

Company registration number: 04452715

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Alliance Boots Holdings Limited
Annual report and financial statements
for the year ended 31 August 2018

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Alliance Boots Holdings Limited

Strategic report

for the year ended 31 August 2018

Principal activities

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

Business review

	2018	2017
	£million	£million
Operating loss	(68)	(83)
Profit for the year	1,309	1,898
Fair value movements on Investments classified as held for sale	—	(33)
Shareholders' equity	8,646	7,608

On 01 February 2018 the Company sold financial assets and liabilities to fellow Group undertaking WBA Financial Services Limited for consideration of \$1 million. No gain or loss was generated. This transferred the majority of the treasury operations out of the Company.

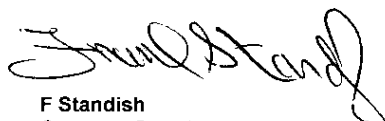
On 25 July 2017, the Group announced its intent to enter into a 10-year global agreement for the manufacture and supply of own beauty brands and private label products with Fareva S.A. Under the terms of the offer, Fareva S.A. would take ownership of the Group's contract manufacturing business, which included BCM Limited, BCM Specials Limited and BCM Employment & Management Services Limited, entities fully owned by the Company at the time of the announcement. The sale did not complete until 31 October 2017. As such the investments in BCM Limited, BCM Specials Limited and BCM Employment & Management Services Limited were classified as held for sale as at 31 August 2017, and subsequently sold on 31 October 2017.

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
29 November 2018

Alliance Boots Holdings Limited

Directors' report

for the year ended 31 August 2018

The Directors present their report and the audited financial statements for the year ended 31 August 2018.

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 £1,690 million (2017: net current liabilities of £2,023 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 £465 million were declared and paid in the year (2017: £1,157 million). Further details can be found in note 9 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

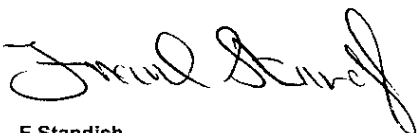
Pursuant to s487 Companies Act 2006, Deloitte LLP were deemed to be reappointed and will therefore continue in office.

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
29 November 2018

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 2018

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 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.

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 2018 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 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. 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

29 November 2018

Alliance Boots Holdings Limited

Income statement

for the year ended 31 August 2018

	Notes	2018 £million	2017 £million
Other operating expenses		(68)	(83)
Operating loss		(68)	(83)
Income from shares in Group undertakings	6	1,248	1,718
Investment revenue	6	190	373
Finance costs	7	(61)	(96)
Profit before taxation		1,309	1,912
Tax	8	—	(14)
Profit for the year		1,309	1,898

Operating loss is all derived from continuing operations.

Statement of Comprehensive income

for the year ended 31 August 2018

	Notes	2018 £million	2017 £million
Profit for the year		1,309	1,898
Other comprehensive results/(loss) for the year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value movements on Investments classified as held for sale	13	—	(33)
Total comprehensive income for the year		1,309	1,865

