

McKesson Global Procurement & Sourcing Limited

Annual Report and Financial Statements

For the year ended 31 March 2021

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McKesson Global Procurement & Sourcing Limited

CONTENTS	Page
Officers and professional advisers	1
Strategic Report	2
Directors' Report	5
Independent Auditor's Report	7
Profit and Loss Account	12
Statement of Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16

McKesson Global Procurement & Sourcing Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Stanton McComb
Gareth Bryn Thomas
Jack Thomas Stephens III

COMPANY SECRETARY

TMF Corporate Administration Services Limited

REGISTERED OFFICE

TMF Group
8th Floor
20 Farringdon Street
London
EC4A 4AB
United Kingdom

BANKER

HSBC Bank Plc
London Branch
60 Queen Victoria Street
London
EC4N 4TR
United Kingdom

SOLICITOR

Linklaters LLP
One Silk Street
London
EC2Y 8HQ
United Kingdom

AUDITOR

Deloitte Ireland LLP
Statutory Auditor
No. 6 Lapp's Quay
Cork
T12 TA48
Ireland

McKesson Global Procurement & Sourcing Limited

STRATEGIC REPORT

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006. The report relates to the year ended 31 March 2021.

Business Review and Principal Activity

The Company has two divisions: investment holding and global procurement. The principal assets of investment holding are its wholly owned subsidiaries as listed in note 9 to the financial statements. The global procurement division performs procurement strategy and sourcing services and performs vendor facing functions for McKesson affiliates.

As detailed in the Company's profit and loss account on page 12, the Directors reported a pre-tax loss for the financial year of \$846m (2020: \$1,180m loss).

The Balance Sheet reported on page 14 of the financial statements consists primarily of investments in wholly owned subsidiaries worth \$3,606m (2020: \$4,489m). The value of the net assets of the Company as at 31 March 2021 was \$1,329m (2020: \$2,151m).

Principal risks and uncertainties

The business is influenced by a number of key risks, as noted below, which can adversely affect the financial and operating performance of the business. The Board continually reviews risk through its own systems and controls, and where possible mitigates the risks that may impact our business, prospects, people, and financial results.

The Company remains confident that it has adequately financed its business operations and that the levels of liquidity in place are sufficient to meet its foreseeable requirements. Listed below are some of the key risks facing the Company and the related mitigating actions which have been identified.

- Foreign Currency risk is the risk that the Company is exposed to minimal translation and transaction foreign exchange risk. The Company regularly reviews its exposure to translation risk and where appropriate minimises this risk.
- Price risk is the risk that the Company's investments could become impaired. The Company undertakes an annual review of all investments and considers any impairment indicators.
- Credit risk is the risk that the Company could fail to successfully renegotiate existing contracts with suppliers given industry changes and the termination of an intercompany agreement with an affiliate. The Company is in the process of diversifying its business portfolio to generate new business and revenue opportunities.
- Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the group.
- Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company manages this risk through investment in cross-currency swaps as outlined above.
- The coronavirus disease 2019 (COVID-19) was declared a global pandemic on 11 March 2020. The directors do not believe COVID-19 has or will have a material impact to the Company given the nature of our business. However, the pandemic developed rapidly during the fourth quarter of 2020 and continued to evolve during 2021. The full extent to which COVID-19 will impact us depends on future developments, including the duration and spread of the virus, potential seasonality of new outbreaks, potential new strains or variants of the original virus, as well as the amount and effectiveness of COVID-19 vaccines authorized, manufactured, distributed, and administered.

McKesson Global Procurement & Sourcing Limited

STRATEGIC REPORT (continued)

Future developments

The Directors expect the nature of the activities of the business to remain consistent with the prior year.

Subsequent events

On 5 July 2021, the Company entered into an agreement to sell its direct subsidiary, McKesson Europe Holdings GmbH & Co. KGaA (KGaA), to the PHOENIX Group for a purchase price of €1.2 billion (or, approximately \$1.5 billion), subject to certain adjustments under the agreement. The sale includes KGaA's direct and indirect ownership of entities in Belgium, France, Germany, Ireland, Italy, Monaco, Portugal, and Slovenia, as well as a shared services centre in Lithuania and a minority ownership interest in the Netherlands. The transaction is anticipated to close during the year ended 31 March 2023, pursuant to the satisfaction of customary closing conditions, including receipt of regulatory approvals, as applicable. The full financial impact on the Company as a result of this transaction is currently being assessed.

