

Company registration number: 06358154



**Boots PropCo Beeston Limited**  
**Strategic report, Directors' report and financial statements**  
for the year ended 31 August 2016

# **Boots PropCo Beeston Limited**

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# Boots PropCo Beeston Limited

## Strategic report

for the year ended 31 August 2016

### Principal activities

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

During the prior period, the year end of the Company was changed from 31 March to 31 August. As a result, the previous financial period results are for the 17 months ended 31 August 2015 and are not directly comparable with the results for the year ended 31 August 2016.

### Business review

During the year, the Company transitioned from previously extant United Kingdom generally accepted accounting practice (UK GAAP) to FRS 101 – *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking, Walgreens Boots Alliance, Inc. which controls all of the intermediate companies, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS 101 are included in note 16 to these financial statements.

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

	Year ended 31 August 2016 £000	17 month period ended 31 August 2015 £000
Result for the year/period	-	1,869
Shareholders' equity	12,452	12,452

The profit in the prior period relates to income from shares in Group undertakings.

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.

By order of the Board:



J Wass

Director

30 November 2016

# Boots PropCo Beeston Limited

## Directors' report

for the year ended 31 August 2016

The Directors present their report and the audited financial statements for the year ended 31 August 2016.

### 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

No dividend was paid in the year (2015: £1,852,000).

### 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 (appointed 24 June 2016)  
M Muller (resigned 24 June 2016)

### 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

30 November 2016

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

Registered in England and Wales No. 06358154

# Boots PropCo Beeston Limited

## Directors' responsibilities statement

for the year ended 31 August 2016

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent auditor's report

to the members of Boots PropCo Beeston Limited

We have audited the financial statements of Boots PropCo Beeston Limited for the year ended 31 August 2016 which comprise the Income statement, the Balance sheet, the Statement of changes in equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### 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 August 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### Opinion 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

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.



Jane Whitlock ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Nottingham, UK

30 November 2016

## Boots PropCo Beeston Limited

### Income statement

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

	Notes	2016 £000	2015 £000
<b>Revenue – discontinued operations</b>	<b>4</b>	-	-
Operating result		-	-
Income from shares in Group undertakings	7	-	2,081
Investment revenue	7	-	1
Result before taxation		-	2,082
Tax	8	-	(213)
<b>Result for the year/period</b>		-	<b>1,869</b>

Revenue and operating profit are all derived from discontinued operations.

The Company has no recognised gains or losses other than showing in the income statement above, accordingly no separate statement of comprehensive income has been prepared.

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

# Boots PropCo Beeston Limited

## Balance sheet

As at 31 August 2016 and 31 August 2015

	Notes	2016 £000	2015 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Other investments	10	12,273	12,273
<b>Current assets</b>			
Trade and other receivables	12	230	230
<b>Total assets</b>		<b>12,503</b>	<b>12,503</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	(51)	(51)
<b>Net current assets</b>		<b>179</b>	<b>179</b>
<b>Total assets less current liabilities</b>		<b>12,452</b>	<b>12,452</b>
<b>Total liabilities</b>		<b>(51)</b>	<b>(51)</b>
<b>Net assets</b>		<b>12,452</b>	<b>12,452</b>
<b>Equity</b>			
Share capital	14	124	124
Share premium account		12,311	12,311
Retained earnings		17	17
<b>Total Equity</b>		<b>12,452</b>	<b>12,452</b>

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

The financial statements of Boots PropCo Beeston Limited were approved by the Board of directors and authorised for issue on 30 November 2016. They were signed on its behalf by:



**J Wass**  
Director

Registered in England and Wales No. 06358154



## Boots PropCo Beeston Limited

### Statement of changes in equity

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
At 1 April 2014	124	12,311	-	12,435
Profit for the period	-	-	1,869	1,869
Total comprehensive income for the period	-	-	1,869	1,869
Dividends paid (note 9)	-	-	(1,852)	(1,852)
At 31 August 2015	124	12,311	17	12,452
Result for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
At 31 August 2016	124	12,311	17	12,452

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

# Boots PropCo Beeston Limited

## Notes to the financial statements

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

### 1. General information

Boots PropCo Beeston 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

During the prior period, the year end of the Company was changed from 31 March to 31 August. As a result, the comparative financial period results are for the seventeen months ended 31 August 2015 and are not directly comparable with the results for the year ended 31 August 2016.

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, 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 Wilmot Road, Deerfield, Illinois, 60015, United States of America. Where relevant, equivalent disclosures have been given in the group accounts of Walgreens Boots Alliance, Inc.

