

Company registration number: 6779526



Boots Eyewear Limited
Strategic report, Directors' report and financial statements
for year ended 31 August 2016

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Boots Eyewear Limited

Strategic report

for year ended 31 August 2016

Principal activities

Boots Eyewear Limited's (the "Company") principal activity during the period was the retail of ophthalmic products.

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 month period 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.

Revenue was £91,345,000 (17 months to 31 August 2015: £127,048,000). Operating profit was £5,211,000 (17 months to 31 August 2015: £3,036,000).

The Company's profit for the year was £4,167,000 (17 months to 31 August 2015: £2,307,000).

The Company had shareholders' equity of £4,346,000 (31 August 2015: £179,000) at the end of the financial year.

Post balance sheet events

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

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.

Macroeconomic and political environment

Risk

The Company could be affected adversely by the impact of the current macroeconomic and political environment on key suppliers and customer groups. This is heightened following the EU referendum on 23 June 2016.

Mitigation

The Company has a rigorous process for identifying and monitoring all business critical suppliers and we develop appropriate contingency plans for suppliers we consider to be vulnerable. The Company also has a rigorous planning process to assess the impact of macroeconomic and political developments on key customer groups.

Impact of regulation

Risk

The Company operates in regulated markets and could be adversely affected by changes to existing regulation, new regulation and/or failure to comply with regulation.

Mitigation

The Company seeks to control this type of risk through active involvement in policy-making processes, understanding and contributing to government thinking on regulatory matters and building relationships with regulatory bodies directly and through representation in relevant professional and trade associations.

Changes and trends in consumer behaviour

Risk

The Company could be adversely affected by changes in consumer spending levels, shopping habits and preferences.

Mitigation

The Company's commercial skills and ability to respond flexibly to changing consumer demand is highly developed.

Competition

Risk

Changes in market dynamics or actions of competitors or manufacturers could adversely impact the Company. The Company faces competition from direct competitors and alternate supply sources.

Mitigation

The Company's strategy is to capitalise on the potential and strength of its brand and the trust in which it is held, and to build strong relationships with customers and suppliers.

Boots Eyewear Limited

Strategic report (continued)

for the year ended 31 August 2016

Product/services risk

Risk

The Company could be adversely impacted by the supply of defective products or provision of inadequate services.

Mitigation

The Company has a rigorous governance framework in place and the Company conducts regular compliance reviews to ensure that individual practices follow approved processes.

Change management

Risk

The Company could be affected adversely by the failure to achieve the anticipated commercial, operational and financial benefits from the various change programmes in the course of implementation throughout the Company.

Mitigation

The Company has in place robust governance processes to control all key change programmes, including regular programme board and steering group meetings at which progress to achieve the required benefits is monitored rigorously.

Currency exchange

Risk

The Company has transaction currency exposures relating to the import of goods in currencies other than the Company's functional currency. This is heightened following the EU referendum on 23 June 2016.

Mitigation

The Company has rigorous policies and procedures in place to manage and report transaction exposures.

Increased costs

Risk

Operating costs may be subject to increases outside the control of the Company.

Mitigation

The Company uses procurement professionals and sophisticated procurement techniques to purchase goods and services on a national and international basis. The Company carefully controls operating costs.

Data protection

Risk

The Company processes a significant volume of confidential personal and business data and could be adversely affected if any of this data was accidentally or maliciously lost.

Mitigation

The Company applies rigorous information security policies and procedures such as strong perimeter controls, access controls and data encryption. The Company is committed to the Payment Card Industry Data Security Standards and ensure that all processing done by ourselves complies with data protection legislation.

By order of the Board:



A Thompson
Company Secretary
30 November 2016

Registered office:

1 Thane Road West
Nottingham
NG2 3AA

Registered in England and Wales No. 6779526

Boots Eyewear 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.

Going concern

The company has net assets and generates positive cash flows and expects this to continue in future periods. Based on this, the Company's 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.