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

Alliance Boots Holdings Limited

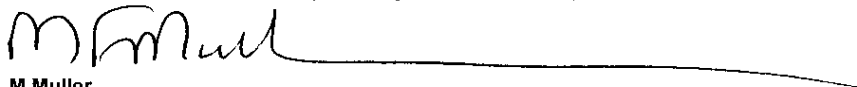
Balance sheet

As at 31 August 2018

	Notes	2018 £million	2017 £million
Assets			
Non-current assets			
Investments in subsidiaries	10	6,012	5,734
Interests in associates	11	91	11
Other investments	12	2,669	5,108
		8,772	10,853
Current assets			
Other Investments	12	2,254	183
Investments classified as held for sale	13	—	40
Derivative financial instruments	14	9	8
Current tax assets	15	38	—
Trade and other receivables	15	301	2,140
Cash and bank balances		5	1,159
		2,607	3,530
Total assets		11,379	14,383
Liabilities			
Current liabilities			
Derivative financial instruments	14	(1)	(20)
Current tax liabilities	16	—	(21)
Trade and other payables	16	(3)	(3,311)
Borrowings	17	(913)	(2,201)
		(917)	(5,553)
Net current assets/(liabilities)		1,690	(2,023)
Total assets less current liabilities		10,462	8,830
Non-current liabilities			
Borrowings	17	(1,816)	(1,222)
		(1,816)	(1,222)
Net assets		8,646	7,608
Equity			
Share capital	18	362	362
Share premium account	19	194	—
Capital redemption reserve	20	29	29
Retained earnings	20	8,061	7,217
Total Equity		8,646	7,608

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 29 November 2018. 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 2018

	Share capital £million	Share premium account £million	Other Reserves £million	Retained Earnings £million	Total £million
At 1 September 2016	362	2,071	29	4,438	6,900
Share premium reduction	—	(2,071)	—	2,071	—
Profit for the year	—	—	—	1,898	1,898
Other comprehensive loss for the year	—	—	—	(33)	(33)
Dividends paid	—	—	—	(1,157)	(1,157)
At 31 August 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

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 2018

1. General information

Alliance Boots Holdings Limited is a private Company limited by shares 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. 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 £1,690 million (2017: net current liabilities of £2,023 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.

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 2017. Their adoption has not had a material impact on the disclosures or on the amounts reported in these financial statements.

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

2. Significant accounting policies (continued)

- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*: The Company has adopted the amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* for the first time in the current year. The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles of accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The adoption of these amendments has had no impact on the Company's consolidated financial statements.

- Amendments to IAS 27 *Equity Method in Separate Financial Statements*: The Company has adopted the amendments to IAS 27 *Equity Method in Separate Financial Statements* for the first time in the current year. The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, associates and joint ventures in its separate financial statements:
 - at cost;
 - in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
 - using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*.

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The adoption of the amendments has had no impact on the Company's separate financial statements as the Company accounts for investments in subsidiaries and associates at cost and is not an investment entity.

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 (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

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.

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.

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

2. Significant accounting policies (continued)

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.

Financial assets are classified into the following specified categories: 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. 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.

Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

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.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS, 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 certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, 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.

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

2. Significant accounting policies (continued)

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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.

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.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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.

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.

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.

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

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 £6,012 million (2017: £5,734 million) with impairment loss of £58 million recognised in 2018 (2017: £85 million).

4. Auditor's remuneration

The 2018 fee for the audit of these financial statements was borne by a fellow Group undertaking. The amount allocated that would have been incurred for 2018 is £13,000 (2017: £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 (2017: nil).

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

6. Investment revenue

	2018 £million	2017 £million
Interest receivable from bank deposits	1	7
Interest receivable from Group undertakings	135	286
Fair value gains on derivative financial instruments	—	20
Net foreign exchange gain	3	—
Total interest receivable	139	313
Profit on disposal of investment	51	60
Income from shares in Group undertakings	1,248	1,718
	1,438	2,091

7. Finance costs

	2018 £million	2017 £million
Interest payable to Group undertakings	49	85
Financing fees	1	2
Fair value losses on derivative financial instruments	6	—
Other finance costs	5	9
	61	96

Alliance Boots Holdings Limited

Notes to the financial statements (continued)

for the year ended 31 August 2018

8. Tax

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

	2018 £million	2017 £million
Corporation tax:		
UK corporation tax	—	(8)
Adjustments in respect of prior periods		
- UK corporation tax	—	(6)
	—	(14)

Corporation tax is calculated at 19.0% (2017: 19.58%) 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:

	2018 £million	2017 £million
Profit before tax	1,309	1,912
Tax at the UK corporation rate of 19.0% (2017: 19.58%)	(249)	(374)
Effects of:		
Group relief for nil payment	16	6
Expenses not deductible for tax purposes	(14)	—
Non-taxable income	10	23
Non-taxable dividends received	237	336
Adjustments in respect of prior years	—	(5)
Tax charge for the year	—	(14)

