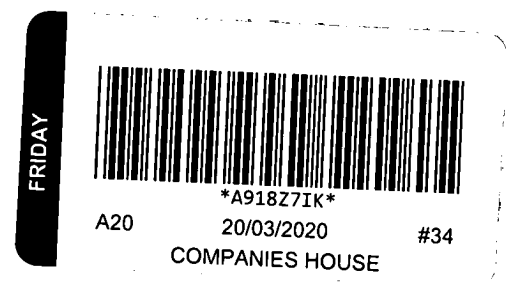


Company registration number: 11521836



Walgreens Boots Alliance UK 3 Limited
Annual report and financial statements
for the 54 week period ended 31 August 2019

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Walgreens Boots Alliance UK 3 Limited

Strategic report

for the 54 period ended 31 August 2019

Principal activities

Walgreens Boots Alliance UK 3 Limited (the "Company") was incorporated on 16 August 2018 and is an investment holding company within the Walgreens Boots Alliance, Inc. consolidated group ("Group").

Business review

The key performance indicators for the Company are provided in the table below:

	2019
	\$million
Operating loss	(18)
Profit for the period	89
Total equity	15,698

During the period, an impairment loss of \$18 million was recognised in relation to a loan to a Group undertaking.

On 20 November 2019, the Company reduced its share premium by \$1,000 million. On the same day, following the receipt of cash related to the settlement of interest receivable, the Company declared a dividend of \$183 million.

Principal risks and uncertainties

The Company's Directors monitor the overall risk profile of the Company. In addition, the Directors are responsible for determining clear policies as to what the Company considers to be acceptable levels of risk. These policies seek to enable 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.

Approved by the Board and signed on its behalf by:



F Standish
Company Secretary
28 November 2019

Walgreens Boots Alliance UK 3 Limited

Directors' report

for the 54 week period ended 31 August 2019

The Directors present their report and the audited financial statements for the 54 week period ended 31 August 2019.

Going concern

The Company has net current assets of \$3,628 million and therefore the Directors have assessed that there is no material uncertainty surrounding the going concern of the entity. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

Financial instruments

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

Dividends

The Directors do not recommend the payment of a dividend.

Future developments

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

Post balance sheet events

On 20 November 2019, the Company reduced its share premium by \$1,000 million. On the same day, following the receipt of cash related to the settlement of interest receivable, the Company declared a dividend of \$183 million.

Directors

The following served as Directors during the period and to the date of this report:

A Clare	(appointed 16 August 2018)
M Muller	(appointed 16 August 2018)
F Standish	(appointed 16 August 2018)

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

Auditor

On 16 August 2018, Deloitte LLP were appointed as auditor of the Company.

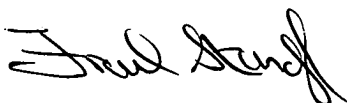
Pursuant to s487 Companies Act 2006, Deloitte LLP were deemed to be reappointed and will therefore continue in office.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Approved by the Board and signed on its behalf by:



F Standish
Company Secretary
28 November 2019

Registered office:
Sedley Place
4th Floor
361 Oxford Street
London
W1C 2JL

Registered in England and Wales No. 11521836

Walgreens Boots Alliance UK 3 Limited

Directors' responsibilities statement

for the 54 week period ended 31 August 2019

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 judgements 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 Walgreens Boots Alliance UK 3 Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Walgreens Boots Alliance UK 3 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its profit for the 54 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16 .

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report (continued)
to the members of Walgreens Boots Alliance UK 3 Limited

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 period 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.

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.



S Butters FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

28 November 2019

Walgreens Boots Alliance UK 3 Limited

Income statement

for the 54 week period ended 31 August 2019

		2019
	Notes	\$million
Other operating expenses		(18)
Operating loss	4	(18)
Investment revenue	7	118
Profit before taxation		100
Tax	8	(11)
Profit for the period		89

The operating result is derived from continuing operations.

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

The company has no other items of comprehensive income and has, therefore, not included a statement of comprehensive income.

Walgreens Boots Alliance UK 3 Limited

Balance sheet

As at 31 August 2019

	Notes	2019 \$million
Assets		
Non-current assets		
Other investments	9	12,070
		12,070
Current assets		
Other Investments	9	3,489
Trade and other receivables	10	150
		3,639
Total assets		15,709
Liabilities		
Current liabilities		
Current tax liabilities	11	(11)
		(11)
Net current assets		3,628
Total assets less current liabilities		15,698
Net assets		15,698
Equity		
Share capital	12	—
Share premium account	13	15,609
Retained earnings	14	89
Total Equity		15,698

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

The financial statements of Walgreens Boots Alliance UK 3 Limited were approved by the Board of directors and authorised for issue on 28 November 2019. They were signed on its behalf by:



M Muller
Director

Walgreens Boots Alliance UK 3 Limited

Statement of changes in equity

for the 54 week period ended 31 August 2019

	Share capital	Share premium account	Retained Earnings	Total
	\$million	\$million	\$million	\$million
At 16 August 2018	—	—	—	—
Issue of share capital	—	15,609	—	15,609
Profit for the period	—	—	89	89
At 31 August 2019	—	15,609	89	15,698

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

Walgreens Boots Alliance UK 3 Limited

Notes to the financial statements

for the 54 week period ended 31 August 2019

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act and is registered in England and Wales.

The address of the registered office is given on page 2.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

2. Significant accounting policies

Basis of accounting

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operates.