Financial risks

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

Dividends

No dividends have been declared and paid in the period.

Future developments

The Company intends to continue operating in the supply of ophthalmic products in retail stores.

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:

| | |
|--------------|-------------------------|
| R J Burbidge | |
| B P Fletcher | |
| J P Wass | appointed on 24/06/2016 |
| M F Muller | resigned on 24/06/2016 |

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' report.

Employees

The Company considers it is critical to its success that it continues to nurture the different and diverse talents across the business and has designed employment policies to achieve this. The Company aims to provide equal opportunities, regardless of sex, race, religion or belief, sexual orientation, disability or ethnic origin.

The Company does all that is practicable to meet its responsibilities towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

The Company aims to ensure that all of its employees are informed about, and engaged with, their part of the business, augmented by a deeper understanding of the Company overall and its future direction.

Auditor

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

Statement as to 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 2006.

By order of the Board:



A Thompson
Company Secretary
30 November 2016

Registered office:

1 Thane Road West
Nottingham
NG2 3AA

Registered in England and Wales No. 6779526

Boots Eyewear Limited

Directors' responsibilities statement

for the year ended 31 August 2016

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

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

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

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

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

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

Independent auditor's report

to the members of Boots Eyewear Limited

We have audited the financial statements of Boots Eyewear Limited for the year ended 31 August 2016 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 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.


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

30 November 2016

Boots Eyewear Limited

Income statement

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

| | Notes | 2016 £000 | 2015 £000 |
|---------------------------------------|-------|--------------|--------------|
| Revenue | 4 | 91,345 | 127,048 |
| Cost of sales | | (73,712) | (106,067) |
| Gross profit | | 17,633 | 20,981 |
| Selling, distribution and store costs | | (11,408) | (15,680) |
| Administrative expenses | | (1,014) | (2,265) |
| Operating profit | | 5,211 | 3,036 |
| Investment revenue | 7 | 1 | - |
| Finance income | 8 | - | (99) |
| Profit before taxation | | 5,212 | 2,937 |
| Tax | 9 | (1,045) | (630) |
| Profit for the year/period | 5 | 4,167 | 2,307 |

The Company has no comprehensive income and has, therefore, not included a statement of comprehensive income.

Revenue and operating profit are all derived from continuing operations.

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

Boots Eyewear Limited

Balance sheet

as at 31 August 2016 and 31 August 2015

| | Notes | 2016 £000 | 2015 £000 |
|--|-------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 622 | 781 |
| Current assets | | | |
| Inventories | 11 | 14,044 | 12,876 |
| Trade and other receivables | 12 | 14,366 | 11,933 |
| Cash and bank balances | | 3 | 3 |
| Total assets | | 28,413 | 24,812 |
| | | 29,035 | 25,593 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | (24,531) | (25,259) |
| Net current assets/(liabilities) | | 3,882 | (447) |
| Total assets less current liabilities | | 4,504 | 334 |
| Non-current liabilities | | | |
| Provisions | 14 | (153) | (153) |
| Deferred tax | 15 | (5) | (2) |
| | | (158) | (155) |
| Net assets | | 4,346 | 179 |
| Equity | | | |
| Share capital | 16 | - | - |
| Retained earnings | | 4,346 | 179 |
| Shareholders' funds | | 4,346 | 179 |

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

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



Richard Burbidge
Director
Registered in England and Wales
Company Registration No. 6779526

Boots Eyewear Limited

Statement of changes in equity

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

| | Share capital £000 | Share premium account £000 | Retained Earnings £000 | Total £000 |
|-----------------------|-----------------------|----------------------------------|------------------------------|---------------|
| At 1 April 2014 | - | - | (2,128) | (2,128) |
| Profit for the period | - | - | 2,307 | 2,307 |
| At 31 August 2015 | - | - | 179 | 179 |
| Profit for the year | - | - | 4,167 | 4,167 |
| At 31 August 2016 | - | - | 4,346 | 4,346 |

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

Boots Eyewear Limited

Notes to the financial statements

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

1. General information

Boots Eyewear Limited (the "Company") is a private Company limited by shares and is registered in England & Wales.

