Company registration number 6358130

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Boots Propco B Limited
Strategic report, Directors' report and financial statements
for the year ended 31 March 2014

Contents

Boots Propco B Limited

Strategic report
for the year ended 31 March 2014

Principal activities
The Company is an intermediary holding company within the Alliance Boots GmbH Group ("the Group")

Business review
Details of the result for the year are shown in the profit and loss account on page 5

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

By order of the Board

MFMull

M Muller
Director
23 June 2014

Boots Propco B Limited

Directors' report
for the year ended 31 March 2014

The Directors present their report and the audited financial statements for the year ended 31 March 2014

Dividends
Dividends of £1,954,000 (2013 £3,547,000) were declared and paid in the year

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

A Clare
M Muller
F Standish

Auditor
KPMG Audit Plc resigned as auditor of the Company on 8 April 2014 pursuant to section 516 of the Companies Act 2006 On 9 April 2014 KPMG LLP were appointed as auditor of the Company

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

By order of the Board

M Muller

M Muller
Director
23 June 2014

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

Registered in England and Wales No 6358130

Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements
for the year ended 31 March 2014

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent auditor's report
to the members of Boots Propco B Limited

We have audited the financial statements of Boots Propco B Limited for the year ended 31 March 2014 set out on pages 5 to 10 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion 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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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

Mark Flanagan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

23 June 2014

Boots Propco B Limited

Profit and loss account
for the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Operating profit	2	-	-
Income from shares in Group undertakings		7,941	7,631
Interest receivable and similar income	3	47	-
Profit on ordinary activities before taxation		7,988	7,631
Tax on profit on ordinary activities	4	(2,204)	(2,006)
Profit for the financial year		5,784	5,625

There were no recognised gains and losses for the current and preceding financial years other than the profit of £5,784,000 (2013 £5,625,000) shown above Accordingly, no statement of recognised gains and losses is presented

There is no difference between the reported profit shown above and the profit for the year restated on an historical cost basis Accordingly, no note of historical cost profits is presented

The amounts presented for the current and preceding financial years are derived from continuing operations

The notes on pages 7 to 10 form part of the Company's financial statements

Boots Propco B Limited

Balance sheet
as at 31 March 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Investments	6	**199,654**	199,654
Current assets			
Debtors including £10,129,000 due after more than one year (2013 £1,179,000)	7	**10,506**	6,510
Creditors amounts falling due within one year	8	**(2,138)**	(1,972)
Net current assets		**8,368**	4,538
Net assets		**208,022**	204,192
Capital and reserves			
Called up share capital	10,11	**248**	248
Share premium account	11	**24,543**	24,543
Capital contribution reserve	11	**176,644**	176,644
Profit and loss account	11	**6,587**	2,757
Shareholder's funds		**208,022**	204,192

The notes on pages 7 to 10 form part of the Company's financial statements

These financial statements were approved by the Board on 23 June 2014 and were signed on its behalf by

M Muller

M Muller
Director

Registered in England and Wales No 6358130

Boots Propco B Limited

Notes to the financial statements
for the year ended 31 March 2014

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention

Alliance Boots GmbH ("the Group"), the intermediate parent entity, includes the Company's assets, liabilities and results in its own publicly-available consolidated financial statements Under FRS 1 (Revised 1996), 'Cash flow statements', the Company is therefore exempt from the requirement to prepare a cash flow statement In addition, under SSAP 25, 'Segmental Reporting', the Company is exempt from the requirement to present segmental information on the grounds that Alliance Boots GmbH includes segmental information in its own publicly-available consolidated financial statements in compliance with IFRS 8, 'Operating Segments'

The Company's voting rights are wholly controlled within the Group and, consequently, the Company is exempt under FRS 8, 'Related party Disclosures', from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties

The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements and deliver them to the Registrar of Companies The financial statements therefore present information about the Company as an individual undertaking and not about its group

Going concern
The Company has net assets and generates positive cash flows before distribution and expects this to continue in future periods Based on these facts, the Partners 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

Share capital
Equity instruments
An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities Accordingly, a financial instrument is treated as equity if

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable, and
- the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments

Equity instruments are recorded as share capital and share premium, as applicable, net of tax-effected share issue costs To the extent that this definition is not met, the proceeds of any issue are classified as a financial liability

Dividends
Dividends on equity instruments classified as part of shareholder's funds are recognised as appropriations in the reconciliation of movements in shareholder's funds Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised by the shareholders of the Company and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Investments
Investments are stated at cost less provision for impairment

