Boots Hearingcare Limited

Registered number: 00823009

Annual report and financial statements

For the year ended 31 March 2021

BOOTS HEARINGCARE LIMITED

COMPANY INFORMATION

Directors	P Thompson C Fond M Wanna S James M Snape
Company secretary	S Reece-Jones
Registered number	00823009
Registered office	18 Trinity Square Llandudno Conwy LL30 2RH
Independent auditor	Ernst Young LLP Chartered Accountants and Statutory Auditors 2 St Peter's Square Manchester M2 3DF
Bankers	HSBC Bank Plc 4 Hardman Square Spinningfields Manchester M3 3EB

BOOTS HEARINGCARE LIMITED

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BOOTS HEARINGCARE LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The Directors present their strategic report for the year ended 31 March 2021. The comparative information covers the year ended 31 March 2020.

Review of business

This review has been prepared by the Directors in accordance with the requirements of the Companies Act 2006.
In carrying out the review of the development and financial performance of the Company during the financial year, together with the financial position of the Company at the end of the year, the Board has determined that the following key performance indicators (KPIs) represent the most effective measures of the Company's progress:

	Year to 31 March 2021 £'000	Average growth	Year to 31 March 2020 £'000	Average growth
Turnover and growth	88,870	-18.5%	108,986	8.1%
Gross profit	28,217		36,861	
Operating profit	10,517		13,231	
Net assets and shareholders' funds	11,478		2,852	

Turnover
Average growth (a reduction of 18.5%) in FY 2021 compared to FY 2020 reflects a difficult economic market place in the year ended 31/03/2021 with turnover affected by COVID-19.
Turnover for the year ended 31/03/2022 was £142,422,000. So Turnover showed growth of 60% in FY2022. However, looking at the underlying trend of the two years ended 31/03/2022 together, annualised growth from FY 20 was 14.3% per annum for the two years to 31/03/2022.
This reveals the abatement of the effect on the Company of the pandemic as customers caught up with hearing healthcare in FY2022 and the severity of the pandemic in FY 2021. At an annualised growth of 14.3% it also illustrates the achievement of our goal: To pioneer, innovate and sustainably grow market share to realise double digit growth in annual revenue.

Gross margin
Gross margin performance (year ended 31 March 2021: +31.7%; year ended 31 March 2020: +33.8%) as reported in these KPIs is a blend of margins achieved across the range of products and services.

Operating profit
Operating profit margin: 2021 11.8%, 2020: 12.1%

The Company's position at 31 March 2021
As at 31 March 2021, the Company had net assets of £11,478,468 (31 March 2020: £2,852,099).

Principal risks and uncertainties

The Company is exposed to a number of financial risks including price risk and credit risk. The Company does not use derivatives as part of its financial risks management.

Price risk
Our differentiated position within the market place allows us to minimise any risk from competitor pricing.

Credit risk
The Company ensures that strong credit control processes are in place to minimise any credit risk.

Future developments in the Company's business

Future developments in the Company's business may be affected by the challenges to UK trading conditions following the COVID-19 global pandemic. Boots Hearingcare and our partners will continue to take all necessary measures to protect our customers and colleagues. The Company's professionalism and the strength of its partnerships with Sonova Group and with Boots are expected to maintain the robust financial performance of the Company together with its financial position.
As a result, the Company's dynamism is expected to continue to produce good growth, offering consumers the most comprehensive, hearing care services in the country. The Company's reputation for innovative hearing healthcare solutions continues to grow and be further enhanced through the continued strengthening of the long standing relationship that has existed with Sonova Holding AG and with Boots.

Delivery of the Company's full synergies and strengths will continue to be developed.

Section 172(1) Statement

The Board of Boots Hearingcare Limited comprises directors from Sonova (51% owned) and directors from Boots (49% owned). This reflects ownership and control of the company, which is effectively a partnership delivering hearing healthcare as part of the full range of healthcare solutions provided by Boots.
The Directors of Boots Hearingcare – as those of all UK Companies, must act in accordance with the duties detailed in section 172 of the UK Companies Act 2006.
The Directors of the company act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

BOOTS HEARINGCARE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

The directors from Sonova and from Boots meet regularly with the Company's Hearingcare Leadership Team to discuss matters that are strategically significant, ensuring these are dealt with drawing on the ethical codes of conduct, experience, healthcare and technical excellence of both Sonova as a leading global hearingcare provider, together with and complemented by the joined up healthcare excellence of Boots. In ensuring hearingcare excellence the requirement of ensuring good corporate governance is necessarily essential to Boots Hearingcare as well as to our Partners Sonova and Boots. Working together, the highest of professional standards in hearing healthcare excellence require good corporate governance to promote the success of the company for the benefit of its customers as well as for that of both its shareholders and stakeholders.
The directors behave responsibly towards its shareholders and stakeholders and aim to promote the long term success of the Company by considering certain stakeholder groups as noted below as being fundamental to this objective.

