

Cardinal Health U.K. Holding Limited

**Annual report and financial statements
for the year ended 30 June 2016**

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Cardinal Health U.K. Holding Limited

Company Information

Director	S Zimmerman
Registered number	06154662
Registered office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Independent auditor	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR

Cardinal Health U.K. Holding Limited

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Cardinal Health U.K. Holding Limited

Director's report for the year ended 30 June 2016

The director presents his report and the audited financial statements of the company for the year ended 30 June 2016.

Principal activity

The company's principal activity is that of an intermediate holding company.

Going concern

The majority of the company's creditors as of 30 June 2016 are other subsidiaries of the company's ultimate parent undertaking, Cardinal Health, Inc.. Cardinal Health, Inc. has the ability to restructure the debts of the company or otherwise provide the necessary support the company may require to continue operations for indefinite periods. As Cardinal Health, Inc. has the ability to restructure the debts as stated above, the director believes that it is appropriate to prepare the financial statements on a going concern basis.

Director

The directors who held office during the year and up to the date of signing the financial statements were:

S Abdul-Samad (resigned 3 January 2017)

S Zimmerman (appointed 3 January 2017)

Qualifying third party indemnity provisions

During the year, and up to the date of approval of the financial statements, the company had in place third party indemnity provision for the benefit of the director of the company.

Director's responsibilities statement

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Cardinal Health U.K. Holding Limited

Director's report for the year ended 30 June 2016

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditor


The members intend to reappoint Ernst & Young LLP as auditor by written resolution.

Small companies exemptions

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The director has also taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and not prepared a Strategic report.

This report was approved by the board on March 27, 2017 and signed on its behalf.


S Zimmerman
Director
March 27, 2017

Cardinal Health U.K. Holding Limited

Independent auditor's report to the members of Cardinal Health U.K. Holding Limited

We have audited the financial statements of Cardinal Health U.K. Holding Limited for the year ended 30 June 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. 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 Financial Reporting Standard 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 Director's responsibilities statement set out on page 1, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and financial statements 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 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Cardinal Health U.K. Holding Limited

Independent auditor's report to the members of Cardinal Health U.K. Holding Limited

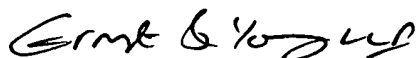
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report or take advantage of the small companies exemption in preparing the Director's report.



Eddie Diamond (Senior Statutory Auditor)

For and on behalf of,
Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

2017

29 March

Cardinal Health U.K. Holding Limited

Profit and loss account for the year ended 30 June 2016

	Note	2016 £000	2015 £000
Administrative (expenses)/income		(52)	52
Operating (loss)/profit	4	(52)	52
Income from shares in subsidiary undertaking	6	5,500	-
Movement in provision for impairment of fixed asset investments	6	(5,500)	7,722
(Loss)/profit on ordinary activities before interest		(52)	7,774
Interest receivable and similar income	7	470	352
Interest payable and similar charges	8	(737)	(711)
(Loss)/profit on ordinary activities before taxation		(319)	7,415
Tax on (loss)/profit on ordinary activities	9	-	-
(Loss)/profit for the financial year		(319)	7,415

All amounts relate to continuing operations.

There was no other income for 2016 or 2015 other than that included in the profit and loss account, therefore no separate statement of comprehensive income has been presented.

The notes on pages 8 to 16 form part of these financial statements.

**Balance sheet
as at 30 June 2016**

	Note	£000	2016 £000	£000	2015 £000
Fixed assets					
Investments	10		22,135		27,635
Current assets					
Debtors	11	55,220		46,212	
Cash at bank and in hand		4,636		4,632	
		<u>59,856</u>		<u>50,844</u>	
Creditors: amounts falling due within one year	12	(43)		(38)	
Net current assets			<u>59,813</u>		<u>50,806</u>
Total assets less current liabilities			<u>81,948</u>		<u>78,441</u>
Creditors: amounts falling due after more than one year	13		(79,404)		(75,578)
Net assets			<u>2,544</u>		<u>2,863</u>
Capital and reserves					
Called up share capital	15		-		-
Other reserves			4,496		4,496
Retained earnings			(1,952)		(1,633)
Total equity			<u>2,544</u>		<u>2,863</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
March 27, 2017.