Financial Key Performance Indicators (KPI's)

Given the nature of the business, the Company's Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the developments, performance or position of the business.

Section 172(1) statement

Under section 172 of the Companies Act 2006, the directors of the Company are required to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in so doing have regard, among other matters to:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

In order to effectively discharge our responsibilities as directors in accordance with section 172, we continuously have regard to the matters outlined above. By aligning all our decision-making to the vision, values and purpose of the company alongside strategic priorities, we strive to achieve consistency in all our decisions. In addition to the factors set out above, we also have regard to other factors we consider relevant for example our relationship with regulators and the interest and views of members of the company. We recognise that some decisions may affect different stakeholders in different manners and as such believe a robust decision-making process allows for clear and consistent decision-making.

Day-to-day management of the Company is delegated to executives, as standard practice for large companies, who then engage with management to set out, approve and oversee execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the Company's activities and make decisions. The directors ensure they have suitable access to information to allow them to make informed decisions and the directors consider whether they possess sufficient information regarding the stakeholder interests, which are affected by their actions. All matters which under the Company's governance arrangements are reserved for decision by the Directors are presented at Board meetings. We have set out below the key stakeholders of the company, their primary interests in relation to the company's operations and how such stakeholders are engaged with by the directors and at an operational level.

McKesson Global Procurement & Sourcing Limited

STRATEGIC REPORT (continued)

Employees

The company places considerable emphasis and value on the involvement of its employees, keeping them informed on matters affecting them as employees and on various factors affecting the performance of the company. McKesson Corporation's I²CARE Shared Principles of Integrity, Inclusion, Customer-First, Accountability, Respect and Excellence are embraced by the company. The company has set out in its vision statement that it strives to become best place to work in healthcare, retaining and attracting the best talent by providing rewarding, dynamic careers. The annual employee engagement survey is used to formally capture employee views, is a key tool for understanding employee interests and concerns and informs management actions for the following year.

Suppliers

Strong global supplier relationships are key for the company's success. Developing sourcing strategies and activities delivering a global value proposition that drives mutual McKesson and third-party supplier benefit. The company works with global suppliers who provide high quality, effective medical and pharmaceutical products. Our suppliers are fundamental to the quality of our products.

Customers

The Company's direct customers are McKesson group affiliates. Throughout the year the Board closely monitors customer metrics and McKesson business unit reports. Management work closely with our customers to understand their evolving needs so we can improve and adapt to meet them. The aspiration is to become one voice to customers giving McKesson more negotiation power to better serve customer needs.

Community & environment

At McKesson, contributing to the community is one of the ways we bring better health to life. The company supports a range of charitable and community activity, based on employee input. Whilst the company recognises that its core business activities have minimal direct environmental impact, there are environmental impacts in running the company. The company continues to use best practice in its disposal and recycling of waste.

Government bodies & regulators

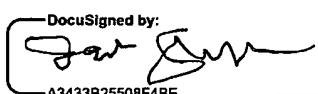
We engage with various government bodies and regulators to ensure we are in compliance with the laws and regulations, health and safety and product safety. Engagement is through a range of industry consultations, forums and conferences where we are updated on the latest changes in the industry and to communicate our views to policy makers relevant to our business. Any new legal and regulatory developments are taken into account when considering future actions.

In certain instances, the Board may take the view that direct engagement of a specific stakeholder group is required. However due to the size and spread of our stakeholders, our stakeholder engagement would usually take place at an operational level. In our experience, this proves to be an efficient and effective approach, resulting in a greater positive impact on environmental and social issues.

Conclusion

By understanding the stakeholders and their interests, the Board has been able to factor their interests into decision making throughout the year and ensure that any decision taken is the one, which is most likely to promote the success of the company in line with the directors' duty under section 172 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

DocuSigned by:

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Jack Thomas Stephens III

Director

Date: 19th October 2021

McKesson Global Procurement & Sourcing Limited

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2021.

