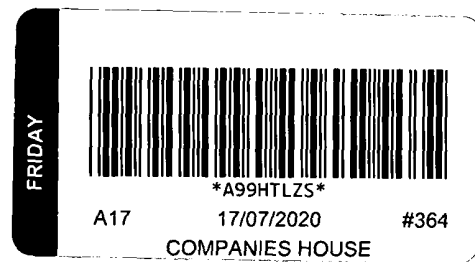


Company registration number: 04452715



**Alliance Boots Holdings Limited**  
**Annual report and financial statements**  
for the year ended 31 August 2019

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## Alliance Boots Holdings Limited

### Strategic report

for the year ended 31 August 2019

#### Principal activities

Alliance Boots Holdings Limited (the "Company") is an investment holding company within the Walgreens Boots Alliance, Inc. consolidated group ("Group").

#### Business review

	2019 £million	2018 £million
Operating loss	(408)	(68)
Profit for the year	1,480	1,309
Shareholders' equity	8,887	8,646

On 23 May 2019 the Company acquired a 15.65% shareholding of Ordinary Ashares in its indirect subsidiary SportsPlatform Holdco Limited. Consideration is paid and payable in three instalments, of which £1.9 million consideration has been recognised. The final instalment is due to be paid in December 2019.

On 26 June 2019 the Company sold its investments in Alliance Boots B.V., and Alliance Healthcare España Holdings, S.L. to fellow Group undertaking Superior Holdings Limited, and its investment in Boots Retail (Ireland) Limited to fellow Group undertaking WBA UK Holdings 1 Limited. Total consideration received was £858 million, with a gain on sale of £210 million recognised.

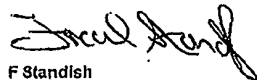
On 22 July 2019 the Company sold its 3.02% investment in WBA UK 7 LLP to fellow Group undertaking Walgreens Boots Alliance Scottish LP. Total consideration received was £85 million, with a gain on sale of £5 million recognised.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

#### Principal risks and uncertainties

The Company's Directors monitor the overall risk profile of the Company. In addition, the Directors are responsible for determining clear policies as to what the Company considers to be acceptable levels of risk. These policies seek to enable people throughout the Company to use their expertise to identify risks that could undermine performance and to devise ways of bringing them to within acceptable levels. Where the Directors identify risks that are not acceptable, they develop action plans to mitigate them with clear allocation of responsibilities and timescales for completion and ensure that progress towards implementing these plans is monitored and reported upon.

Approved by the Board and signed on its behalf by:



F Standish  
Company Secretary  
28 November 2019

## Alliance Boots Holdings Limited

### Directors' report

for the year ended 31 August 2019

The Directors present their report and the audited financial statements for the year ended 31 August 2019.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in its strategic report.

The Company has net current assets of £379 million (2018: net current assets of £1,690 million) and therefore the Directors have assessed that there is no material uncertainty surrounding the going concern of the entity. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the note 2 in the financial statements.

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 in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Financial Instruments

The Company is exposed to currency, credit and interest rate risk. The Group's treasury function manages these risks at a Group level in accordance with Group Treasury Policy including the use of financial instruments for the purpose of managing these risks. Group risks are discussed in the Group's Annual Report, which does not form part of this report.

#### Dividends

Dividends of £1,259 million were declared and paid in the year (2018: £465 million). Further details can be found in note 8 of the financial statements.

#### Future developments

The Company intends to continue operating as a holding company within the Group.

#### Post balance sheet events

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

#### Directors

The following served as Directors during the year and to the date of this report:

A Clare  
F Standish  
M Muller

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

#### Auditor

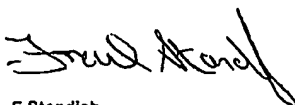
Pursuant to s487 Companies Act 2006, Deloitte LLP were deemed to be reappointed and will therefore continue in office.

#### Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act of 2006.

Approved by the Board and signed on its behalf by:



F Standish  
Company Secretary  
28 November 2019

Registered office:  
Sedley Place  
4th Floor  
361 Oxford Street  
London  
W1C 2JL

Registered in England and Wales No. 04452715

## Alliance Boots Holdings Limited

### Directors' responsibilities statement for the year ended 31 August 2019

The directors are responsible for preparing the Strategic report, 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 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 judgements 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.