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:

	2018 £million	2017 £million
Amounts recognised as distributions to equity holders in the year:		
First interim dividend for the year (equivalent to 19p per share, 2017: 29p per share)	185	286
Second interim dividend for the year (equivalent to 8p per share, 2017: 34p per share)	80	327
Third interim dividend for the year (equivalent to 12p per share, 2017: 56p per share)	120	544
Fourth interim dividend for the year (equivalent to 8p per share, 2017: nil)	80	—
	465	1,157

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

10. Investments in subsidiaries

	£million
Cost	
At 1 September 2017	5,819
Additions	560
Disposals	(224)
At 31 August 2018	6,155
Provision for impairment	
At 1 September 2017	(85)
Created	(58)
At 31 August 2018	(143)
Carrying amount	
At 31 August 2017	5,734
At 31 August 2018	6,012

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

- On 13 October 2017 the Company increased its investment in The Boots Company PLC by £55 million. Further, on 08 March 2018 the investment in The Boots Company PLC was decreased by £2 million.
- On 21 November 2017 the Company disposed of its £29 million investment in Boots Retail (Thailand) Limited for consideration of \$106 million, generating a gain on disposal of £51 million.
- On 09 January 2018 the Company increased its investment in Alliance Healthcare Asia Pacific Limited by CNY 240 million (£27 million).
- On 05 July 2018 the Company increased its investment in WBA Acquisitions UK Holdco 5 Limited by £91 million.
- On 28 August 2018, the Company acquired 23,999,179 ordinary shares in fellow Group undertaking WBAD Holdings 2 Limited, at a value of £195 million comprising the aggregate nominal value of the new shares plus share premium, by issuing 1,000 ordinary shares of 37 7/39 pence each, to its immediate parent company WBA Acquisitions UK Holdco 7.
- Subsequently, on 28 August 2018 the Company disposed of its investment in WBAD Holdings 2 Limited in exchange for 1,000 ordinary shares in Almus Pharmaceuticals Limited, thereby increasing its investment in Almus Pharmaceuticals Limited by £195 million. No gain or loss on disposal was generated.

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 £58 million (2017: £85 million).

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

	Share class	Percentage held by the Company directly	Registered office
Directly owned			
Alcura UK Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alliance Boots B.V.	Ordinary	100.0	210, Postbus, s-Hertogenbosch, 5201AE, Netherlands; 603, De Amert, Veghel, 5462 GH, Netherlands
Alliance Healthcare (Distribution) Limited	Ordinary	100.0	43, Cox Lane, Chessington, Surrey, KT9 1SN; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alliance Healthcare (IT Services) Limited	Ordinary	100.0	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alliance Healthcare Asia Pacific Limited	Ordinary	100.0	18/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Alliance Healthcare España Holdings, S.L.	Ordinary	100.0	Av Virgen de Montserrat, 6, Pol Ind El Estruch, El Prat de Llobregat, Barcelona, 08820, Spain
Alliance Healthcare Limited	Ordinary	100.0	Block 3, Harcourt Centre, Harcourt Road, Dublin 2, Ireland
Alliance Healthcare Management Services Limited	Ordinary	100.0	43, Cox Lane, Chessington, Surrey, KT9 1SN; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alliance Healthcare Norge AS	Ordinary	100.0	P.o. boks 3554, Ski, 1402, Norway; Snipetjernveien 10, Langhus, 1405, Norway
Alliance Healthcare s.r.o.	Incorporated without shares	100.0	Praha 10, Podle trati 7, 108 00, Czech Republic
Alliance UniChem IP Limited	Ordinary	100.0	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alloga UK Limited	Ordinary A, Ordinary B	100.0	Amber Park, Berristow Lane South Normanton, Alfreton, Derbyshire, DE55 2FH, England
Almus Pharmaceuticals Limited	Ordinary	100.0	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY; 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 2018