Taxation
Current taxation
Current tax is recognised at the amount expected to be paid or recovered for the period based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred taxation
Deferred tax is recognised on all timing differences that have originated but not reversed by the balance sheet date Deferred tax assets are only recognised to the extent that it is more likely than not there will be suitable taxable profits against which the underlying timing differences can reverse Deferred tax liabilities are not recognised in respect of corporation tax on chargeable gains arising on the disposal of assets where that gain is expected to be deferred indefinitely

Deferred tax is measured on a non-discounted basis at the average rates expected to apply in the periods when the timing differences are expected to reverse using the tax rates and laws enacted or substantively enacted at the balance sheet date

2 Profit from operations

Auditor's remuneration
The 2014 audit fee for the audit of these financial statements was borne by a fellow group undertaking The amount allocated that would have been incurred is £2,000 (2013 £2,000) Amounts receivable by the Company's auditor in respect of non-audit services provided to the Company were £nil (2013 £nil)

Directors' remuneration
The Directors' received no remuneration for their services to the Company during the year (2013 £nil)

3 Interest receivable and similar income

	2014 £000	2013 £000
Interest receivable from Group undertakings	47	-

4 Tax on profit on ordinary activities

An analysis of the tax charge for the year ended 31 March 2014 is presented as follows

	2014 £000	2013 £000
Current tax		
United Kingdom ('UK') corporation tax		
Corporation tax on income for the period at 23% (2013 24%)	2,151	2,050
Adjustments in respect of prior periods	3	2
	2,154	2,052
Deferred tax (note 9)		
Origination and reversal of timing differences	(58)	(46)
Effect of decreased tax rate	108	-
	50	(46)
Tax on profit on ordinary activities	2,204	2,006

The current tax charge for the financial year is higher (2013 higher) than the standard rate of corporation tax of 23% (2013 24%) The differences are explained below

	2014 £000	2013 £000
Profit on ordinary activities before tax	7,988	7,631
Current tax at 23% (2013 24%)	1,837	1,831
Effects of		
Non-taxable dividends received from UK companies	(1,826)	(1,831)
Impact of imputed profits from partnership interests	2,140	2,101
Group relief at below standard rate of tax	-	(51)
Adjustments in respect of prior periods	3	2
Total current tax charge as above	2,154	2,052

Factors that may affect future current and total tax charges

During the year to 31 March 2014, the UK Government substantively enacted a reduction in the corporation tax rate to 21%, effective from 1 April 2014 and to 20% from 1 April 2015 This will reduce the Company's future current tax charge accordingly The deferred tax asset at 31 March 2014 has been calculated based on the rate of 20% unless the asset is expected to be realised or settled by 31 March 2015 in which case a rate of 21% has been used

5 Dividends

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

	2014 £000	2013 £000
Dividends paid in the year		
Dividends paid	1,954	3,547

Notes to the financial statements (continued)
for the year ended 31 March 2014

6 Fixed asset investments

	Shares in subsidiary undertakings £000
Cost	
At 1 April 2013 and 31 March 2014	201,435
Provision	
At 1 April 2013 and 31 March 2014	1,781
Net book value	
At 31 March 2013 and 31 March 2014	199,654

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

	Percentage held by the Company	Country of incorporation	Main activity
Alliance Boots Propco B LLP	10 55	England & Wales	Property Holding
Boots Property Partnership	50 00	Scotland	Property Holding

7 Debtors

	2014 £000	2013 £000
Falling due within one year		
Amounts owed by Group undertakings	377	5,331
Falling due after more than one year		
Amounts owed by Group undertakings	9,000	-
Deferred tax (note 9)	1,129	1,179
Total debtors	10,506	6,510

A Group loan of £9,000,000 (2013 £nil) is due to be repaid on the 17 January 2016 Management expect that at 17 January 2015 this loan will either be rolled or replaced with a similar agreement Interest is charged at 1 4% per annum

8 Creditors amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to Group undertakings	969	950
Corporation tax payable	1,169	1,022
	2,138	1,972

9 Deferred tax

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset the associated current tax assets and liabilities

Deferred tax assets are attributable to the following after offset

	2014 £000	2013 £000
Other short term timing differences	1,129	1,179

The movement in the net deferred tax asset for the year is presented as follows

	Other short term differences £000
Deferred tax assets	
At 1 April 2013	1,179
Profit and loss account charge	(50)
At 31 March 2014	1,129

Boots Propco B Limited

Notes to the financial statements (continued)
for the year ended 31 March 2014

10 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
247,915 ordinary shares of £1 each	248	248

