 2.6 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.

**Notes to the financial statements for the year ended 30 June 2020 *(continued)***

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

**2.7 Financial assets**

**2.7.1 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 of trade receivables, other receivables, accrued income and amounts due from group undertakings.

**2.7.2 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.

**2.8 Investment in subsidiaries**

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

**2.9 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 2.11 below.

**2.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.11 Trade and other receivables**

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. 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.



**Notes to the financial statements for the year ended 30 June 2020 *(continued)***

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

**2.11 Trade and other receivables *(continued)***

Under IFRS 9 Financial Instruments, effective for the Company from 1 July 2019, for all eligible trade and other receivables, the Company has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade and other receivables are grouped based on region and aging. Customers with heightened credit risk are provided for specifically based on historical default rates and forward-looking information. Customers with normal credit risk are provided for in line with a provision matrix based on aging and their associated risk. A lifecycle allowance is calculated on the remaining trade and other receivables balance based on historical bad debt levels. Where there is no reasonable expectation of recovery, balances are written off. This has increased the allowance for doubtful debts only marginally due to historically low levels of bad debt.

**2.12 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.

**2.13 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.

**2.14 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.15 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.

**2.16 Borrowing costs**

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

**2.17 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.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**

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

**2.17 Current and deferred income tax (continued)**

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.

**2.18 Employee benefits**

The Company's post-employment schemes comprise a defined contribution pension plan and a defined benefit pension 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.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past-service costs are recognised immediately in the income statement.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**

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

**2.18 Employee benefits (continued)**

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.

**2.19 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 binominal 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 within the capital contribution reserve.

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 30 to 34) and in Note 20 to the financial statements of the 2020 Annual Report of Brambles Limited.

**2.20 Revenue recognition**

Revenue is measured in line with the new accounting standard IFRS 15 *Revenue from Contracts with Customers*, effective for the Company from 1 July 2019 (refer Note 4). Under the new accounting policy, revenue generated from the provision of pooling equipment to customers is recognised over the cycle time. Revenue is measured based on the amount of consideration the Company expects to be entitled to, in exchange for transferring promised goods or services to a customer, net of consideration payable to customers or third parties, duties and taxes paid (Value Added Tax and local equivalents).

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**

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

**2.21 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.

**2.22 Dividend income**

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

**2.23 Leases**

The Company primarily leases offices, service centres, equipment and vehicles. Rental contracts are typically made for fixed periods, but may have extension or termination options. Contract terms range from 36 months to 15 years. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

From 1 July 2019, leases are recognised as a right-of-use leased asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the present value of:

- fixed lease payments less any incentives receivable;
- variable payments based on a rate or index; and
- amounts expected to be payable relating to residual value guarantees, early termination penalties, and purchase options if reasonably certain of taking place.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, then lease payments are discounted using the incremental borrowing rate calculated by geographic region. The incremental borrowing rate is the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Company is required to remeasure the lease liability and make an adjustment to the right-of-use leased asset if the lease terms and conditions are modified, in which case the lease liability is remeasured by discounting the revised lease payments. The remeasurement of the lease liability is also applied against the right-of-use leased asset.

Right-of-use leased assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- dilapidation costs.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**

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

**2.23 Leases (continued)**

The right-of-use leased asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Company has no leases as lessor.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

*Previous accounting policies applied in financial year ended 30 June 2019*

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in Creditors – amounts falling due after more than one year. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

**2.24 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 2020 (*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) Useful economic lives of property, plant and equipment*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 2.4 for the useful economic lives for each class of assets.

*(b) 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 three-year period with an appropriate terminal value at the end of the period or by reference to the expected realisable net asset value, where this is more relevant, in determining the estimated recoverable amount.

*(c) Defined benefit pension scheme*

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures of the defined benefit pension scheme.

*(d) Lease accounting*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company relies upon the cost of funds applicable to its individual credit-rating banding as determined by the Brambles Group treasury function. The Company used an incremental borrowing rate of 3%. This was derived from the Reuters 10 year swap rate on date of transition, plus Brambles cost of funds of 1.5%, and then rounded up to the nearest 0.5%.