	Share class	Percentage held by the Company directly	Registered office
B&B Capital Partners L.P.	Unincorporated entity	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Beachcourse Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Beeston Site Services Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Boots Delivery Services Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England
Boots International Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Boots International Management Services Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England
Boots Korea Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England
Boots Management Services Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England
Boots Norge AS	Ordinary	100.0	300, Maridalsveien, Oslo, 0872, Norway; P.o Box 4593 Nydalen, Oslo, Norway, 0404
Boots Optical Investment Holdings Limited	Ordinary A	100.0	1 Thane Road West, Nottingham, NG2 3AA
Boots Opticians Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Boots Pensions Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Boots Propco D Limited	Ordinary	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Propco E Limited	Ordinary	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Propco F Limited	Ordinary	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Propco G Limited	Ordinary	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Propco H Limited	Ordinary	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Pure Drug Company Limited	Ordinary	100.0	D90, 1 Thane Road West, Nottingham, NG2 3AA
Boots Retail (Ireland) Limited	Ordinary	100.0	2F Block 71A, Park West Business Park, Nangor Road, Dublin 12, Ireland
Boots The Chemists Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots UK Limited	Ordinary	100.0	NOTTINGHAM, NG2 3AA
Caseview (P.L.) Limited	Ordinary	100.0	20, Alliance Court, Alliance Road, London, W3 0RB, England
D200 Energy Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England
E. Moss, Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Liz Earle Beauty Co. Limited	Ordinary, Ordinary A	100.0	1 Thane Road West, Nottingham, NG2 3AA, England; The Green House Nicholson Road, Ryde, Isle of Wight, PO33 1BG, England; 1 Thane Road West, Nottingham, NG2 3AA, England; The Green House Nicholson Road, Ryde, Isle of Wight, PO33 1BG, England
OTC Direct Limited	Ordinary	100.0	43, Cox Lane, Chessington, Surrey, KT9 1SN; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Sprint Investments 5 Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
The Boots Company PLC	Ordinary	100.0	NOTTINGHAM, NG2 3AA
UniChem Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Walgreens Boots Alliance Services Limited	Ordinary	100.0	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	99.9	24, boulevard du Tenao, Entresols 3 et 2, 98000, Monaco
WBA Acquisitions Luxco 7 S.à r.l.	Ordinary	100.0	59, Rue de Rollingergrund, Luxembourg, L-2440, Luxembourg
WBA Acquisitions UK Holdco 5 Limited	Ordinary	80.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
WBA Holdings 1 Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
WBA Latin America Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Indirectly owned			
AA Asia Limited	Ordinary	100.0	18/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
AB Acquisitions Nederland Holdco 1 B.V.	Ordinary	100.0	603, De Amert, Veghel, 5462 GH, Netherlands
AB Property Holdings Limited	Ordinary	100.0	Avalon Trust & Corporate Services Limited, Landmark Square, 1st Floor, 64 Earth Close, PO Box 715, Grand Cayman, KY1-1107, Cayman Islands

Alliance Boots Holdings Limited

Notes to the financial statements (continued)