- Shareholders: The directors of Boots Hearingcare Limited are always mindful of their obligations to the shareholders of their Groups as embodied in the strategic priorities of the wider Sonova Group and the wider Walgreens Boots Group when setting the strategic direction of the company and regularly meeting with the Company's Hearingcare Leadership Team to oversee any key decisions required in the day-to-day management activities. The regular meetings including formal Board meetings, are a collaboration of the Joint Venture Partners with a view to maximise opportunities, create synergies and align an agreed corporate strategy.

- Employees: We invest effectively in the continual advancement of our employees' skills and competencies. Our clinicians are engaged on a continual professional development programme. The Company's Hearingcare Leadership Team (HLT) engage with employees using multiple methods including newsletters, consultations and surveys. Both the company's engagement with employees and our policy of promoting equal opportunities and diversity are described in the Directors' Report. The success of Boots Hearingcare Limited stems not only from our innovative Hearingcare and joined up healthcare solutions, but most importantly from our people and our culture. In order to live up to our mission, purpose and goal:
Our mission and purpose: We strive to give customers unrivalled accessibility, care, service and value in private hearingcare. "No one should live with untreated hearing loss"
Our goal: To pioneer, innovate and sustainably grow market share to realise double digit growth in annual revenue.
Professional excellence and people are necessarily at the heart of our organisation. We invest in the supporting infrastructure that enable our clinicians to deliver best in class customer care. To support the growth of the company we recruit graduates into a preceptorship programme and train Hearing Aid Dispensers who on the basis of their award graduating from Boots Hearingcare Limited are eligible to register with the Health and Care Professions Council (HCPC). The HCPC regulate the legal protected function (prescription and sale of hearing aids) and title of the Hearing Aid Dispenser with an overall aim of ensuring public protection. We strive to ensure we are an Employer of Choice.

- Customers: Understanding our customers' articulated and unexpressed needs and turning them into our challenges – this is what motivates us daily – and ultimately leads to innovative leadership in products, solutions, processes across all disciplines in our caring provision of specialist hearing healthcare excellence within the joined up healthcare provision of Boots. The Board has specific responsibility for oversight of clients, customers and customer feedback processes in ensuring our people and our culture provide the best in hearing healthcare to our customers. We have formal customer feedback and engagement channels to ensure we continue to meet customer expectations.

• Suppliers: Our suppliers are an integral part of our value chain: a risk to them is also a risk to us and to our patients. Good communication and feedback are fundamental to our protection and enhancement of this chain. The main sources of supplies within Boots Hearingcare Ltd are provided by Sonova Group and by Walgreens Boots Group. Other supplies are sourced through the external supply chain, and all our suppliers are required to be as committed to sustainable development as we are. Critical suppliers are reviewed by our due diligence processes. We value all of our suppliers and have multi-year contracts with our key suppliers. Through our partnership with Sonova and Boots as well as through our work we create positive change for the people and communities with which we interact. We remain committed to establishing good working relationships with all our suppliers.

• Regulators: As clinicians we work closely with the HCPC in the continual advancement of our clinicians skills and competencies. We support our audiologists and qualified professionals with their ongoing training, development and adherence to regulatory registrations. As employers we ensure all regulatory requirements are checked and compliance ensured. The graduates of our preceptorship programme are eligible to register with the HCPC. We work to maintain transparent, constructive and professional relationships with the HCPC and with all other applicable regulatory authorities in the continuous verification of our compliance.

• It is important to Sonova, Boots and Boots Hearingcare that our continuing effective dialogue as shareholder- joint venture partners, employees and hearing healthcare professionals, customers and customer feedback processes continues to flourish internally at all levels as well as with our suppliers so that the achievement of our strategy and objectives properly considers, adjusts and takes into account all issues raised by all stakeholders, ensuring feedback is heard and dialogue is continually productive.