Directors

The Directors who served during the year and up to the date of this report are:

Stanton McComb

Jack Thomas Stephens III

Gareth Bryn Thomas

Going Concern

The Company's key risks are dealt with in the Strategic Report. The Company has adequate financial resources available to it and as a consequence, the Directors believe that the Company is well placed to manage its risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Share issue

No shares were issued during the year.

Functional currency

The functional currency of the Company is the US dollar.

Dividends

No dividends were declared during the year.

Directors' indemnities

The Company maintains liability insurance for its Directors and officers. Following shareholder approval, the Company has also provided an indemnity for its Directors and the Company secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

The Directors who held office as 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 that each Director has taken all the steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Deloitte Ireland LLP have indicated their willingness to be reappointed for another term. Appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Political contributions

During the financial year, the Company made no political donations, in line with the prior financial year.

Strategic Report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized companies and Groups (Accounts and Reports) Regulations 2008. Refer to the Strategic Report for the future developments of the Company, a review of the principal risks and uncertainties and subsequent events

McKesson Global Procurement & Sourcing Limited

DIRECTORS' REPORT (continued)

Section 172 Disclosure

The company has included its statement on engagement with stakeholders and how the directors have regard for their duties under Section 172 of the Companies Act 2006 within the strategic report on pages 2 to 4, as required by the Companies (Miscellaneous Reporting) Regulations 2018.

Streamlined Energy and Carbon Regulations

In the opinion of the Directors, the company has consumed less than 40,000kWh of energy during the financial year and therefore there is no further information required to be disclosed.

Directors' Responsibilities Statement

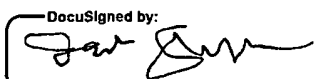
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the 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.

Approved by the Board of Directors and signed on behalf of the Board.

DocuSigned by:

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Jack Thomas Stephens III

Director

Date: 19th October 2021

McKesson Global Procurement & Sourcing Limited

Independent Auditor's Report to the members of McKesson Global Procurement & Sourcing Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of McKesson Global Procurement & Sourcing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other

McKesson Global Procurement & Sourcing Limited **Independent Auditor's Report to the members of McKesson Global** **Procurement & Sourcing Limited**

Other information (continued)

information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the entity's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

McKesson Global Procurement & Sourcing Limited **Independent Auditor's Report to the members of McKesson Global Procurement & Sourcing Limited**

Auditor's responsibilities for the audit of the financial statements - continued

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concludes on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Pensions legislation, Tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

McKesson Global Procurement & Sourcing Limited **Independent Auditor's Report to the members of McKesson Global Procurement & Sourcing Limited**

Extent to which the audit was considered capable of detecting irregularities, including fraud - continued

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions 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 or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

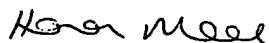
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

McKesson Global Procurement & Sourcing Limited
Independent Auditor's Report to the members of McKesson Global
Procurement & Sourcing Limited

Use of our report

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.



Honor Moore (Senior Statutory Auditor)

For and on behalf of Deloitte Ireland LLP

Chartered Accountants & Statutory Audit Firm

No. 6 Lapp's Quay

Cork

Ireland

Date: 20 October 2021

McKesson Global Procurement & Sourcing Limited**PROFIT AND LOSS ACCOUNT****For the year ended 31 March 2021**

	Notes	2021 \$'000	2020 \$'000
TURNOVER	4	63,966	59,039
GROSS PROFIT		<u>63,966</u>	<u>59,039</u>
ADMINISTRATIVE EXPENSES:			
Before exceptional items		(25,998)	(18,679)
Impairment of investments	9	(908,928)	(1,370,357)
		<u>(934,926)</u>	<u>(1,389,036)</u>
OPERATING LOSS	5	(870,960)	(1,329,997)
Net finance (costs)/income	7	(147,980)	18,427
Intercompany dividend income		159,368	131,805
Intercompany service fee income		13,942	-
LOSS BEFORE TAXATION		<u>(845,630)</u>	<u>(1,179,765)</u>
Taxation	8	14,847	(11,754)
LOSS FOR THE FINANCIAL YEAR		<u><u>(830,783)</u></u>	<u><u>(1,191,519)</u></u>

The notes on pages 16 to 30 form an integral part of these financial statements.