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

*(a) Impairment of fixed asset investments*

The assumptions used in the impairment review process for the fixed assets investments, as disclosed (if relevant) in Note 14, 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.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**4 Revenue**

Analysis of revenue by geography:

	2020	2019
United Kingdom	377,670	346,844
Rest of Europe	23,906	19,364
	<b>401,576</b>	<b>366,208</b>

Analysis of revenue by category:

	2020	2019
Sale of goods	11,952	12,905
Services	330,031	315,934
Royalty income	48,731	37,369
Royalty income prior period adjustment	10,862	-
	<b>401,576</b>	<b>366,208</b>

During the year, the Australian Tax Office and HM Revenue and Customs reached agreement with the Company to amend the allocation of royalty revenue as between the Company and CHEP Technology Pty Limited, a fellow group undertaking incorporated in Australia. The Company's previous allocations of 30% of royalty revenue from the USA and 40% from the rest of the world has been amended to 35% globally. As a result of the changed allocations, the Company has recognised additional net royalty income during FY20 of £10,862,000 which relates to prior years.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a framework for revenue recognition. It is based on the principle that revenue is recognised when control of a good or service transfers to a customer, either over time or at a point in time, depending on when performance obligations are satisfied.

The Company has one revenue stream, which is the provision of pooling equipment to customers for a period of time. Several fees are charged to customers including issue, transfer, transport and daily hire. The predominant billing structure for these fees is either a bundled upfront fee upon issue of pooling equipment to customers, or a daily hire fee based on the number of days the pooling equipment is used in the field by a customer. Other fees, such as transport and transfer fees, are billed when the activity occurs.

Under IFRS 15, the services provided by the Company are deemed a single performance obligation relating to the provision of an end-to-end pooling solution and the performance obligation is satisfied over time. The issue and daily hire activities are not considered distinct services. Revenue arising issue is deferred and recognised over the estimated period that the pooling equipment is utilised by customers, referred to as the cycle time, which is an output method. Revenue based on the daily hire model is recognised over time. Consideration that is fixed or highly probable is included in the transaction price allocated to the performance obligation. This includes issue fees, daily hire fees and bundled upfront fees. Consideration that is variable or uncertain continues to be recognised when the activity occurs.

Deferred revenue primarily relates to revenue that is billed on issue of pooling equipment to customers. It is recognised in the income statement over the cycle time (refer Note 2). As the cycle time is less than one year, all deferred revenue from 2019 was recognised in 2020. Deferred revenue in 2020 relates to the transaction price allocated to performance obligations that remain unsatisfied and will be satisfied in 2021.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**5 Operating profit**

Operating profit is stated after charging/(crediting):

	<b>2020</b>	<b>2019</b>
Wages and salaries	<b>40,434</b>	38,839
Social security costs	<b>4,085</b>	3,996
Other pension costs - defined contribution (Note 20)	<b>2,226</b>	1,984
Other pension costs - defined benefit (Note 20)	<b>802</b>	4,143
Share based payments	<b>759</b>	790
Staff costs	<b>48,306</b>	49,752
Reorganisation expense	<b>142</b>	460
Depreciation charge on property, plant and equipment and leases	<b>9,613</b>	3,348
Amortisation charge on intangible assets	<b>150</b>	3,900
Operating lease charges	<b>-</b>	7,842
Foreign exchange (gains)/losses	<b>(534)</b>	453
Audit fees payable to the Company's auditors	<b>77</b>	71



**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**6 Employees and directors**

**Employees**

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

<i>By activity:</i>	<b>2020 Number</b>	<b>2019 Number</b>
Production	<b>889</b>	920
Administration	<b>233</b>	195
	<b>1,122</b>	1,115

**Directors**

The directors' emoluments were as follows:

	<b>2020</b>	<b>2019</b>
Aggregate emoluments	<b>1,046</b>	1,180
	<b>1,046</b>	1,180

During the year the directors received payments of £86,768 into their defined contribution pensions.

One director exercised share options during the year (2019: two). Three directors participate in the share option scheme provided by the Brambles Group (2019 two).

**Highest paid director**

The highest paid director's emoluments were as follows:

	<b>2020</b>	<b>2019</b>
Total amount of emoluments and amounts receivable under long-term incentive schemes	<b>417</b>	382

During the year the highest paid director received payments of £32,792 into their defined contribution pension. The highest paid director participated in the share option scheme provided by the Brambles Group.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**7 Income from shares in Group undertakings**

	2020	2019
Income from shares in group undertakings	17,886	1,734
	<b>17,886</b>	<b>1,734</b>

Full amount of income from shares in group undertakings relates to dividends received from CHEP do Brasil Ltda of £17,046 and CHEP Magyarország Szolgáto kft of £840.

