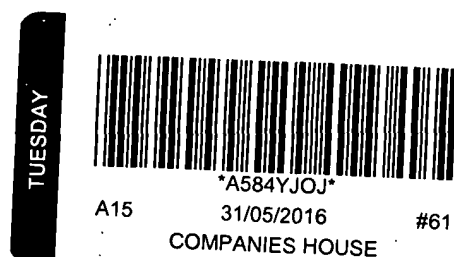


Company registration number: 02517178



Alliance Boots Holdings 1 Limited
Strategic report, Directors' report
and financial statements
for the 17 month period ended 31 August 2015

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Alliance Boots Holdings 1 Limited

Strategic report

for the 17 month period ended 31 August 2015

Principal activities

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

Walgreens Boots Alliance, Inc., the Company's new ultimate parent, has an accounting reference date of 31 August. Therefore during the period, the accounting reference date of the Company was changed from 31 March to 31 August, in order to align reporting period ends across the Group. As a result, the current financial period results are for seventeen months ended 31 August 2015 and are not comparable with the comparative results for the year ended 31 March 2014.

Business review

The profit for the financial period was £33.5 million (2014: £113.9 million).

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 the Company 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.

There are no business risks for the Company necessary for an understanding of the development, performance or position of the business.

By order of the Board:



F Standish
Company Secretary
30 November 2015

Registered office:
2 The Heights
Brooklands
Weybridge
Surrey
KT13 0NY

Alliance Boots Holdings 1 Limited

Directors' report

for the 17 month period ended 31 August 2015

The Directors present their report and the audited financial statements for the 17 month period ended 31 August 2015.

Financial instruments

The Company is exposed to currency, credit and interest rate risk. The Group's treasury function manages these risks at a Group level in accordance with Group Treasury Policy including the use of financial instruments for the purpose of managing these risks. Group risks are discussed in the Group's Annual Report, which does not form part of this report.

Dividends

An interim dividend of £30.3 million (2014: £114.5 million) was declared and paid in the period.

Directors

The following served as Directors during the period:

A Clare
M Delve
F Standish

The Group places Directors' and Officers' insurance centrally and provides coverage for Directors' and Officers' liability exposure.

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.

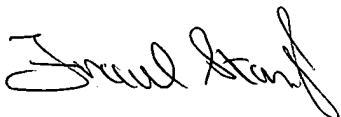
Auditors

KPMG LLP resigned as auditor of the Company on 11 May 2015, pursuant to section 516 of the Companies Act 2006. On 10 September 2015 Deloitte LLP were appointed as auditor of the Company.

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 provision of s418 of the Companies Act 2006.

By order of the Board:



F Standish
Company Secretary
30 November 2015

Registered office:
2 The Heights
Brooklands
Weybridge
Surrey
KT13 0NY

Registered in England and Wales No. 02517178

Alliance Boots Holdings 1 Limited

Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

for the 17 month period ended 31 August 2015

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 period. 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 accountings 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 Alliance Boots Holdings 1 Limited

We have audited the financial statements of Alliance Boots Holdings 1 Limited for the 17 month period ended 31 August 2015 which comprise of the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and 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).

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 Statement of Directors' responsibilities 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 (APB'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 2015 and of its profit for the 17 month period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period 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.



S Butters (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
3 Rivergate
Temple Quay
Bristol
BS1 6GD
United Kingdom
30 November 2015

Alliance Boots Holdings 1 Limited

Profit and loss account

for the 17 month period ended 31 August 2015

	Notes	2015 £million	2014 £million
Operating profit/(loss)	2	3.2	(0.9)
Income from shares in subsidiary undertakings		30.3	114.5
Interest receivable and similar income	3	0.9	0.3
Interest payable and similar charges	4	(0.1)	-
Profit on ordinary activities before taxation		34.3	113.9
Tax on profit on ordinary activities	5	(0.8)	-
Profit for the financial period		33.5	113.9

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

The notes on pages 7 to 13 form part of the Company's financial statements.

