

Company registration number: 02517178



WBA Holdings 1 Limited
(formerly Alliance Boots Holdings 1 Limited)
Strategic report, Directors' report and financial statements
for the year ended 31 August 2016

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WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Strategic report

for the year ended 31 August 2016

Principal activities

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. There were no material adjustments that required the restatement of the prior period financial statements on adoption of FRS 101 in the current year.

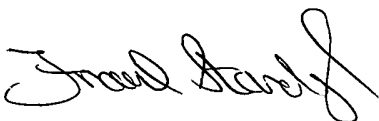
	2016 £million	2015 £million
Operating profit	0.1	3.2
Profit for the year/period	501.2	33.5
Total Equity	258.4	257.2

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. There are no additional 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 2016

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 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.

On 14 October 2016, the Company changed its name from Alliance Boots Holdings 1 Limited to WBA Holdings 1 Limited.

Going concern

The Company has net current assets of £5.4 million and therefore the Directors 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.

Further details regarding the adoption of the going concern basis can be found in the note 2 in the financial statements.

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 £500,000,000 was declared and paid in the year (2015: £30,310,000).

Future developments

The Company intends to continue operating as an investment holding company within the Walgreens Boots Alliance, Inc. consolidated group ("Group").

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
M Delve
F Standish

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Auditor

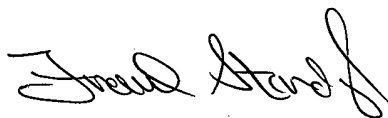
Pursuant to s487 Companies Act 2006, Deloitte LLP were deemed to be reappointed and will therefore continue in office.

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 2016.

By order of the Board:



F Standish
Company Secretary
30 November 2016

Registered office:
Sedley Place
4th Floor
361 Oxford Street
London
W1C 2JL
Registered in England and Wales No. 02517178

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 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 WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

We have audited the financial statements of WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited) for the year ended 31 August 2016 which comprise the Income statement, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 20. 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 profit 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.

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.

S Butters ACA (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 2016

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Income statement

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

	Notes	2016 £million	2015 £million
Operating income		0.1	3.2
Operating profit		0.1	3.2
Income from shares in Group undertakings		500.0	30.3
Investment revenue	6	0.6	0.9
Finance costs	7	-	(0.1)
Profit before taxation		500.7	34.3
Tax	8	0.5	(0.8)
Profit for the year/period		501.2	33.5

The operating result is all derived from continuing operations.

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

Statement of comprehensive income

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

	Notes	2016 £million	2015 £million
Profit for the year/period		501.2	33.5
Other comprehensive result/(loss) for the year/period			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement losses on defined benefit pension plans	15	-	(0.7)
Tax on items that will not be reclassified subsequently to profit or loss		-	0.1
Total comprehensive income for the year/period		501.2	32.9

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

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Balance sheet

As at 31 August 2016 and 31 August 2015

	Notes	2016 £million	2015 £million
Assets			
Non-current assets			
Investments in subsidiaries	10	200.0	200.0
Other investments	11	53.0	40.8
		253.0	240.8
Current assets			
Trade and other receivables	12	6.4	18.1
Deferred tax	13	0.2	0.2
		6.6	18.3
Total assets		259.6	259.1
Liabilities			
Current liabilities			
Trade and other payables	14	-	(0.7)
Retirement benefit schemes	15	(1.2)	(1.2)
		(1.2)	(1.9)
Net current assets		5.4	16.4
Net assets		258.4	257.2
Equity			
Share capital	16	36.2	36.2
Retained earnings	17	222.2	221.0
Total Equity		258.4	257.2

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

The financial statements of WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited) were approved by the Board of Directors and authorised for issue on 30 November 2016. They were signed on its behalf by:



M Delve
Director

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Statement of changes in equity

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

	Share capital £million	Retained earnings £million	Total £million
At 1 April 2014	36.2	218.4	254.6
Profit for the period	-	33.5	33.5
Other comprehensive loss for the period	-	(0.6)	(0.6)
Dividends paid	-	(30.3)	(30.3)
At 31 August 2015	36.2	221.0	257.2
Profit for the year and total comprehensive income	-	501.2	501.2
Dividends paid	-	(500.0)	(500.0)
At 31 August 2016	36.2	222.2	258.4

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

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Notes to the financial statements

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

1. General information

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 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 financial statements of Walgreens Boots Alliance, Inc. The group financial statements of Walgreens Boots Alliance, Inc. are available from the Walgreens Boots Alliance website at www.walgreensbootsalliance.com. The registered office of the parent company preparing consolidated financial statements is 108 Wilmot Road, Deerfield, Illinois, 60015, United States of America. Where relevant, equivalent disclosures have been given in the group financial statements 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 FRS 101 'Reduced Disclosure Framework' 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. This transition is not considered to have had a material effect on the financial statements.