**8 Finance income and costs**

Finance income	2020	2019
Interest income	245	7
Total finance income	<b>245</b>	<b>7</b>

Finance costs	2020	2019
Overdraft and bank borrowings	-	-
Interest expense on loans from fellow group undertakings	(802)	(1,440)
Lease interest expense	(835)	-
Total finance costs	<b>(1,637)</b>	<b>(1,440)</b>

Finance income and costs	2020	2019
Interest income	245	7
Interest costs	(1,637)	(1,440)
Net finance costs	<b>(1,392)</b>	<b>(1,433)</b>

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**9 Tax on profit**

	2020	2019
Tax expense included in profit or loss		
Current tax:		
– UK Corporation tax on profits for the year	(14,886)	(11,470)
– Adjustments in respect of prior years	137	(59)
Total current tax	(14,749)	(11,529)
Deferred tax:		
Origination and reversal of timing differences	(765)	621
Impact of change in tax rate	(244)	(65)
Adjustments in respect of prior years	(198)	(79)
Total deferred tax	(1,207)	477
Tax on profit	(15,956)	(11,052)
Tax income/(expense) included in other comprehensive income	2020	2019
Deferred tax:		
– Origination and reversal of temporary differences	904	940
– Impact of change in tax rate	541	(99)
Total tax income/(expense) included in other comprehensive income	1,445	841

Tax expense for the year is lower (2019: higher) than the standard rate of corporation tax in the UK for the year ended 30 June 2020 of 19% (2019: 19%). The differences are explained below:

	2020	2019
Profit before taxation	120,398	43,786
Profit multiplied by the standard rate of tax in the UK of 19% (2019: 19%):	(22,876)	(8,319)
Effects of:		
– Income not subject to tax – income from shares in group undertakings	3,398	329
– Income not subject to tax – gain on disposal of fixed asset investments	5,312	-
– Amortisation of intangible assets	-	(712)
– Overseas tax	(414)	(312)
– Double tax relief	414	312
– Remeasurement of deferred tax – change in UK tax rate	(245)	(65)
– Adjustments in respect of prior years	(60)	(138)
– Expenses not deductible for tax purposes:		
- amounts written off fixed asset investments	(1,379)	(2,594)
- other	(106)	447
Total tax charge	(15,956)	(11,052)

The tax rate for the current year is the same as the prior year, being 19%, effective since 1 April 2017. The tax rate reduction to 17% from April 2020 previously enacted as part of the Finance Act 2016 (on 6 September 2016), will now remain at 19%. This change was enacted in the Finance Act 2020 on 22 July 2020. Deferred tax assets and liabilities measured at 17% have been remeasured at 19% during the year.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**10 Dividends paid**

Declared and paid during the year:	<b>2020</b>	<b>2019</b>
Dividends on ordinary shares:		
– first interim for 2020 £13.86 (2019: £7.56)	<b>110,000</b>	<b>60,000</b>

**11 Intangible assets**

	Purchased goodwill	Intellectual property rights	Customer relationships	Total
<i>Cost:</i>				
At 1 July 2019	6,662	37,500	1,500	45,662
Additions	-	-	-	-
As at 30 June 2020	6,662	37,500	1,500	45,662
<i>Accumulated:</i>				
At 1 July 2019	-	(37,500)	(987)	(38,487)
Amortisation	-	-	(150)	(150)
At 30 June 2020	-	(37,500)	(1,137)	(38,637)
Net book amount	6,662	-	363	7,025
<i>Net book amount:</i>				
As at 30 June 2019	6,662	-	513	7,175
Movement during the year	-	-	(150)	(150)
As at 30 June 2020	6,662	-	363	7,025

The purchased goodwill and customer relationship intangible assets were acquired as part of the reorganisation and acquisition of the Pallean UK business operations in FY19. Both amounts arose as part of the original acquisition of the Pallean UK legal entity and its business by Brambles during December 2012. Purchased goodwill is carried at cost less accumulated impairment losses and is not amortised. It has an indefinite useful life. Customer relationships are amortised over their useful life of 10 years down to a residual value of zero.

The intellectual property intangible asset arose from the acquisition by the Company of legal ownership of the various intellectual property rights associated with the CHEP brand and logo from a fellow group undertaking. The royalty income earned from these intellectual property rights is recognised within revenue. The intellectual property is being amortised on a straight-line basis over its useful life of 10 years down to a residual value of zero.