The address of the registered office is given on page 3.

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.

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.

The transition to FRS 101 'Reduced Disclosure Framework' 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 paragraphs 91-99 of IFRS 13 *Fair Value Measurement*

(b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;

(c) the requirements of IAS 7 *Statement of Cash Flows*;

(d) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*.

(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.

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 assets and generates positive cash flows and expects this to continue in future periods. Based on this, the Company's 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.

Currency

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.

Revenue recognition

Revenue is the amount derived from the sale of goods in the normal course of business, net of trade discounts, value added tax and other sales-related taxes. Revenue from the sale of goods is recognised at the point contractual obligations to a customer have been fulfilled.

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

Property, plant and equipment

Cost

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, in equal instalments over their expected useful economic lives as follows:

- Property, plant and equipment – 3 to 20 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Boots Eyewear 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)

Inventories

Inventories consist of goods held for resale and are valued at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of finished goods comprises the purchase cost of goods, direct labour and those overheads related to distribution based on normal activity levels. Cost is valued at rolling weighted average prices and is adjusted for such factors as obsolescence and damage. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Cash and bank balances

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Share capital

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Accordingly, a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

Equity instruments are recorded as share capital and share premium, as applicable, net of tax-effected share issue costs. To the extent that this definition is not met, the proceeds of any issue are classified as a financial liability.

Dividends

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.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

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.

Notes to the financial statements (continued)

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

2. Significant accounting policies (continued)

Financial instruments

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.

All financial assets are classified as 'loans and receivables' due to the nature and purpose of the financial assets and as determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For 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.

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.

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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Key sources of estimation uncertainty

There are no 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.

Boots Eyewear Limited

Notes to the financial statements (continued)

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

4. Revenue

| | 2016 £000 | 2015 £000 |
|-----------------------|--------------|--------------|
| Continuing operations | | |
| Sales of goods | 91,345 | 127,048 |

All revenue is generated in the United Kingdom

5. Profit for the year/period

Profit for the year/period has been arrived at after charging:

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Depreciation of property, plant and equipment | 154 | 260 |
| Staff costs (see note 6) | - | 754 |

Amounts receivable by the auditor and their associates

The 2016 audit fee of £28,000 (2015: £33,000) was borne by a fellow group undertaking. Amounts receivable by the Company's Auditor in respect of non-audit services provided to the Company have not been disclosed in the Company's financial statements. The information that is required to be disclosed is presented on a group wide basis in the consolidated financial statements of Walgreens Boots Alliance, Inc.

6. Staff numbers and costs

The average monthly number of full time equivalent persons employed by the Company during the period, analysed by function, was:

| | 2016 Number of employees | 2015 Number of employees |
|---------------------|--------------------------------|--------------------------------|
| Sales and marketing | 1 | 18 |
| Logistics | - | 1 |
| Manufacturing | - | 3 |
| | 1 | 22 |

Costs incurred in respect of these employees were:

| | 2016 £000 | 2015 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 42 | 644 |
| Social security costs | 4 | 65 |
| Pension costs | 3 | 45 |
| | 49 | 754 |

On 1 October 2015 all staff were transferred to Boots Opticians Professional Services Limited. All staff were employed and paid on behalf of the Company by Boots Opticians Professional Services Limited from that date.

The Directors of the Company are, with the exception of M F Muller and J P Wass, employed by Boots Opticians Professional Services Limited. Amounts as considered receivable by the Directors of the Company in respect of their services to the Company during the year are therefore disclosed in the financial statements of Boots Opticians Professional Services Limited.

Neither M F Muller nor J P Wass received remuneration for their services to the Company during the period (17 months to 31 August 2015: £nil).