S Zimmerman
Director

The notes on pages 8 to 16 form part of these financial statements.

Cardinal Health U.K. Holding Limited

Statement of changes in equity for the year ended 30 June 2016

	Capital contribution reserve £000	Retained earnings £000	Total equity £000
At 1 July 2015	4,496	(1,633)	2,863
Loss for the financial year	-	(319)	(319)
At 30 June 2016	4,496	(1,952)	2,544

Statement of changes in equity for the year ended 30 June 2015

	Capital contribution reserve £000	Retained earnings £000	Total equity £000
At 1 July 2014	4,496	(9,048)	(4,552)
Profit for the financial year	-	7,415	7,415
At 30 June 2015	4,496	(1,633)	2,863

The notes on pages 8 to 16 form part of these financial statements.

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

1. General information

Cardinal Health U.K. Holding Limited ('the company') operates as an intermediate holding company.

The company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The company has adopted FRS 101 in these financial statements for the first time. Details of the transition to FRS 101 are disclosed in note 17.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in the financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B to D (additional comparative information);
 - 40A to D (requirements for a third statement of financial position);
 - 111 (cash flow statement information);
 - 134 to 136 (capital management disclosures);
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but not yet effective);
- Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group; and
- IFRS 7, 'Financial Instruments: Disclosures'.

For the purposes of FRS 101 reduced disclosure exemptions, equivalent disclosures where required are included in the publicly available consolidated financial statements of Cardinal Health, Inc. the ultimate parent of the company, into which the company is consolidated. The consolidated financial statements of Cardinal Health, Inc. are available to the public and can may be obtained from www.cardinalhealth.com.

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

2. Accounting policies (continued)

2.2 Going concern

The majority of the company's creditors as of 30 June 2016 are other subsidiaries of the company's ultimate parent undertaking, Cardinal Health, Inc.. Cardinal Health, Inc. has the ability to restructure the debts of the company or otherwise provide the necessary support the company may require to continue operations for indefinite periods. As Cardinal Health, Inc. has the ability to restructure the debts as stated above, the director believes that it is appropriate to prepare the financial statements on a going concern basis.

2.3 Consolidation

The company is a wholly-owned subsidiary of Cardinal Health U.K. International Holding LLP and of its ultimate parent, Cardinal Health, Inc.. It is included in the consolidated financial statements of Cardinal Health, Inc. which are publicly available. Therefore the company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

2.4 Foreign currencies

The company's functional and presentational currency is pound sterling rounded to the nearest £'000.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

2.5 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.6 Interest receivable and similar income

Interest receivable is recognised in the profit and loss account using the effective interest method.

2.7 Interest payable and similar charges

Interest payable is charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

2. Accounting policies (continued)

2.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.9 Investments

Fixed asset investments are recognised at cost and subsequently stated at cost less provision for impairment.

2.10 Debtors

Amounts due from group undertakings are measured initially at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, at bank and deposits held at call with banks.

2.12 Creditors

Creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as creditors due after more than one year.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

2. Accounting policies (continued)

2.13 Financial instruments

(i) Financial assets

Basic financial assets, including amounts due from group undertakings, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method and at the end of each reporting period are assessed for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

(ii) Financial liabilities

Basic financial liabilities, including amounts due to group undertakings, are initially recognised at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Called up share capital

Ordinary shares are classified as equity.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The director is conscious that in the preparation of these financial statements his judgement has been used in certain areas, namely the recoverability of investments and amounts due from group undertakings.

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2016 £000	2015 £000
Difference on foreign exchange	17	(69)
Auditor's remuneration	9	8

The company had no employees during the year (2015: None).

There were no outstanding forward foreign currency contracts at 30 June 2016 (2015: None).

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

5. Director's emoluments

The company has no employees other than the director, who did not receive any remuneration for his services to the company (2015: £Nil).