## **Independent auditor's report** to the members of Alliance Boots Holdings Limited

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

#### **Opinion**

In our opinion the financial statements of Alliance Boots Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### **Auditor's 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 auditor's 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Independent auditor's report (continued)**  
to the members of Alliance Boots Holdings Limited

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**S Butters FCA (Senior statutory auditor)**  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom

28 November 2019

## Alliance Boots Holdings Limited

### Income statement

for the year ended 31 August 2019

		2019	2018
	Notes	£million	£million
Other operating expenses		(408)	(68)
Operating loss		(408)	(68)
Income from shares in Group undertakings	6	1,608	1,248
Investment revenue	6	380	190
Finance costs	7	(96)	(61)
Profit before taxation		1,484	1,309
Tax	8	(4)	—
Profit for the year		1,480	1,309

Operating loss is all derived from continuing operations.

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



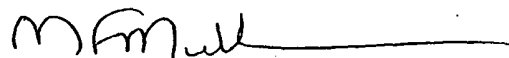
## Alliance Boots Holdings Limited

### Balance sheet As at 31 August 2019

	Notes	2019 £million	2018 £million
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	10	5,158	6,012
Interests in associates	11	7	91
Other investments	12	5,182	2,669
		<b>10,347</b>	<b>8,772</b>
<b>Current assets</b>			
Other investments	12	220	2,254
Derivative financial instruments	13	3	9
Current tax assets	14	8	38
Trade and other receivables	14	877	301
Cash and bank balances		5	5
		<b>1,113</b>	<b>2,607</b>
<b>Total assets</b>		<b>11,460</b>	<b>11,379</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Derivative financial instruments	13	—	(1)
Trade and other payables	16	(19)	(3)
Borrowings	16	(715)	(913)
		<b>(734)</b>	<b>(917)</b>
<b>Net current assets/(liabilities)</b>		<b>379</b>	<b>1,690</b>
<b>Total assets less current liabilities</b>		<b>10,728</b>	<b>10,462</b>
<b>Non-current liabilities</b>			
Derivative financial instruments	13	(51)	—
Borrowings	16	(1,808)	(1,816)
		<b>(1,859)</b>	<b>(1,816)</b>
<b>Net assets</b>		<b>8,867</b>	<b>8,646</b>
<b>Equity</b>			
Share capital	17	362	362
Share premium account	18	194	194
Capital redemption reserve	19	29	29
Retained earnings	19	8,282	8,061
<b>Total Equity</b>		<b>8,867</b>	<b>8,646</b>

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

The financial statements of Alliance Boots Holdings Limited (registered number: 04452715) were approved by the Board of directors and authorised for issue on 28 November 2019. They were signed on its behalf by:



M Muller  
Director

## Alliance Boots Holdings Limited

### Statement of changes in equity for the year ended 31 August 2019

	Share capital £million	Share premium account £million	Other Reserves £million	Retained Earnings £million	Total £million
At 1 September 2017	362	—	29	7,217	7,608
Profit for the year	—	—	—	1,309	1,309
Issue of share capital	—	194	—	—	194
Dividends paid	—	—	—	(465)	(465)
At 31 August 2018	362	194	29	8,061	8,646
Profit for the year	—	—	—	1,480	1,480
Dividends paid	—	—	—	(1,259)	(1,259)
At 31 August 2019	362	194	29	8,282	8,867

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

## Alliance Boots Holdings Limited

### Notes to the financial statements for the year ended 31 August 2019

#### 1. General information

Alliance Boots Holdings Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales.

The address of the registered office is given on page 2.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

Some of the prior year's comparative balances have been reclassified as needed in order to be in line with current year's presentation.

#### 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 Wilmot 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 properties, financial instruments and investment property 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.

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.

##### Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in its strategic report.

The Company has net current assets of £379 million (2018: net current assets of £1,690 million) and therefore the Directors have assessed that there is no material uncertainty surrounding the going concern of the entity. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

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

##### Changes in accounting policies and disclosures

In the current year, the Company has applied the following amendments to IFRSs that were issued by the International Accounting Standards Board (IASB) and endorsed for use in the European Union and are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had a material impact on the disclosures or on the amounts reported in these financial statements.