The Board confirm the application and compliance with good corporate governance throughout the financial year ended 31st March 2021 in their purpose, strategy and consideration of decisions taken both for the current year and for the long term future developments of the enterprise. Future developments in the company's business embrace and depend upon this good corporate governance in the continued achievement of providing consumers with the most comprehensive care in innovative hearing healthcare solutions.

Approved by the Directors on 24 June 2022 and signed by their order by.

S Reece-Jones
Company Secretary

BOOTS HEARINGCARE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company during the year was the hearing assessment and ear health consultation of members of the general public and where appropriate, prescribing and fitting innovative hearing healthcare solutions including hearing aids, ancillary equipment and rehabilitative services.

Results and dividends

The profit for the year, after taxation, amounted to £8,480,307 (2020: £10,789,352).

During the year no interim dividends were paid (2020: £14,000,000). The Directors have not recommended the payment of a final dividend (2020: £Nil).

Directors

The directors who served during the year were:

P Thompson
C Fond
M Wanna
S James
M Snape

Qualifying indemnity provision

The company has purchased Directors and officers liability insurance in respect of all of the Company's Directors.
Financial risk management
The Company finances its operations through a mixture of retained profits and cash generated from operations and where necessary may fund expansion of capital expenditure programmes through loan finance, lease finance and hire purchase borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds; and
- match the repayment schedule of any external borrowings with the expected future cash flows expected to arise from the Company's trading activities

Where appropriate, funds are held primarily in short term variable rate deposit accounts and money market investments. The Directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise.

The Company does not actively use derivative financial instruments as part of its financial risk management. It is exposed to the usual credit risk

Going concern

The COVID-19 Pandemic caused a reduction in annual revenue in the FY 2021 of 18.5%. The results for the FY 2022 show annual revenue increasing to be 60% more than its FY 2021 level, an annualised growth of 14.3% over FY 2020 annual revenue. This annualised growth is in line with our goal to pioneer, innovate and sustainably grow market share to realise double digit growth in annual revenue.

Annual revenue to 30/06/2023 is expected to achieve and continue this underlying trend of annualised double digit growth.

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the forseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In reaching this assessment, the directors observe that the company had a strong liquidity position with a cash balance amounting to £15M. The company also maintained a net current asset position of £12.3M as at 31 March 2021. Given that the entity had no external borrowings in place, coupled with the strong financial position the directors had no concern in relation to ability of business to continue as a going concern.

In order to assess to the going concern basis of the entity, the directors have forecast to the period ending 30th June 2023 assuming the continuance of our goal of achieving annualised double digit growth. The directors note that the cash at bank as at 31/03/2021 of £15m had grown to £16m as at 31/05/2022. Under the scenario of 10% growth, the cash balance at 30/06/23 would be maintained at £16m as any dividend declared would be paid from funds generated in the year. Under the worst case scenario, which the directors have assumed to be a recurrence of the Covid year FY2021 conditions, the cash balance at 30/06/23 would also be maintained at £16m as no dividend would be distributed in this scenario.

The directors confirm that we have carried out an assessment of the potential impact of COVID-19 virus pandemic on the business, including the impact of mitigation measures and uncertainties. Therefore the directors do not expect the COVID-19 pandemic will affect the company's ability to continue as a going concern.

Political and charitable donations

During the year, the Company made charitable donations of £200 (2020: £60,786 (including £60,000 to Action on Hearing Loss). No political donations were made (2020: £nil).

Future developments in the Company's business

Please refer to the Strategic Report on page 2.

Engagement with employees

Good communications and consultation are central to the Company's management process and fundamental to the success of this professional practice. The Company:

- Provides employees systematically with information on matters of concern to them as employees;
- Consults employees or their representatives on a regular basis, so that the Company can take the views of employees into account in making decisions that are likely to affect their interests;
- Encourages the involvement of employees in the Company's performance; and
- Achieves a common awareness on the part of all employees of the financial and the economic factors that affect the Company's performance.

