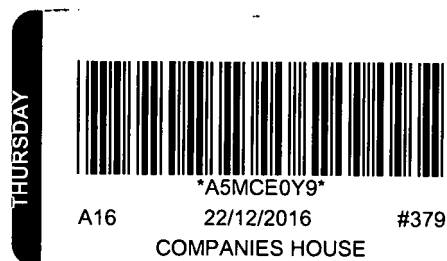


Brambles Holdings (UK) Limited

**Annual report and financial statements
for the year ended 30 June 2016**



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Strategic Report for the year ended 30 June 2016

The directors present their Strategic Report of Brambles Holdings (UK) Limited ("the Company") for the year ended 30 June 2016.

Review of the business

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

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

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

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

During the year the Company transitioned from UK GAAP to FRS 101 - *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Brambles U.K. Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

Key performance indicators

The Company is an investment holding company and does not trade. The directors consider that key performance indicators for the Company are neither relevant nor appropriate for an understanding of the development, performance or position of the business of the Company. The Brambles KPIs, which explain Group performance as a whole, are disclosed in the Brambles Limited Annual Report 2016.

Results

The results for the year are set out in the income statement on page 7.

Financial position

The net assets of the Company have increased by £22,848,434 from £884,345,241 at 30 June 2015 to £906,593,675 at 30 June 2016.

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

Principal risks and uncertainties

The principal risks and uncertainties facing the Company and the Brambles Group are described in the Brambles Limited Annual Report 2016 pages 4 and 5.

On behalf of the Board



P Bruford

Director

20 December 2016

Directors' Report for the year ended 30 June 2016

The directors present their Report and the audited financial statements of the Company for the year ended 30 June 2016.

Future developments

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

Dividends

The Company has not paid an interim dividend during the year (2015: £60,000,000). The directors do not recommend payment of a final dividend (2015: 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.

Interest rate risk

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

Interest rate risk

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

Foreign exchange risk

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

Directors

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

P Bruford
P Huart
R A Warren

Qualifying third-party indemnity provisions

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

Post balance sheet events

Oil & Gas Joint Venture

On 5 August 2016, Brambles Limited announced an agreement to combine its Oil & Gas container solutions businesses – Ferguson Group (Ferguson) and CHEP Catalyst & Chemical Containers (CCC) – with Hoover Container Solutions to create an independent joint venture company - Hoover-Ferguson Group (HFG). The joint venture will be 50% owned by Brambles and 50% owned by Hoover shareholders. Hoover's major shareholder is First Reserve, a leading global private equity and infrastructure investment firm exclusively focused on energy.

Following the necessary regulatory approvals, completion of the agreement took place on 21 October 2016 in New York.

Directors' Report for the year ended 30 June 2016 *(continued)*

Post balance sheet events *(continued)*

The Company is the direct shareholder holding Brambles' 50% interest in HFG. As part of the transaction, during October 2016 the Company has transferred its investment in Ferguson to HFG, and has made a subordinated shareholder loan of US\$150,000,000 to HFG, with a cash interest rate of 10% per annum, payable quarterly.

The Company has recognised an impairment charge of £68,500,000 against the value of its investment in Ferguson as at 30 June 2016, reflecting the current market conditions in the Oil & Gas sector.

CHEP Aerospace Disposal

On 2 November 2016, Brambles Limited announced a binding agreement to divest the CHEP Aerospace Solutions business to EQT Infrastructure II ("EQT Infrastructure"), a leading infrastructure fund, for an enterprise value of US\$130 million. Brambles expects to receive net cash proceeds of approximately US\$125 million from the transaction (subject to closing adjustments). CHEP Aerospace Solutions is the global leader in pooling, management and maintenance of unit load devices (ULDs) for the airline passenger and air cargo industries. The transaction completed on 30 November 2016.

As part of this transaction, the Company will dispose of its investments in CHEP Aerospace Solutions (Schweiz AG (Switzerland), CHEP Aerospace Solutions UK Limited and JMI Denmark AS (Denmark)).