- **IFRS 9 *Financial Instruments*:** The Company has adopted IFRS 9 *Financial Instruments* (revised in July 2014) and the related consequential amendments to other IFRS Standards for the first time in the current year. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 September 2018. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2019 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Company assumed that the credit risk on the asset had not increased significantly since its initial recognition.
- Changes to hedge accounting policies have been applied prospectively.
- All hedging relationships designated under IAS 39 at 31 August 2018 met the criteria for hedge accounting under IFRS 9 at 1 September 2018 and are therefore regarded as continuing hedging relationships.

The adoption of IFRS 9 has resulted in a £3 million write down of loans owed by group undertakings.

- **IFRS 15 *Revenue from Contracts with Customers*:** The Company has adopted IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) for the first time in the current year. IFRS 15 introduced a 5-step approach to revenue recognition, with more prescriptive guidance added to deal with specific scenarios.

The Company has applied IFRS 15 using the retrospective with cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 September 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

The Company's accounting policies for its revenue streams are disclosed in detail in note 2 below. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a material impact on the financial position and/or financial performance of the Company.

The adoption of IFRS 15 has had no impact on the Company's separate financial statements.

- **IFRIC 22 *Foreign Currency Transactions and Advance Consideration*:** IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

##### Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

##### Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, provisions for impairment.

##### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of sales-related taxes.

##### Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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.

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

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

##### 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.

##### Taxation

The tax expense represents the sum of the current tax and deferred tax.

###### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. 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 and deferred tax for the year*

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

##### Cash and bank balances

Cash and bank balances comprises cash in hand and short term deposits with maturities of three months or less from the date of acquisition. Bank overdrafts, where used for financing the business, are shown within borrowings in current liabilities on the balance sheet.

##### 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 except for trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient and which are measured at the transaction price determined under IFRS 15. 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.

Financial assets are classified into the following specified categories: 'amortised cost', 'fair value through other comprehensive income - debt investment' (FVOCI - debt investment), 'fair value through other comprehensive income - equity investment' (FVOCI - equity investment) and 'fair value through profit and loss' (FVPL). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

###### *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.

##### Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

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

##### Financial instruments (continued)

###### *Fair Value OCI - debt investments*

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### *Fair value through OCI - equity investment*

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery or part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

###### *Fair value through profit or loss*

All financial assets which are not classified as amortised cost or fair value through OCI as described above are measured at fair value through profit or loss. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

###### *Impairment of financial assets*

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

###### *Credit-impaired financial assets*

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

###### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

###### *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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the profit and loss reserve.

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.

###### *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 and the definitions of a financial liability and an equity instrument.

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

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

##### Financial Instruments (continued)

###### 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.

###### Financial liabilities

All financial liabilities, including borrowings, are measured subsequently at amortised cost using the effective interest method or at FVPL.

###### Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is (i) held for trading or (ii) it is designated as at FVPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
  - it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.
- A financial liability other than a financial liability held for trading may be designated as at FVPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
  - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVPL.

###### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) held-for-trading, or (ii) designated as at FVPL are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

###### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

###### Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 21.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (*fair value hedges*), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (*cash flow hedges*).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

###### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

#### 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.

During the year, there were no critical accounting judgements.

#### Key sources of estimation uncertainty

##### Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

##### Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £5,158 million (2018: £6,012 million) with impairment loss of £407 million recognised in 2019 (2018: £58 million).

#### 4. Auditor's remuneration

The 2019 fee for the audit of these financial statements was borne by a fellow Group undertaking. The amount allocated that would have been incurred for 2019 is £13,000 (2018: £13,000).

No non-audit services were provided to the Company by its auditor.

#### 5. Staff numbers and costs

There were no employees during the year (2018: nil).

No emoluments are payable to the Directors for their services to the Company in the current or preceding financial periods.

#### 6. Investment revenue

	2019	2018
	£million	£million
Interest receivable from bank deposits	—	1
Interest receivable from Group undertakings	149	135
Fair value gains on derivative financial instruments	16	—
Net foreign exchange gain	—	3
Total interest receivable	165	139
Profit on disposal of investment	216	51
Income from shares in Group undertakings	1,608	1,248
	1,988	1,438

#### 7. Finance costs

	2019	2018
	£million	£million
Interest payable to Group undertakings	78	49
Financing fees	—	1
Fair value losses on derivative financial instruments	—	6
Other finance costs	18	5
	96	61



## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

#### 8. Tax

An analysis of the tax charge for the year is presented as follows:

	2019 £million	2018 £million
Corporation tax:		
UK corporation tax	(3)	—
Adjustments in respect of prior periods		
- UK corporation tax	(1)	—
	(4)	—

Corporation tax is calculated at 19.0% (2018: 19.0%) of the estimated taxable profit for the year.