for the year ended 31 August 2018

	Share class	Percentage held by the Company directly	Registered office
Administradora Fasa, S.A.	Ordinary	100.0	Miraflores 383, 6th Floor, Santiago, Chile
Alcura Health España, S.A.	Ordinary	99.9	Calle Pisuerba, 21-25, Poligono Santa Margarita, Terrasa, Barcelona, Spain
Alliance BMP Limited	Ordinary	100.0	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY; Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alliance Healthcare Deutschland AG	Ordinary	94.9	Solmsstraße 73, Frankfurt am Main, 60486
Alliance Healthcare Deutschland Holdings 1 GmbH	Ordinary	100.0	Solmsstraße 73, Frankfurt am Main, 60486
Alliance Healthcare España S.A.	Ordinary	99.1	Poligono Industrial Sector 4 Edificio Safa, Villanueva de Gallego, Zaragoza, 50830, Spain
Alliance Healthcare Italia (IT Services) Srl	Ordinary	100.0	Via Cesarea 11/10, Genova, 16121, Italy
Alliance Healthcare Management Services (Nederland) B.V.	Ordinary	100.0	603, De Amert, Veghel, 5462 GH, Netherlands
Alliance Healthcare Nederland B.V.	Ordinary	100.0	210, Postbus, s-Hertogenbosch, 5201AE, Netherlands; 603, De Amert, Veghel, 5462 GH, Netherlands
Alliance Santé - Distribuição Farmacêutica de Eulália Baeta Pereira e Ramalho Fernandes, S.A.	Ordinary	100.0	Rua 3, Lote E Matinha, Lisboa, 1900-823, Portugal
Alliance UniChem Investments 4 Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alloga (Nederland) B.V.	Ordinary	100.0	603, De Amert, Veghel, 5462GH, Netherlands
Alloga Logística (España), S.L.	Ordinary	100.0	Avenida de la Industria, 29, P.I. la Cantuena, Fuenlabrada, Madrid, E-28947, Spain
ALLOGA LOGISTICS ROMANIA SRL	Ordinary	100.0	No 66A, biroul 1, Traian street, Rudeni, City Chitila, Ilfov
Alloga S.à r.l.	Ordinary	100.0	59, Rue de Rollingergrund, Luxembourg, L-2440, Luxembourg
Almus Farmaceutica, S.A.	Ordinary	100.0	Av. Verge de Montserrat 6, Pol. Ind. Estruch, El Prat de Llobregat, Barcelona, 08820, Spain, Barcelona
ANZAG Rostock GmbH & Co. KG	Ordinary	79.0	Toelzer Straße 15, 82031 Gruenwald
ANZAG Rostock Grundstücks-Verwaltungsgesellschaft mbH	Ordinary	100.0	Toelzer Straße 15, 82031 Gruenwald
Armila UAB	Ordinary	100.0	Ateities g.10, Vilnius
Aroma Actives Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Aromatherapy Associates Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Aromatherapy Associates, Inc	Ordinary	100.0	4900 Preston Road, Ste 108, Frisco, Texas, 75034-8744, United States
Aromatherapy Investments Holding Limited	Ordinary A, Deferred	97.6 100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Aromatherapy Investments Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
AS Logistik GmbH	Ordinary	100.0	Solmsstraße 73, Frankfurt am Main, 60486
B&B Capital Partners (GP) Ltd	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
B&B Capital Partners (SLP GP) Ltd	Ordinary	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
B&B Investment Partners LLP	Unincorporated entity	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Benavides de Reynosa, S.A. de C.V.	Ordinary A, Ordinary B	100.0	Avenida Fundadores 935, int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Blyth Pharmacy Limited	Ordinary	77.5	1 Thane Road West, Nottingham, NG2 3AA, England
Boots 2 Property Partnership	Unincorporated entity	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots 2 Property Scottish Limited Partnership	Unincorporated entity	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Benevolent Fund	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Boots Charitable Trust	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Boots Contact Lenses Limited	Ordinary	100.0	23, Queen Street, St Helier, JE2 4WD, Jersey
Boots Eyewear Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England
Boots Nederland B.V.	Ordinary	100.0	210, Postbus, s-Hertogenbosch, 5201AE, Netherlands; 603, De Amert, Veghel, 5462 GH, Netherlands
Boots Opticians Professional Services Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England; 14-22 Strand Street, Douglas, M1 2EE, Isle Of Man
Boots PropCo A Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots PropCo B Limited	Ordinary	100.0	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 2018

