

Company registration number 3883555

**Boots Retail (Taiwan) Limited**  
**Directors' report and financial statements**  
for the year ended 31 March 2010

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# Boots Retail (Taiwan) Limited

## Directors' report

for the year ended 31 March 2010

The Directors present their report and the audited financial statements for the year ended 31 March 2010

### Principal activities

The principal activity of the Company is the sale of Boots branded products in Taiwan

In March 2007 it was announced that the Taiwan operation would be closed. Assets were written down and trading ceased in June 2008. As the Directors intend to liquidate the Company following the settlement of the remaining net liabilities they have not prepared the financial statements on a going concern basis.

### Business review

Turnover decreased to £nil (2009: £10,000). Operating profit before exceptional items increased to £190,000 (2009: £538,000 loss).

There were no exceptional items in 2010. In 2009, the exceptional income related to the release of unutilised restructuring provisions.

The Company's profit for the financial year was £191,000 (2009: £262,000 loss).

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

### Directors

The following served as Directors during the year:

Alex Salden  
Andrew Wilkinson  
Lauren Brindley

### 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.

### Auditors

KPMG Audit Plc have been appointed auditors in accordance with Section 485 of the Companies Act 2006 ("the Act") and will be deemed reappointed pursuant to Section 487 of the Act.

### Statement as to 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 auditors are 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 auditors are aware of that information.

By order of the Board



David Foster  
Company Secretary  
30 June 2010

Registered office  
1 Thane Road West,  
Nottingham NG2 3AA

Registered in England and Wales No. 3883555

## **Boots Retail (Taiwan) Limited**

### **Directors' responsibilities statement for the year ended 31 March 2010**

The Directors are responsible for preparing the 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 UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

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

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. (As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis)

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.

## **Boots Retail (Taiwan) Limited**

### **Independent auditors' report**

to the members of Boots Retail (Taiwan) Limited

We have audited the financial statements of Boots Retail (Taiwan) for the year ended 31 March 2010 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

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

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

**S Haydn-Jones (Senior Statutory Auditor)**

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants  
Birmingham

30 June 2010

## Boots Retail (Taiwan) Limited

### Profit and loss account

for the year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Turnover	2	-	10
Operating profit / (loss)	2	190	(538)
Cost of a fundamental restructuring	3	-	157
Interest receivable and similar income	5	1	36
Profit / (loss) on ordinary activities before taxation		191	(345)
Tax on profit / (loss) on ordinary activities	6	-	83
Profit / (loss) for the financial year		191	(262)

There is no difference between the reported profit shown above and the profit for the year restated on an historical cost basis. Accordingly, no note of historical cost profits is presented.

The results for the year are wholly attributable to the discontinued operations of the Company.

The notes on pages 7 to 11 form part of the Company's financial statements.

## Boots Retail (Taiwan) Limited

### Statement of total recognised gains and losses for the year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Profit / (loss) for the financial year		191	(262)
Net foreign exchange loss on foreign borrowings	11	(4)	(324)
<b>Total recognised gains and losses for the financial year</b>	<b>11</b>	<b>187</b>	<b>(586)</b>

## Boots Retail (Taiwan) Limited

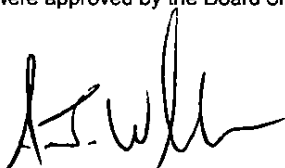
### Balance sheet

as at 31 March 2010

	Notes	2010 £'000	2009 £'000
<b>Current assets</b>			
Debtors	8	140	1,369
Creditors amounts falling due within one year	9	(1,497)	(2,913)
<b>Net liabilities</b>		<b>(1,357)</b>	<b>(1,544)</b>
<b>Capital and reserves</b>			
Called up share capital	10,11	11,246	11,246
Profit and loss account	11	(12,603)	(12,790)
<b>Shareholders' deficit</b>		<b>(1,357)</b>	<b>(1,544)</b>

The notes on pages 7 to 11 form part of the Company's financial statements

These financial statements were approved by the Board on 30 June 2010 and were signed on its behalf by



**Andrew Wilkinson**  
Director

Registered in England and Wales No 3883555



# Boots Retail (Taiwan) Limited

## Notes to the financial statements

for the year ended 31 March 2010

### 1 Accounting policies

#### Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, and under the historical cost convention, as modified by the revaluation of certain assets and/or liabilities required or permitted by the Companies Act 2006

AB Acquisitions Holdings Limited ('ABAHL'), the ultimate parent undertaking of the Alliance Boots GmbH Group ('the Group'), includes the Company's assets, liabilities and results in its own publicly-available consolidated financial statements. Under FRS 1 (Revised 1996), 'Cash flow statements', the Company is therefore exempt from the requirement to prepare a cash flow statement. In addition, under SSAP 25, 'Segmental Reporting', the Company is exempt from the requirement to present segmental information on the grounds that ABAHL includes segmental information in its own publicly-available consolidated financial statements in compliance with IFRS 8, 'Operating Segments'