The tax charge for the year can be reconciled to the profit in the income statement as follows:

	2019 £million	2018 £million
Profit before tax	1,484	1,309
Tax at the UK corporation rate of 19.0% (2018: 19.0%)	(282)	(249)
Effects of:		
Group relief for nil payment	11	16
Expenses not deductible for tax purposes	(1)	(14)
Non-taxable income	41	10
Non-taxable dividends received	305	237
Adjustments in respect of prior years	(1)	—
Impairment of investments	(77)	—
Tax charge for the year	(4)	—

#### 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 2016 in September 2016. The impact (as applicable) of the future reduction to 17% continues to be reflected in the financial statements.

#### 9. Dividends

The Company's declared and paid dividends are presented as follows:

	2019 £million	2018 £million
Amounts recognised as distributions to equity holders in the year:		
First interim dividend for the year (equivalent to 53p per share, 2018: 19p per share)	515	185
Second interim dividend for the year (equivalent to 68p per share, 2018: 8p per share)	658	80
Third interim dividend for the year (equivalent to 9p per share, 2018: 12p per share)	86	120
Fourth interim dividend for the year (nil, 2018: 8p per share)	—	80
	1,259	465

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

#### 10. Investments in subsidiaries

	£million
<b>Cost</b>	
At 1 September 2018	6,155
Additions	2
Disposals	(449)
<b>At 31 August 2019</b>	<b>5,708</b>
<b>Provision for impairment</b>	
At 1 September 2018	(143)
Created	(407)
<b>At 31 August 2019</b>	<b>(550)</b>
<b>Carrying amount</b>	
At 31 August 2018	6,012
<b>At 31 August 2019</b>	<b>5,158</b>

The principal investments and disposals in subsidiary undertakings by the Company during the year were:

- On 23 May 2019 the Company acquired a 15.65% shareholding of Ordinary Ashares in its indirect subsidiary SportsPlatform Holdco Limited. Consideration is paid and payable in three instalments, of which £1.9 million consideration has been paid to date. The final instalment is due to be paid in December 2019.

- On 26 June 2019 the Company sold its investments in Alliance Boots B.V., and Alliance Healthcare España Holdings, S.L to fellow Group undertaking Superior Holdings Limited, and its investment in Boots Retail (Ireland) Limited to fellow Group undertaking WBA UK Holdings 1 Limited. Total consideration received was £658 million, with a gain on sale of £210 million recognised.

Investments are assessed periodically for indicators of impairment. Where there is evidence of impairment, the difference between the estimated recoverable amount and the carrying value is calculated and recognised as an impairment loss in the income statement. In the year investments were impaired by £407 million (2018: £58 million).

The Company's subsidiary undertakings at the balance sheet date are presented as follows:

	Share class	Percentage held by the Company or subsidiary undertaking	Registered office
<b>Directly owned</b>			
Alcura UK Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alliance Healthcare (Distribution) Limited	Ordinary	100.00	43, Cox Lane, Chessington, Surrey, KT9 1SN; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alliance Healthcare Asia Pacific Limited	Ordinary	100.00	18/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Alliance Healthcare Limited	Ordinary	100.00	Block 3, Harcourt Centre, Harcourt Road, Dublin 2, Ireland
Alliance Healthcare Management Services Limited	Ordinary	100.00	43, Cox Lane, Chessington, Surrey, KT9 1SN
Alliance Healthcare Norge AS	Ordinary	100.00	P.o. boks 3554, Ski, 1402, Norway; Snipetjernveien 10, Langhus, 1405, Norway
Alliance Healthcare s.r.o.	Incorporated without shares	100.00	Praha 10, Podle trati 7, 108 00, Czech Republic
Alliance UniChem IP Limited	Ordinary	100.00	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY
Alloga UK Limited	Ordinary A, Ordinary B	100.00	Amber Park, Berristow Lane South Normanton, Alfreton, Derbyshire, DE55 2FH, England
Almus Pharmaceuticals Limited	Ordinary	100.00	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