Going Concern

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

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

Statement of directors' responsibilities

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report for the year ended 30 June 2016 *(continued)*

Disclosure of information to auditors

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

On behalf of the Board



P Bruford
Director
20 December 2016

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

Independent auditors' report to the members of Brambles Holdings (UK) Limited

Report on the financial statements

Our opinion

In our opinion, Brambles Holdings (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of financial position as at 30 June 2016;
- the Income statement and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Independent auditors' report to the members of Brambles Holdings (UK) Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

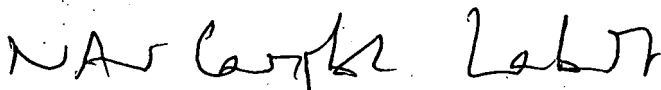
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

20 December 2016

Brambles Holdings (UK) Limited
Year ended 30 June 2016

(All amounts are in £ unless otherwise stated)

Income statement for the year ended 30 June 2016

	Note	2016	2015
Administrative expenses		(16,554,466)	(17,999,037)
Other income		17,208,181	12,692,698
Operating profit /(loss)	4	653,715	(5,306,339)
Income from subsidiaries		97,356,560	65,511,292
Impairment of subsidiaries	9	(72,100,000)	(32,700,000)
Profit on ordinary activities before interest and taxation		25,910,275	27,504,953
Finance income	6	-	-
Finance costs	6	(5,148,045)	(3,816,900)
Finance costs – net	6	(5,148,045)	(3,816,900)
Profit on ordinary activities before taxation		20,762,230	23,688,053
Tax on profit on ordinary activities	7	1,265,596	1,015,797
Profit for the financial year		22,027,826	24,703,850

Brambles Holdings (UK) Limited
Year ended 30 June 2016

(All amounts are in £ unless otherwise stated)

Statement of comprehensive income for the year ended 30 June 2016

	2016	2015
Profit for the financial year	22,027,826	24,703,850
Other comprehensive income	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	22,027,826	24,703,850

Brambles Holdings (UK) Limited
Year ended 30 June 2016

(All amounts are in £ unless otherwise stated)

Statement of financial position as at 30 June 2016

	Note	2016	2015
Fixed assets			
Investments	9	1,017,718,822	1,089,391,106
		1,017,718,822	1,089,391,106
Current assets			
Trade and other receivables	10	11,636,365	3,575,533
Deferred tax asset	11	395,918	252,149
Cash and cash equivalents		-	-
		12,032,283	3,827,682
Creditors: amounts falling due within one year	12	(4,141,927)	(3,886,009)
Net current assets/(liabilities)		7,890,356	(58,327)
Total assets less current liabilities		1,025,609,178	1,089,332,779
Creditors: amounts falling due after more than one year	13	(105,315,503)	(191,687,538)
Provisions for liabilities and other charges	15	(13,700,000)	(13,300,000)
Net assets		906,593,675	884,345,241
Equity			
Ordinary shares	18	96,918,364	96,918,364
Share premium account		403,447,620	403,447,620
Other reserves		1,066,424	845,816
Retained earnings		405,161,267	383,133,441
Total shareholders' funds		906,593,675	884,345,241

The notes on pages 11 to 33 are an integral part of these financial statements.

The financial statements on pages 7 to 33 were authorised for issue by the board of directors on 20 December 2016 and were signed on its behalf.



P Bruford
Director

Brambles Holdings (UK) Limited
Year ended 30 June 2016

(All amounts are in £ unless otherwise stated)

Statement of changes in equity for the year ended 30 June 2016

	Note	Called up share capital	Share premium account	Other reserves	Retained earnings	Total shareholders' funds
Balance as at 1 July 2014		96,918,364	403,447,620	667,882	418,429,591	919,463,457
Effect of changes in accounting policies		-	-	-	-	-
Balance as at 1 July 2014		96,918,364	403,447,620	667,882	418,429,591	919,463,457
Profit for the financial year		-	-	-	24,703,850	24,703,850
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	24,703,850	24,703,850
Credit relating to equity settled share-based payments		-	-	431,765	-	431,765
Charge from parent for equity-settled share-based payments		-	-	(253,831)	-	(253,831)
Tax credit relating to share option scheme		-	-	-	-	-
Dividends	8	-	-	-	(60,000,000)	(60,000,000)
Total transactions with owners recognised directly in equity		-	-	177,934	(60,000,000)	(59,822,066)
Balance as at 30 June 2015		96,918,364	403,447,620	845,816	383,133,441	884,345,241
Balance at 1 July 2015		96,918,364	403,447,620	845,816	383,133,441	884,345,241
Profit for the financial year		-	-	-	22,027,826	22,027,826
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	22,027,826	22,027,826
Credit relating to equity settled share-based payments		-	-	628,874	-	628,874
Charge from parent for equity-settled share-based payments		-	-	(408,266)	-	(408,266)
Tax credit relating to share option scheme		-	-	-	-	-
Dividends	8	-	-	-	-	-
Total transactions with owners recognised directly in equity		-	-	220,608	-	220,608
Balance as at 30 June 2016		96,918,364	403,447,620	1,066,424	405,161,267	906,593,675

Notes to the financial statements for the year ended 30 June 2016

1 General information

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

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

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

Statement of compliance with FRS 101

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

2 Summary of significant accounting policies

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

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.

