

Company registration number: 06358129



**Boots PropCo Retail Flex Limited**  
**Strategic report, Directors' report and financial statements**  
for the year ended 31 August 2017

# **Boots PropCo Retail Flex Limited**

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# Boots PropCo Retail Flex Limited

## Strategic report

for the year ended 31 August 2017

### Principal activities

Boots PropCo Retail Flex Limited (the "Company") is an investment holding company within the Walgreens Boots Alliance, Inc. consolidated group ("Group") which is expected to be dissolved.

### Business review

On 15 June 2017, the Company reduced its share capital from 68,930 ordinary shares to 1,000 ordinary shares. The associated share premium of £6,824,000 was also diminished.

The key performance indicators for the Company are provided in the table below. There are no non-financial key performance indicators for the Company.

	2017 £000	2016 £000
Profit for the year	4	-
Shareholders' equity	1	6,893

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.

### Recoverability of investment

#### Risk

Investments are impaired.

#### Mitigation

The investments held by the Company are in companies within the Walgreens Boots Alliance, Inc. group to which the Company is party to. The carrying value of the investment is reviewed on an annual basis and if required impaired down to its net asset value.

By order of the Board:



**J Wass**  
Director

29 November 2017

# Boots PropCo Retail Flex Limited

## Directors' report

for the year ended 31 August 2017

The Directors present their report and the audited financial statements for the year ended 31 August 2017.

### Financial instruments

The Group's treasury function manages currency, credit and interest rate risk 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.

### Going concern and future developments

The Directors intend to dissolve this Company. As required, the Directors have prepared the financial statements on a basis other than going concern, but no material adjustments arose as a result of ceasing to apply the going concern basis.

### Dividends

A dividend of £6,896,000 was declared and paid in the year (2016: £nil).

### 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  
J Wass

### Auditor

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

### Disclosure of information to 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.

By order of the Board:



J Wass  
Director

29 November 2017

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

Registered in England and Wales No. 06358129

## **Boots PropCo Retail Flex Limited**

### **Directors' responsibilities statement** for the year ended 31 August 2017

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 confirm that they have complied with the above requirements in preparing the financial statements.

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 Boots PropCo Retail Flex Limited

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

### ***Opinion***

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 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 of Boots PropCo Retail Flex Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

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.

### ***Emphasis of matter – Financial statements prepared other than on a going concern basis***

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

### ***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.

### ***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.

## **Independent auditor's report**

to the members of Boots PropCo Retail Flex Limited (continued)

### ***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 and 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.



**David Crawford CA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Nottingham, UK

29 November 2017

## Boots PropCo Retail Flex Limited

### Income statement

for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
<b>Revenue – discontinued operations</b>	<b>4</b>	-	-
Operating result		-	-
Income from shares in Group undertakings	7	6,896	-
Other gains and losses	8	(6,892)	-
Profit before taxation		4	-
Tax	9	-	-
<b>Profit for the year</b>		<b>4</b>	-

Revenue and operating profit are all derived from discontinued operations.

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

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



## Boots PropCo Retail Flex Limited

### Balance sheet

as at 31 August 2017

	Notes	2017 £000	2016 £000
<b>Assets</b>			
Non-current assets			
Other investments	11	1	6,893
<b>Total assets</b>		<b>1</b>	<b>6,893</b>
<b>Net current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets less current liabilities</b>		<b>1</b>	<b>6,893</b>
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>1</b>	<b>6,893</b>
<b>Equity</b>			
Share capital	12	1	69
Share premium account		-	6,824
Retained earnings		-	-
<b>Total Equity</b>		<b>1</b>	<b>6,893</b>

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

The financial statements of Boots PropCo Retail Flex Limited (registered number: 06358129) were approved by the Board of directors and authorised for issue on 29 November 2017. They were signed on its behalf by:



J Wass  
Director

## Boots PropCo Retail Flex Limited

### Statement of changes in equity for the year ended 31 August 2017

	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
At 1 September 2015	69	6,824	-	6,893
Profit for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
<b>At 31 August 2016</b>	<b>69</b>	<b>6,824</b>	<b>-</b>	<b>6,893</b>
Profit for the year	-	-	4	4
Total comprehensive income for the year	-	-	4	4
Capital reduction (note 12)	(68)	(6,824)	6,892	-
Dividends paid (note 10)	-	-	(6,896)	(6,896)
<b>At 31 August 2017</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

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

# Boots PropCo Retail Flex Limited

## Notes to the financial statements for the year ended 31 August 2017

### 1. General information

Boots PropCo Retail Flex Limited (the "Company") 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.

### 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 registered office of the parent company preparing consolidated accounts is 108 Wilmet Road, Deerfield, Illinois, 60015, United States of America.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on a basis other than going concern, but no material adjustments arose as a result of ceasing to apply the going concern basis. Where relevant, equivalent disclosures have been given in the group accounts of Walgreens Boots Alliance, Inc.

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 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 paragraph 17 of IAS 24 *Related Party Disclosures*; and
- g) 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.

The principal accounting policies adopted are set out below.

#### 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 2016. Their adoption has not had a material impact on the disclosures or on the amounts reported in these financial statements.