Disabled employees

The Company's employment policy is to promote equal opportunities and diversity across the Company. This involves recruiting, retaining, rewarding and developing people solely on the basis of ability, with reasonable adjustments to working environment, working arrangements and working conditions to support disabled employees. We are committed, wherever possible, to supporting the rehabilitation and return to work of employees who become disabled during their career with us. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Energy and carbon reporting

Boots Hearingcare Limited is committed to the protection of the environment and the reduction of its carbon footprint. As per changes introduced by the 2018 Regulations of the Companies Act 2006, the Directors of the Company are required to report on the energy and carbon information relating to the Company.

The related carbon footprint, measured in CO2e tonnes, is calculated from the usage data submitted for energy usage from gas and electricity and business travel activity. Data is converted using the UK Department for Environment, Food & Rural Affairs (DEFRA) CO2e factors and conversion factors are updated annually.

UK greenhouse gas emissions and energy use data for the period 1 April to 31 March 2021	**Current reporting year 2020/21**	**Reporting year 2019/20**
Energy consumption used to calculate emissions (kWh)	704,124	1,065,971
Scope 1 (emissions in metric tonnes CO2e)		
Owned transport	43.64	57.65
Total scope 1	43.64	57.65
Scope 2 (emissions in metric tonnes CO2e)		
Purchased gas	27.25	20.30
Purchased electricity	32.97	42.82
Total Scope 2	60.22	63.12
Scope 3 (emissions in metric tonnes CO2e)		
Business travel in employee owned vehicles	60.20	213.68
Total gross emissions in employee owned vehicles	164.06	334.44
Intensity ratio (Tonnes CO2e per £1million sales)	1.85	3.76

We have continued to replace inefficient lighting with LED (light emitting diode) technology and continued increasing video conferencing technology for staff meetings, to reduce the need for travel between sites.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Auditor

A resolution to reappoint Ernst and Young LLP as auditors will be put to the members at the annual general meeting.

This report was approved by the board on 24 June 2022 and signed on its behalf.

S Reece-Jones
Company Secretary

BOOTS HEARINGCARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOTS HEARINGCARE LIMITED

Opinion

We have audited the financial statements of Boots Hearingcare Limited for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).
In our opinion, Boots Hearingcare Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 twelve months from when the financial statements are authorised for issue to 30th June 2023.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.
Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other 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 this report,

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOTS HEARINGCARE LIMITED (CONTINUED)

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 the other information, we are required to report that fact.
We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

IIn 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOTS HEARINGCARE LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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.
Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 and the relevant direct and indirect tax compliance regulations in which the Company operates). In addition, we concluded that there are certain significant laws and regulations relating to the Company's operations that may have an effect on determination of the amounts and disclosures in the financial statements, which relate to health and safety, employee related matters including furlough scheme rules, environmental, bribery and corruption practices and the EU General Data Protection Regulations.

- We understood how Boots Hearingcare Limited is complying with relevant legal and regulatory frameworks by enquiries to the management and those charged with governance with consideration of the potential for the override of controls or other inappropriate influence over the financial reporting process during planning and execution of our audit procedures. We corroborated our enquiries with the review of Board minutes.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating the risks of management override in particular for the areas related to revenue recognition, accounting practices applied by the company for different provisions and other areas that involve professional judgment

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOTS HEARINGCARE LIMITED (CONTINUED)

- We identified a risk that management might override controls including certain key processes in order to achieve a desired financial reporting outcome. We determined that the area most susceptible to any such override was revenue recognition.
- We designed audit procedures to address the identified risk in relation to revenue recognition. These procedures included but were not limited to, obtaining an understanding of the accounting policies and controls relevant to the identified risk and performing tests of detail for a sample of transactions. We incorporated data analytics into our audit approach to assist in our targeted review of manual journals including segregation of duties and our testing of revenue recognition.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries to different levels of management and those charged with governance, execution of detailed audit tests for the areas deemed susceptible to the elevated risk of management override the use of data analytics to identify journal entries which could indicate any non- compliance.

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

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.

Anne Schmitt (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP (Statutory Auditor)

2 St Peter's Square
Manchester
M2 3DF

24 June 2022

BOOTS HEARINGCARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	88,870,457	108,985,845
Cost of sales		(60,653,692)	(72,124,575)
Gross profit		28,216,765	36,861,270
Administrative expenses		(21,589,295)	(23,829,127)
Government grant income	5	3,889,551	198,859
Operating profit	6	10,517,021	13,231,002
Interest receivable and similar income	10	16,153	39,484
Profit before tax		10,533,174	13,270,486
Tax on profit	11	(2,052,867)	(2,481,134)
Profit for the financial year		8,480,307	10,789,352

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 18 to 40 form part of these financial statements.