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

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see Note 24.

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 2016 *(continued)*

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

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

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

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

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2016, have had a material impact on the Company other than transition to FRS 101 as disclosed in Note 24.

Going concern

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

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

2.2 Consolidation

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

These financial statements are separate financial statements.

2.3 Foreign currency translation

(a) Functional and presentation currency

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

Notes to the financial statements for the year ended 30 June 2016 *(continued)*

2 Summary of significant accounting policies (continued)

2.3 Foreign currency translation (continued)

(b) Transactions and balances

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

2.4 Property, plant and equipment

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

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

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

- Furniture, fittings and equipment 3 to 10 years

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

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

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

2.5 Impairment of non-financial assets

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

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

2.6 Financial assets

2.6.1 Classification

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

Notes to the financial statements for the year ended 30 June 2016 *(continued)*

2 Summary of significant accounting policies (continued)

2.6 Financial assets (continued)

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

2.6.2 Recognition and measurement

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

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

2.7 Investment in subsidiaries

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

2.8 Impairment of financial assets

Assets carried at amortised cost

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

2.9 Cash and cash equivalents

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

2.10 Share capital

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

2.11 Borrowings

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

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

Notes to the financial statements for the year ended 30 June 2016 (continued)

2 Summary of significant accounting policies (continued)

2.12 Borrowing costs

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

2.13 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

2.14 Employee benefits

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

Pension obligations

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

The Plan is a defined benefit plan that shares risks between entities under common control, comprising the Company and Brambles U.K. Limited. Under an established policy, the net defined benefit cost for the Scheme is borne in full by Brambles U.K. Limited, as principal employer, and no part is borne by the Company. Accordingly, the Company's reported share of the net defined benefit cost and related balance sheet obligation is nil (2015: nil) and the full defined benefit cost, balance sheet obligation and all related disclosures required by IAS 19 - *Employee Benefits* are reported in the 2016 Annual Report of Brambles U.K. Limited.

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

Notes to the financial statements for the year ended 30 June 2016 (continued)

2 Summary of significant accounting policies (continued)

2.15 Share-based payments

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

The awards are granted by Brambles Limited and the Company has no obligation to settle the awards. Options and share awards are fair valued by qualified actuaries at their grant dates in accordance with the requirements of IFRS 2 - *Share-based Payment*, using a 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.

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

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

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

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

Details of the share option and performance share schemes are given in the Remuneration Report (pages 22 to 25) and in Note 23 to the financial statements of the 2016 Annual Report of Brambles Limited.

2.16 Interest income

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

2.17 Dividend income

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

2.18 Dividend distribution

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

Notes to the financial statements for the year ended 30 June 2016 *(continued)*

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

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of fixed asset investments

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

3.2 Critical judgements in applying the Company's accounting policies

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

Brambles Holdings (UK) Limited
Year ended 30 June 2016

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

4 Operating profit/(loss)

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

	2016	2015
Wages and salaries	7,665,084	7,105,575
Social security costs	1,067,847	886,926
Other pension costs (<i>Note 16</i>)	553,023	592,254
Share-based payments	628,874	448,332
	9,914,828	9,033,087
Recharged to fellow group undertakings	(1,469,141)	(1,071,036)
Staff costs	8,445,687	7,962,051
Foreign exchange losses on trade receivables	77,854	-

Operating profit/(loss) is computed after audit fees expensed during the year by the Company on behalf of itself and certain fellow group undertakings within the Brambles Group in the UK totalling £85,000 (2015: £47,000), of which £2,000 (2015: £2,000) related to the audit of the Company..

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

5 Employees and directors

Employees

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

	2016 Number	2015 Number
<i>By activity:</i>		
Administration	61	50

Directors

None of the directors received any emoluments or any other benefits as described in Schedule 5 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 from the Company during the year (2015: nil). All of the directors receive remuneration from the Company as employees of the Company, or from Brambles Industries Limited (Australia), but, due to the non-executive nature of their services, it is not appropriate to make an apportionment of their emoluments in respect of their role as directors of the Company.