The Company's voting rights are wholly controlled within the Group and, consequently, the Company is exempt under FRS 8, 'Related party Disclosures', from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties

During the previous financial year the Directors announced their intention to close the Taiwan operation. Trading ceased in Quarter 1 of 2008 and management intend to liquidate the Company following the settlement of the remaining net liabilities. On this basis the financial statements have not been prepared on a going concern basis, but on the break up basis under which all assets and liabilities are stated at the value they will realise or require for settlement on cessation of trading

These financial statements are presented in sterling, however the Company's functional currency is New Taiwanese Dollar as this is where the majority of its operations were based

#### Currency

Transactions denominated in non-sterling currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in non-sterling currencies at the balance sheet date are translated at the exchange rates ruling at that date. Non-monetary assets and liabilities denominated in non-sterling currencies are translated using the exchange rates at the date of the underlying transactions. Exchange gains or losses are included in the profit or loss account

#### Turnover

Turnover shown on the face of the profit and loss account is the amount derived from the sale of goods in the normal course of business, net of trade discounts, value added tax and other sales-related taxes. Turnover from the sale of goods is recognised at the point contractual obligations to a customer have been fulfilled. For the sale of goods, turnover is recognised when legal title transfers to a customer. Where services provided to a customer relate to partial performance against contractual obligations, turnover is recognised to the extent that a right to consideration has been obtained through performance to date

#### Tangible fixed assets

##### Cost

All tangible fixed assets are stated at cost less accumulated depreciation and impairment losses

##### Depreciation

Depreciation of tangible fixed assets is provided to write off the cost, less residual value, in equal instalments over their expected useful economic lives as follows

- Fixtures, fittings, tools and equipment – 3 to 20 years

Residual values, where material, and remaining useful economic lives are reviewed annually and adjusted if appropriate

##### Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss account. Any impairment in the value of fixed assets is recognised immediately

#### Impairment of assets

The Company's fixed assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable. If such an indication exists, the fixed asset's recoverable amount is estimated. The recoverable amount is the higher of the fixed asset's net realisable value and its value in use. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount

For intangible assets that either haven an indefinite useful economic life or a useful economic life that exceeds twenty years, the recoverable amount is estimated annually or more frequently when there is an indication that the asset is impaired

#### Share capital

##### Equity instruments

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

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

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

# Boots Retail (Taiwan) Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2010

### 1 Accounting policies (continued)

#### *Dividends*

Interim dividends on equity instruments classified as part of shareholders' funds are recognised as appropriations in the reconciliation of movements in shareholders' funds. Dividends unpaid at the balance sheet date are only recognised at that date to the extent that they are appropriately authorised by the shareholders of the Company and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### **Post retirement benefits**

The Company participates in the Boots Pension Scheme, incorporating both a multi-employer defined benefit scheme and a defined contribution plan, the assets and liabilities of which are held independently from the Group. The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and accordingly, as required by FRS 17, 'Retirement benefits' accounts for contributions to the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Particulars of the Group scheme are contained in the consolidated financial statements of Alliance Boots GmbH, prepared in accordance with International Financial Reporting Standards.

Additionally, the Company also operates two Stakeholder Pension Plans plus a locally based scheme, which are defined contribution pension arrangements.

#### **Taxation**

##### *Current taxation*

Current tax is recognised at the amount expected to be paid or recovered for the period based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

##### *Deferred taxation*

Deferred tax is recognised on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is more likely than not there will be suitable taxable profits against which the underlying timing differences can reverse. Deferred tax liabilities are not recognised in respect of corporation tax on chargeable gains arising on the disposal of assets where that gain is expected to be deferred indefinitely.

Deferred tax is measured on a non-discounted basis at the average rates expected to apply in the periods when the timing differences are expected to reverse using the tax rates and laws enacted or substantively enacted at the balance sheet date.

## Boots Retail (Taiwan) Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2010

#### 2 Profit from operations

	2010 £'000	2009 £'000
Turnover	-	10
Cost of sales	-	(27)
Gross loss	-	(17)
Distribution costs	-	(4)
Administrative expenses	-	(517)
Other operating income	190	-
Operating profit / (loss)	190	(538)

Operating profit / (loss) is stated after (crediting) / charging

	2010 £'000	2009 £'000
Operating lease rentals payable	-	8
- land and buildings	-	8
Net foreign exchange (gain) / loss	(190)	467

The 2010 audit fee was borne by a group undertaking

#### 3 Exceptional Items

In 2010 there were no exceptional items

In the prior year, the exceptional income of £157,000 related to the settlement of exit agreements with key customers and suppliers at a lower rate than previously expected

The costs of restructuring arose in respect of the write down of assets to their recoverable amount following the announcement to close the operation in March 2007

#### 4 Staff numbers and costs

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

	2010 Number of employees	2009 Number of employees
Administration	-	1

Costs incurred in respect of these employees were

	2010 £'000	2009 £'000
Wages and salaries	-	14
Social security costs	-	1
Pension costs	-	1
	-	16