BOOTS HEARINGCARE LIMITED
REGISTERED NUMBER: 00823009

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	13		269,201		508,010
Tangible assets	14		928,883		1,416,113
Investments	15		85		85
			1,198,169		1,924,208
Current assets					
Stocks	16	957,049		726,422	
Debtors: amounts falling due after more than one year	17	3,530,681		4,005,733	
Debtors: amounts falling due within one year	17	6,274,900		6,615,291	
Cash at bank and in hand	18	15,758,636		8,126,811	
		26,521,266		19,474,257	
Creditors: amounts falling due within one year	19	(14,206,253)		(16,399,642)	
Net current assets			12,315,013		3,074,615
Total assets less current liabilities			13,513,182		4,998,823
Provisions for liabilities					
Other provisions	21	(2,034,714)		(2,146,724)	
			(2,034,714)		(2,146,724)
Net assets			11,478,468		2,852,099
Capital and reserves					
Called up share capital	22		133		133
Share premium account	23		542,420		542,420
Capital redemption reserve	23		21		21
Profit and loss account	23		10,935,894		2,309,525
			11,478,468		2,852,099

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 June 2022.

M Snape
Director

The notes on pages 18 to 40 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2019	133	542,420	21	5,406,545	5,949,119
Comprehensive income for the year					
Profit for the year	-	-	-	10,789,352	10,789,352
Total comprehensive income for the year	-	-	-	10,789,352	10,789,352
Dividends: Equity capital	-	-	-	(14,000,000)	(14,000,000)
Recognition of equity-settled share-based payments in the year	-	-	-	113,628	113,628
Total transactions with owners	-	-	-	(13,886,372)	(13,886,372)
At 1 April 2020	133	542,420	21	2,309,525	2,852,099
Comprehensive income for the year					
Profit for the year	-	-	-	8,480,307	8,480,307
Total comprehensive income for the year	-	-	-	8,480,307	8,480,307
Contributions by and distributions to owners					
Recognition of equity-settled share-based payments in the year	-	-	-	146,062	146,062
Total transactions with owners	-	-	-	146,062	146,062
At 31 March 2021	133	542,420	21	10,935,894	11,478,468

The notes on pages 18 to 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Boots Hearingcare Limited (the "Company") is a private company limited by shares and it is incorporated and domiciled in England and Wales. The address of its registered office is 18 Trinity Square, Llandudno, Conwy, LL30 2RH. The Company's registered number is 823009.
The principal activity of the Company during the year was the hearing assessment and ear health consultation of members of the general public and where appropriate, prescribing and fitting innovative hearing healthcare solutions including hearing aids, ancillary equipment and rehabilitative services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements have been presented in pound sterling which is the functional currency of the company, and rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7; and
- the requirement to present consolidated financial statements.

This information is included in the consolidated financial statements of Sonova Holding AG as at 31 March 2021 and these financial statements may be obtained from Sonova Holding AG, Laubisruetistrasse 28, 8712 Staefa, Switzerland.

2. Accounting policies (continued)

2.3 Going concern

The COVID-19 Pandemic caused a reduction in annual revenue in the FY 2021 of 18.5%. The results for the FY 2022 show annual revenue increasing to be 60% more than its FY 2021 level, an annualised growth of 14.3% over FY 2020 annual revenue. This annualised growth is in line with our goal to pioneer, innovate and sustainably grow market share to realise double digit growth in annual revenue.
Annual revenue to 30/06/2023 is expected to achieve and continue this underlying trend of annualised double digit growth.
On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the forseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.
In reaching this assessment, the directors observe that the company had a strong liquidity position with a cash balance amounting to £15M. The company also maintained a net current asset position of £12.3M as at 31 March 2021. Given that the entity had no external borrowings in place, coupled with the strong financial position the directors had no concern in relation to ability of business to continue as a going concern.

