

Brambles Finance plc

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

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Brambles Finance plc
Year ended 30 June 2017

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Strategic Report for the year ended 30 June 2017

The directors present their Strategic Report of Brambles Finance plc ("the Company") for the year ended 30 June 2017.

Review of the business

The principal activity of the Company is to provide finance to the Brambles Group.

Throughout the year the Company has continued to borrow externally and make loans to businesses within the Brambles Group. The Company is expected to continue this activity for the foreseeable future.

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

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

Key performance indicators

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

Results

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

Financial position

The net assets of the Company have increased by €17,977,869 from €101,110,570 at 30 June 2016 to €119,088,439 at 30 June 2017.

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

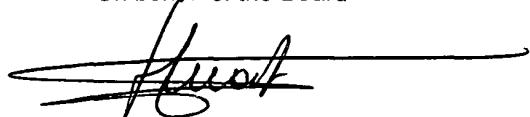
Policy regarding payment of trade creditors

The Company adheres to the Brambles Group policy to abide by terms of payment agreed with suppliers. In many cases, the terms of payment are as stated in the suppliers' own literature. In other cases, the terms of payment are determined by specific written or oral agreement. Brambles does not follow any published code or standard on payment practice. The Company had no external suppliers during the current or preceding years.

Principal risks and uncertainties

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

On behalf of the Board



P. Huart
Director

28 November 2017

Directors' Report for the year ended 30 June 2017

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

Future developments

The Company is expected to continue in its role as a group finance company with no significant changes for the foreseeable future.

Dividends

The Company did not pay an interim dividend during the year (2016: nil). The directors do not recommend the payment of a final dividend (2016: nil).

Financial risk management

The Company is exposed to a variety of financial and market based risks, including exposure to fluctuating interest and exchange rates. Standard financial derivatives are used to manage financial exposures in the normal course of business in accordance with Brambles Group policies. Dealings in financial derivatives are restricted by Brambles Group approved delegated authorities. No derivatives are used for speculative purposes. Derivatives are transacted predominantly with relationship banks, with individual credit limits assigned to those banks thereby limiting exposure to credit-related losses in the event of non-performance by a counterparty.

Funding and liquidity

The Company's role within the Brambles Group is to provide funds for operations, primarily from external borrowings, principally from bank credit facilities. The credit facilities are generally structured on a committed multi-currency revolving basis with maturities ranging out to December 2021. Borrowings under the facilities are floating rate, unsecured obligations with covenants and undertakings typical for these types of arrangements. To minimise foreign exchange risks 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.

Foreign exchange risk

The Brambles Group's foreign exchange exposures are managed from the perspective of protecting shareholder value. 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

On 4 October 2017, the Company issued EUR 500,000,000 aggregate principal amount of 1.500% Guaranteed Notes due 2027. Interest on the Notes will be payable annually in arrears on 4 October each year, beginning on 4 October 2018. The Notes are unsubordinated and unsecured obligations of the Company.

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

Post balance sheet events (continued)

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

Going concern

The Company is party to the Brambles Group's global committed borrowing facilities, details of which are disclosed in Note 23 of the 2017 Annual Report of Brambles Limited. The expiry dates of committed facilities range out to calendar year 2021. The Company's participation in these facilities ensure that it is able to meet its current liabilities as they fall due.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern or its ability to continue with the current funding arrangements. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of directors' responsibilities

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

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

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

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

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

Disclosure of information to auditors

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

On behalf of the Board

P Huat
Director

28 November 2017

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

Independent auditors' report to the members of Brambles Finance plc

Report on the audit of the financial statements

Opinion

In our opinion, Brambles Finance plc financial statements:

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Strategic Report and Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Nicholas Campbell-Lambert (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 November 2017

Brambles Finance plc
Year ended 30 June 2017

(All amounts are in € unless otherwise stated)

Income statement for the year ended 30 June 2017

	Note	2017	2016
Administrative expenses		(217,343)	(145,007)
Other income		748,103	106,462
Operating profit/(loss)	5	530,760	(38,545)
Profit/(loss) on ordinary activities before interest and taxation		530,760	(38,545)
Finance income	7	74,138,431	82,540,642
Finance costs	7	(52,092,354)	(53,237,321)
Finance income – net	7	22,046,077	29,303,321
Profit on ordinary activities before taxation		22,576,837	29,264,776
Tax on profit on ordinary activities	8	(4,598,968)	(5,924,433)
Profit for the financial year		17,977,869	23,340,343