The Company meets the definition of a qualifying entity under Financial Reporting Standard ("FRS") 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council ("FRC"). Accordingly, in the year ended 31 August 2016 the Company has undergone transition from reporting under United Kingdom generally accepted accounting practice (UK GAAP) to FRS 101 'Reduced Disclosure Framework' as issued by the FRC. The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

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 financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The principal accounting policies adopted are set out below.

#### 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.

#### Operating profit

Operating profit is stated before investment income, income from Group undertakings, finance costs and tax.

# Boots PropCo Beeston Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

### 2. Significant accounting policies (continued)

#### 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.

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.

# Boots PropCo Beeston Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

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 Beeston Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

### 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 8.

#### *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 £12,273,000 with no impairment loss recognised in 2016 or 2015.

### 4. Revenue

An analysis of the Company's revenue is as follows:

	2016 £000	2015 £000
Investment revenue (note 7)	-	2,082

### 5. Auditor's remuneration

The 2016 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 2016 is £2,000 (2015: £2,000). No non-audit services were provided to the Company by its auditor (2015: £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 (2015: £nil).

### 7. Investment revenue

	2016 £000	2015 £000
Interest receivable from Group undertakings	-	1
Total interest receivable	-	1
Income from shares in Group undertakings	-	2,081
	-	2,082

# Boots PropCo Beeston Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

### 8. Tax

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

	2016 £000	2015 £000
Deferred tax (note 11):		
Origination and reversal of timing differences	-	213
	-	213

Corporation tax is calculated at 20% (2015: 20.7%) of the estimated taxable profit for the year.

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

	2016 £000	2015 £000
Profit before tax	-	2,082
Tax at the UK corporation rate of 20% (2015: 20.7%)	-	431
Effects of:		
Non-taxable dividends received	-	(218)
Impact of imputed profits from partnership interests	-	230
Group relief at below standard rate of tax	-	(230)
Tax charge for the year/period	-	213

#### 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 March 2016, the UK Government announced that the corporation tax rate would reduce by an additional 1% from 1 April 2020 to 17%. This further change to the tax rate was substantively enacted on 6 September 2016, after the balance sheet date, and therefore is not included in these financial statements.

### 9. Dividends

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

	2016 £000	2015 £000
Amounts recognised as distributions to equity holders in the year/period:		
Dividend for the year (2015: £14.89 per share)	-	1,852

### 10. Interests in investment undertakings

	2016 £000	2015 £000
Available for sale investments carried at fair value		
Shares	12,273	12,273

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

	Percentage held by the Company directly	Percentage held by the Company or investment undertakings	Country of incorporation	Main activity
WBA PropCo Beeston LLP <sup>1</sup>	10.86	10.86	England & Wales	Non-trading

<sup>1</sup>The registered office of WBA PropCo Beeston LLP (formerly Alliance Boots PropCo Beeston LLP) is Sedley Place 4<sup>th</sup> Floor, 361 Oxford Street, London, W1C 2JL.

# Boots PropCo Beeston Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

### 11. Deferred Tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior periods.

	Other short term differences £000
At 1 April 2014	219
Charge to profit or loss	(213)
At 31 August 2015	6
Charge to profit or loss	-
At 31 August 2016	6

### 12. Trade and other receivables

	2016 £000	2015 £000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	224	224
Deferred tax asset (note 11)	6	6
<b>Total trade and other receivables</b>	<b>230</b>	<b>230</b>

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

### 13. Trade and other payables

	2016 £000	2015 £000
<b>Amounts falling due within one year:</b>		
Amounts owed to Group undertakings	51	51

### 14. Share capital

	2016 £000	2015 £000
<b>Authorised, issued and fully paid</b>		
124,359 ordinary shares of £1 each	124	124

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

### 15. Ultimate parent undertaking

At 31 August 2016, 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.

# Boots PropCo Beeston Limited

## Notes to the financial statements (continued)

for the year ended 31 August 2016 and the 17 months ended 31 August 2015

### 16. Transitioning to FRS 101

#### ***Basis of accounting***

For all periods up to and including the 17 month period ended 31 August 2015, the Company prepared its financial statements in accordance with previously extant UK GAAP. These financial statements, for the year ended 31 August 2016 are the first the Company has prepared under Financial Reporting Standard 101 (FRS 101).

The Company meets the definition of a qualifying entity under FRS 101 issued by the Financial Reporting Council. Accordingly, the Company has prepared financial statements which comply with FRS 101 applicable for periods from 1 April 2014 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

#### ***Explanation of transition to FRS 101***

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition.

#### ***Reconciliation of equity***

There are no adjustments to equity at 1 April 2014 and at 31 August 2015.

#### ***Reconciliation of profit for the 17 month period ended 31 August 2015***

There are no adjustments to profit for the 17 month period ended 31 August 2015.