Intangible assets amortisation is recorded in administrative expenses in the income statement.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**12 Property, plant and equipment**

	Land, buildings and leasehold improvements	Plant, machinery and motor vehicles	Capital work in progress	Total
<b>At 30 June 2019</b>				
Cost	19,868	62,417	2,782	85,067
Accumulated depreciation and impairment	(5,838)	(45,578)	-	(51,416)
Net book amount	14,030	16,839	2,782	33,651
<b>Year ended 30 June 2020</b>				
Foreign currency adjustment	11	21	3	35
Additions	-	221	5,340	5,561
Disposals	(20)	(992)	-	(1,012)
Reclassification	89	3,982	(4,071)	-
Depreciation	(507)	(3,163)	-	(3,670)
Closing net book amount	13,603	16,908	4,054	34,565
<b>At 30 June 2020</b>				
Cost	19,973	65,720	4,054	89,747
Accumulated depreciation and impairment	(6,370)	(48,812)	-	(55,182)
Net book amount	13,603	16,908	4,054	34,565

The net book value of land and buildings comprises:

	2020	2019
Freehold land	2,915	2,892
Freehold buildings	8,279	8,597
Long leasehold improvements	2,409	2,541
Carrying value	13,603	14,030

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**13 Leases**

The Company primarily leases offices, service centres, equipment and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

*(i) Amounts recognised in the statement of financial position*

Right-of-use assets:	Land and buildings	Plant, machinery equipment and motor vehicles	Total
Opening balance - recognised on 1 July 2019	28,536	2,396	30,932
Additions	(7)	544	537
Depreciation	(4,258)	(1,685)	(5,943)
Foreign exchange differences	15	-	15
Closing net carrying amount	24,286	1,255	25,541
At 30 June 2020			
Cost	28,544	2,940	31,484
Accumulated depreciation	(4,258)	(1,685)	(5,943)
Net carrying amount	24,286	1,255	25,541
		30 June 2020	1 July 2019
Lease liabilities			
Current		(5,757)	(6,109)
Non-current		(22,116)	(27,576)
		(27,873)	(33,685)

In the previous year, the Company did not recognise any lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The Company only had operating leases. For adjustments recognised on adoption of IFRS 16 on 1 July 2019, refer to Note 27.

*(ii) Amounts recognised in the income statement*

	2020
Interest expense (included in finance cost)	835
Expense relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)	500
	1,335

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**13 Leases (continued)**

Future minimum lease payments as at 30 June 2020 are as follows:

	2020
Not later than one year	5,776
Later than one year and not later than five years	15,239
Later than five years	10,395
Total gross payments	31,410
Impact of finance expenses	(3,537)
Carrying amount of liability	27,873

The Company initially applied IFRS 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. Thus, the comparative future minimum lease payments presented are based on IAS 17 while the current year are based on IFRS 16.

The total cash outflow for leases in 2020 was £7,210,000 (2019: £7,780,000).

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**14 Investments in subsidiaries**

	Shares in group undertakings
At 1 July 2018	144,100
Additions	6,769
Impairment	(13,650)
At 30 June 2019	137,219
Additions	1,217
Disposals	(69,211)
Impairment charge for the year	(7,260)
At 30 June 2020	61,965

During the year, the Company made additional capital injections into existing wholly owned subsidiaries as follows:

	2020	2019
CHEP Argentina SA	1,217	4,318
CHEP Maroc Sarl	-	2,451
	<b>1,217</b>	<b>6,769</b>

On 12 December 2019, the Company disposed of its 26% interest in CHEP Equipment Pooling B.V. (incorporated in Belgium) ("CEP") and its UK branch to Brambles Industries Limited, a fellow Group undertaking incorporated in Australia. Total consideration for the sale was £97,170,000 giving rise to a gain of £27,959,000. Brambles Industries already owns the other 74% of CEP.

**Impairments:**

The impairment charge for the year comprises:

	Country of incorporation	2020	2019
CHEP Argentina SA	Argentina	2,680	10,040
CHEP Maroc Sarl	Morocco	1,180	460
CHEP (Thailand) Ltd	Thailand	710	-
Brambles Hong Kong Limited	Hong Kong	2,690	3,150
		<b>7,260</b>	<b>13,650</b>

The Company has recognised an impairment of £7,260,000 (2019: £13,650,000) to write down the carrying value of certain subsidiaries to their expected realisable net asset values which are considered to be equivalent to their estimated recoverable amounts.

A full listing of group undertakings as at 30 June 2020 is provided in Note 28.