Brambles Finance plc
Year ended 30 June 2017

(All amounts are in € unless otherwise stated)

Statement of comprehensive income for the year ended 30 June 2017

	2017	2016
Profit for the financial year	17,977,869	23,340,343
Other comprehensive income	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	17,977,869	23,340,343

Brambles Finance plc
Year ended 30 June 2017

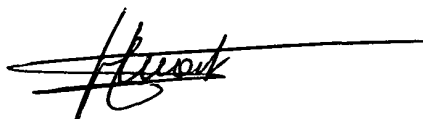
(All amounts are in € unless otherwise stated)

Statement of financial position as at 30 June 2017

	Note	2017	2016
Current assets			
Trade and other receivables	9	2,267,608,994	2,072,126,795
		2,267,608,994	2,072,126,795
Creditors: amounts falling due within one year	10	(523,939,241)	(1,274,619,866)
Net current assets		1,743,669,753	797,506,929
Total assets less current liabilities		1,743,669,753	797,506,929
Creditors: amounts falling due after more than one year	11	(1,624,581,314)	(696,396,359)
Net assets		119,088,439	101,110,570
Equity			
Ordinary shares	13	57,186	57,186
Retained earnings		119,031,253	101,053,384
Total shareholders' funds		119,088,439	101,110,570

The notes on pages 10 to 21 are an integral part of these financial statements.

The financial statements on pages 6 to 21 were approved for issue by the Board of directors on 28 November 2017 and were signed on its behalf.



P Huart
 Director

Brambles Finance plc
Year ended 30 June 2017

(All amounts are in € unless otherwise stated)

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

	Called-up share capital	Retained earnings	Total shareholders' funds
Balance as at 1 July 2015	57,186	77,713,041	77,770,227
Profit for the financial year	-	23,340,343	23,340,343
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	23,340,343	23,340,343
Proceeds from shares issued	-	-	-
Dividends	-	-	-
Total transactions with owners recognised directly in equity	-	-	-
Balance as at 30 June 2016	57,186	101,053,384	101,110,570
Balance at 1 July 2016	57,186	101,053,384	101,110,570
Profit for the financial year	-	17,977,869	17,977,869
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	17,977,869	17,977,869
Proceeds from shares issued	-	-	-
Dividends	-	-	-
Total transactions with owners recognised directly in equity	-	-	-
Balance as at 30 June 2017	57,186	119,031,253	119,088,439

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

1 General information

Brambles Finance plc ("the Company") provides finance to the Brambles Group.

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

Statement of compliance with FRS 101

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

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, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

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

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

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

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

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

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

New standards, amendments and IFRIC interpretations

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

Going concern

The Company is party to the Brambles Group's global committed borrowing facilities, details of which are disclosed in Note 23 of the 2017 Annual Report of Brambles Limited. The expiry dates of committed facilities range out to calendar year 2021\0. The Company's participation in these facilities ensure that it is able to meet its current liabilities as they fall due.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern or its ability to continue with the current funding arrangements. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.2 Separate 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 euro (€), which is also the Company's functional currency.

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

2 Summary of significant accounting policies (continued)

2.3 Foreign currency translation (continued)

(b) Transactions and balances

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

2.4 Financial assets

2.4.1 Classification

The Company classifies its financial assets in the following two categories: financial assets at fair value through profit or loss and 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.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(b) Loans and receivables

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.

2.4.2 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

Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs; financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

2.5 Impairment of financial assets

Assets carried at amortised cost

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

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

2 Summary of significant accounting policies (continued)

2.6 Derivative financial instruments and hedging activities

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

2.7 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.

2.8 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.

2.9 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.

2.10 Borrowing costs

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

2.11 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.

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

2 Summary of significant accounting policies (continued)

2.11 Current and deferred income tax (continued)

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.

2.12 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.

2.13 Dividend distribution

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

3 Critical accounting estimates and judgments
--

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. There are no 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.

3.2 Critical judgements in applying the Company's accounting policies

There are no critical judgements used in applying the Company's accounting policies which could change in the next year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

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

4 Financial instruments

The Company enters into forward foreign exchange contracts for the purpose of hedging various cross-border intercompany loans to overseas fellow group undertakings. These forward foreign exchange contracts provide an economic hedge against exchange fluctuations in the foreign currency loan balance. The face value of the foreign exchange contracts match the intercompany loan balances. Gains and losses on realignment of the intercompany loan and foreign exchange contracts to spot rates are offset in the income statement. Consequently, these foreign exchange contracts are not designated for hedge accounting purposes and are classified as held for trading (at fair value through profit and loss). The fair value of these contracts at 30 June 2017 was an asset of €3,726,336 (2016: liability €1,325,361).