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in £ unless otherwise stated)

6 Interest income and expense

Finance income

	2016	2015
Bank interest income	-	-
Interest income on deposits to fellow group undertakings	-	-
Total interest income on financial assets not measured at fair value through profit and loss	-	-
Total finance income	-	-

Finance expense

	2016	2015
Bank borrowings and overdraft	(6,466)	(3,521)
Interest expense on loans from fellow group undertakings	(5,141,579)	(3,813,343)
Other interest	-	(36)
Total interest expense on financial liabilities not measured at fair value through profit and loss	(5,148,045)	(3,816,900)
Total finance expense	(5,148,045)	(3,816,900)

Net finance cost

	2016	2015
Interest income	-	-
Interest expense	(5,148,045)	(3,816,900)
Net finance cost	(5,148,045)	(3,816,900)

Brambles Holdings (UK) Limited
Year ended 30 June 2016

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in £ unless otherwise stated)

7 Tax on profit on ordinary activities

Tax on profit on ordinary activities included in profit or loss

	2016	2015
Current tax:		
– UK Corporation tax on profits for the year	1,853,595	1,241,663
– Adjustments in respect of prior years	628,258	(346,553)
– Overseas tax	(1,360,026)	-
Total current tax	1,121,827	895,110
Deferred tax:		
Origination and reversal of timing differences	143,769	126,947
Impact of change in tax rate	-	(6,260)
Total deferred tax	143,769	120,687
Tax on profit on ordinary activities	1,265,596	1,015,797

Tax expense for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for the year ended 30 June 2016 of 20% (2015: 20.75%). The differences are explained below:

	2016	2015
Profit on ordinary activities before taxation	20,762,230	23,688,053
Profit multiplied by the standard rate of tax in the UK of 20% (2015: 20.75%):	(4,152,446)	(4,915,271)
Effects of:		
– Income not subject to tax – income from subsidiaries	19,471,312	13,593,593
– Remeasurement of deferred tax – change in UK tax rate	-	(6,260)
– Adjustments in respect of prior years	628,258	(346,553)
– Overseas tax	(1,360,026)	-
– Expenses not deductible for tax purposes – impairment of subsidiaries	(14,420,000)	(6,785,250)
– Expenses not deductible for tax purposes - other	1,098,498	(524,462)
Total tax credit	1,265,596	1,015,797

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were enacted as part of the Finance (No 2) Act 2015 on 18 November 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. The deferred tax assets and liabilities have been updated to reflect the reduction in the rates.

8 Dividends paid

Declared and paid during the year:

	2016	2015
Equity dividends on ordinary shares:		
– first interim for 2016 nil (2015: £0.6191)	-	60,000,000

Brambles Holdings (UK) Limited
Year ended 30 June 2016

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in £ unless otherwise stated)

9 Investments

	Shares in group undertakings
At 1 July 2014	784,837,801
Additions	337,253,305
Disposals	-
Impairment charge for the year	(32,700,000)
At 30 June 2015	1,089,391,106
Additions	427,716
Disposals	-
Impairment charge for the year	(72,100,000)
At 30 June 2016	1,017,718,822

During year ended 30 June 2016:

During March 2016, the Company subscribed for an additional 2,500,000 ordinary shares of RM 1.00 each (Malaysian Ringitt) in CHEP (Malaysia) Sdn Bhd (CHEP Malaysia), an entity incorporated in Malaysia. The total consideration of RM 2,500,000 (equivalent to £427,716) was settled in cash. CHEP Malaysia is owned 50% by the Company, and 50% by Brambles Industries Limited, a fellow group undertaking.

Impairments:

Following completion during October 2016 of the transfer of the Company's investment in the Ferguson Group to a joint venture, as explained in Note 22, the Company has recognised an impairment to write down the carrying value of its investment in the Ferguson Group to the underlying fair value determined for the purpose of the transfer. This has resulted in an impairment of £68,500,000.

In addition, the Company has recognised an impairment of £3,600,000 (2015: £5,500,000) to write down the carrying value of certain subsidiaries to their underlying net asset value. The impairment mainly relates to investments in CHEP Middle East FCZO (CHEP ME), registered in United Arab Emirates, CHEP Konteyner ve Palet Limited Sirketi (CHEP Turkey) and Brambles Nominees Ltd, which in turn holds the balance of investments in CHEP ME and CHEP Turkey).