	Share class	Percentage held by the Company or subsidiary undertaking	Registered office
B&B Capital Partners L.P.	Unincorporated entity	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Beachcourse Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Beeston Site Services Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Boots Delivery Services Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
Boots International Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Boots International Management Services Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
Boots Korea Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
Boots Management Services Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
Boots Norge AS	Ordinary	100.00	300, Maridalsveien, Oslo, 0872, Norway; P.o Box 4593 Nydalen, Oslo, Norway, 0404
Boots Optical Investment Holdings Limited	Ordinary A	58.00	1 Thane Road West, Nottingham, NG2 3AA
Boots Opticians Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Boots Pensions Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Boots Propco D Limited	Ordinary	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Propco E Limited	Ordinary	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Propco F Limited	Ordinary	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Propco G Limited	Ordinary	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Propco H Limited	Ordinary	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Pure Drug Company Limited	Ordinary	100.00	D90, 1 Thane Road West, Nottingham, NG2 3AA
Boots The Chemists Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots UK Limited	Ordinary	100.00	NOTTINGHAM, NG2 3AA
D200 Energy Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
E. Moss, Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Liz Earle Beauty Co. Limited	Ordinary, Ordinary A	100.00	The Green House Nicholson Road, Ryde, Isle of Wight, PO33 1BG, England
OTC Direct Limited	Ordinary	100.00	43, Cox Lane, Chessington, Surrey, KT9 1SN
Sprint Investments 5 Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

	Share class	Percentage held by the Company or subsidiary undertaking	Registered office
The Boots Company PLC	Ordinary	100.00	NOTTINGHAM, NG2 3AA
UniChem Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Walgreens Boots Alliance Services Limited	Ordinary	100.00	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY, England; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Walgreens Boots Alliance Services MC S.A.M.	Ordinary	99.87	24, boulevard du Tenao, Entresols 3 et 2, 98000, Monaco
WBA Acquisitions Luxco 7 S.à r.l.	Ordinary	100.00	2, Rue Edward Steichen, Luxembourg, L-2540, Luxembourg
WBA Acquisitions UK Holdco 5 Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
WBA Holdings 1 Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
WBA (IT Services) International Limited (formerly Alliance Healthcare (IT Services) Limited)	Ordinary	100.00	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
WBA Latin America Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
<b>Indirectly owned</b>			
AA Asia Limited	Ordinary	100.00	No. 248, 40th Floor, Queen's Road East, Wanchai, Hong Kong
AB Acquisitions Nederland Holdco 1 B.V.	Ordinary	100.00	603, De Amert, Veghel, 5462 GH, Netherlands
AB Property Holdings Limited	Ordinary	100.00	Avalon Trust & Corporate Services Limited, Landmark Square, 1st Floor, 64 Earth Close, PO Box 715, Grand Cayman, KY1-1107, Cayman Islands
Administradora FASA, S.A.	Ordinary	99.90	Av. Los Jardines 972, Huechuraba, Santiago, Chile, Chile
Alliance BMP Limited	Ordinary	100.00	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY
Alliance Healthcare Deutschland AG	Ordinary	89.90	Solmsstraße 73, Frankfurt am Main, 60486
Alliance Healthcare Deutschland Holdings 1 GmbH	Ordinary	100.00	Solmsstraße 73, Frankfurt am Main, 60486
Alliance Healthcare Italia (IT Services) Srl	Ordinary	100.00	Via Cesarea 11/10, Genova, 16121, Italy
ALLIANCE HEALTHCARE ROMANIA SRL (formerly FARMEXPERT D.C.I. SRL)	Ordinary	100.00	Amilcar C. Sandulescu no. 7, 6th district, Bucharest, Romania
Alliance Santé - Distribuição Farmacêutica de Eulália Baeta Pereira e Ramalho Fernandes, S.A.	Ordinary	100.00	Rua 3, Lote E Matinha, Lisboa, 1900-823, Portugal
Alliance UniChem Investments 4 Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
ALLOGA LOGISTICS ROMANIA SRL	Ordinary	100.00	No 66A, biroul 1, Traian street, Rudeni, City Chitila, Ilfov
Alloga S.à r.l.	Ordinary	100.00	2, Rue Edward Steichen, Luxembourg, L-2540, Luxembourg
ANZAG Rostock GmbH & Co. KG	Ordinary	78.95	Toelzer Straße 15, 82031 Gruenwald
ANZAG Rostock Grundstücks-Verwaltungsgesellschaft mbH	Ordinary	100.00	Toelzer Straße 15, 82031 Gruenwald
Armila UAB	Ordinary	100.00	Moletu rd. 75, Vilnius, Vilnius, Lithuania, 14259