Statement of total recognised gains and losses

for the 17 month period ended 31 August 2015

	Notes	2015 £million	2014 £million
Profit for the financial period		33.5	113.9
Actuarial loss recognised in the pension scheme	13,14	(0.7)	(0.3)
Deferred tax arising on actuarial loss recognised in pension scheme	11,13	0.1	-
Deferred tax charged on contribution to pension scheme in deficit	11,13	-	(0.3)
Current tax credit on contribution to pension scheme in deficit	13	-	0.2
Total recognised gains and losses for the financial period		32.9	113.5

Alliance Boots Holdings 1 Limited

Balance sheet

as at 31 August 2015

	Notes	31 August 2015 £million	31 March 2014 £million
Fixed assets			
Tangible assets	7	-	-
Investments	8	200.0	200.0
		200.0	200.0
Current assets			
Debtors (including £nil due after more than one year (2014: £40.0 million))	9	58.9	58.3
Cash at bank and in hand		-	0.1
		58.9	58.4
Creditors: amounts falling due within one year	10	(0.7)	(3.4)
Net current assets		58.2	55.0
Total assets less current liabilities		258.2	255.0
Provisions for liabilities and charges	11	-	(0.1)
Net assets excluding pension liability		258.2	254.9
Net pension liability	14	(1.0)	(0.3)
Net assets including pension liability		257.2	254.6
Capital and reserves			
Called up share capital	12,13	36.2	36.2
Profit and loss account	13	221.0	218.4
Shareholders' funds		257.2	254.6

The notes on pages 7 to 13 form part of the Company's financial statements.

These financial statements were approved by the Board on 30 November 2015 and were signed on its behalf by:



M Delve
Director

Alliance Boots Holdings 1 Limited

Notes to the financial statements

for the 17 month period ended 31 August 2015

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.

Walgreens Boots Alliance, Inc., the Company's new ultimate parent, has an accounting reference date of 31 August. Therefore during the period, the accounting reference date of the Company was changed from 31 March to 31 August, in order to align reporting period ends across the Group. As a result, the current financial period results are for seventeen months ended 31 August 2015 and are not comparable with the comparative results for the year ended 31 March 2014.

Walgreens Boots Alliance, Inc. ("the Group"), the ultimate 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.

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.

The Directors consider that the Company has adequate resources to remain in operation for the foreseeable future, and have therefore continued to adopt the going concern basis for preparing the financial statements.

Foreign currencies

Transactions denominated in non-sterling currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in non-sterling currencies at the balance sheet date are translated at the exchange rates ruling at that date. Non-monetary assets and liabilities denominated in non-sterling currencies are translated using the exchange rates at the date of the underlying transactions. Exchange gains or losses are included in the profit or loss account.

Interest receivable and similar income

Interest receivable and similar income comprises interest receivable on funds invested, calculated using the effective interest rate, fair value movements on applicable derivative financial instruments and net exchange movements related to funds invested.

Interest payable and similar charges

Interest payable and similar charges comprises interest payable on borrowings, calculated using the effective interest rate, financing fees, fair value movements on applicable derivative financial instruments and net exchange movements related to financing items.

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:

- Leasehold improvements – depreciated to their estimated residual values over the remaining life of the lease.

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.

Investments

Investments are stated at cost less provision for impairment.

Impairment of assets

The Company'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.

Cash at bank and in hand

Cash at bank and in hand comprises cash in hand and short term deposits with maturities of three months or less from the date of acquisition.

Alliance Boots Holdings 1 Limited

Notes to the financial statements (continued)

for the 17 month period ended 31 August 2015

1. Accounting policies (continued)

Post retirement benefits

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

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.

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 Company exchanging a fixed amount of cash or other assets for a fixed number of its 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

Interim dividends on equity instruments classified as part of shareholders' funds are recognised as appropriations in the reconciliation of movements in shareholders' funds. Dividends unpaid at the balance sheet date are only recognised 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.

2. Operating result/loss

	2015 £million	2014 £million
Other operating income	3.2	-
Administrative expenses	-	(0.9)
Operating profit/(loss)	3.2	(0.9)

Auditor's remuneration

The 2015 fee for the audit of these financial statements was borne by a fellow group undertaking. The amount allocated that would have been incurred is £3,000 (2014: £3,000).