	Share class	Percentage held by the Company directly	Registered office
Boots PropCo Beeston Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots PropCo C Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots PropCo Flex Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL, England
Boots PropCo Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots PropCo Retail Flex Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots Properties Limited	Ordinary	100.0	NOTTINGHAM, NG2 3AA
Boots Property HoldCo Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Boots Property Partnership	Unincorporated entity	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Boots Property Scottish Limited Partnership	Unincorporated entity	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Centro Farmaceutico Asturiano, S.A.	Ordinary	97.7	C/ Calderon de la Barca 16, Oviedo, Asturias, Spain
Class Delta Limited	Ordinary A, Ordinary B	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Comercializadora y Distribuidora BF S.A.	Ordinary	100.0	Miraflores 383, 6th Floor, Santiago, Chile
Comercializadora y Servicios Benavides, S.A. de C.V.	Ordinary	100.0	Avenida Fundadores 935, int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Compañía de Nutrición General S.A.	Ordinary	100.0	Miraflores 383, 6th Floor, Santiago, Chile
CPL Pharma Lager und Vertrieb GmbH	Ordinary	100.0	Solmsstraße 73, Frankfurt am Main, 60486
DDM Healthcare Limited	Ordinary	100.0	Boots - North, 3rd Floor, 79 - 91 High Street, Falkirk, FK1 1ES, Scotland
Distrilife, Distribuidora Atacadista de Suplementos Alimenticios, Ltda	Quotas	100.0	147, Galpao 4, sala 17, Av. Talma Rodrigues Ribeiro, 147, Galpao 4, sala 17, Portal do Jacaraípe, Serra/ES, CEP 29173-795, Espirito Santo, Brazil
Dollond & Aitchison Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England
Drogueria, Distribuidora y Logística DLI S.A.	Ordinary	100.0	Miraflores 383, 6th Floor, Santiago, Chile
Farmacias ABC de Mexico, S.A. de C.V.	Ordinary	100.0	Avenida Chapultepec Sur, 249, Colonia Americana, Zapopan, Jalisco, C.P. 44160, Mexico
Farmacias Ahumada S.A.	Ordinary	100.0	Miraflores 383, 6th Floor, Santiago, Chile
Farmacias Benavides S.A.B. de C.V.	Ordinary	96.6	Avenida Fundadores 935, int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
FARMEXPERT D.C.I. SRL	Ordinary	100.0	Amilcar C. Sandulescu no. 7, 6th district, Bucharest, Romania
Fasa Investment Limitada	Unincorporated entity	100.0	Av. Las Condes, No 14,791, 01, comuna de Lo Barnechea, Santiago, Chile
Forte Pharma Limited	Ordinary	100.0	43, Cox Lane, Chessington, Surrey, KT9 1SN
GESDAT Gesellschaft für Informationsmanagement mbH	Ordinary	100.0	Solmsstraße 41, 60486 Frankfurt am Main
Govanhill Pharmacy Limited	Ordinary	52.9	c/o Hardie Caldwell LLP, Citypoint 2, 25 Tyndrum Street, Glasgow, G4 0JY
Health Team Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Inversiones Internacionales Inverfar S.A.	Ordinary	100.0	Av. Las Condes, No 14,791, 01, comuna de Lo Barnechea, Santiago, Chile
Laboratorios MDK S.A.	Ordinary	100.0	Miraflores 383, 6th Floor, Santiago, Chile
Nexiapharma, S.L.U.	Ordinary	100.0	Poligono Industrial Las Atalayas, finca numero 1, Alicante, Alicante, 03114, Spain
PhD Acquisition Bidco Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
PhD Acquisition Midco Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
PhD Nutrition Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Ramuneles Vaistine UAB	Ordinary	100.0	Taikos st. 4-1, Elektrenai, Lithuania
Servicios Logísticos Benavides, S.A. de C.V.	Ordinary	100.0	Avenida Fundadores 935, int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Servicios Operacionales Benavides, S.A. de C.V.	Ordinary	100.0	Avenida Fundadores 935, int.301, Colonia Valle de Mirador, Monterrey, Nuevo Leon, CP.64750, Mexico
Skills in Healthcare GmbH Deutschland	Ordinary	100.0	Solmsstraße 73, Frankfurt am Main, 60486
Skills in Healthcare Romania S.r.l.	Ordinary	100.0	19D, Virtutii Str., Bucharest, 6, Romania
Sleek International Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA
Snipetjernveien 10 AS	Ordinary	100.0	Snipetjernveien 10, Langhus, 1405, Norway