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 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (c) the requirements of IAS 7 *Statement of Cash Flows*;
- (d) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*; and
- (e) 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, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in its Strategic report.

The Company has net current assets of £5.4 million and therefore the Directors consider that the Company has adequate resources to remain in operation for the foreseeable future, and have continued to adopt the going concern basis for preparing the financial statements.

Changes in accounting policies and disclosures

In the current year, the Company has applied amendments to IFRSs that were issued by the International Accounting Standards Board (IASB) and endorsed for use in the European Union and are mandatorily effective for an accounting period that begins on or after 1 July 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of sales-related taxes.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 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)

Dividend and interest revenue (continued)

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

Currency transactions

Transactions denominated in currencies other than an entity's functional currency are translated into an entity's functional currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than an entity's functional currency at the year-end are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured at historical cost and are denominated in currencies other than an entity's functional currency are translated using the exchange rates at the date of the transaction. Non-monetary items that are measured at fair value and are denominated in currencies other than an entity's functional currency are translated using the exchange rates at the date when the fair value was determined. Exchange gains and losses are recognised in the income statement.

Operating profit

Operating profit is stated before income from shares in Group undertakings, investment revenue and finance costs.

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.

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.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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)

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.

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 receivables, 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 difference 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 receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable 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.

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.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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 other comprehensive income, actuarial gains and losses.

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 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.

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 subsidiaries

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 £200.0 million with no impairment loss recognised in 2016 or 2015.

4. Auditor's remuneration

The 2016 fee for the audit of these financial statements was borne by a fellow group undertaking. The amount allocated that would have been incurred for 2016 is £4,000 (2015: £3,000).

No non-audit services were provided to the Company by its auditor.

5. Staff numbers and costs

There were no employees during the current year or preceding period. No emoluments are payable to the Directors for their services to the Company in the current year or preceding financial period.

6. Investment revenue

	2016 £million	2015 £million
Interest receivable from Group undertakings	0.6	0.9
	0.6	0.9

7. Finance costs

	2016 £million	2015 £million
Net interest on defined benefit liability	-	0.1
	-	0.1

8. Tax

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

	2016 £million	2015 £million
Corporation tax:		
UK corporation tax	(0.1)	(0.8)
Adjustments in respect of prior periods		
UK corporation tax	0.6	-
	0.5	(0.8)

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

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Notes to the financial statements (continued)

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

8. Tax (continued)

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

	2016 £million	2015 £million
Profit before tax	500.7	34.3
Tax charge at the UK corporation rate of 20% (2015: 20.7%)	(100.1)	(7.1)
Effects of:		
Non-taxable dividends received	100.0	6.3
Adjustments in respect of prior periods	0.6	-
Tax credit/(charge) for the year/period	0.5	(0.8)

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 dividends are presented as follows:

	2016 £million	2015 £million
Amounts recognised as distributions to equity holders in the year/period:		
Interim dividend for the year, equivalent to £1.38 per share (2015: £0.08 per share)	500.0	30.3
	500.0	30.3

10. Investments in subsidiaries

	£million
Cost	
At 1 September 2015 and 31 August 2016	200.0
Provision for impairment	
At 1 September 2015 and 31 August 2016	-
Carrying amount	
At 31 August 2015	200.0
At 31 August 2016	200.0

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

	Share class	Percentage held by the Company or subsidiary undertakings	Registered office
Directly Owned			
WBA Group Limited (formerly Alliance Boots Group Limited)	Ordinary, Preference	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Indirectly Owned			
Alliance BMP Limited	Ordinary	100.0	2, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY
Alliance Santé - Distribuição Farmacêutica de Eulália Baeta Pereira e Ramalho Fernandes, S.A.	Ordinary	100.0	Rua 3, Lote E Matinha, Lisboa, 1900-823, Portugal
Alliance UniChem Investments 4 Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alliance UniChem PWS JV Limited	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL
Alloga S.à r.l.	Ordinary	100.0	59, Rue de Rollingergrund, Luxembourg, L-2440, Luxembourg
WBA Holdings 2 (formerly Alliance Boots Holdings 2)	Ordinary	100.0	Sedley Place, 4th Floor, 361 Oxford Street, London, W1C 2JL

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Notes to the financial statements (continued)

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

11. Other investments

	Non-Current assets	
	2016	2015
	£million	£million
Loans receivable carried at amortised cost:		
Loans to related parties	53.0	40.8
	53.0	40.8

Loans to related parties comprises £53,000,000 (2015: £40,800,000) deposited with a fellow group undertaking that have a commercial effective interest rates and maturity in August 2019.