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

	Share class	Percentage held by the Company or subsidiary undertaking	Registered office
Aroma Actives Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Aromatherapy Associates Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Aromatherapy Associates, Inc	Ordinary	100.00	Corporation Service Company, 211 E. 7th Street, Suite 620, Austin, TX, 78701-3218
Aromatherapy Investments Holding Limited	Ordinary A, Deferred	93.10	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Aromatherapy Investments Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
AS Logistik GmbH	Ordinary	100.00	Solmsstraße 73, Frankfurt am Main, 60486
B&B Capital Partners (GP) Ltd	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
B&B Capital Partners (SLP GP) Ltd	Ordinary	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
B&B Investment Partners LLP	Unincorporated entity	50.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Benavides de Reynosa, S.A. de C.V.	Ordinary A, Ordinary B	100.00	Avenida Fundadores 935, Int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Blyth Pharmacy Limited	Ordinary	77.50	1 Thane Road West, Nottingham, NG2 3AA, England
Boots 2 Property Partnership	Unincorporated entity	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots 2 Property Scottish Limited Partnership	Unincorporated entity	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Benevolent Fund	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Boots Charitable Trust	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Boots Contact Lenses Limited	Ordinary	100.00	23, Queen Street, St Heller, JE2 4WD, Jersey
Boots Eyewear Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
Boots Opticians Professional Services Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
Boots PropCo B Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots PropCo C Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots Properties Limited	Ordinary	100.00	NOTTINGHAM, NG2 3AA
Boots Property Partnership	Unincorporated entity	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Property Scottish Limited Partnership	Unincorporated entity	100.00	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Comercializadora y Servicios Benavides, S.A. de C.V.	Ordinary	100.00	Avenida Fundadores 935, Int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Compañía de Nutrición General S.A.	Ordinary	99.97	Miraflores 383, 6th Floor, Santiago, Chile

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

	Share class	Percentage held by the Company or subsidiary undertaking	Registered office
CPL Pharma Lager und Vertrieb GmbH	Ordinary	100.00	Solmsstraße 73, Frankfurt am Main, 60486
Distrilife, Distribuidora Atacadista de Suplementos Alimenticios, Ltda	Quotas	100.00	147, Galpao 4, sala 17, Av. Talma Rodrigues Ribeiro, 147, Galpao 4, sala 17, Portal do Jacaralpe, Serra/ES, CEP 29173-795, Espírito Santo, Brazil
Dollond & Aitchison Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
Droguería, Distribuidora y Logística DLI S.A.	Ordinary	99.92	Miraflores 383, 6th Floor, Santiago, Chile
Farmacias ABC de Mexico, S.A. de C.V.	Ordinary	100.00	Avenida Chapultepec Sur, 249, Colonia Americana, Zapopan, Jalisco, C.P. 44160, Mexico
Farmacias Ahumada S.A.	Ordinary	99.44	Av. Los Jardines 972, Huechuraba, Santiago, Chile, Chile
Farmacias Benavides S.A.B. de C.V.	Ordinary	96.56	Avenida Fundadores 935, Int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Fasa Investment Limitada	Unincorporated entity	100.00	Av. Las Condes, No 14,791, 01, comuna de Lo Barnechea, Santiago, Chile
GESDAT Gesellschaft für Informationsmanagement mbH	Ordinary	100.00	Franklinstraße 62, 60486 Frankfurt am Main
Govanhill Pharmacy Limited	Ordinary	52.90	c/o Hardie Caldwell LLP, Citypoint 2, 25 Tyndrum Street, Glasgow, G4 0JY
Health Team Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Inversiones Internacionales Inverfar S.A.	Ordinary	100.00	Av. Las Condes, No 14,791, 01, comuna de Lo Barnechea, Santiago, Chile
Laboratorios MDK S.A.	Ordinary	100.00	Av. Los Jardines 972, Huechuraba, Santiago, Chile, Chile
PhD Acquisition Bidco Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
PhD Acquisition Midco Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Ramuneles Valstine UAB	Ordinary	100.00	Talkos st. 4-1, Elektrenai, Lithuania
Servicios Logísticos Benavides, S.A. de C.V.	Ordinary	100.00	Avenida Fundadores 935, Int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Servicios Operacionales Benavides, S.A. de C.V.	Ordinary	100.00	Avenida Fundadores 935, Int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Skills in Healthcare GmbH Deutschland	Ordinary	100.00	Solmsstraße 73, Frankfurt am Main, 60486
Skills in Healthcare Romania S.r.l.	Ordinary	100.00	19D, Virtutii Str., Bucharest, 6, Romania
Sleek International Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA
Snipetjernveien 10 Norge AS	Ordinary	100.00	Snipetjernveien 10, Langhus, 1405, Norway
Soap & Glory GmbH I.L.	Ordinary	100.00	c/o Astrid Haase, KPMG Rechtsanwaltsgesellschaft mbH, Ganghoferstrasse 29, Munich, 80339, Germany; Solmsstraße 73, Frankfurt am Main, 60486
Soap & Glory Limited	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England
SportsPlatform Holdco Limited	Ordinary A, Ordinary B	78.10	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