**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**15 Deferred tax asset**

	Deferred tax
At 1 July 2019	2,719
Additions to the income statement	(1,207)
Additions to the statement of other comprehensive income	1,445
Adoption of new accounting standards (IFRS 16)	854
At 30 June 2020	<u>3,811</u>

Deferred tax consists of the following deferred tax assets/(liabilities):

	2020	2019
Deferred tax (liability)/asset within 12 months	-	(44)
	<u>-</u>	<u>(44)</u>
Deferred tax assets due after more than 12 months	5,251	3,703
Deferred tax liabilities due after more than 12 months	(1,440)	(940)
	<u>3,811</u>	<u>2,763</u>
Total deferred tax	<u>3,811</u>	<u>2,719</u>

	Leases – lease liability	Post-employment benefits	Other short-term timing differences
Deferred tax assets			
At 1 July 2018	-	2,776	10
Acquired from Pallean UK	-	-	113
Charged to the income statement	-	86	(167)
Charged directly to other comprehensive income	-	841	-
At 30 June 2019	-	3,703	(44)
Credited to the income statement	(909)	(629)	(107)
Credited directly to other comprehensive income	-	1,445	-
Adoption of new accounting standards (IFRS 16)	6,734	-	-
At 30 June 2020	<u>5,825</u>	<u>4,519</u>	<u>(151)</u>

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**15 Deferred tax asset (continued)**

	Accelerated capital allowances	Leases – right of use assets
Deferred tax liabilities		
At 1 July 2018	(1,384)	-
Credited to the income statement	249	-
Acquired from Pallicocon UK	195	-
At 30 June 2019	(940)	-
Credited to the income statement	(349)	787
Adoption of new accounting standards (IFRS 16)	-	(5,880)
At 30 June 2020	(1,289)	(5,093)

There are no unused tax losses or unused tax credits.

**16 Inventories**

	2020	2019
Raw materials and consumables	5,425	2,771

There is no significant difference between the replacement cost of inventories and their carrying amounts.

**17 Trade and other receivables**

	2020	2019
Trade receivables	27,289	33,162
Amount due from group undertakings	4,928	6,433
Other receivables	876	528
Prepayments and accrued income	16,913	16,018
	50,006	56,141

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

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

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

	2020	2019
Creditors	17,894	15,354
Lease liabilities	5,757	-
Amount due to group undertakings	16,753	12,269
Taxation and social security	21,107	9,465
Accruals and deferred income	16,010	40,588
	<b>77,521</b>	<b>77,676</b>

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

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

	2020	2019
Lease Liabilities	22,116	-
Amounts owed to group undertakings		
- Brambles U.K. Limited	22,786	92,943
- Brambles Finance plc	10,455	3,718
	<b>55,357</b>	<b>96,661</b>

All intra-group loans to the Company as borrower comprise unsecured committed revolving loan facilities that carried interest during FY20 at Brambles' cost of funds plus a margin of 0.1% or 1.1%. Individual committed loan facilities comprise:

- GBP 200,000,000 (2019: GBP 200,000,000) facility from Brambles U.K. Limited dated 18 June 2012 (as amended);
- GBP 15,000,000 (2019: GBP 15,000,000) facility from Brambles U.K. Limited dated 18 June 2012 (as amended); and
- EUR 8,000,000 (2019: EUR 8,000,000) facility from Brambles Finance plc dated 28 August 2012 (as amended).

During June 2018, all intra-group loan agreements were amended to decrease the interest margin from 2.2% to either 0.1% or 1.1% (as applicable) with effect from 30 September 2018, and to extend the loan term from 30 September 2018 to 30 September 2021.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**20 Pensions and similar obligations**

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

Defined benefit scheme

The Company operates the Brambles Enterprises (1996) Pension Scheme and the CHEP Ireland Pension Scheme (together "the Schemes"), both defined benefit schemes, in respect of certain UK and Eire employees. Under the Schemes, employees are entitled to retirement benefits based upon a percentage of final salary.

The Schemes are funded, self-administered and their assets are held independently of the Company's finances. The Schemes are closed to new members and, on 30 September 2011, the Schemes closed to future accrual of pension benefits and all existing active members became deferred members. For active members at the date of closure, the link between benefits and salary has been retained in respect of the Brambles Enterprises (1996) Pension Scheme.

The Schemes' assets held in the funds are governed by local regulations and practice in the United Kingdom. Responsibility for the governance of the Schemes including investment decisions and contribution schedules lies jointly with the principal employer, Brambles Enterprises Limited, the Company and the trustees of the Schemes.