11 Reconciliation of movements in equity shareholder's funds

	Called up share capital £000	Share premium account £000	Capital contribution reserve £000	Profit and loss account £000	Total £000
At 1 April 2012	248	24,543	176,644	679	202,114
Profit for the financial year	-	-	-	5,625	5,625
Equity dividends paid	-	-	-	(3,547)	(3,547)
At 1 April 2013	248	24,543	176,644	2,757	204,192
Profit for the financial year	-	-	-	5,784	5,784
Equity dividends paid	-	-	-	(1,954)	(1,954)
At 31 March 2014	**248**	**24,543**	**176,644**	**6,587**	**208,022**

12 Ultimate parent undertaking

At 31 March 2014 the Company's immediate parent company was Boots Properties Limited and its ultimate parent company and controlling party was AB Acquisitions Holdings Limited AB Acquisitions Holdings Limited is also the parent undertaking of the largest group in which the Company is consolidated

AB Acquisitions Holdings Limited is incorporated in Gibraltar, and its registered office is 57/63 Line Wall Road, Gibraltar AB Acquisitions Holdings Limited is jointly controlled by Alliance Sante Participations S A , and certain funds advised by Kohlberg Kravis Roberts & Co L P , S Pessina, and O Barra, who are Directors of Alliance Boots GmbH, are also Directors of Alliance Santé Participations S A , which is ultimately owned by a family trust

The smallest group in which the results of the Company are consolidated is that headed by Alliance Boots GmbH, a company incorporated in Switzerland The consolidated financial statements of this group are available from the Alliance Boots website at www allianceboots com

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 63 58130

Boots Property Partnership
Strategic report, Partners' report and financial statements
for the year ended 31 March 2014

Contents

Boots Property Partnership

Strategic report
for the year ended 31 March 2014

Principal activities
The principal activity of the partnership throughout the year was the holding of real estate

Business review
The profit for the year available for distribution among the Partners was £7,856,000 (2013 £7,293,000)

Principal risks and uncertainties
The Partners monitor the overall risk profile of the partnership In addition, the Partners are responsible for determining clear policies as to what the Partnership considers to be acceptable levels of risk These policies seek to enable people throughout the Partnership to use their expertise to identify risks that could undermine performance and to devise ways of bringing them to within acceptable levels Where the Partners 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

M FMuell

M Muller
For and on behalf of the Partners

18 June 2014

Boots Property Partnership

Partners' report
for the year ended 31 March 2014

The Partners present their report and the audited financial statements for the year ended 31 March 2014

Policy on Partners' drawings, subscription and repayment of Partners' capital
The Partners contributed the initial capital of the partnership The Partners shall contribute any further capital or have capital repaid which they determine as being required for the purposes of the partnership in accordance with instructions from the designated Partners Partners are entitled to a share of the profits and losses of the partnership in line with section 9 2 of the Partnership Agreement dated 23 March 2011 Profits and losses of the partnership are divided between the Partners on the allocation dates as defined in the Partnership Agreement, being 45 days after the 30 September and 90 days after 31 March Drawings can be paid to each Partner with the prior written consent of all Partners and in accordance with sections 7 8 and 7 9 of the Partnership Agreement

Distributions to Partners
A distribution of £7,586,000 (2013 £6,931,000) was declared and paid in the year

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

Designated Partners
The following served as Partners during the year

Boots PropCo B Limited
Boots Property Scottish Limited Partnership

Auditor
KPMG Audit Plc resigned as auditor of the Company on 8 April 2014 pursuant to the Partnership (Accounts) Regulations 2008 On 9 April 2014 KPMG LLP were appointed as auditor of the Company

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

M Muller

M Muller
For and on behalf of the Partners

18 June 2014

Registered office
Boots - North
3rd Floor
79 - 91 High Street
Falkirk
FK1 1ES

Independent auditor's report
to the Partners of Boots Property Partnership

We have audited the financial statements of Boots Property Partnership for the year ended 31 March 2014 set out on pages 4 to 9 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement 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 Partners, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Partners and auditor
The Partners are responsible for the preparation of the accounts in accordance with the Partnership Agreement dated 23 March 2011 Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of our engagement letter and having regard to International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Boots Property Partnership circumstances and have been consistently applied and adequately disclosed, and the reasonableness of significant accounting estimates made by the Partners In view of the purpose for which these accounts have been prepared, however, we did not assess the overall presentation of the accounts which would have been required if we were to express an audit opinion under International Standards on Auditing (UK and Ireland) In addition we read all the financial and non-financial information in the Partners' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on accounts
In our opinion the accounts for the year ended 31 March 2014 have been properly prepared in all material respects, in accordance with the accounting policies set out in note 1 to the accounts and in accordance with the Partnership Agreement dated 23 March 2011