McKesson Global Procurement & Sourcing Limited**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 March 2021**

	2021	2020
	\$'000	\$'000
Loss for the financial year	(830,783)	(1,191,519)
Gain on financial derivatives	585	13,934
Deferred tax - derivatives	(680)	(2,685)
Deferred tax – capital loss	1,160	1,169
Total other comprehensive	<u> </u>	<u> </u>
Loss for the financial year	<u>(829,718)</u>	<u>(1,179,101)</u>

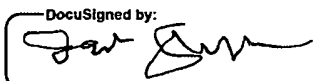
McKesson Global Procurement & Sourcing Limited**BALANCE SHEET****As at 31 March 2021**

	Notes	2021 \$ '000	2020 \$ '000
FIXED ASSETS			
Investments	9	3,605,803	4,489,006
Intangible Assets	10	58,889	918
Tangible Assets	11	-	-
		<u>3,664,692</u>	<u>4,489,924</u>
CURRENT ASSETS			
Debtors	12	886,337	876,885
Cash at bank and in hand		32,898	11,189
		<u>919,235</u>	<u>888,074</u>
CREDITORS: amounts falling due within one year	13	<u>(97,866)</u>	<u>(69,413)</u>
NET CURRENT ASSETS		<u>821,369</u>	<u>818,661</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,486,061</u>	<u>5,308,585</u>
CREDITORS: amounts falling due after one year	14	<u>(3,156,921)</u>	<u>(3,156,921)</u>
PROVISIONS FOR LIABILITIES	15	<u>(196)</u>	<u>(196)</u>
NET ASSETS		<u><u>1,328,944</u></u>	<u><u>2,151,468</u></u>
CAPITAL AND RESERVES			
Share Capital	17	1	1
Capital Contribution	17	892,797	885,603
Share premium account	17	5,305,693	5,305,693
Profit and loss account	17	(4,869,547)	(4,039,829)
TOTAL SHAREHOLDERS' FUNDS		<u><u>1,328,944</u></u>	<u><u>2,151,468</u></u>

The notes on pages 16 to 30 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 19th October 2021.

Signed on behalf of the Board of Directors:

DocuSigned by:

 A3433B25508F48E...
Jack Thomas Stephens III
Director

Company No. 08715001

McKesson Global Procurement & Sourcing Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Notes	Called Up Share Capital	Capital Contribution	Share Premium	Profit and Loss Account	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2019		1	875,930	5,305,693	(2,860,728)	3,320,896
Capital contribution		-	9,673	-	-	9,673
Loss for the financial year		-	-	-	(1,191,519)	(1,191,519)
Other comprehensive income		-	-	-	12,418	12,418
At 31 March 2020	17	<u>1</u>	<u>885,603</u>	<u>5,305,693</u>	<u>(4,039,829)</u>	<u>2,151,468</u>
At 1 April 2020		1	885,603	5,305,693	(4,039,829)	2,151,468
Capital contribution		-	7,194	-	-	7,194
Loss for the financial year		-	-	-	(830,783)	(830,783)
Other comprehensive income		-	-	-	1,065	1,065
At 31 March 2021	17	<u>1</u>	<u>892,797</u>	<u>5,305,693</u>	<u>(4,869,547)</u>	<u>1,328,944</u>

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. ACCOUNTING POLICIES

General Information and Basis of Accounting

McKesson Global Procurement & Sourcing Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial statements are prepared in US dollars which is the presentational and functional currency of the Company and rounded to the nearest thousand.

In accordance with section 401 of the Companies Act 2006, the Company has taken the exemption not to prepare consolidated financial statements as it is a wholly owned subsidiary of a Company incorporated in the United States of America which prepares consolidated financial statements that are publicly available.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement.

Turnover

Turnover is accounted for as that of an agent and is presented net. The Company acts as an intermediary which involves negotiations of rebates with third party suppliers and the turnover represents the Company's share of income received and receivable in respect of the period. In addition, the Company has specific income which is recognised only when the economic benefits flow to the Company are confirmed. Turnover is presented exclusive of VAT and is accounted for in accordance with Section 23 of FRS 102.