6. Exceptional items

	2016 £000	2015 £000
Income from shares in subsidiary undertaking	5,500	-
Movement in provision for impairment of fixed asset investments	(5,500)	7,722
	<u>-</u>	<u>7,722</u>

During the year, the company received a dividend of £5,500,000 from its subsidiary undertaking, Cardinal Health U.K. 418 Limited. The company has increased the provision for impairment in the subsidiary undertaking following this reduction in its underlying net asset value.

7. Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable on amounts due from group undertakings	466	347
Bank interest receivable	4	5
	<u>470</u>	<u>352</u>

8. Interest payable and similar charges

	2016 £000	2015 £000
Interest payable on amounts due to group undertakings	<u>737</u>	<u>711</u>

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

9. Tax on (loss)/profit on ordinary activities

	2016 £000	2015 £000
UK corporation tax charge on profit for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%). The differences are explained below:

	2016 £000	2015 £000
(Loss)/profit on ordinary activities before tax	(319)	7,415
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	(64)	1,539
Effects of:		
Expenses not deductible for tax purposes	54	75
Utilisation of tax losses	-	(11)
Tax losses carried forward	10	-
Movement in impairment provision	1,100	(1,603)
Non-taxable income	(1,100)	-
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the statement of financial position date its effects are not included in these financial statements.

Deferred tax balances have been calculated at 18% as at the statement of financial position date.

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

10. Investments

	Shares in group undertakings £000
Cost	
At 1 July 2015 and 30 June 2016	<u>38,235</u>
Impairment	
At 1 July 2015	10,600
Impairment charge	<u>5,500</u>
At 30 June 2016	<u>16,100</u>
Net book value	
At 30 June 2016	<u>22,135</u>
At 30 June 2015	<u>27,635</u>

Subsidiary undertakings

At 30 June 2016, the company held the following subsidiary undertaking:

Name	Country	Holding Principal activity
Cardinal Health U.K. 418 Limited	UK	100 % Immediate holding company

During the year, the company received a dividend of £5,500,000 from its subsidiary undertaking, Cardinal Health U.K. 418 Limited. The company has increased the provision for impairment in the subsidiary undertaking following this reduction in its underlying net asset value. The movement in the impairment provision is reflected in the profit and loss account for the year.

11. Debtors

	2016 £000	2015 £000
Amounts due from group undertakings	55,207	46,199
Corporation tax	<u>13</u>	<u>13</u>
	<u>55,220</u>	<u>46,212</u>

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

12. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts due to group undertakings	10	9
Accruals and deferred income	33	29
	<u>43</u>	<u>38</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Amounts due to group undertakings	<u>79,404</u>	<u>75,578</u>

Amounts due to group undertakings relate to a loan of £79,404,000 (2015: £75,578,000) which is unsecured and due in one full year from the date of origination. Without written notice from the lender or borrower, the loan will automatically extend for consecutive one year periods not to exceed twenty one years. Interest is calculated on the loan at 90 day GBP LIBOR + 50 bps.

14. Deferred taxation

At 30 June 2016, potential deferred tax assets for taxation losses amounting to £145,000 (2015: £151,000) and short term timing differences amounting to £489,000 (2015: £543,000) have not been recognised due to uncertainty over the availability of future taxable profits. The potential asset is based on a corporation tax rate of 18% (2015: 20%).

15. Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
100 (2015: 100) Ordinary shares of £1 each	<u>-</u>	<u>-</u>

Cardinal Health U.K. Holding Limited

Notes to the financial statements for the year ended 30 June 2016

16. Immediate parent undertaking and ultimate controlling party

The immediate parent undertaking is Cardinal Health U.K. International Holding LLP.

Cardinal Health, Inc. a company incorporated in the United States of America, is the company's ultimate parent undertaking and controlling party and is the parent undertaking of the smallest and largest group in which the company is consolidated. Copies of its group financial statements are available to the public and may be obtained from:

Investor Relations Departments
Cardinal Health, Inc.
7000 Cardinal Place
Dublin
Ohio 43017
United States of America
or www.cardinalhealth.com

17. First time adoption of FRS 101

This is the first year in respect of which the company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 30 June 2015 were prepared under 'old UK GAAP'. The date of transition to FRS 101 for the company is 1 July 2014.

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.

Estimates made as at 1 July 2014 under FRS 101 are consistent with those made previously under 'old UK GAAP'.