Matters on which we are required to report by exception
We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion

- the Partners' report is not consistent with the accounts,
- the partnership has not kept proper accounting records,
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding Partners' remuneration and other transactions is not disclosed

Mark Flanagan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

23 June 2014

Boots Property Partnership

Profit and loss account
for the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Turnover	2	19,237	18,730
Operating profit	2	18,202	17,696
Interest payable and similar charges	3	(10,346)	(10,403)
Profit on ordinary activities before Partners' remuneration and profit share		7,856	7,293
Partners' remuneration charged as an expense	4	-	-
Profit for the financial period available for discretionary division among Partners	5	7,856	7,293

There were no recognised gains and losses for the current year and preceding financial period other than the profit of £7,856,000 (2013 £7,293,000) shown above Accordingly, no statement of recognised gains and losses is presented

There is no difference between the reported profit shown above and the profit for the year restated on an historical cost basis Accordingly, no note of historical cost profits is presented

The amounts presented for the current and preceding financial years are derived from continuing operations

The notes on pages 7 to 9 form part of the partnership's financial statements

Boots Property Partnership

Balance sheet
as at 31 March 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	6	320,599	321,634
Current assets			
Cash at bank and in hand		12,994	11,354
Creditors amounts falling due within one year	7	(5,994)	(5,659)
Net current assets		7,000	5,695
Total assets less current liabilities		327,599	327,329
Creditors amounts falling due after more than one year	8	(156,000)	(156,000)
Net assets attributable to Partners		171,599	171,329
Represented by.			
Partners' capital	9	167,670	167,670
Partners' other interests – other reserves classified as equity under FRS 25	9	3,929	3,659
Total Partners' interests		171,599	171,329

The notes on pages 7 to 9 form part of the partnership's financial statements

These financial statements were approved by the Partners on 18 June 2014 and were signed on its behalf by

M Muller
For and on behalf of the Partners

Boots Property Partnership

Cash flow statement
for the year ended 31 March 2014

	2014 £000	2013 £000
Operating profit	18,202	17,696
Depreciation	1,035	1,034
Increase / (decrease) in creditors	335	(6,528)
Net cash inflow from operating activities	19,572	12,202
Interest paid	(10,346)	(10,403)
Net cash outflow from returns on investment and servicing of finance	(10,346)	(10,403)
Equity dividends paid	(7,586)	(6,931)
Net cash outflow from equity dividends paid	(7,586)	(6,931)
Net cash flow inflow / (outflow)	1,640	(5,132)
Balance as at 1 April	11,354	16,486
Balance at 31 March	12,994	11,354

Boots Property Partnership

Notes to the financial statements
for the year ended 31 March 2014

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation
In compliance with the Partnership Agreement, the financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention

Alliance Boots GmbH ("the Group"), the intermediate parent entity, includes the partnership's assets, liabilities and results in its own publicly-available consolidated financial statements Under SSAP 25, 'Segmental Reporting', the partnership is exempt from the requirement to present segmental information on the grounds that Alliance Boots GmbH Includes segmental information In its own publicly-available consolidated financial statements in compliance with IFRS 8, 'Operating Segments'

The partnership's voting rights are wholly controlled within the Group and, consequently, the partnership is exempt under FRS 8, 'Related party Disclosures', from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties

Going concern
The partnership has net assets and generates positive cash flows from operating activities and expects this to continue in future periods Based on these facts, the Partners 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

Turnover
Turnover shown on the face of the profit and loss account is the amount derived from rental income from group tenants in the normal course of business, net of value added tax In accordance with SSAP 21, 'Accounting for Leases and Hire Purchase Contracts', rental income is recognised on a straight line basis over the period of the lease

Tangible fixed assets
Cost
All tangible fixed assets are stated at cost less accumulated depreciation and impairment losses

Depreciation
Depreciation of tangible fixed assets is provided to write off the cost, less residual value, in equal instalments over their expected useful economic lives as follows

- Freehold land– not depreciated,
- Freehold and long leasehold buildings – depreciated to their estimated residual values over their useful economic lives of not more than 50 years

Residual values, where material, and remaining useful economic lives are reviewed annually and adjusted if appropriate