In order to assess to the going concern basis of the entity, the directors have forecast to the period ending 30th June 2023 assuming the continuance of our goal of achieving annualised double digit growth. The directors note that the cash at bank as at 31/03/2021 of £15m had grown to £16m as at 31/05/2022. Under the scenario of 10% growth, the cash balance at 30/06/23 would be maintained at £16m as any dividend declared would be paid from funds generated in the year. Under the worst case scenario, which the directors have assumed to be a recurrence of the Covid year FY2021 conditions, the cash balance at 30/06/23 would also be maintained at £16m as no dividend would be distributed in this scenario.
The directors confirm that we have carried out an assessment of the potential impact of COVID-19 virus pandemic on the business, including the impact of mitigation measures and uncertainties. Therefore the directors do not expect the COVID-19 pandemic will affect the company's ability to continue as a going concern.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.
Turnover is recognised after receipt of a customer's order to the extent that the Company has performed its contractual obligations and the risks and rewards have passed to the buyer. For Hearing Aids, the product revenue is recognised when the customer order is placed after completion of relevant obligations whilst the professional services are recognised as each of the separate service components which comprise the care pathway are completed. A provision is made for services that have been invoiced that are yet to be performed.
Turnover is stated net of a provision for expected returns after the period end date based on historic rates of return.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.
Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements, defined contribution pension plans and share based payments.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution benefit scheme. The assets of the scheme are held separately from those of the Company. Contributions to this scheme are charged to the statement of comprehensive income in the year they are incurred.

(iii) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on an estimate of shares that will eventually vest.

The Company has taken advantage of the transition exemption under paragraph 35.10(b) of FRS 102 in respect of share based payment transactions on the date of transition to FRS 102 (1 April 2014) and has elected not to apply Section 26 Share based payments to equity instruments granted before the date of transition to FRS 102. The previous framework has been applied to instruments granted prior to the date of transition.

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.
The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.
Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of business combinations, when deferred tax is recognised on the differences between fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill
Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of . subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life. It is amortised to the income statement over its estimated economic life as below:
Advanced Hearing Group - 15 years
All other acquisitions - 10 years

Other intangible assets
Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.
At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.
All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.
Software is amortised over its estimated useful life, of between 4 and 5 years, on a straight line basis.
Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.
The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Property	- Over the life of the lease
Motor vehicles	- 5 years
Fixtures & fittings	- 6 years
Computer equipment	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.
(i) Lease incentives
Incentives received to enter into an operating lease are credited to the statement of comprehensive income to reduce the lease expense, on a straight-line basis over the period of the lease.
(ii) Operating leased assets – as a lessee
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.
The Company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 April 2014) and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first-in first-out basis.
At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2. Accounting policies (continued)

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.
Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.
When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.20 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in profit and loss to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

2. Accounting policies (continued)

2.21 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

2.22 **Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, turnover and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following judgements (apart from those involving estimates) have had the most significant effect on the financial statements:

(i) Intangible assets reclassification

FRS 102 requires judgement to be exercised when determining whether software costs should be recognised as tangible or intangible assets. Where software is regarded an integral part of the related hardware and the hardware cannot operate without the particular piece of software, it is to be treated as a tangible asset. However, where the software is not an integral part of the related hardware, software is to be treated as an intangible asset. Management has decided that the software costs are not an integral part of the related hardware and so have classified these costs as an intangible asset.

(ii) Operating Leases

The classification of leases as operating or finance requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains the significant risks and rewards of ownership and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets and intangible assets

The annual depreciation and amortisation charge for tangible assets and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

ii) Deferral of an amount of revenue for hearing aids, representing professional services invoiced that have yet to be performed

Turnover is recognised after receipt of a customer's order to the extent that the Company has performed its contractual obligations and the risks and rewards have passed to the buyer. For Hearing Aids, the product revenue is recognised when the customer order is placed after completion of relevant obligations whilst the professional services are recognised as each of the separate service components which comprise the care pathway are completed. For unfitted hearing aids a provision of 38% of the invoiced value is made for services that have been invoiced that are yet to be performed.

iii) Warranty provisions

Where extended warranties are separately sold, sales revenue is allocated to the term that the extended warranty covers. Where warranties are included with the products when the sale is made, cost of repairs is provided for based on proportion of historic returns, applied to the number of in-date sales and the standard cost of repairs. This proportion of historic returns is calculated annually and is currently in the region of 14% of the latter half of product lifecycle, being the term not covered by manufacturer's warranty.