Staff numbers and costs

The Directors have not received any remuneration for their services to the Company either during the current or preceding period. There were no employees during the current or preceding period.

3. Interest receivable and similar income

	2015 £million	2014 £million
Interest receivable from group undertakings	0.9	0.3
	0.9	0.3

Alliance Boots Holdings 1 Limited

Notes to the financial statements (continued)

for the 17 month period ended 31 August 2015

4. Interest payable and similar charges

	2015 £million	2014 £million
Net interest on pension scheme liabilities	0.1	-
	0.1	-

5. Tax on profit on ordinary activities

An analysis of the tax charge for the 17 month period ended 31 August 2015 is presented as follows:

	2015 £million	2014 £million
Current tax		
<i>United Kingdom ('UK') corporation tax</i>		
Corporation tax on income for the year at 20.7% (2014: 23.0%)	(0.8)	-
Tax charge on profit on ordinary activities	(0.8)	-

The current tax charge for the 17 month period to 31 August 2015 is lower than (2014: lower than) the weighted average standard rate of corporation tax of 20.7% (2014: 23.0%). The differences are explained below:

	2015 £million	2014 £million
Profit on ordinary activities before tax	34.3	113.9
Current tax at 20.7% (2014: 23.0%)	(7.1)	(26.2)
Effects of:		
Expenses not deductible for tax purposes	-	(0.1)
Non-taxable income	6.3	26.3
Total current tax charge	(0.8)	-

Factors that may affect future current and total tax charges

During the period to 31 August 2015, the UK Government announced that the corporation tax rate would reduce by 1% from 1 April 2017 to 19% and a further 1% from 1 April 2020 to 18%. These further changes to the tax rate have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

6. Dividends

The Company's paid dividends are presented as follows:

	2015 £million	2014 £million
Dividends paid in the period		
Interim dividends paid	30.3	114.5
	30.3	114.5

7. Tangible fixed assets

The tangible assets of the Company, which are in relation to short leasehold land and buildings, were all written off during the period at the end of the lease. In the prior year these were included in the balance sheet at a cost of £0.6 million and cumulative depreciation of £0.6 million. There were no additions during the period.

Alliance Boots Holdings 1 Limited

Notes to the financial statements (continued)

for the 17 month period ended 31 August 2015

8. Fixed asset investments

	Shares in subsidiary undertakings £million	Shares in associate undertakings £million	Total £million
Cost			
At 1 April 2014	200.0	-	200.0
Additions	203.3	33.9	237.2
Disposals	(203.3)	(33.9)	(237.2)
At 31 August 2015	200.0	-	200.0

Subsidiary undertakings

On 29 July 2014, the Company acquired a 100% interest in Alliance Healthcare España S.A. for consideration of £33.3 million from Alliance Boots Group Limited, a fellow group undertaking. Subsequently, on 29 July 2014, the Company sold its entire investment in Alliance Healthcare España S.A. to Alliance Boots Holdings Limited, a fellow group undertaking, for consideration of £33.3 million.

On 15 September 2014, the Company acquired a 100% interest in Alliance Boots B.V. for consideration of £170.0 million from Alliance Boots Group Limited, a fellow group undertaking. Subsequently, on 15 September 2014, the Company sold its entire investment in Alliance Boots B.V. to Alliance Boots Holdings Limited, a fellow group undertaking, for consideration of £170.0 million.

Associate undertakings

On 31 July 2014, the Company acquired a 49.0% interest in Alliance Healthcare S.A. for consideration of £23.5 million from Alliance Boots Group Limited, a fellow group undertaking. Subsequently, on 31 July 2014, the Company sold its 49.0% interest in Alliance Healthcare S.A. to Alliance Boots Holdings Limited, a fellow group undertaking, for consideration of £23.5 million.

On 20 October 2014, the Company acquired a 49.0% interest in Alliance Healthcare Italia S.p.a. for consideration of £10.4 million from Alliance Boots Group Limited, a fellow group undertaking. Subsequently, on 20 October 2014, the Company sold its 49.0% interest in Alliance Healthcare Italia S.p.a. to Alliance Boots Holdings Limited, a fellow group undertaking, for consideration of £10.4 million.