The Schemes' assets and the present value of their defined benefit obligations are recognised in the Company balance sheet based upon the most recent formal actuarial valuations, as at 5 April 2017, which have been updated to 30 June 2020 by independent professionally qualified actuaries to take account of the requirements of IAS 19. The valuation updates have used assumptions, assets and cash flows as at 31 May 2020. There has been no material change in assumptions, assets and cash flows between 31 May and 30 June. The present value of the defined benefit obligations were measured using the projected unit credit method.

The principal actuarial assumptions used in the IAS 19 valuations are disclosed as weighted averages of the two Schemes and were as follows:

	30 June 2020	30 June 2019
Rate of increase in salaries	2.65%	2.70%
Rate of increase in pensions	2.79%	3.26%
Discount rate	1.52%	2.35%
Consumer price inflation	2.12%	2.18%

Assumptions about mortality are made using 104% of standard S2 "All Lives" mortality tables based on members' years of birth and incorporating the CMI 2013 mortality improvements subject to a long-term rate of 1.0%.

The expected return on scheme assets is based on market expectations at the beginning of the year for returns over the entire life of the benefit obligation.

The amounts included within operating profit and in the Statement of comprehensive income were as follows:

	2020	2019
<i>Amounts included within operating profit:</i>		
Administration expenses	(318)	(495)
Past Service cost – GMP equalisation	-	(3,239)
Finance costs	(3,122)	(3,240)
Finance income	2,638	2,831
Recognised in operating profit (Note 5)	(802)	(4,143)

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**20 Pensions and similar obligations (continued)**

	2020	2019
<i>Amount included within the Statement of comprehensive income</i>		
Return on Plan assets (excluding interest income)	12,595	5,287
Actuarial changes arising from:		
- changes in demographic assumptions	(686)	505
- changes in financial assumptions	(16,700)	(10,752)
Recognised in the Statement of comprehensive income	(4,791)	(4,960)

Changes in the present value of the defined benefit pension obligation are analysed as follows:

	Assets	Liabilities	Total
As at 1 July 2018	106,522	(122,844)	(16,322)
- exchange rate differences	109	(90)	19
- administration expense	(495)	-	(495)
- past service cost – GMP equalisation	-	(3,239)	(3,239)
- interest income/(expense)	2,831	(3,240)	(409)
- employer contributions	3,629	-	3,629
- benefits paid	(3,778)	3,778	-
- remeasurement gains/(losses)	5,287	(10,247)	(4,960)
Defined benefit obligation at 30 June 2019	114,105	(135,882)	(21,777)
- exchange rate differences	147	(118)	29
- administration expense	(318)	-	(318)
- interest income/(expense)	2,638	(3,122)	(484)
- employer contributions	3,558	-	3,558
- benefits paid	(2,979)	2,979	-
- remeasurement gains/(losses)	12,595	(17,386)	(4,791)
Defined benefit obligation at 30 June 2020	129,746	(153,529)	(23,783)

The fair value of the Schemes' assets were:

	2020	2019
Equities	21,347	23,010
Bonds	24,593	20,766
Liability driven investment funds	51,328	44,694
Liquidity fund	18,544	-
Property	9,761	313
Other	4,173	25,322
Total market value of assets	129,746	114,105

The Schemes' liabilities are expected to mature over a period of approximately twenty years, based on a weighted average duration.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**

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

**20 Pensions and similar obligations (continued)**

Employer contributions to the Schemes based on pensionable pay ceased on 30 September 2011.

The obligation to contribute to the Schemes is covered by their trust deeds and/or legislation. Funding levels and contributions for the Schemes are based on regular actuarial advice and remain effective until agreed otherwise with the trustees of the Schemes. Comprehensive actuarial valuations are made at no more than three yearly intervals.

An objective of the valuations is to be fully funded on an ongoing funding basis. To achieve this objective, the actuaries have used the Attained Age method. The Attained Age Unit method derives a capital value for past service liabilities by discounting assumed benefit payments back to the valuation date. The capital value of benefits due to be earned in the year after the valuation date are divided by the total pensionable payroll to give a future service contribution rate. Assets have been taken at their market value.

Funding recommendations made by the actuaries are based on various economic and demographic assumptions. The main economic assumptions applied for funding purposes have been based upon a yield curve approach, and over the next 50 years cover the following ranges: price inflation (CPI) 1.78% to 3.51%; discount rate 0.51% to 3.49%; and pension increase 1.51% to 4.10%.