7. Investment income

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Interest receivable from Group undertakings | 1 | - |

8. Finance costs

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Interest payable to Group undertakings | - | 99 |

Boots Eyewear Limited

Notes to the financial statements (continued)

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

9. Tax

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

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Corporation tax: | | |
| UK corporation tax | 1,055 | 644 |
| Adjustments in respect of prior periods | (13) | - |
| | 1,042 | 644 |
| Deferred tax (note 15): | | |
| Origination and reversal of timing differences | (13) | (14) |
| Adjustments in respect of prior periods | 16 | - |
| | 3 | (14) |
| | 1,045 | 630 |

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

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

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Profit before tax | 5,212 | 2,937 |
| Tax at the UK corporation rate of 20% (2015: 20.7%) | 1,042 | 608 |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | 22 |
| Adjustments in respect of prior periods | 3 | - |
| Tax charge for the year/period | 1,045 | 630 |

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.

10. Property, plant and equipment

| | Fixtures, fittings, tools and equipment £000 |
|--------------------------|---|
| Cost | |
| At 1 September 2015 | 1,295 |
| Disposals | (10) |
| At 31 August 2016 | 1,285 |
| Depreciation | |
| At 1 September 2015 | 514 |
| Charge for the year | 154 |
| Disposals | (5) |
| At 31 August 2016 | 663 |
| Net book value | |
| At 31 August 2016 | 622 |
| At 31 August 2015 | 781 |

11. Inventories

| | 2016 £000 | 2015 £000 |
|----------------|--------------|--------------|
| Finished goods | 14,044 | 12,876 |

There is no difference between the estimated replacement cost and the carrying value of inventories.

Boots Eyewear Limited

Notes to the financial statements (continued)

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

12. Trade and other receivables

| | 2016 £000 | 2015 £000 |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Amounts receivable for the sale of goods | 27 | 235 |
| Amounts owed by Group undertakings | 13,903 | 11,387 |
| Other receivables including taxes and social security | 436 | - |
| Corporation tax receivable | - | 311 |
| | 14,366 | 11,933 |

13. Trade and other payables

| | 2016 £000 | 2015 £000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade payables | 18,684 | 24,028 |
| Amounts owed to Group undertakings | 26 | - |
| Other payables including taxes and social security | 1,495 | 705 |
| Accruals and deferred income | 2,111 | 526 |
| Corporation tax payable | 2,215 | - |
| | 24,531 | 25,259 |

14. Provisions

| | Other provisions £000 |
|-------------------------------------|--------------------------|
| At 1 September 2015 | 153 |
| Provisions utilised during the year | - |
| At 31 August 2016 | 153 |

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Amounts falling due after more than one year | 153 | 153 |
| At 31 August 2016 | 153 | 153 |

Other provisions relate to warranty costs and are expected to be utilised after more than one year.

15. Deferred tax

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

| | Accelerated/(decelerated) tax depreciation £000 |
|--------------------------|---|
| At 1 September 2015 | 2 |
| Charge to profit or loss | 3 |
| At 31 August 2016 | 5 |

16. Share capital

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 7 Ordinary shares of £1 each | - | - |

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

17. Retirement benefits

Contributions to the defined contribution scheme for the period were £3,000 (17 months to 31 August 2015: £45,000). There are £nil accrued contributions at the balance sheet date (20145 £6,000).

Boots Eyewear Limited

Notes to the financial statements (continued)

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

18. Related parties

During the period the Company entered into transactions, in the ordinary course of business, with other related parties.

Alliance Boots Holdings Limited (ABHL) is controlled by Walgreens Boots Alliance, Inc., the ultimate parent of the Company. The Company transacts with the treasury function of ABHL. Interest receivable from ABHL during the year was £1,000 (17 months to 31 August 2015: £99,000 payable). At the balance sheet date £nil was recoverable from ABHL's treasury function (2015: £nil).

19. Ultimate parent undertaking

At 31 August 2016 the Company's immediate parent company was Boots Optical Investment 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 address is 108 Wilmot Road, Deerfield, Illinois, 60015.

20. 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)

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

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