#### 5 Interest receivable and similar income

	2010 £'000	2009 £'000
Interest receivable from Group undertakings	1	36

# Boots Retail (Taiwan) Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2010

### 6 Tax on profit / (loss) on ordinary activities

An analysis of the tax for the year ended 31 March 2010 is presented as follows

	2010 £'000	2009 £'000
<b>Current tax</b>		
United Kingdom ("UK") corporation tax		
Adjustments in respect of prior periods	-	83
<b>Tax on profit / (loss) on ordinary activities</b>	-	83

The current tax charge for the financial year is lower (2009 credit is lower) than the standard rate of corporation tax of 28% (2009 28%). The differences are explained below

	2010 £'000	2009 £'000
Profit / (loss) on ordinary activities before tax	191	(345)
Current tax at 28% (2009 28%)	53	(97)
Effects of		
Group relief (claimed) / surrendered for nil payment	(53)	97
Adjustments in respect of prior periods	-	(83)
<b>Total current tax charge / (credit) as above</b>	-	(83)

### 7 Tangible fixed assets

	Fixtures, fittings, tools and equipment £'000
<b>Cost</b>	
At 1 April 2009	901
Currency Adjustments	245
<b>At 31 March 2010</b>	<b>1,146</b>
<b>Depreciation</b>	
At 1 April 2009	901
Currency Adjustments	245
<b>At 31 March 2010</b>	<b>1,146</b>
<b>Net book value</b>	
At 31 March 2009	-
<b>At 31 March 2010</b>	<b>-</b>

### 8 Debtors

	2010 £'000	2009 £'000
Amounts owed by Group undertakings	-	1,231
Other debtors	140	138
	<b>140</b>	<b>1,369</b>

# Boots Retail (Taiwan) Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2010

### 9 Creditors amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to Group undertakings	1,408	2,825
Accruals and deferred income	89	88
	<b>1,497</b>	<b>2,913</b>

### 10 Called up share capital

	2010 £'000	2009 £'000
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	11,246	11,246

### 11 Reconciliation of movements in equity shareholders' funds

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2008	11,246	(12,204)	(958)
Loss for the financial year	-	(262)	(262)
Other recognised gains and losses for the financial year	-	(324)	(324)
At 1 April 2009	11,246	(12,790)	(1,544)
Profit for the financial year	-	191	191
Other recognised gains and losses for the financial year	-	(4)	(4)
At 31 March 2010	<b>11,246</b>	<b>(12,603)</b>	<b>(1,357)</b>

### 12 Retirement benefits

The Company participates in the Boots Pension Scheme plus a locally based pension scheme, incorporating both a multi-employer defined benefit scheme and a defined contribution plan, the assets and liabilities of which are held independently from the Group. The Company is unable to identify its share of the assets and liabilities of the defined benefit scheme on a reasonable basis and as permitted under FRS 17, 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

Contributions to the defined benefit scheme for the year were £nil (2009: £nil). Contributions to the defined contribution scheme for the year were £nil (2009: £nil).

At 31 March 2010 the defined benefit scheme had a deficit on an FRS17, 'Retirement benefits', basis, of £416 million (2009: a surplus of £213 million) before tax. Details of the most recent actuarial valuation and detailed disclosures at 31 March 2010 can be found in the financial statements of Alliance Boots GmbH.

In January 2010, the Group announced that it was entering into consultation with employees of its UK businesses about a proposal to introduce a new defined contribution pension scheme and to close its UK defined benefit schemes to future accrual for active members. Since the year end, following an extensive consultation process, the Group announced that the new defined contribution scheme is to be implemented with effect from 1 July 2010 with a number of significant enhancements to that originally proposed. As a result, the existing Boots Pension Scheme and the Alliance UniChem Group Pension Scheme will close to future accrual from that date.

### 13 Contingent liabilities

The Company has no material contingent liabilities other than those arising in the normal course of business.

### 14 Ultimate parent undertaking

At 31 March 2010 the Company's immediate parent company was The Boots Company PLC and its ultimate parent company and controlling party was AB Acquisitions Holdings Limited. AB Acquisitions Holdings Limited is also the parent undertaking of the largest Group in which the Company is consolidated.

AB Acquisitions Holdings Limited is incorporated in Gibraltar, and its registered office is 57/63 Line Wall Road, Gibraltar. AB Acquisitions Holdings Limited is jointly controlled by Alliance Santé Participations S.A., and certain funds advised by Kohlberg Kravis Roberts & Co. L.P., S. Pessina, and O. Barra, who are Directors of Alliance Boots GmbH, are also Directors of Alliance Santé Participations S.A., which is ultimately owned by a family trust.

The smallest Group in which the results of the Company are consolidated is that headed by Alliance Boots GmbH, a company incorporated in Switzerland. The consolidated financial statements of this group are available from the Alliance Boots website at [www.allianceboots.com](http://www.allianceboots.com).