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

	Share class	Percentage held by the Company directly	Registered office
Soap & Glory GmbH I.L.	Ordinary	100.0	c/o Andreas Korth, KPMG Rechtsanwalts-gesellschaft mbH, Ganghoferstrasse 29, Munich, 80339, Germany; LS-LP Loth, Tuerkenstr. 9, Munich, 80333, Germany
Soap & Glory Limited	Ordinary	100.0	1 Thane Road West, Nottingham, NG2 3AA, England
Spits B.V.	Ordinary	100.0	603, De Amert, Veghel, 5462 GH, Netherlands
SportsPlatform Holdco Limited	Ordinary A Ordinary B	81.3 64.4	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
SportsPlatform Midco Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Sprint Investments 1 Limited	Ordinary	80.0	2, The Heights Brooklands, Weybridge, Surrey, KT13 0NY, England;
Stephar B.V.	Ordinary	100.0	5, Van der Giessenweg, Krimpen ad IJssel, 2921LP, Netherlands; 710, Postbus, Krimpen ad IJssel, 2920CA, Netherlands
The Refinery Limited	Ordinary A, Ordinary B	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
TPW Acquisition Bidco Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
TPW Acquisition Midco Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
vitasco GmbH	Ordinary	100.0	Solmsstraße 73, Frankfurt am Main, 60486
W.H.C.P. (Dundee) Limited	Ordinary	57.5	Wallacetown Health Centre, Lyon Street, Dundee, DD4 6RB
WBA Group Limited	Ordinary, Preference	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
WBA Holdings 2	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL

11. Interests in associates

	£million
Cost	
At 1 September 2017	11
Additions	80
Disposals	—
At 31 August 2018	91
Carrying amount	
At 31 August 2017	11
At 31 August 2018	91

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

- On 16 January 2018 the Company disposed of its £109,000 investment in Prodak Kosmetick Sp. z o.o. for EUR 100,000. A loss on disposal of £21,000 was recognised.
- On 29 August 2018 the Company acquired a 3.02% interest in WBA UK 7 LLP for £80 million.

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
Sprint Acquisitions UK Holdco 3 Limited	Ordinary	9.0%	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Walgreens Boots Alliance Luxembourg S.a r.l.	Ordinary	35.0%	59, Rue de Rollingergrund, Luxembourg, L-2440, Luxembourg
WBA UK 7 LLP	Ordinary	3.0%	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 2018

12. Other investments

31 August	Current assets		Non-Current assets	
	2018	2017	2018	2017
	£million	£million	£million	£million
Available-for-sale investments carried at fair value:				
Listed equity	—	—	22	32
Loans receivable carried at amortised cost:				
Loans to Group Undertakings	2,254	183	2,647	5,076
Total investments	2,254	183	2,669	5,108

The Company's investments in listed equity are represented by:

- A non strategic non-controlling interest of 15 percent in Russian Pharmacy Chain 36.6 amounting to £22 million, and
- A non strategic non-controlling interest of less than 0.1 percent in the Chinese company Guangzhou Baiyunshan Pharmaceutical Holdings Co. Ltd amounting to £4,000.

These shares are not held for trading and accordingly are classified as available-for-sale. Although the shares are listed, due to the limited liquidity of shares traded the share price is not considered a reliable indicator of fair value and as such the investment is accounted for at cost less impairment.

Available-for-sale 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 available-for-sale investments were impaired by £9 million (2017: nil).

Loans to Group undertakings are variable and fixed rate committed loans that mature between 2018 and 2022. These loans, which are denominated in CLP, USD and GBP, are fully drawn and their carrying value at 31 August 2018 was £4,902 million.