Using the above-mentioned actuarial assumptions as to the Schemes' future experience, additional annual contributions of £2.9 million are being paid to remove the identified deficit over a period 10 years from 1 February 2019.

Contributions paid to the Schemes during 2020 were £3,558,000 (2019: £3,629,000). It is estimated that the amount of contributions to be paid to the Schemes during 2021 will be £3,594,000.

**Schemes' Risks**

*a Asset volatility*

The Schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the Schemes' assets underperform this yield, this will create a deficit.

As the Schemes mature, they are gradually transferring investments to liability driven investment funds and index linked bonds in order to more closely match the maturing liability profile.

However, in view of the long-term nature of the Schemes' liabilities and the strength of the supporting group, a level of continuing equity investment remains an appropriate element of the long-term strategy to manage the Schemes efficiently.

*b Changes in bond yields*

A decrease in corporate bond yields will increase Schemes' liabilities, although this will be partially offset by an increase in the value of the Schemes' bond holdings.

*c Life expectancy*

The majority of the Schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Schemes' liabilities.

*d Inflation risk*

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps of between 2.5% to 5% on the level of inflationary increases are in place). Certain of the Schemes' assets are either unaffected by (e.g. fixed interest bonds) or loosely correlated with (e.g. equities) inflation, meaning that an increase in inflation may also increase the deficit.

*e. GMP Equalisation*

An allowance for additional benefits due to GMP equalisation was made in 2019. No additional allowance has been made in the current year disclosures.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**

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

**20 Pensions and similar obligations (continued)**

**Sensitivity analysis**

The sensitivity of the closing present value of the defined benefit obligation to changes in the following weighted principal assumptions is:

	2020	2019
Discount rate plus 25 basis points	(145,128)	(128,299)
Discount rate minus 25 basis points	(159,038)	(140,395)
Inflation rate plus 25 basis points	(156,959)	(137,485)
Inflation rate minus 25 basis points	(147,186)	(131,197)

The above sensitivity analyses are based on a change in an assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (that is, present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

**Defined contribution scheme**

In addition, the Company operates a number of defined contribution schemes. The assets of these schemes are held in separately administered trusts or insurance policies. The amount recognised as an expense for the defined contribution scheme was: £2,226,000 (2019: £1,984,000)

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
(All amounts are in £ thousands unless otherwise stated)

**21 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\$6,000 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 50 to 52) and in Note 20 to the financial statements of the 2020 Annual Report of Brambles Limited.

**22 Called up share capital**

Ordinary shares of £1.00 each

	No.	£'000
Allotted and fully paid		
At 1 July 2019	7,935,458	7,935
Issued during the year	-	-
At 30 June 2020	7,935,458	7,935

All shares rank *pari passu* in all respects.

**23 Contingent liabilities**

The Company, in conjunction with certain companies within the Brambles Group in the United Kingdom, is party to two composite guarantee structures with a clearing bank for set-off arrangements to a net maximum of euro €30,000,000 and sterling £10,000,000, respectively (2019: sterling £10,000,000).

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. The Company is not aware of any contingent liabilities.



**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

<b>24 Capital and other commitments</b>
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At 30 June, the Company had the following capital commitments

	2020	2019
Contracts for future capital expenditure not provided in the financial statements	83	67

<b>25 Controlling parties</b>
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The immediate parent undertaking is Cyan Logistics Limited, which is 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 2<sup>nd</sup> 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 10, Angel Place, 123 Pitt Street, Sydney, NSW 2000, Australia.

<b>26 Events after the end of the financial year</b>
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No material events occurred after the year end date of 30 June 2020 and before the signing of the Company's financial statements.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**27 Effect of adoption of IFRS 16 - Leases**

See also Note 2.1, Note 2.23 and Note 13.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3%.

Reconciliation of operating lease commitment as at 30 June 2019 to opening lease liability as at 1 July 2019

Operating lease commitment disclosed as at 30 June 2019	33,086
Impact of discounting	(4,331)
Exempt leases and other	(275)
Leases committed to at 30 June 2019, not yet commenced	5,807
Non-lease components included in operating lease commitment but excluded from lease liability	(602)
<b>Lease liability recognised at 1 July 2019</b>	<b>33,685</b>

Of which are:

Current lease liabilities	6,109
Non-current lease liabilities	27,576

Exempt leases consist of short-term leases (12 months or less) and leases of low-value assets which are recognised on a straight-line basis as an expense in the profit or loss. Low-value assets primarily comprise IT and small items of office furniture and operating equipment which individually cost less than £4,000.

