

Company registration number: 02548412

**WBA Holdings 2**  
**Financial statements**  
for the year ended 31 August 2018



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## **WBA Holdings 2**

### **Directors' responsibilities statement**

for the year ended 31 August 2018

The Directors are responsible for preparing 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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.

## WBA Holdings 2

### Income statement

for the year ended 31 August 2018

	Notes	2018 £	2017 £
Investment revenue	4	-	614,769
Other gains and losses		-	414,593
Result/Profit before taxation		-	1,029,362
Tax	5	-	(201,549)
<b>Result/Profit for the year</b>		-	<b>827,813</b>

The operating result is all derived from continuing operations.

The accompanying notes to the financial statements are an integral part of the Company's financial statements.

The Company has no other items of comprehensive income and has, therefore, not included a statement of comprehensive income.

## WBA Holdings 2

### Balance sheet

As at 31 August 2018

	Notes	2018 £	2017 £
<b>Current assets</b>			
Trade and other receivables		10	10
		10	10
<b>Total assets</b>		10	10
<b>Net current assets</b>		10	10
<b>Net assets</b>		10	10
<b>Equity</b>			
Share capital	7	10	10
Retained earnings	8	-	-
<b>Total Equity</b>		10	10

The accompanying notes to the financial statements are an integral part of the Company's financial statements.

For the year to 31 August 2018, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of WBA Holdings 2 were approved by the Board of Directors and authorised for issue on 1 October 2018. They were signed on its behalf by:



M Muller  
Director

Company registration number: 02548412

## WBA Holdings 2

### Statement of changes in equity for the year ended 31 August 2018

	Share capital £	Retained earnings £	Total £
At 1 September 2016	30,001	35,273,769	35,303,770
Profit for the year	-	827,811	827,811
Capital reduction	(29,991)	29,991	-
Dividends paid	-	(36,131,571)	(36,131,571)
At 31 August 2017	10	-	10
Result for the year	-	-	-
At 31 August 2018	10	-	10

The accompanying notes to the financial statements are an integral part of the Company's financial statements.

## WBA Holdings 2

### Notes to the financial statements for the year ended 31 August 2018

#### 1. General information

WBA Holdings 2 (The "company") is a private unlimited liability company, incorporated in the United Kingdom under the Companies Act and is registered in England and Wales.

The address of the registered office is Sedley Place, 4<sup>th</sup> Floor, 361 Oxford Street, London, W1C 2JL.

#### 2. Significant accounting policies

##### Basis of accounting

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are individual accounts. The Company is exempt from the preparation of consolidated financial statements under s401 of the Companies Act, because it is included in the group accounts of Walgreens Boots Alliance, Inc. The group accounts of Walgreens Boots Alliance, Inc. are available from the Walgreens Boots Alliance website at [www.walgreensbootsalliance.com](http://www.walgreensbootsalliance.com). The principal office of the parent company preparing consolidated accounts is 108 Wilmet Road, Deerfield, Illinois, 60015, United States of America.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- (b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (e) the requirements of IAS 7 *Statement of Cash Flows*;
- (f) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- (g) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*; and
- (h) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where relevant, equivalent disclosures have been given in the group accounts of Walgreens Boots Alliance, Inc.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

#### Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Foreign currencies

##### Currency transactions

Transactions denominated in currencies other than an entity's functional currency are translated into an entity's functional currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than an entity's functional currency at the year-end are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured at historical cost and are denominated in currencies other than an entity's functional currency are translated using the exchange rates at the date of the transaction. Non-monetary items that are measured at fair value and are denominated in currencies other than an entity's functional currency are translated using the exchange rates at the date when the fair value was determined. Exchange gains and losses are recognised in the income statement.

#### Operating result

Operating result is stated before finance costs.

#### Taxation

The tax expense represents current tax.

## WBA Holdings 2

### Notes to the financial statements (continued)

for the year ended 31 August 2018

#### 2. Significant accounting policies (continued)

##### *Current tax*

The tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

##### *Current tax for the period*

Current tax is recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

##### *Financial instruments*

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### *Financial assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

##### *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.



## WBA Holdings 2

### Notes to the financial statements (continued)

for the year ended 31 August 2018

#### 2. Significant accounting policies (continued)

##### Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Critical judgements in applying the Company's accounting policies

During the year, there were no critical accounting judgements and no key sources of estimation uncertainty.

#### 4. Investment revenue

	2018 £	2017 £
Interest receivable from Group undertakings	-	614,769
	-	614,769

#### 5. Tax

An analysis of the tax result/(charge) for the year is presented as follows:

	2018 £	2017 £
Corporation tax:		
UK corporation tax	-	(201,549)
	-	(201,549)

Corporation tax is calculated at 19.0% (2017: 19.58%) of the estimated taxable profit for the year.

The tax charge for the year is the same as the result/profit for the year on the income statement multiplied by the corporation tax rate for the year.

##### Factors that may affect future current and total tax charges

A future reduction in the corporation tax rate to 17% from 1 April 2020 was enacted by Finance Act in September 2016. The impact (as applicable) of the future reduction to 17% continues to be reflected in the financial statements.

#### 6. Dividends

The Company's paid dividends are presented as follows:

	2018 £	2017 £
Amounts recognised as distributions to equity holders in the year/period:		
Interim dividend for the year, equivalent to £11 per share (2017: £3,613,157.07 per share)	-	36,131,571
	-	36,131,571

#### 7. Share capital

	2018 £	2017 £
Authorised		
500,000 ordinary shares of £1 each (2017: 500,000 shares)	500,000	500,000
1,448,980 Fixed rate cumulative preference shares of £100 each (2017: 1,448,980)	144,898,000	144,898,000
Issued and fully paid		
10 ordinary shares of £1 each (2017: 10 shares)	10	10

The Company has one class of ordinary shares issued which carry no right to fixed income.

## WBA Holdings 2

### Notes to the financial statements (continued)

for the year ended 31 August 2018

#### 8. Retained earnings

	£
At 1 September 2016	35,273,769
Profit for the year	827,811
Share capital reduction	29,991
Dividends paid	(36,131,571)
At 31 August 2017	-
Result for the year	-
At 31 August 2018	-

#### 9. Ultimate parent undertaking

At 31 August 2018, the Company's immediate parent company was Alliance UniChem Investments 4 Limited and its ultimate parent company and controlling party was Walgreens Boots Alliance, Inc. Walgreens Boots Alliance, Inc. is also the parent undertaking of the largest and smallest group in which the Company is consolidated. The consolidated financial statements of this group are available from the Walgreens Boots Alliance website at [www.walgreensbootsalliance.com](http://www.walgreensbootsalliance.com).

Walgreens Boots Alliance, Inc. is incorporated in the United States of America, and its principal office address is 108 Wilnot Road, Deerfield, Illinois, 60015.