Disposals
Gains and losses on disposals are determined by comparing proceeds with carrying amount These are included in the profit and loss account Any impairment in the value of fixed assets is recognised immediately

Impairment of assets
The partnership's fixed assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable If such an indication exists, the fixed asset's recoverable amount is estimated The recoverable amount is the higher of a fixed asset's net realisable value and its value in use An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable income, referred to as income generating units

Classification of Partners' contributions as debt or equity
An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities Accordingly, a financial instrument is treated as equity if

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable, and
(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the partnership exchanging a fixed amount of cash or other assets for a fixed number of the partnership's own equity instruments

Any component of Partner's contributions that create a financial liability of the partnership is presented as a liability in the balance sheet, measured initially at fair value The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature

Taxation
Taxation on all partnership profits is solely the personal liability of individual partners

Notes to the financial statements (continued)
for the year ended 31 March 2014

2 Profit from operations

	2014 £000	2013 £000
Turnover	19,237	18,730
Administrative expenses	(1,035)	(1,034)
Operating profit	18,202	17,696

Operating profit is stated after charging

	2014 £000	2013 £000
Depreciation of tangible fixed assets		
- owned assets	1,035	1,034

The 2014 fee for the audit of these financial statements was borne by a fellow group undertaking The amount allocated that would have been incurred is £2,000 (2013 £2,000) Amounts receivable by the partnership's auditor in respect of non-audit services provided to the partnership were £nil (2013 £nil)

3 Interest payable and similar charges

	2014 £000	2013 £000
Interest payable to Group undertakings	10,346	10 403

4 Partners' remuneration charged as an expense
The Partners did not receive any remuneration during the year (2013 £nil)

There were no employees during the period (2013 nil)

5 Profit for the financial year available for discretionary division among Partners
Partners are entitled to a share of the profits and losses of the partnership in line with section 9 2 of the Partnership Agreement dated 23 March 2011

The average number of Partners in the year was 2 (2013 2)

The amount of profit attributable to the Partner with the largest entitlement was a profit of £7,848,000 (2013 £7,285,000)

6. Tangible fixed assets

	Land and buildings £000
Cost	
At 1 April 2013 and 31 March 2014	323,700
Depreciation	
At 1 April 2013	2,066
Charge for the year	1,035
At 31 March 2014	3,101
Net book value	
At 31 March 2013	321,634
At 31 March 2014	320,599

The net book value of land and buildings is comprised of

	2014 £000	2013 £000
Freehold land	151,237	151,237
Freehold buildings	92,113	92,677
Long leasehold	77,249	77,720
	320,599	321 634

Notes to the financial statements (continued)
for the year ended 31 March 2014

7 Creditors: amounts falling due within one year

	2014 £000	2013 £000
VAT payable	**821**	486
Accruals and deferred income	**5,173**	5,173
	5,994	5,659

8 Creditors amounts falling due after more than one year

	2014 £000	2013 £000
Amounts owed to Partners	**156,000**	156,000

The £156,000,000 is due for repayment in greater than 5 years Interest is charged at a fixed rate of 6 6%

9. Total Partners' interests

	Partners' capital £000	Other reserves £000	Total £000
At 1 April 2012	167,670	3,297	170,967
Profit for the financial year available for division among Partners	-	7,293	7,293
Distributed to Partners	-	(6,931)	(6,931)
At 1 April 2013	167,670	3,659	171,329
Profit for the financial year available for division among Partners	-	7,856	7,856
Distributed to Partners	-	(7,586)	(7,586)
At 31 March 2014	**167,670**	**3,929**	**171,599**

10 Ultimate parent undertaking

At 31 March 2014 the partnership had two companies acting as partners Boots PropCo B Limited and Boots Property Scottish Limited Partnership The ultimate parent company and controlling party of both companies was AB Acquisitions Holdings Limited AB Acquisitions Holdings Limited is also the parent undertaking of the largest group in which the partnership is consolidated

AB Acquisitions Holdings Limited is incorporated in Gibraltar, and its registered office is 57/63 Line Wall Road, Gibraltar AB Acquisitions Holdings Limited is jointly controlled by Alliance Santé Participations S A , and certain funds advised by Kohlberg Kravis Roberts & Co L P , S Pessina, and O Barra, who are Directors of Alliance Boots GmbH, are also Directors of Alliance Santé Participations S A., which is ultimately owned by a family trust.

The smallest group in which the results of the partnership are consolidated is that headed by Alliance Boots GmbH, a company incorporated in Switzerland The consolidated financial statements of this group are available from the Alliance Boots website at www allianceboots com.