- **Amendments to IAS 1 *Disclosure Initiative*:** The Company has adopted the amendments to IAS 1 *Disclosure Initiative* for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

The amendments also address the structure of the financial statements by providing examples of systematic ordering or grouping of the notes.

#### Going concern

The Directors intend to dissolve this Company. As required, the Directors have prepared the financial statements on a basis other than going concern, but no material adjustments arose as a result of ceasing to apply the going concern basis.

#### Investments in Group undertakings

Investments in Group undertakings are accounted for at fair value less, where appropriate, provisions for impairment.

#### Impairment of investments

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# Boots PropCo Retail Flex Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2017

### 2. Significant accounting policies (continued)

#### Operating profit

Operating profit is stated before income from Group undertakings, other gains and losses and tax.

#### 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.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Current tax and deferred tax for the period

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.

#### 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.

The Company also has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

# Boots PropCo Retail Flex Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2017

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

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.

#### *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 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 debtors, 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 debtors, where the carrying amount is reduced through the use of an allowance account. When a trade debtor 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.

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.

# Boots PropCo Retail Flex Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2017

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

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

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

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

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.

#### *Taxation*

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Impairment of investments in Group undertakings*

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 £1,000 with an impairment loss of £6,892,000 recognised in 2017 (2016: £nil).

### 4. Revenue

	2017 £000	2016 £000
Revenue from discontinued operations	-	-
Investment revenue (note 7)	6,896	-
	6,896	-

### 5. Auditor's remuneration

The 2017 fee for the audit of these financial statements was borne by a fellow group undertaking and not recharged. The amount allocated that would have been incurred for 2017 is £2,000 (2016: £2,000). No non-audit services were provided to the Company by its auditor (2016: £nil).

### 6. Staff numbers and costs

All staff and directors were employed and paid on behalf of the Company by a fellow Group undertaking.

#### *Directors' remuneration*

The Directors' received no remuneration for their services to the Company during the year (2016: £nil).

### 7. Investment revenue

	2017 £000	2016 £000
Income from shares in Group undertakings	6,896	-

### 8. Other gains and losses

	2017 £000	2016 £000
Impairment of investment undertakings	6,892	-

The impairment relates to the investment in WBA PropCo Retail Flex LLP which is due to be dissolved.

No other gains or losses have been recognised.

# Boots PropCo Retail Flex Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2017

### 9. Tax

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

	2017 £000	2016 £000
Corporation tax:		
Total tax charge	-	-

Corporation tax is calculated at 19.6% (2016: 20.0%) 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:

	2017 £000	2016 £000
Profit before tax	4	-
Tax at the UK corporation rate of 19.6% (2016: 20.0%)	1	-
Effects of:		
Expenses not deductible for tax purposes	1,351	-
Non-taxable dividends received	(1,352)	-
Tax charge for the year	-	-

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

In October 2015, the UK Government substantively enacted future reductions in the corporation tax rate by 1% from 1 April 2017 to 19% and a further 1% from 1 April 2020 to 18%. In September 2016, the UK Government substantively enacted an additional 1% reduction from 1 April 2020 to 17%. The impact of this additional future reduction to 17% has been reflected in the current year.

### 10. Dividends

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

	2017 £000	2016 £000
Amounts recognised as distributions to equity holders in the year:		
Dividend for the year – equivalent to £100.04 per share (2016: nil pence per share)	6,896	-

### 11. Interests in investment undertakings

	2017 £000	2016 £000
Available for sale investments carried at fair value		
Shares	1	6,893

The shares included within available for sale investments represents investments in unlisted equities. For such investments, given the Company prepares its financial statements on a basis other than going concern, the carrying value of the investment is equivalent to its fair value, as this is the expected recoverable amount on dissolution.

The above available for sale investments are the only financial instruments held at fair value in the current year and prior period. The fair value has been written down by £6,892,000 as WBA PropCo Retail Flex LLP is due to be dissolved within the next 12 months. Further details are contained in note 8.

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

	Holding	Percentage held by the Company directly	Percentage held by the Company or investment undertakings	Country of incorporation	Main activity
WBA PropCo Retail Flex LLP <sup>1</sup>	Capital Contribution	11.43	11.43	England & Wales	Non-trading

<sup>1</sup>The registered office of WBA PropCo Retail Flex LLP is Sedley Place 4<sup>th</sup> Floor, 361 Oxford Street, London, W1C 2JL.

### 12. Share capital

	2017 £000	2016 £000
Authorised, issued and fully paid		
1,000 ordinary shares of £1 each (2016: 68,930 ordinary shares of £1 each)	1	69

## **Boots PropCo Retail Flex Limited**

### **Notes to the financial statements (continued)**

for the year ended 31 August 2017

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

On 15 June 2017, the Company reduced its share capital from 68,930 ordinary shares to 1,000 ordinary shares. The associated share premium of £6,824,000 was also diminished.



## **Boots PropCo Retail Flex Limited**

### **Notes to the financial statements (continued)**

for the year ended 31 August 2017

#### **13. Ultimate parent undertaking**

At 31 August 2017, the Company's immediate parent company was Boots Properties 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.