Interest receivable

Interest is recognised using the effective interest method.

Dividend Income

Dividend income is recognised upon receipt.

Tangible Fixed Assets

All tangible fixed assets are stated at cost less provision for impairment and less accumulated depreciation.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:

Equipment	3-5 years straight-line
Construction in progress	nil
Building and leasehold improvements	3-4 years straight-line
Fixtures and Fittings	3-4 years straight-line

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

Intangible Fixed Assets

Intangible assets acquired separately are recognised initially at cost. Intangible assets acquired in a business acquisition are recognised initially at fair value as at the date of acquisition. Following initial recognition, the intangible asset is carried at its cost or initial fair value less any accumulated amortisation and accumulated impairment losses.

The Company periodically assesses the recoverability of the cost of its intangible assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Measurement of impairment losses for intangible assets that the Company expects to hold and use is based on the estimated net realisable values of the assets. Estimates of net realisable values are based on the results of valuation techniques utilising discounted cash flows (using the lowest level of identifiable cash flows) or fundamental analysis. Intangible assets to be disposed of, either by sale or abandonment, are reported at the lower of carrying amount or net realisable value less costs of disposal.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Intangible assets are amortised over three to twenty years apart from the amortisation of enhancements of held for sale software which are amortised based on either the separate method or cumulative method depending on whether certain criteria are met. Intangible assets are stated at cost less accumulated amortisation. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary. The useful life is 3 to 20 years. Amortisation is recognised within administrative expenses in the profit and loss account.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced to below its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

If at the end of the reporting period, there is objective evidence of impairment (including observable data about loss events), the Company recognises an impairment loss in profit or loss immediately. For financial assets carried at amortised cost, the amount of 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.

Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for relief from the recognition of share premium, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Leases

Operating lease costs are charged to the profit and loss account as incurred, on a straight-line basis over the lease term.

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Hedge accounting

The Company designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines and documents causes for hedge ineffectiveness.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends, except for the hedging of inventory purchases when the amount is reclassified from the hedging reserve and included in the cost of inventory at initial recognition. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the year ended 31 March 2021**

1. ACCOUNTING POLICIES (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been set out in the Directors' Report.

The financial position of the Company, its liquidity position and borrowing facilities have been described in the Directors' Report.

The Company has adequate financial resources available to it. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully in the current economic climate.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign exchange

Transactions during the financial year have been translated at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in other currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditures in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions and other post-retirement benefits

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they became payable.

Cash and cash equivalents

Cash and cash equivalents include highly liquid instruments purchased with a maturity of three months or less.

Provisions and Contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, 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

Critical judgements in applying the Company's accounting policies relate primarily to revenue recognition. Accrued income involves estimation and judgement as actual volume is unknown at the time of year end close. There are no other critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty – impairment of investments

The Company holds significant investments in subsidiaries. The directors are required to assess whether there are any indications of impairment. Investments are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

3. INFORMATION REGARDING DIRECTORS

Remuneration paid to Directors directly from the company was \$341k (2020: \$208k). The Directors did not exercise share options in the period and no shares were received under long-term incentive schemes by the directors. This is in line with the prior period.

4. TURNOVER

Turnover, all of which arises from continuing operations, comprises income earned from other group undertakings on the collection of rebates from suppliers / contract manufacturers. The Company acts as a service provider and presents its turnover net. The role of the company involves negotiations of rebates with third party suppliers. The turnover represents the Company's share of income received and receivable. Further analysis of turnover has not been disclosed as, in the opinion of the Directors, disclosure would be seriously prejudicial to the interests of the Company.

McKesson Global Procurement & Sourcing Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 March 2021**5. OPERATING LOSS**

	2021	2020
	\$'000	\$'000
Operating loss is stated after expensing:		
Amortisation	6,755	230
Depreciation	-	200
Operating lease charges	657	712
Auditor's remuneration - audit of these financial statements	40	28
	<u> </u>	<u> </u>

No non-audit fees were incurred in the current or prior financial year.