During year ended 30 June 2015:

On 7 August 2014, the Company subscribed for an additional 10,000 ordinary shares of £1 each in CHEP Pallean Solutions Limited, a wholly owned subsidiary incorporated in England and Wales, at a premium of £999 per share. The total consideration of £10,000,000 was settled in cash.

On 12 September 2014, the Company completed its acquisition of the Ferguson Group for a total cash consideration of £278,513,000. The Ferguson Group, comprising Ferguson Group Ltd, a company incorporated in Scotland, and its subsidiaries, is a leading provider of container solutions to the offshore oil and gas sector. The transaction was funded from existing committed debt facilities of the Brambles Group.

During December 2014, the Company subscribed for an additional 4 ordinary shares of AED 100,000 each, at a premium of AED 4,000,000 per share, in CHEP Middle East FCZO (CHEP ME), an entity incorporated in United Arab Emirates. The total consideration of AED 16,400,000 (equivalent to £2,960,184) was settled in cash. CHEP ME is owned 80% by the Company, and 20% by Brambles Nominees Ltd.

During February 2015, the Company subscribed for 90 ordinary shares of EGP100 each (Egyptian pound) in TransPac Container Pooling Egypt SAE, a newly incorporated company in Egypt. The total consideration of EGP 9,000 (equivalent to £762) was settled in cash. The Company's shareholding represents 0.1% of TransPac Egypt, with the balance being held 0.1% by Brambles Nominees Ltd and 99.8% by CHEP Pallean Solutions BV, a fellow group undertaking incorporated in the Netherlands.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

9 Investments (continued)

On 31 March 2015, the Company subscribed for an additional 44,000 ordinary shares of £1 each in Brambles Nominees Ltd, a wholly owned subsidiary incorporated in England and Wales, at a premium of £999 per share. The total consideration of £44,000,000 was settled in cash.

During May 2015, the Company subscribed for an additional 10,000,000 ordinary shares of RM 1.00 each (Malaysian Ringitt) in CHEP (Malaysia) Sdn Bhd, an entity incorporated in Malaysia. The total consideration of RM 10,000,000 (equivalent to £1,779,359) was settled in cash. CHEP Malaysia is owned 50% by the Company, and 50% by Brambles Industries Limited, a fellow group undertaking.

Details of all group undertakings are provided in Note 23.

10 Trade and other receivables

	2016	2015
Amounts due from group undertakings	6,645,590	552,745
Corporate income tax – group relief receivable	4,337,943	1,028,451
Other receivables	652,832	1,831,409
Prepayments and accrued income	-	162,928
	11,636,365	3,575,533

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

11 Deferred tax asset

	Deferred tax
At 1 July 2015	252,149
Additions to the income statement	143,769
Additions to the statement of other comprehensive income	-
Additions to statement of changes in equity	-
At 30 June 2016	395,918

The deferred tax consists of the following:

	2016	2015
Deferred tax due within 12 months	(1,032)	(1,259)
Deferred tax due after more than 12 months	396,950	253,408
Total provision	395,918	252,149

Brambles Holdings (UK) Limited
Year ended 30 June 2016

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

11 Deferred tax asset (continued)

Deferred tax	Accelerated capital allowances	Other short term differences	Total
At 1 July 2014	(6,071)	137,533	131,462
Charged/(credited) to the income statement	(1,534)	122,221	120,687
Charged/(credited) directly to other comprehensive income	-	-	-
At 30 June 2015	(7,605)	259,754	252,149
Charged/(credited) to the income statement	(1,259)	145,028	143,769
Charged/(credited) directly to other comprehensive income	-	-	-
At 30 June 2016	(8,864)	404,782	395,918

The deferred tax on other short term timing differences principally relates to share-based payments. The deferred tax asset will be utilised as share-based payments crystallise, and is available for offset against the Company's own future profits or for surrender as group relief to fellow group undertakings.

There are no unused tax losses or unused tax credits.

12 Creditors: amounts falling due within one year

	2016	2015
Bank loans and overdrafts (<i>Note 14</i>)	145,370	390,771
Amounts due to group undertakings	541,767	814,757
Taxation and social security	200,766	246,146
Other creditors	490,823	191,356
Accruals and deferred income	2,763,201	2,242,979
	4,141,927	3,886,009

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

13 Creditors: amounts falling due after more than one year

	2016	2015
Amounts due to group undertakings (<i>Note 14</i>)	105,315,503	191,687,538

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

14 Loans and other borrowings

	2016	2015
Bank loans and overdrafts	145,370	390,771
Borrowings from group undertakings:		
- Brambles U.K. Limited	105,315,503	191,687,538
	105,460,873	192,078,309