As at 31 August 2015, the cumulative provision for impairment recognised within fixed asset investments was £nil (31 March 2014: £nil).

The Company's subsidiary undertakings at the balance sheet date were:

	Share class	Percentage held by the Company or subsidiary undertakings	Country of incorporation or principal place of business
Directly Owned			
Alliance Boots Group Limited	Ordinary, Preference	100.0	England & Wales
Indirectly Owned			
Alliance BMP Limited	Ordinary	100.0	England & Wales
Alliance Boots Holdings 2	Ordinary	100.0	England & Wales
Alliance Santé - Distribuição Farmacêutica de Eulália Baeta Pereira e Ramalho Fernandes, S.A.	Ordinary	100.0	Portugal
Alliance UniChem Investments 4 Limited	Ordinary	100.0	England & Wales
Alliance UniChem PWS JV Limited	Ordinary	100.0	England & Wales
Alloga S.à r.l.	Ordinary	100.0	Luxembourg
Prewos 1 S.à r.l.	Ordinary	100.0	Luxembourg

Alliance Boots Holdings 1 Limited

Notes to the financial statements (continued)

for the 17 month period ended 31 August 2015

9. Debtors

	31 August 2015 £million	31 March 2014 £million
Amounts owed by group undertakings	58.9	58.2
Corporation tax recoverable	-	0.1
	58.9	58.3

Amounts owed by group undertakings include £40.8 million (2014: £40.0) loaned to a fellow Group undertaking that is interest bearing and has a maturity date of 17 January 2016. In the prior year to 31 March 2014, this was separately disclosed on the face of the balance sheet, as a material amount due after more than one year, in accordance with UITF 4 'Presentation of long-term debtors in current assets.'

There is a further £18.0 million loan (2014: £18.1 million) to the same fellow Group undertaking that is interest bearing and has a facility maturity date of 8 April 2016. This has not been separately disclosed as a long term debtor as funds can be redeemed within the maximum of a 3 month notice period.

10. Creditors: amounts falling due within one year

	31 August 2015 £million	31 March 2014 £million
Other creditors including taxes and social security	-	3.4
Corporation tax payable	0.7	-
	0.7	3.4

During the period a £3.2m liability, included in Other creditors including taxes and social security at 31 March 2014, was re-assessed as no longer requiring the transfer of economic benefits and was de-recognised.

11. Provisions for liabilities and charges

Vacant property provision

	Vacant property £million	Total £million
At 1 April 2014	0.1	0.1
Provisions utilised	(0.1)	(0.1)
At 31 August 2015	-	-

The vacant property provision represents recognition of the net costs arising from vacant properties and sub-let properties.

Deferred tax asset relating to pension deficit

	31 August 2015 £million	31 March 2014 £million
At 1 April 2014 / 1 April 2013	0.1	0.4
Deferred tax credited/(charged) to the statement of total recognised gains and losses	0.1	(0.3)
At 31 August 2015 / 31 March 2014 (note 14)	0.2	0.1

The deferred tax asset of £0.2 million (2014: £0.1 million) has been deducted in arriving at the net pension liability on the face of the balance sheet.

12. Called up share capital

	31 August 2015 £million	31 March 2014 £million
Allotted, called up and fully paid		
361,739,711 Ordinary shares of 10p each	36.2	36.2

Alliance Boots Holdings 1 Limited

Notes to the financial statements (continued)

for the 17 month period ended 31 August 2015

13. Reconciliation of movements in equity shareholders' funds

	Called up share capital £million	Profit and loss account £million	Total £million
At 1 April 2013	36.2	219.4	255.6
Profit for the financial period	-	113.9	113.9
Actuarial loss on pension scheme gross of deferred tax	-	(0.6)	(0.6)
Current tax credit on contribution to pension scheme in deficit	-	0.2	0.2
Equity dividends paid	-	(114.5)	(114.5)
At 31 March 2014	36.2	218.4	254.6
Profit for the financial period	-	33.5	33.5
Actuarial loss on pension scheme net of deferred tax	-	(0.6)	(0.6)
Equity dividends paid	-	(30.3)	(30.3)
At 31 August 2015	36.2	221.0	257.2

14. Pension commitments

Defined benefit scheme

The Company has assumed the obligation to fund to the Alliance UniChem International Pension Scheme. This pension scheme is a targeted defined contribution benefit scheme for overseas members, under Guernsey regulations. The scheme has been accounted for as a defined benefit scheme under FRS17 as the scheme liabilities are based upon a guaranteed proportion of pensionable salary and a constructive obligation exists to fund these liabilities. No formal actuarial valuation has been carried out for this scheme and is not required under the regulations.