6. EMPLOYEES AND REMUNERATION

	2021	2020
	\$'000	\$'000
Employee costs during the year amounted to:		
Wages and salaries	5,394	5,522
Social security costs	797	374
Pensions	252	150
	<u> </u>	<u> </u>
	<u>6,443</u>	<u>6,046</u>

The Company had on average 37 employees including directors during the year, with the average in the prior financial year being 29.

The table below represents the number of staff employed in each function at the financial year end:

	2021	2020
	No.	No.
Commercial	16	14
Non-commercial	27	22
	<u> </u>	<u> </u>

McKesson Global Procurement & Sourcing Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****7. NET FINANCE (COSTS)/INCOME**

	2021	2020
	\$'000	\$'000
Interest receivable from group undertakings	47,037	46,596
Interest payable to group undertakings	(194,522)	(27,456)
Interest receivable from third party banks	32	94
Interest payable to third party banks	-	(818)
Foreign Exchange (losses)/gains	(527)	11
Net finance (costs)/income	<u>(147,980)</u>	<u>18,427</u>

8. TAX (BENEFIT)/CHARGE

(a) The tax (benefit)/charge is made up of:

	2021	2020
	\$'000	\$'000
Current tax:		
UK corporation tax at 19% (2020: 19%)	(18,394)	11,577
Adjustment in respect of prior years	(149)	128
Foreign withholding tax	2,100	-
Total current tax	<u>(16,443)</u>	<u>11,705</u>
Deferred tax:		
Origination and reversal of timing differences	1,675	166
Adjustment in respect of prior years	(79)	(117)
Total deferred tax	<u>1,596</u>	<u>49</u>
Tax (benefit)/charge on loss (note 8 (b))	<u>(14,847)</u>	<u>11,754</u>

McKesson Global Procurement & Sourcing Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****8. TAX (BENEFIT)/CHARGE (continued)**

(b) The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2021 \$ '000	2020 \$ '000
Loss before tax	(845,630)	(1,179,765)
Tax at standard UK corporation tax rate of 19% (2020: 19%)	(160,670)	(224,155)
Effects of:		
- Foreign withholding tax	2,100	-
- Expenses not deductible for tax purposes	1,610	659
- Non-taxable income	(30,280)	(25,043)
- Impairment of Investments	172,696	260,368
- Prior year adjustment – deferred tax	(154)	(117)
- Other	-	(86)
- Prior year over provision – current tax	(149)	128
Total tax (benefit)/charge for year	(14,847)	11,754

(c) Deferred Tax

The deferred tax included in the balance sheet is as follows:

	2021 \$ '000	2020 \$ '000
Included in debtors (note 12)	3,601	5,197
Deductible temporary difference	-	-
Other timing differences	3,601	5,197
Deferred tax asset	3,601	5,197
Fixed Asset timing differences	(1,321)	227
Other timing differences	(1,707)	(1,659)
Tax losses	6,629	6,629
At the year end	3,601	5,197

Deferred tax assets of \$12 lm (2020: \$132m) in respect of capital losses have not been recognised as their use is uncertain or not currently anticipated.

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

9. INVESTMENTS

	Investment in Subsidiaries \$ '000	Total \$ '000
Cost		
At 1 April 2020	6,243,158	6,243,158
Additions	25,725	25,725
At 31 March 2021	6,268,883	6,268,883
Provisions for impairment		
At 31 March 2020	(1,754,152)	(1,754,152)
Additions	(908,928)	(908,928)
At 31 March 2021	(2,663,080)	(2,663,080)
Net book value		
At 31 March 2021	3,605,803	3,605,803
At 1 April 2020	4,489,006	4,489,006

The company's direct subsidiaries are listed below:

Name	Address	Principal Activity	% Shareholding of Ordinary Share Capital
McKesson Europe Holdings GmbH & Co. KGaA	Stockholmer Platz 1, 70173 Stuttgart, Germany	Investment Holding Company	97.44 % Ownership
McKesson Europe Holdings Verwaltungs GmbH	Stockholmer Platz 1, 70173 Stuttgart, Germany	Investment Holding Company	100 % Ownership
McKesson UK Finance V Limited	TMF Corporate Administration Services Limited, 5th Floor, 6 St. Andrew Street, London EC4A 3AE, United Kingdom	Financing Company	100 % Ownership

During the year ended March 31, 2021, the company recognised an impairment charge of its investment in McKesson Europe Holdings GmbH & Co. of \$851m, and an impairment charge of its investment in McKesson Europe Holdings Verwaltungs GmbH of \$58m.