All intra-group loans to the Company as borrower comprise unsecured committed revolving loan facilities that carried interest during FY 2016 at Brambles' cost of funds plus a margin of 1.3% and 1.0%. During June 2015, all intra group loan agreements were amended to decrease the interest margin from 1.3% to 1.0% with effect from 30 September 2015, and to extend the loan term from 30 September 2015 to 30 September 2018. Individual committed loan facilities comprise:

- GBP 350,000,000 (2015: 350,000,000) facility from Brambles U.K. Limited, dated 18 June 2012 (as amended);

15 Provisions for liabilities and other charges

	2016	2015
Impaired loan in subsidiary undertaking (Note 23)	13,700,000	13,300,000

16 Post-employment benefits

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

Defined benefit scheme

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

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

Full details of the Plan are disclosed in the 2016 Annual Report of Brambles U.K. Limited. At 30 June 2016, the Plan has a deficit of £7,503,000 (2015: £8,089,000) that is being addressed by an increase in the level of contributions made to the Plan.

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in £ unless otherwise stated)

16 Post employments benefits (continued)

Defined contribution scheme

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

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

	2016	2015
Current year contributions	553,023	592,254

17 Share-based payments

Performance shares

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

Employee share plan

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

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

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

Details of the share option and performance share schemes are given in the Remuneration Report (pages 22 to 25) and in Note 23 to the financial statements of the 2016 Annual Report of Brambles Limited.

18 Share capital

Ordinary shares of £1.00 each

	No.	£
Allotted and fully paid		
At 1 July 2015	96,918,364	96,918,364
Issued during the year	-	-
At 30 June 2016	96,918,364	96,918,364

All shares rank *pari passu* in all respects.

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in £ unless otherwise stated)

19 Contingent liabilities

The Company, in conjunction with certain companies within the Brambles Group in the United Kingdom, is party to a composite guarantee structure with a clearing bank for set-off arrangements to a net maximum of £18,000,000 (2015: £18,000,000).

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

20 Related party transactions

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

See Note 5 for disclosure of the directors' remuneration.

There are no other related party transactions.

21 Controlling parties

The immediate parent undertaking was Brambles Europe Limited, incorporated in England and Wales, until 23 June 2016. From that date, the immediate parent undertaking is Brambles U.K. Limited, which is incorporated in England and Wales.

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

The ultimate controlling party is Brambles Limited.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

22 Events after the end of the reporting period
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Oil & Gas Joint Venture

On 5 August 2016, Brambles Limited announced an agreement to combine its Oil & Gas container solutions businesses – Ferguson Group (Ferguson) and CHEP Catalyst & Chemical Containers (CCC) – with Hoover Container Solutions to create an independent joint venture company - Hoover-Ferguson Group (HFG). The joint venture will be 50% owned by Brambles and 50% owned by Hoover shareholders. Hoover's major shareholder is First Reserve, a leading global private equity and infrastructure investment firm exclusively focused on energy.

Following the necessary regulatory approvals, completion of the agreement took place on 21 October 2016 in New York.

The Company is the direct shareholder holding Brambles' 50% interest in HFG. As part of the transaction, during October 2016 the Company has transferred its investment in Ferguson to HFG, and has made a subordinated shareholder loan of US\$150,000,000 to HFG, with a cash interest rate of 10% per annum, payable quarterly.

The Company has recognised an impairment charge of £68,500,000 against the value of its investment in Ferguson as at 30 June 2016, reflecting the current market conditions in the Oil & Gas sector.

CHEP Aerospace Disposal

On 2 November 2016, Brambles Limited announced a binding agreement to divest the CHEP Aerospace Solutions business to EQT Infrastructure II ("EQT Infrastructure"), a leading infrastructure fund, for an enterprise value of US\$130 million. Brambles expects to receive net cash proceeds of approximately US\$125 million from the transaction (subject to closing adjustments). CHEP Aerospace Solutions is the global leader in pooling, management and maintenance of unit load devices (ULDs) for the airline passenger and air cargo industries. The transaction completed on 30 November 2016.

As part of this transaction, the Company will dispose of its investments in CHEP Aerospace Solutions (Schweiz_ AG (Switzerland), CHEP Aerospace Solutions UK Limited and JMI Denmark AS (Denmark).