These financial statements are individual accounts. The Company is exempt from the preparation of consolidated financial statements under s401 of the Companies Act, because it is included in the group accounts of Walgreens Boots Alliance, Inc. The group accounts of Walgreens Boots Alliance, Inc. are available from the Walgreens Boots Alliance website at www.walgreensbootsalliance.com. The principal office of the parent company preparing consolidated accounts is 108 Wilmot Road, Deerfield, Illinois, 60015, United States of America.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- (b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- (c) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (e) the requirements of IAS 7 *Statement of Cash Flows*;
- (f) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- (g) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*; and
- (h) 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.

Where relevant, equivalent disclosures have been given in the group accounts of Walgreens Boots Alliance, Inc.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Going concern

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

The Company has net current assets of \$3,628 million and therefore the Directors consider that the Company has adequate resources to remain in operation for the foreseeable future, and have continued to adopt the going concern basis for preparing the financial statements.

Changes in accounting policies and disclosures

In the current period, the Company has applied the following amendments to IFRSs that were issued by the International Accounting Standards Board (IASB) and endorsed for use in the European Union and are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had a material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 9 *Financial Instruments*: The Company has adopted IFRS 9 *Financial Instruments* (revised in July 2014) and the related consequential amendments to other IFRS Standards for the first time in the current year. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

The adoption of IFRS 9 has resulted in an impairment loss in relation to a loan to a Group undertaking of \$18 million being recognised in 2019.

Investments in subsidiaries

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

Walgreens Boots Alliance UK 3 Limited

Notes to the financial statements (continued)

for the 54 week period ended 31 August 2019

2. Significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Dividend and interest revenue

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

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

Foreign currencies

Currency transactions

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

Operating result

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

Taxation

The tax charge represents current tax.

Current tax

The tax currently payable is based on taxable profit for the period. 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.

Current tax is 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 tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient and which are measured at the transaction price determined under IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Walgreens Boots Alliance UK 3 Limited

Notes to the financial statements (continued)

for the 54 week period ended 31 August 2019

2. Significant accounting policies (continued)

Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the profit and loss reserve.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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 and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities, including borrowings, are measured subsequently at amortised cost using the effective interest method or at FVPL.

Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is (i) held for trading or (ii) it is designated as at FVPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVPL.

Walgreens Boots Alliance UK 3 Limited

Notes to the financial statements (continued)

for the 54 week period ended 31 August 2019

2. Significant accounting policies (continued)

Financial instruments (continued)

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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.

During the period, there were no critical accounting judgements.

4. Operating loss for the period

The operating loss for the period has been arrived at after charging:

	2019
	\$million
Impairment of loans to Group undertakings	(18)
	(18)

5. Auditor's remuneration

The 2019 fee for the audit of these financial statements was borne by a fellow Group undertaking. The amount allocated that would have been incurred for 2019 is \$4,886.

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

6. Staff numbers and costs

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

7. Investment revenue

	2019
	\$million
Interest receivable from Group undertakings	118
	118

Walgreens Boots Alliance UK 3 Limited

Notes to the financial statements (continued)

for the 54 week period ended 31 August 2019

8. Tax

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

	2019 \$million
Corporation tax:	
UK corporation tax	(11)
	(11)

Corporation tax is calculated at 19.00% of the estimated taxable profit for the period.

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

	2019 \$million
Profit before tax	100
Tax at the UK corporation rate of 19.00%	(19)
Effects of:	
Expenses not deductible for tax purposes	(3)
Non-taxable income	11
Tax charge for the period	(11)

Factors that may affect future current and total tax charges

A future reduction in the corporation tax rate to 17% from 1 April 2020 was enacted by Finance Act 2016 in September 2016. The impact (as applicable) of the future reduction to 17% continues to be reflected in the financial statements.

9. Other investments

	Current assets 2019 \$million	Non-Current assets 2019 \$million
Loans to Group Undertakings	3,507	12,070
Impairment of loans to Group undertakings	(18)	—
	3,489	12,070

Loans to Group undertakings are variable and fixed rate committed loans that mature between 2019 and 2044. These loans are fully drawn and their carrying value at 31 August 2019 was \$15,559 million. An impairment loss in relation to a loan to a Group undertaking of \$18 million was recognised in 2019.

10. Trade and other receivables

	2019 \$million
Amounts falling due within one year:	
Amounts owed by Group undertakings	150
	150

11. Current tax liabilities

	2019 \$million
Amounts falling due within one year:	
Corporation tax payable	11
	11

Walgreens Boots Alliance UK 3 Limited

Notes to the financial statements

for the 54 week period ended 31 August 2019

12. Share capital

	2019
	\$
Authorised	
Unlimited ordinary shares of \$1 each	Unlimited
Issued and fully paid	
1,002 ordinary shares of \$1 each	1,002

On incorporation the Company issued 1 share of \$1 at par.

On 31 August 2018, the Company issued 1,000 shares of \$1 with a premium of \$1,631 million

On 22 July 2019, the Company issued 1 share of \$1 with a premium of \$13,978 million.

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

13. Share premium account

	2019
	\$million
At 16 August 2018	—
Premium arising on issue of equity shares	15,609
At 31 August 2019	15,609

14. Retained earnings

	2019
	\$million
At 16 August 2018	—
Profit for the period	89
At 31 August 2019	89

15. Events after the balance sheet date

On 20 November 2019, the Company reduced its share premium by \$1,000 million. On the same day, following the receipt of cash related to the settlement of interest receivable, the Company declared a dividend of \$183 million.

16. Ultimate parent undertaking

At 31 August 2019, the Company's immediate parent company was Walgreens Boots Alliance UK 4 Limited and its ultimate parent company and controlling party was Walgreens Boots Alliance, Inc. Walgreens Boots Alliance, Inc. is also the parent undertaking of the largest and smallest group in which the Company is consolidated. The consolidated financial statements of this group are available from the Walgreens Boots Alliance website at www.walgreensbootsalliance.com.

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