McKesson Global Procurement & Sourcing Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 March 2021**10. INTANGIBLE FIXED ASSETS**

	Intellectual Property \$'000	Construction in Progress \$'000	Computer Software \$'000	Total \$'000
Cost				
At 1 April 2020	-	765	1,055	1,820
Additions	64,017	-	709	64,726
Transfers	-	(765)	765	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	64,017	-	2,529	66,546
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated amortisation				
At 1 April 2020	-	-	902	902
Charge for the year	6,460	-	295	6,755
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	6,460	-	1,197	7,657
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2021	57,557	-	1,332	58,889
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	-	765	153	918
	<hr/>	<hr/>	<hr/>	<hr/>

On September 2, 2020, the Company entered into an agreement with McKesson Strategic Services Limited, to purchase the European Pharmacy Network intellectual property and other related intangible assets for the amount of €54m. These assets are amortised on a straight-line basis over seventy-two months.

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

11. TANGIBLE FIXED ASSETS

	Equipment \$ '000	Building & leasehold improvements \$'000	Fixtures and Fittings \$'000	Total \$ '000
Cost				
At 1 April 2020	37	1,212	230	1,479
Additions	-	-	-	-
At 31 March 2021	37	1,212	230	1,479
Accumulated depreciation				
At 1 April 2020	37	1,212	230	1,479
Expense for the year	-	-	-	-
At 31 March 2021	37	1,212	230	1,479
Net book value				
At 31 March 2021	-	-	-	-
At 31 March 2020	-	-	-	-

12. DEBTORS

	2021 \$ '000	2020 \$ '000
Accrued income	45,707	45,168
Deferred tax asset	3,601	5,197
Amounts due from group undertakings within one year	28,478	16,382
Prepayments	10	213
Other	53	250
Cross Currency Swaps (a)	2,079	5,155
Total Debtors due within one year	79,928	72,365

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

12. DEBTORS (continued)

- (a) Cross currency swaps consist of agreements with a group company which are presented net and mature in calendar year 2021.

	2021 \$'000	2020 \$'000
Amounts due from group undertakings after one year (b)	806,409	804,520
Total Debtors	886,337	876,885

- (b) Amounts due from group undertakings in both the current and prior years consist of the following; a €360m loan with McKesson Europe which is interest bearing at 2.07%, a 6 year term loan of \$269m with McKesson Canada which bears interest at 5.48% and a 5 year term loan of \$138m with McKesson Canada which bears interest at 5.19%. These are unsecured loans. The remaining amounts are trading balances which are non-interest bearing.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 \$'000	2020 \$'000
Amounts owed to group undertakings	69,194	38,998
Accruals	5,311	7,162
VAT liability	713	605
Corporation tax liability	22,648	22,648
	97,866	69,413

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021 \$'000	2020 \$'000
Amounts owed to group undertakings (a)	3,156,921	3,156,921
	3,156,921	3,156,921

- (a) The amounts owed to group undertakings consist of the following; 6 year loans from a group company of \$245m (2020: \$245m) which are interest bearing at 4.93% (2020: 4.93%), a 5 year loan from a group company of \$138m (2020: \$138m) which is interest bearing at 4.67% (2020: 4.67%) and a 15 year loan from a group company of \$2,773m (2020: \$2,773m) which is interest bearing at 6.01% (2020: 6.01%). These are unsecured loans. The remaining amounts are trading balances which are non-interest bearing.

McKesson Global Procurement & Sourcing Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2021****15. PROVISIONS FOR LIABILITIES**

	2021 \$ '000	2020 \$ '000
Dilapidation provision	196	196

The Company performed an extensive upgrade of their leased premises and as a result are maintaining a dilapidation accrual. The Company will most likely be required to return the premises to its original state upon termination of the lease.

