

Company registration number: 6362296

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

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# Boots Propco 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:

A handwritten signature in black ink, appearing to read 'M Muller', followed by a long horizontal line extending to the right.

**M Muller**  
Director

23 June 2014

# Boots Propco 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 £127,000 (2013: £121,000) 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:

A handwritten signature in black ink, appearing to read 'M Muller', followed by a long horizontal line extending to the right.

M Muller  
Director

23 June 2014

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

Registered in England and Wales No. 6362296

## **Boots Propco Limited**

### **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 Limited

We have audited the financial statements of Boots Propco 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](http://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 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		168	161
Profit on ordinary activities before taxation		168	161
Tax on profit on ordinary activities	3	(41)	(40)
Profit for the financial year		127	121

There were no recognised gains and losses for the current and preceding financial years other than the profit of £127,000 (2013: £121,000) 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 Limited

## Balance sheet

as at 31 March 2014

	Notes	2014 £000	2013 £000
<b>Fixed Assets</b>			
Investments	5	1,959	1,959
<b>Current assets</b>			
Debtors: including £38,000 due after more than one year (2013: £41,000)	6	50	48
Creditors: amounts falling due within one year	7	(38)	(36)
<b>Net current assets</b>		<b>12</b>	<b>12</b>
<b>Net assets</b>		<b>1,971</b>	<b>1,971</b>
<b>Capital and reserves</b>			
Called up share capital	9,10	20	20
Share premium account	10	1,951	1,951
Profit and loss account	10	-	-
<b>Shareholder's funds</b>		<b>1,971</b>	<b>1,971</b>

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**

Director

Registered in England and Wales No. 6362296



# Boots Propco 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 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).

# Boots Propco Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2014

### 3. 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
<b>Current tax</b>		
<i>United Kingdom ('UK') corporation tax</i>		
Corporation tax on income for the period at 23% (2013: 24%)	38	41
<b>Deferred tax (note 8)</b>		
Origination and reversal of timing differences	(1)	(1)
Effect of decreased tax rate	4	-
	3	(1)
<b>Tax on profit on ordinary activities</b>	<b>41</b>	<b>40</b>

The current tax charge for the financial year is lower (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	168	161
Current tax at 23% (2013: 24%)	39	39
Effects of:		
Non-taxable dividends received from UK companies	(39)	(39)
Impact of imputed profits from partnership interests	42	43
Group relief at below standard rate of tax	(4)	(2)
Total current tax charge as above	38	41

### 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.

### 4. Dividends

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

	2014 £000	2013 £000
<b>Dividends paid in the year</b>		
Dividends paid	127	121

### 5. Fixed asset investment

	Investment £000
<b>Cost</b>	
At 1 April 2013 and 31 March 2014	1,971
<b>Provision</b>	
At 1 April 2013 and 31 March 2014	12
<b>Net book value</b>	
At 31 March 2013 and 31 March 2014	1,959

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

	Percentage held by the Company or subsidiary undertakings	Country of incorporation	Main activity
Alliance Boots PropCo Unichem LLP	10.53	England & Wales	Property Holding

# Boots Propco Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2014

### 6. Debtors

	2014 £000	2013 £000
<b>Falling due within one year:</b>		
Amounts owed by Group undertakings	12	7
<b>Falling due after more than one year:</b>		
Deferred tax (note 8)	38	41
	<b>50</b>	<b>48</b>

### 7. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to Group undertakings	21	20
Corporation tax payable	17	16
	<b>38</b>	<b>36</b>

### 8. 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	38	41

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

	Other short term differences £000
<b>Deferred tax assets</b>	
At 1 April 2013	41
Profit and loss account charge	(3)
<b>At 31 March 2014</b>	<b>38</b>

### 9. Called up share capital

	2014 £000	2013 £000
<b>Allotted, called up and fully paid</b>		
19,711 ordinary shares of £1 each	20	20

### 10. Reconciliation of movements in equity shareholder's funds

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2012	20	1,951	-	1,971
Profit for the financial year	-	-	121	121
Equity dividends paid	-	-	(121)	(121)
At 1 April 2013	20	1,951	-	1,971
Profit for the financial year	-	-	127	127
Equity dividends paid	-	-	(127)	(127)
<b>At 31 March 2014</b>	<b>20</b>	<b>1,951</b>	<b>-</b>	<b>1,971</b>

## **Boots Propco Limited**

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

for the year ended 31 March 2014

#### **11. Ultimate parent undertaking**

At 31 March 2014 the Company's immediate parent company was Boots Property Holdco Limited (formerly AB Property Holdco 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 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 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](http://www.allianceboots.com).