IFRS 16 requires service agreements that contain a right to use specified assets to be treated as embedded leases where Brambles controls the asset. The Company has three service centres which are outsourced to third parties and Brambles has a contractual right to use specific sites and assets as part of the overall service agreement. The estimated charge for the use of the assets is recognised as a lease liability.

Extension options are included in a number of leases across the Company.

Balance sheet impact on application as at 1 July 2019

	As reported 30 June 2019	IFRS 16 Adjustments	Adjusted 1 July 2019
Right-of-use leased assets	-	30,932	30,932
Deferred tax assets	2,719	6,734	9,453
<b>Total assets impact</b>		<b>37,666</b>	
Provisions	-	(1,755)	(1,755)
Lease liabilities	-	(33,685)	(33,685)
Deferred tax liabilities	-	(5,880)	(5,880)
<b>Total liabilities impact</b>		<b>(41,320)</b>	
<b>Net assets impact</b>		<b>(3,654)</b>	
Retained earnings	27,997	(3,654)	<b>24,343</b>
<b>Total equity impact</b>		<b>(3,654)</b>	

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

**27 Effect of adoption of IFRS 16 – Leases (continued)**

IFRS 16 adjustments are subject to tax-effect accounting. The gross adjustments are disclosed above.

Provisions relates to adjustments made to dilapidation provisions, offset by the release of lease straight-line provisions previously recognised under IAS 17. Adjustments related to dilapidation assets are included within right-of-use leased asset balances.

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

**Notes to the financial statements for the year ended 30 June 2020 (continued)**  
*(All amounts are in £ thousands unless otherwise stated)*

<b>28 Group undertakings</b>			
	<b>Registered office (or equivalent)</b>	<b>Holding</b>	<b>Class of Shares</b>
<b><u>Pallet pooling</u></b>			
CHEP Ireland (branch)	Jamestown Business Park, Jamestown Road, Finglas, Dublin, Eire	100%*	Branch
CHEP Maroc Sarl	Iman Centre, Angle rue Arrachid Mohamed et rue Ibnou Majid El Bahar, Casablanca, Morocco	100%*	Ordinary
CHEP Magyarorszag Szolgatato kft	Rubin Business Centre, 1118 Budapest, Dayka Gabor u.3, Hungary	100%*	Ordinary
CHEP do Brasil Ltda	Rua Surubim, 577, 16 Andar, Brooklin CEP, 04571-050, Sao Paulo, Brazil	100%*	Ordinary
CHEP Taiwan Ltd	12F-1, No. 142, Sec. 3 Minchuen E. Road, Jhongshan District, Taipei, 104, Taiwan	100%*	Ordinary
CHEP Argentina SA	Av. De Libertador 767, Piso 5, Off 505, Buenos Aires, Argentina	100%*	Ordinary
CHEP Uruguay SA	Luis A Herrera 1248, Piso 12 Torre B, Montevideo, Uruguay	100%	Ordinary
CHEP Osterreich GmbH	Mariahilferstrasse 123/3, 1060 Wien, Austria	100%*	Ordinary
CHEP SK S.r.o.	Tmavská cesta 50, 821 02, Bratislava, Slovakia	100%*	Ordinary
CHEP (Thailand) Ltd	589/161 Central City Tower 1, 31 <sup>st</sup> Floor, Room A, Debaratana Road, Bangna Nue Sub-District, Bangna District, Bangkok, Thailand	49.9%*	Ordinary
Brambles (Hong Kong) Ltd	16 <sup>th</sup> -19 <sup>th</sup> Floors, Prince's Building, 10 Chater Road, Central, Hong Kong, China	100%*	Ordinary
CHEP (China) Company Ltd	19F Xu Hui Yuan Building, 1089 Zhong Shan Nan' Er Road, Xuhui District, Shanghai, 200030, China	72.27%	Ordinary
CHEP Saudi Arabia Ltd	Hoshan Complex, Al-Ahsa Street, Malaz Area, Riyadh 11623, Saudi Arabia	100%*	Ordinary
Boxpal Ltd	Upperton Industrial Estate, Peterhead, Aberdeenshire, AB42 3GL, Scotland	100%*	Ordinary
<b><u>Intermediate bulk containers</u></b>			
CHEP Pallecon Solutions (Thailand) Ltd	589/161 Central City Tower 1, 31 <sup>st</sup> Floor, Room A, Bangna Nue Sub-District, Bangna District, Bangkok, Thailand	100%	Ordinary

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