5 Operating profit/(loss)

Operating profit/(loss) is stated after crediting

	2017	2016
Foreign exchange gains	<u>748,103</u>	<u>106,462</u>

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

6 Employees and directors

Employees

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

Directors

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

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

7 Interest income and expense

Finance income	2017	2016
Interest income on loans to fellow group undertakings	74,138,431	82,540,642
Total interest income on financial assets not measured at fair value through profit and loss	74,138,431	82,540,642
Gains on derivative financial instruments	-	-
Total finance income	74,138,431	82,540,642

Finance expense	2017	2016
Bank borrowings	(13,792,447)	(16,039,626)
Loan notes	(23,784,671)	(23,759,443)
Interest expense on loans from fellow group undertakings	(14,476,772)	(13,314,703)
Total interest expense on financial liabilities not measured at fair value through profit and loss	(52,053,890)	(53,113,772)
Losses on derivative financial instruments	(38,464)	(123,549)
Total finance expense	(52,092,354)	(53,237,321)

Net finance income	2017	2016
Interest income	74,138,431	82,540,642
Interest expense	(52,092,354)	(53,237,321)
Net finance income	22,046,077	29,303,321

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

8 Tax on profit on ordinary activities

Tax expense included in profit or loss	2017	2016
Current tax:		
– UK Corporation tax on profits for the year	(4,458,925)	(5,852,955)
– Adjustments in respect of prior years	(140,043)	(71,478)
Total current tax	(4,598,968)	(5,924,433)
Tax on profit on ordinary activities	(4,598,968)	(5,924,433)

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

	2017	2016
Profit on ordinary activities before tax	22,576,837	29,264,776
Profit multiplied by the standard rate of tax in the UK of 19.75% (2016: 20%):	(4,458,925)	(5,852,955)
Effects of:		
– Adjustments in respect of prior years	(140,043)	(71,478)
Total tax charge	(4,598,968)	(5,924,433)

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

9 Trade and other receivables

	2017	2016
Amounts due from group undertakings		
– falling due within one year	-	-
– falling due after more than one year	2,263,092,275	2,071,552,676
Derivative financial instruments	3,726,336	-
Prepayments and accrued income	790,383	574,119
	2,267,608,994	2,072,126,795

Amounts due from group undertakings

As part of its activities as a treasury company for the Brambles Group, the Company makes loans to fellow group undertakings, mainly in Europe, Middle East and Africa. All intra-group loans made by the Company as lender comprise unsecured committed revolving loan facilities. All loans carried interest during FY 2017 at Brambles' cost of funds plus a margin of either of either 1.0% or 2.2%.

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

9 Trade and other receivables (continued)

During June 2015, all intra group loan agreements were amended to change the relevant interest margins from 1.3% to 1.0% or 2.0% to 2.2%, respectively, with effect from 30 September 2015, and to extend the loan term from 30 September 2015 to 30 September 2018.

10 Creditors: amounts falling due within one year

	2017	2016
Bank loans and overdrafts (Note 12)	7,487,983	6,395,384
Loan note (Note 12)	499,448,193	-
Amounts due to group undertakings – borrowings	-	497,078,569
Amounts due to group undertakings - deposits	-	753,555,330
Amounts due to group undertakings - other	2,102,808	-
Corporate income tax – group relief payable	10,038,846	11,711,920
Derivative financial instruments	-	1,325,361
Accruals and deferred income	4,861,411	4,553,302
	523,939,241	1,274,619,866

Amounts owed to group undertakings - deposits

As part of its activities as a treasury company for the Brambles Group, the Company receives deposits from fellow group undertakings, mainly in Europe, Middle East and Africa. All intra-group deposits received by the Company are unsecured with no fixed date for repayment, but are repayable on demand. Deposits carry interest at the relevant local jurisdiction interbank interest rate (e.g. LIBOR or EURIBOR) applicable to each depositor, less 0.125%. An interest rate floor of 0% was applicable until 30 September 2015, increasing to 0.125% thereafter.

With effect from 30 June 2017, deposits received from fellow group undertakings have been restructured as loans from fellow group undertakings. All intra-group loans made to the Company as borrower comprise unsecured committed revolving loan facilities expiring 30 September 2018. From 30 June 2017, all loans will carry interest at Brambles' cost of funds. Affected balances at 30 June 2017 have been disclosed within amounts falling due after more than one year (Note 11).