The following represents a roll forward of the dilapidation provision for the current financial year

	2021 \$ '000	2020 \$ '000
Opening balance	196	172
Provision	-	24
Closing balance	196	196

16. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2021 \$'000	2020 \$'000
Financial assets		
<i>Measured at fair value and designated in an effective hedging relationship</i>		
• Derivative financial assets (see note 12)	2,079	5,155
<i>Measured at cost less impairment</i>		
• Other investments (see note 9)	3,605,803	4,489,006
<i>Measured at undiscounted amount receivable</i>		
• Trade and other debtors (see note 12)	45,770	45,631
• Amount due from group undertakings (see note 12)	834,887	820,902
	4,488,539	5,360,694

McKesson Global Procurement & Sourcing Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 March 2021**16. FINANCIAL INSTRUMENTS (continued)****Financial liabilities***Measured at undiscounted amount receivable*

• Trade and other payables (see note 13)	5,311	7,162
• Amount owed to group undertakings within one year (note 13)	69,194	38,998
• Amount owed to group undertakings after one year (note 14)	3,156,921	3,156,921
	<u>3,231,426</u>	<u>3,203,081</u>

Interest income and interest expense calculated using effective interest rate method

• Interest income on financial assets measured at amortised cost (see note 7)	47,069	46,690
• Interest expense on financial liabilities measured at amortised cost (see note 7)	(194,522)	(28,274)
	<u>147,453</u>	<u>18,416</u>

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

Fair value gains and losses

• On derivative financial liabilities designated in an effective hedging relationship (OCI)	585	13,934
	<u>585</u>	<u>13,934</u>

17. SHARE CAPITAL AND RESERVES

	2021	2020
	\$'000	\$'000
Allotted Called-Up and Fully Paid	<u>1</u>	<u>1</u>
600 (2020: 600) ordinary shares of \$1 each	<u>1</u>	<u>1</u>

The Company's reserves are as follows:

The profit and loss reserve represents cumulative profits or losses less dividends paid. The capital contribution reserve account represents capital contributions received. The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

McKesson Global Procurement & Sourcing Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

18. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemptions for 100% owned subsidiaries contained within Section 33 of FRS 102 not to disclose transactions with group companies.

Key management compensation

Key management personnel are considered to be the Directors of the Company. Directors' remuneration from the Company directly for the year was \$341k (2020: \$208k).

19. OPERATING LEASE COMMITMENTS

The Company has commitments under non-cancellable operating leases as follows:

	2021 \$'000	2020 \$'000
Payments due:		
Within one year	767	707
Between two and five years	383	1,061
	<u>1,150</u>	<u>1,768</u>

The total lease payments recognised as an expense during the year was \$657k (2020: \$712k).

20. PENSION BENEFITS

The Company operates a defined contribution pension scheme. The pension benefits are funded by way of contributions to the schemes and are charged to the profit and loss account as they arise. The defined contribution pension costs for the year ended 31 March 2021 were \$252k (2020: \$204k).

21. SUBSEQUENT EVENTS

European Sale Disclosure

On 5 July 2021, the Company entered into an agreement to sell its direct subsidiary, McKesson Europe Holdings GmbH & Co. KGaA (KGaA), to the PHOENIX Group for a purchase price of €1.2 billion (or, approximately \$1.5 billion), subject to certain adjustments under the agreement. The sale includes KGaA's direct and indirect ownership of entities in Belgium, France, Germany, Ireland, Italy, Monaco, Portugal, and Slovenia, as well as a shared services centre in Lithuania and a minority ownership interest in the Netherlands. The transaction is anticipated to close during the year ended 31 March 2023, pursuant to the satisfaction of customary closing conditions, including receipt of regulatory approvals, as applicable. The full financial impact on the Company as a result of this transaction is currently being assessed.

22. ULTIMATE PARENT COMPANY

The Company's immediate parent undertakings are McKesson International Bermuda IP2A Limited and McKesson International IP2B Unlimited. The Company's ultimate parent undertaking and controlling party is McKesson Corporation, a Company which is incorporated in the State of Delaware, USA.

The largest and smallest group of which McKesson Global Procurement & Sourcing Limited is a member and for which group financial statements are prepared is that headed by McKesson Corporation.

The consolidated financial statements for McKesson Corporation are available to the public and may be obtained from <http://investor.mckesson.com/reports>.