12. Trade and other receivables

	2016	2015
	£million	£million
Amounts falling due within one year:		
Amounts owed by group undertakings	5.8	18.0
Corporation tax receivable	0.6	0.1
	6.4	18.1

Amounts owed by group undertakings comprises £5,800,000 (2015: £18,000,000) loaned to a fellow group undertaking that is interest bearing at SONIA and has a maturity date of 31 January 2019.

13. Deferred Tax

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

	Other temporary differences	Total
	£million	£million
At 1 April 2014	0.1	0.1
Credit to other comprehensive income	0.1	0.1
At 31 August 2015	0.2	0.2
Charge to other comprehensive income	-	-
At 31 August 2016	0.2	0.2

The deferred tax asset of £0.2 million (2015: £0.2 million) relates to temporary tax differences on the retirement benefit scheme disclosed in note 15.

14. Trade and other payables

	2016	2015
	£million	£million
Amounts falling due within one year:		
Corporation tax payable	-	0.7
	-	0.7

15. Retirement benefit schemes

Defined benefit schemes

The Company has an 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 IAS19 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.

The assets and liabilities of the scheme at 31 August are:

	£million
At 31 August 2016	
Scheme assets at fair value	
Equities	2.6
Bonds	2.1
Fair value of scheme assets	4.7
Present value of scheme liabilities	(5.9)
Defined benefit pension plan deficit	(1.2)

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Notes to the financial statements (continued)

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

15. Retirement benefit schemes (continued)

	£million
At 31 August 2015	
Scheme assets at fair value	
Equities	1.1
Bonds	1.0
Cash	1.9
Fair value of scheme assets	4.0
Present value of scheme liabilities	(5.2)
Defined benefit pension plan deficit	(1.2)

The pension scheme has not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year/period are analysed as follows:

Year ended 31 August 2016

	£million
Recognised in the Income Statement	
Interest on defined benefit pension plan obligation	(0.2)
Interest on scheme assets	0.2
Net interest on defined benefit liability	-

Of the total charge, £nil was included in administrative expenses.

	£million
Taken to the Statement of Comprehensive Income	
Return on plan assets (excluding amounts included in net interest expense)	0.5
Actuarial changes arising from changes in demographic assumptions	0.1
Actuarial changes arising from changes in financial assumptions	(0.6)
Recognised in the Statement of Comprehensive Income	-

Period ended 31 August 2015

	£million
Recognised in the Income Statement	
Interest on defined benefit pension plan obligation	(0.3)
Interest on scheme assets	0.2
Net interest on defined benefit liability	(0.1)

Of the total charge, £nil was included in administrative expenses.

	£million
Taken to the Statement of Comprehensive Income	
Return on plan assets (excluding amounts included in net interest expense)	(0.3)
Actuarial changes arising from changes in demographic assumptions	(0.4)
Recognised in the Statement of Comprehensive Income	(0.7)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	£million
Defined benefit obligation at 1 April 2014	4.5
Interest on benefit obligation	0.3
Actuarial gains and losses	0.4
Defined benefit obligation at 31 August 2015	5.2
Interest on benefit obligation	0.2
Actuarial gains and losses	0.5
Defined benefit obligation at 31 August 2016	5.9

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Notes to the financial statements (continued)

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

15. Retirement benefit schemes (continued)

Changes in the fair value of plan assets are analysed as follows:

	£million
Fair value of plan assets at 1 April 2014	4.1
Interest income on plan assets	0.2
Actuarial gains and losses	(0.3)
Fair value of plan assets at 31 August 2015	4.0
Interest income on plan assets	0.2
Actuarial gains and losses	0.5
Fair value of plan assets at 31 August 2016	4.7

Pension contributions are determined with the advice of independent qualified actuaries, BWCI, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

	31 August 2016 %	31 August 2015 %
Main assumptions:		
Rate of salary increases	-	-
Discount rate	2.55	3.7
Inflation assumption	2.65	3.1
Post-retirement mortality (in years)	24.5	24.9

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

16. Share capital

	2016 £	2015 £
Authorised		
432,926,300 ordinary shares of 10p each (2015: 432,926,300 shares)	43,292,630	43,292,630
Issued and fully paid		
361,739,711 ordinary shares of 10p each (2015: 361,739,711 shares)	36,173,971	36,173,971

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

17. Retained earnings

	£million
At 1 April 2014	218.4
Profit for the period	33.5
Actuarial loss on pension scheme net of deferred tax	(0.6)
Dividends paid	(30.3)
At 31 August 2015	221.0
Profit for the period	501.2
Dividends paid	(500.0)
At 31 August 2016	222.2

18. Ultimate parent undertaking

At 31 August 2016, 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 only 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.

WBA Holdings 1 Limited (formerly Alliance Boots Holdings 1 Limited)

Notes to the financial statements (continued)

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

19. 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'.

There were no material adjustments that required restatement of the prior period financial statements on adoption of FRS 101 in the current year.