	Share class	Percentage held by the Company or subsidiary undertaking	Registered office
SportsPlatform Midco Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Sprint Investments 1 Limited	Ordinary	80.00	2, The Heights Brooklands, Weybridge, Surrey, KT13 0NY, England;
The Refinery Limited	Ordinary A, Ordinary B	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
TPW Acquisition Bldco Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
TPW Acquisition Midco Limited	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
vilasco GmbH	Ordinary	100.00	Solmsstraße 73, Frankfurt am Main, 60486
W.H.C.P. (Dundee) Limited	Ordinary	57.50	Wallacetown Health Centre, Lyon Street, Dundee, DD4 6RB
WBA Group Limited	Ordinary, Preference	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
WBA Holdings 2	Ordinary	100.00	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Wiggly-Amps Ltd	Ordinary	100.00	1 Thane Road West, Nottingham, NG2 3AA, England

#### 11. Interests in associates

	£million
Cost	
At 1 September 2018	91
Disposals	(84)
At 31 August 2019	7
Carrying amount	
At 31 August 2018	91
At 31 August 2019	7

The principal movements in interests in associates by the Company during the year were:

- On 11 April 2019 the Company received cash proceeds amounting to €5 million (£4 million), relating to a capital reduction in its 49% owned associate company, Alliance Healthcare S.A.

- On 22 July 2019 the Company sold its 3.02% investment in WBA UK 7 LLP to fellow Group undertaking Walgreens Boots Alliance Scottish LP. Total consideration received was £85 million, with gain on sale of £5 million recognised.

The Company's associate undertakings at the balance sheet date are presented as follows:

	Share class	Percentage held by the Company directly	Registered office
Alliance Healthcare S.A.	Ordinary	49.0	Rua 3, Lote E - Matinha, Lisbon, 1900-823, Portugal
B&B Capital Partners (SLP) L.P.	Ordinary	43.3	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Nottingham Enterprise Zone Development Company Limited	Ordinary	50.0	1 Thane Road West, Nottingham, NG2 3AA
Walgreens Boots Alliance Luxembourg S.a.r.l.	Ordinary	35.0	59, Rue de Rollingergrund, Luxembourg, L-2440, Luxembourg

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued)

for the year ended 31 August 2019

#### 12. Other investments

31 August	Current assets		Non-Current assets	
	2019 £million	2018 £million	2019 £million	2018 £million
Trading investments carried at fair value through OCI:				
Shares	—	—	22	22
Loans receivable carried at amortised cost:				
Loans to Group Undertakings	220	2,254	5,160	2,647
Total investments	220	2,254	5,182	2,669

The Company holds strategic non-controlling interests in the following:

- 5.21 per cent in Russian Pharmacy Chain 36.6 amounting to £22 million, and
- less than 0.01 percent in the Chinese company Guangzhou Baiyunshan Pharmaceutical Holdings Co. Ltd amounting to £4,000.

During the year the Company acquired 1,080 shares in entity Sprint Lux Holdco 3 S.a.r.l. for a consideration payable of €1 per share. As at 31 August 2019, the Company holds a strategic non-controlling interest of 9.00 per cent in the entity.