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. Investments classified as held for sale

	£million
At 1 September 2016	—
Reclassified from investments in subsidiaries	25
Additional cash investment	48
Fair value losses on held for sale assets	(33)
At 1 September 2017	40
Disposals	(40)
At 31 August 2018	—

On 25 July 2017, the Group announced its intent to enter into a 10-year global agreement for the manufacture and supply of own beauty brands and private label products with Fareva S.A. Under the terms of the offer, Fareva S.A. would take ownership of the Group's contract manufacturing business, which included BCM Limited, BCM Specials Limited and BCM Employment & Management Services Limited, entities fully owned by the Company at the time of the announcement. The sale did not complete until 31 October 2017. As such the investments in BCM Limited, BCM Specials Limited and BCM Employment & Management Services Limited were classified as held for sale as at 31 August 2017, and subsequently sold on 31 October 2017.

14. Derivative financial instruments

	2018	2017
	£million	£million
Financial assets carried at fair value through profit or loss (FVTPL)		
Derivatives that are not designated in hedge accounting relationships:		
Forward foreign currency contracts	9	8
Financial liabilities carried at fair value through profit or loss (FVTPL)		
Derivatives that are not designated in hedge accounting relationships:		
Forward foreign currency contracts	(1)	(20)

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

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

15. Trade and other receivables

	2018 £million	2017 £million
Amounts falling due within one year:		
Amounts owed by Group undertakings	301	2,140
Corporation tax receivable	38	—
Included in current assets	339	2,140
Total trade and other receivables	339	2,140

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

16. Trade and other payables

	2018 £million	2017 £million
Amounts falling due within one year:		
Amounts owed to Group undertakings	2	3,306
Other creditors	1	5
Corporation tax payable	—	21
Included in current liabilities	3	3,332
Total trade and other payables	3	3,332

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

17. Borrowings

	2018 £million	2017 £million
Unsecured borrowing:		
Amounts owed to Group undertakings	2,729	3,423
Total borrowings	2,729	3,423
	2018 £million	2017 £million
Amount due for settlement within 12 months		
Amounts owed to Group undertakings	913	2,201
	913	2,201
Amount due for settlement after 12 months		
Amounts owed to Group undertakings	1,816	1,222
	1,816	1,222

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 2018-2022. These loans, which are denominated in CLP, USD and GBP, are fully drawn and their carrying value at 31 August 2018 was £2,729 million.

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

18. Share capital

	2018 £million	2017 £million
Authorised		
Unlimited ordinary shares of 37 7/39 pence each (2017: unlimited shares)	Unlimited	Unlimited
Issued and fully paid		
973,906,943 ordinary shares of 37 7/39 pence each (2017: 973,905,943 ordinary shares of 37 7/39 pence each)	362	362

On 28 August 2018 the Company issued 1,000 ordinary shares of 37 7/39 pence each, for a consideration of £194 million.

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

19. Share premium account

	£million
At 1 September 2017	—
Premium arising on issue of equity shares	194
At 31 August 2018	194

20. Retained earnings

	Capital redemption reserve £million	Profit and loss account £million
At 1 September 2016	29	4,438
Share premium reduction	—	2,071
Profit for the year	—	1,898
Dividends paid	—	(1,157)
Other comprehensive income	—	(33)
At 31 August 2017	29	7,217
Dividends paid	—	(465)
Profit for the year	—	1,309
At 31 August 2018	29	8,061

21. Financial instruments

Categories of financial instruments held at fair value:

	2018 £million	2017 £million
Financial assets at fair value		
At fair value through profit or loss	9	8
Financial liabilities at fair value		
At fair value through profit or loss	(1)	(20)

Alliance Boots Holdings Limited

Notes to the financial statements (continued) for the year ended 31 August 2018

21. Financial instruments (continued)

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

	2018 £million	2017 £million
Financial assets at fair value		
At fair value through profit or loss	—	20
Financial liabilities at fair value		
At fair value through profit or loss	(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.

22. Contingent liabilities

With effect from 25 April 2012, the Company became Guarantor for two office leases. These leases expire on 23 June 2019 and have a maximum liability of £1 million.

23. Ultimate parent undertaking

At 31 August 2018, the Company's immediate parent company was WBA Acquisitions UK Holdco 7 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.

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