11 Creditors: amounts falling due after more than one year

	2017	2016
Bank loans (Note 12)	229,503,544	197,588,858
Loan note (Note 12)	-	498,807,501
Amounts due to group undertakings – borrowings (Note 12)	1,395,077,770	-
	1,624,581,314	696,396,359

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

12 Loans and other borrowings

	2017	2016
Bank loans and overdrafts (Note 10)	7,487,983	6,395,384
Bank loans (Note 11)	229,503,544	197,588,858
Loan note (Note 10)	499,448,193	498,807,501
Amounts owed to group undertakings – borrowings (Note 11)		
- Brambles Finance Limited	460,544,078	497,078,569
- other fellow group undertakings	934,533,692	-
	2,131,517,490	1,199,870,312

Bank loans

The Company is party to the Brambles Group's global committed borrowing facilities, details of which are disclosed in Note 23 of the 2017 Annual Report of Brambles Limited. The expiry dates of committed facilities range out to December 2021. The Company's participation in these facilities ensure that it is able to meet its current liabilities as they fall due.

Drawings at 30 June 2017 comprise:

	2017	2016
Less than 1 year	-	1,907,042
1 to 2 years	-	65,680,912
2 to 3 years	133,236,290	-
3 to 4 years	32,782,006	92,000,000
4 to 5 years	63,485,248	39,907,945
Over 5 years	-	-
	229,503,544	199,495,899

The weighted average interest rate on floating rate bank loans during the year ended 30 June 2017 was 1.28% (2016: 1.59%).

Loan note

The loan note comprises unsecured non-instalment debt. The loan note bears interest at a fixed coupon of 4.625% and has a maturity date of 20 April 2018.

On 4 October 2017, the Company issued EUR 500,000,000 aggregate principal amount of 1.500% Guaranteed Notes due 2027. Interest on the Notes will be payable annually in arrears on 4 October each year, beginning on 4 October 2018. The Notes are unsubordinated and unsecured obligations of the Company. Brambles intends to use the proceeds to address the refinancing of €500 million of European medium-term notes maturing in April 2018.

Amounts owed to group undertakings – Brambles Finance Limited (BFL)

The intra-group loan from BFL, a fellow group undertaking incorporated in Australia, to the Company as borrower comprises an unsecured committed revolving loan facility. The facility is for EUR 500,000,000 under an agreement dated 30 March 2015, and carried interest during FY 2017 at Brambles' cost of funds plus a margin of 0.125%. The loan term is to 30 September 2018.

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

(All amounts are in € unless otherwise stated)

12 Loans and other borrowings (continued)

Amounts owed to group undertakings – Other fellow group undertakings

With effect from 30 June 2017, deposits received from fellow group undertakings have been restructured as loans from other fellow group undertakings (Note 13). The intra-group loans made to the Company as borrower comprise unsecured committed revolving loan facilities, expiring 30 September 2018. From 30 June 2017, the loans will carry interest at Brambles' cost of funds.

13 Share capital

Ordinary shares of €1.1323746 each

	No.	€
Allotted and fully paid		
At 1 July 2016	50,500	57,186
Issued during the year	-	-
At 30 June 2017	50,500	57,186

All shares rank *pari passu* in all respects.

14 Contingent liabilities

The Company and certain of its fellow group undertakings are parties to a deed of cross-guarantee which supports global financing credit facilities available to certain group undertakings. Total facilities available amount to US\$1,827.3 million (2016: US\$1,875.5 million), of which US\$392.5 million (2016: US\$346.9 million) has been drawn.

The Company and certain of its fellow group undertakings are parties to guarantees which support:

- US Private Placement borrowings of US\$20.0 million (2016: US\$116.5 million) by a group undertaking;
- notes of US\$1,000.0 million (2016: US\$1,000.0 million) issued by a group undertaking to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act; and
- notes of €500.0 million (2016: €500.0 million) issued by a group undertaking in the European bond market.

15 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 6 for disclosure of the directors' remuneration.

There are no other related party transactions.

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

16 Controlling parties

The immediate parent undertaking is Brambles Holdings Unlimited, 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.

17 Events after the end of the reporting period
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On 4 October 2017, the Company issued EUR 500,000,000 aggregate principal amount of 1.500% Guaranteed Notes due 2027. Interest on the Notes will be payable annually in arrears on 4 October each year, beginning on 4 October 2018. The Notes are unsubordinated and unsecured obligations of the Company.

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