	31 August 2015 £million	31 March 2014 £million
Present value of funded defined benefit obligations	(5.2)	(4.5)
Fair value of plan assets	4.0	4.1
Liability	(1.2)	(0.4)
Related deferred tax asset (note 11)	0.2	0.1
Net liability	(1.0)	(0.3)

Movements in present value of defined benefit obligation

	31 August 2015 £million	31 March 2014 £million
At 1 April 2014	(4.5)	(4.2)
Interest cost	(0.3)	(0.2)
Actuarial loss	(0.4)	(0.1)
At 31 August 2015	(5.2)	(4.5)

Movements in fair value of plan assets

	31 August 2015 £million	31 March 2014 £million
At 1 April 2014	4.1	2.5
Expected return on plan assets	0.2	0.2
Contribution	-	1.6
Actuarial loss	(0.3)	(0.2)
At 31 August 2015	4.0	4.1

Expense recognised in the profit and loss account

	31 August 2015 £million	31 March 2014 £million
Interest on defined benefit pension plan obligation	(0.3)	(0.2)
Expected return on defined benefit pension plan assets	0.2	0.2
Total	(0.1)	-

Alliance Boots Holdings 1 Limited

Notes to the financial statements (continued)

for the 17 month period ended 31 August 2015

14. Pension commitments (continued)

The net expense is recognised in the following line items in the profit and loss account:

	31 August 2015 £million	31 March 2014 £million
Interest payable and similar charges	(0.1)	-
	(0.1)	-

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial losses is £0.7 million (2014: £0.3 million loss).

The fair value of the plan assets and the expected return on those assets were as follows:

	Long-term rate of return expected at 31 August 2015	31 August 2015 Fair value £million	Long-term rate of return expected at 31 March 2014	31 March 2014 Fair value £million
Equities	6.50%	1.1	7.50%	1.3
Corporate bonds	3.10%	1.0	3.80%	0.9
Cash in investment fund	0.50%	0.4	0.50%	0.4
Cash held in Trustee bank account	0.50%	1.5	0.50%	1.5
Actual return on plan assets	2.71%	4.0	3.41%	4.1

The overall expected rate of return is calculated by weighting the individual rates in accordance with the balance in the plan's investment portfolio. The individual rates have been derived from relevant investment indices as at 31 August 2015.

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	31 August 2015 %	31 March 2014 %
Discount rate	3.70	4.30
Expected rate of return on plan assets	2.71	3.41
Expected return on plan assets at beginning of the period.	3.41	4.99
Inflation	3.10	3.20
Other material assumptions (e.g., future pension increases)	2.90	2.95

In valuing the liabilities of the pension fund at 31 August 2015, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that the member of the fund lived for one year longer, the value of the reported liabilities at 31 August 2015 would have increased by £0.2 million (2014: £0.1 million) before deferred tax.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old future retiree, upon reaching 65, to live for 24.9 years (female).

The Company expects to contribute £nil to this defined benefit plan in the next financial year.

15. Contingent liabilities

The Company has entered into an arrangement with its bank under which its current account balances are netted on a daily basis with those of the other participating group companies for the purpose of charging or crediting interest. Under this arrangement, each participating company agrees that it is jointly and severally liable to the bank, with each other participating company, for the aggregate overdraft balances on current accounts of all participating companies. Each participating Company's liability is limited to the amount of any positive cash balance it has in its current accounts with the bank on the day netting takes place. At 31 August 2015, the Company was contingently liable under this arrangement for a total amount of £nil million (2014: £nil million).

16. Ultimate parent undertaking

At 31 August 2015, the Company's immediate parent company was Alliance Boots Holdings 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.

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