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

23 Group undertakings	Place of incorporation	Holding	Class of Shares
<u>Investment holding companies</u>			
Brambles Investment Holdings Ltd	England and Wales	100%	Ordinary
Brambles Nominees Ltd	England and Wales	100%	Ordinary
Cyan Logistics Ltd	England and Wales	100%	Ordinary
Arden Holdings Ltd	Scotland	100%	Ordinary
<u>Miscellaneous activities</u>			
Brambles Consolidated UK Pension Schemes Trustee Ltd	England and Wales	100%	Ordinary
Brambles Enterprises Ltd	England and Wales	100%	Ordinary
CHEP International Inc	USA	100%	Ordinary
Technological and Management Services Ltd	England and Wales	100%	Ordinary
<u>Pallet pooling</u>			
CHEP UK Ltd	England and Wales	100%	Ordinary
CHEP Ireland (branch)	Eire	100%	Branch
CHEP Maroc Sarl	Morocco	100%	Ordinary
CHEP Magyarorszag Szolgatato kft	Hungary	100%	Ordinary
CHEP do Brasil Ltda	Brazil	100%	Ordinary
CHEP Konteyner Ve Palet Ltd Sirketi	Turkey	100%	Ordinary
CHEP Taiwan Ltd	Taiwan	100%	Ordinary
CHEP Argentina SA	Argentina	100%	Ordinary
CHEP Uruguay SA	Uruguay	100%	Ordinary
CHEP Osterreich GmbH	Austria	100%	Ordinary
CHEP SK S.r.o.	Slovakia	100%	Ordinary
CHEP (Thailand) Ltd	Thailand	100%	Ordinary
Brambles (Hong Kong) Ltd	China	100%	Ordinary
CHEP (China) Company Ltd	China	72.27%	Ordinary
CHEP Saudi Arabia Ltd	Saudi Arabia	100%	Ordinary
Boxpal Ltd	Scotland	100%	Ordinary
CHEP Equipment Pooling NV	Belgium	26%	Ordinary
CHEP Canada Inc	Canada	50%	Ordinary
CHEP Chile SA	Chile	50%	Ordinary
CHEP (Malaysia) Sdn Bhd	Malaysia	50%	Ordinary
CHEP Mexico SA de CV	Mexico	50%	Ordinary
Services Corporativos CHEP SA de CV	Mexico	3%	Ordinary
CHEP Middle East FCZO	UAE	100%	Ordinary
<u>Airline equipment pooling</u>			
ASH Aviation Service Holdings AG	Switzerland	100%	Ordinary
CHEP Aerospace Solutions (Schweiz) AG	Switzerland	100%	Ordinary
Unitpool Asset Management Alpha Sarl	Luxembourg	100%	Ordinary
JMI Aerospace Denmark ApS	Denmark	100%	Ordinary
Airworld Containers Ltd	England and Wales	100%	Ordinary
CHEP Aerospace Solutions (UK) Ltd	England and Wales	100%	Ordinary
<u>Intermediate bulk containers</u>			
CHEP Pallecon Solutions Ltd	England and Wales	100%	Ordinary
CHEP Pallecon Solutions (Thailand) Ltd	Thailand	100%	Ordinary

Notes to the financial statements for the year ended 30 June 2016 *(continued)*
(All amounts are in £ unless otherwise stated)

23 Group undertakings (continued)

	Place of incorporation	Holding	Class of Shares
<u>Containers (offshore oil and gas sector)</u>			
Ferguson Group Ltd	Scotland	100%	Ordinary
Ferguson Modular Ltd	Scotland	100%	Ordinary
Ferguson Seacabs Ltd	Scotland	100%	Ordinary
Ferguson Group Singapore Pty Ltd	Singapore	100%	Ordinary
Ferguson Middle East FZE	UAE	100%	Ordinary
Ferguson Middle East LLC	UAE	49%	Ordinary
Ferguson Norge AS	Norway	100%	Ordinary
IceBlue Refrigeration Offshore Ltd	Scotland	100%	Ordinary

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

Notes to the financial statements for the year ended 30 June 2016 (continued)

(All amounts are in £ unless otherwise stated)

24 Transition to FRS 101

For all periods up to and including the year ended 30 June 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 30 June 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 July 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 July 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other adjustments required for the first-time adoption of FRS 101. This note explains the principal adjustments made by the Company in restating its balance sheet as at 1 July 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 30 June 2015.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Exemptions Applied

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRSs as effective for June 2015 year ends retrospectively. The Company has taken advantage of the following exemptions:

- IFRS 2 *Share based payment* has not been applied to any equity instruments that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005. This is treatment is consistent with the transitional provisions taken when the company adopted FRS 20, the UK equivalent standard.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

24 Transition to FRS 101 (continued)

Reconciliation of equity as at 1 July 2014

	Note	UK GAAP	FRS 101 reclassifications and remeasurements	FRS 101
Fixed assets				
Investments in subsidiaries	(i)	895,237,801	(110,400,000)	784,837,801
		895,237,801	(110,400,000)	784,837,801
Current assets				
Trade and other receivables		150,706,812	-	150,706,812
Deferred tax asset		131,462	-	131,462
Cash and cash equivalents		558,049	-	558,049
		151,396,323	-	151,396,323
Creditors: amounts falling due within one year		(3,870,667)	-	(3,870,667)
Net current assets		147,525,656	-	147,525,656
Total assets less current liabilities		1,042,763,457	(110,400,000)	932,363,457
Creditors: amounts falling due after more than one year		-	-	-
Provisions for liabilities and other charges	(i)	-	(12,900,000)	(12,900,000)
Net assets		1,042,763,457	(123,300,000)	919,463,457
Equity				
Ordinary shares		96,918,364	-	96,918,364
Share premium account		403,447,620	-	403,447,620
Other reserves		667,882	-	667,882
Retained earnings	(i)	541,729,591	(123,300,000)	418,429,591
Total shareholders' funds		1,042,763,457	(123,300,000)	919,463,457

See Notes on page 33.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

24 Transition to FRS 101 (continued)

Reconciliation of equity as at 30 June 2015

	Note	UK GAAP	FRS 101 reclassifications and remeasurements	FRS 101
Fixed assets				
Investments in subsidiaries	(i)	1,232,491,106	(143,100,000)	1,089,391,106
		1,232,491,106	(143,100,000)	1,089,391,106
Current assets				
Trade and other receivables		3,575,533	-	3,575,533
Deferred tax asset		252,149	-	252,149
Cash and cash equivalents		-	-	-
		3,827,682	-	3,827,682
Creditors: amounts falling due within one year		(3,886,009)	-	(3,886,009)
Net current liabilities		(58,327)	-	(58,327)
Total assets less current liabilities		1,232,432,779	(143,100,000)	1,089,332,779
Creditors: amounts falling due after more than one year		(191,687,538)	-	(191,687,538)
Provisions for liabilities and other charges	(i)	-	(13,300,000)	(13,300,000)
Net assets		1,040,745,241	(156,400,000)	884,345,241
Equity				
Ordinary shares		96,918,364	-	96,918,364
Share premium account		403,447,620	-	403,447,620
Other reserves		845,816	-	845,816
Retained earnings	(i)	539,533,441	(156,400,000)	383,133,441
Total shareholders' funds		1,040,745,241	(156,400,000)	884,345,241

See Notes on page 33.

Notes to the financial statements for the year ended 30 June 2016 (continued)
(All amounts are in £ unless otherwise stated)

24 Transition to FRS 101 (continued)

Reconciliation of income statement for the year ended 30 June 2015

	Note	UK GAAP	FRS 101 reclassifications and remeasurements	FRS 101
Administrative expenses	(i)	(17,599,037)	(400,000)	(17,999,037)
Other income		12,692,698	-	12,692,698
Operating loss		(4,906,339)	(400,000)	(5,306,339)
Income from subsidiary		65,511,292	-	65,511,292
Impairment of subsidiary	(i)	-	(32,700,000)	(32,700,000)
Profit on ordinary activities before interest and taxation		60,604,953	(33,100,000)	27,604,953
Finance income		-	-	-
Finance costs		(3,816,900)	-	(3,816,900)
Finance costs – net		(3,816,900)	-	(3,816,900)
Profit on ordinary activities before taxation		56,788,053	(33,100,000)	23,688,053
Tax on profit on ordinary activities		1,015,797	-	1,015,797
Profit for the financial year		57,803,850	(33,100,000)	24,703,850

Notes:

(i) Impairment of subsidiaries

Under UK GAAP, certain of the Company's subsidiaries were viewed in aggregate together with economically related fellow subsidiaries for the purpose of evaluating impairments. Under FRS 101, each entity is viewed on an individual basis. Those which would have been impaired as at the date of transition on 1 July 2014 have been recognised at their fair value, and any excess has been written off to retained earnings. For one subsidiary, the impaired amount includes an intercompany loan which cannot be repaid and has therefore been provided in full as the responsibility of the Company as parent.