These shares are not held for trading and accordingly the directors of the Company have elected to designate these investments in equity instruments as at FVOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit and loss would not be consistent with the Company's strategy of holding these investments for long-term purposes and realising their performance in the long run.

Some of the prior year's comparative balances have been reclassified as needed in order to be in line with current year's presentation.

#### 13. Derivative financial instruments

	2019 £million	2018 £million
<b>Financial assets carried at fair value through profit or loss (FVTPL)</b>		
Forward foreign currency contracts	3	9
<b>Financial liabilities carried at fair value through profit or loss (FVTPL)</b>		
Forward foreign currency contracts	—	(1)
Cross currency interest rate swaps	(51)	—

Further details of derivative financial instruments are provided in note 21.

#### 14. Trade and other receivables

	2019 £million	2018 £million
Amounts falling due within one year:		
Amounts owed by Group undertakings	877	301
Corporation tax receivable	8	38
Included in current assets	885	339
Total trade and other receivables	885	339

#### 15. Trade and other payables

	2019 £million	2018 £million
Amounts falling due within one year:		
Amounts owed to Group undertakings	17	2
Trade Creditors	—	—
Other creditors	2	1
Included in current liabilities	19	3
Total trade and other payables	19	3



## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

#### 16. Borrowings

	2019 £million	2018 £million
Unsecured borrowing:		
Amounts owed to Group undertakings	2,523	2,729
Total borrowings	2,523	2,729
	2019 £million	2018 £million
Amount due for settlement within 12 months		
Amounts owed to Group undertakings	715	913
	715	913
Amount due for settlement after 12 months		
Amounts owed to Group undertakings	1,808	1,816
	1,808	1,816

The principal features of the Company's borrowings are as follows:

Loans owed to Group undertakings are variable and fixed rate committed loans that mature between 2019-2022. These loans, which are denominated in CLP, USD and GBP, are fully drawn and their carrying value at 31 August 2019 was £2,523 million (2018: £2,729 million).

#### 17. Share capital

	2019 £	2018 £
Authorised		
Unlimited ordinary shares of 37 7/39 pence each (2018: unlimited shares)	Unlimited	Unlimited
Issued and fully paid		
973,906,943 ordinary shares of 37 7/39 pence each (2018: 973,905,943 ordinary shares of 37 7/39 pence each)	362	362

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

#### 18. Share premium account

	£million
At 1 September 2018	194
At 31 August 2019	194

#### 19. Retained earnings

	Capital redemption reserve £million	Profit and loss account £million
At 1 September 2017	29	7,217
Dividends paid	—	(465)
Profit for the year	—	1,309
At 31 August 2018	29	8,061
Dividends paid	—	(1,259)
Profit for the year	—	1,480
At 31 August 2019	29	8,282

## Alliance Boots Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 August 2019

#### 21. Financial instruments

Categories of financial instruments held at fair value:

	2019 £million	2018 £million
<b>Financial assets at fair value</b>		
At fair value through profit or loss	3	9
	3	9
<b>Financial liabilities at fair value</b>		
At fair value through profit or loss	(51)	(1)
	(51)	(1)

Profit for the year has been arrived at after charging/(crediting):

	2019 £million	2018 £million
<b>Financial assets at fair value</b>		
At fair value through profit or loss	(16)	—
	(16)	—
<b>Financial liabilities at fair value</b>		
At fair value through profit or loss	—	6
	—	6

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The Company is party to a cross currency interest rate swap agreement with a fellow Group undertaking that has a termination date of 20 November 2026. The instrument is not traded on an active market and is valued on a level two basis, using quoted prices for similar instruments based on observable market data. Movements in the fair value are recognised immediately through profit and loss. The fair value of the instrument excludes the accrued interest on each leg as these balances are recognised separately on the balance sheet. Interest is receivable at 3.58% and payable at 2.31% and is settled on a bi-annual basis.

#### 22. Contingent liabilities

The Company provides a guarantee (under deed) to the Trustee of the Boots Pension Scheme (Boots Pensions Ltd). As Guarantor, the Company is obliged to pay to the Trustee any amounts due to the Scheme from the Scheme's sponsoring employer and also any of the Scheme's participating employers to the extent that such employers fail to make those payments.

#### 23. Ultimate parent undertaking

At 31 August 2019, the Company's immediate parent company was WBA Acquisitions UK Holdco 7 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 Wilmot Road, Deerfield, Illinois, 60015.