BOOTS HEARINGCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sales	88,870,457	108,985,845

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grant income	3,889,551	198,859

During the year the company received income of £3,789,551 (2020: £168,859) in relation to the Coronavirus Job Retention Scheme, the grants have been accrued in line with amounts incurred on the monthly payroll.
Support was received of £60,000 in respect of Coronavirus Retail, Hospitality and Leisure Grant (RHLG) and £10,000 for the Coronavirus Small Business Grant Fund (SBGF) (2020: £Nil).
An additional £30,000 (2020: £30,000) was received in relation to the Welsh Business Finance Capital Investment ("BFCI") grant in relation to the office refurbishment and job safeguarding.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	571,210	462,725
Amortisation of intangible fixed assets	238,809	242,547
Other operating lease rentals	-	-
- Land and buildings	314,594	271,621
- Plant and machinery (including motor vehicles)	182,358	214,980

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	30,300	33,446

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	24,273,751	27,704,706
Social security costs	2,710,350	3,089,115
Share-based payments	146,062	113,628
Other pension costs	495,585	511,230
	27,625,748	31,418,679

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Hearing assessment staff	407	416
Administrative staff	218	223
	625	639

9. Directors' remuneration

The directors provide services to a number of companies within the Sonova and Boots groups of companies. Their services to the Company are inconsequential to their other roles hence no remuneration is attributed to their services to the Company.

10. Interest receivable and similar income

	2021 £	2020 £
Bank interest receivable	6,880	34,755
Other interest receivable	9,273	4,729
	16,153	39,484

11. Tax on profit

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	2,051,110	2,513,292
Adjustments in respect of previous periods	(17,022)	(67,700)
	2,034,088	2,445,592
Total current tax	2,034,088	2,445,592
Deferred tax		
Origination and reversal of timing differences	18,779	35,542
Total deferred tax	18,779	35,542
Taxation on profit on ordinary activities	2,052,867	2,481,134

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK.

	2021 £	2020 £
Profit on ordinary activities before tax	10,533,174	13,270,486
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	2,001,303	2,521,392
Effects of:		
Expenses not deductible for tax purposes	31,256	32,685
Accelerated capital allowances	22,592	(24,674)
Adjustments in respect of prior periods	(17,022)	(67,700)
Origination and reversal of timing difference in relation to deferred tax	18,778	35,543
Share option timing differences	(4,040)	(16,112)
Total tax charge for the year	2,052,867	2,481,134

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. As the new law had not been substantively enacted by the Statement of Financial Position date, its impact has not been reflected in the financial statements. The impact of the increase would be to increase the deferred tax asset by approximately £42,000.

12. Dividends

	2021 £	2020 £
Ordinary A		
Equity shares Class A: £nil (2019: £5,279.03) per share	-	7,142,534
Equity shares Class B: £nil (2019: £5,279.03) per share	-	6,857,466
	-	14,000,000

13. Intangible assets

	Computer software	Goodwill	Total
	£	£	£
Cost			
At 1 April 2020	1,507,320	7,112,071	8,619,391
At 31 March 2021	1,507,320	7,112,071	8,619,391
Amortisation			
At 1 April 2020	1,249,453	6,861,928	8,111,381
Charge for the year	76,809	162,000	238,809
At 31 March 2021	1,326,262	7,023,928	8,350,190
Net book value			
At 31 March 2021	181,058	88,143	269,201
At 31 March 2020	257,867	250,143	508,010

14. Tangible assets

	Leasehold Property	Fixtures & fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2020	61,548	1,720,953	6,270,330	8,052,831
Additions	-	13,131	70,849	83,980
Disposals	-	-	(72,954)	(72,954)
At 31 March 2021	61,548	1,734,084	6,268,225	8,063,857
Depreciation				
At 1 April 2020	61,548	1,499,667	5,075,503	6,636,718
Charge for the year	-	62,085	509,125	571,210
Disposals	-	-	(72,954)	(72,954)
At 31 March 2021	61,548	1,561,752	5,511,674	7,134,974
Net book value				
At 31 March 2021	-	172,332	756,551	928,883
At 31 March 2020	-	221,286	1,194,827	1,416,113

15. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2020	85
At 31 March 2021	85

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Boots Hearingcare Ireland Ltd	Ireland	Ordinary	100%

On 24th April 2019 Boots Hearingcare Ireland Limited was incorporated in Ireland as a 100% owned subsidiary, to establish and grow Boots Hearingcare in Ireland. Working closely with Sonova AG and Boots Retail Ireland, the Company is assisting and supporting in growing its wholly owned subsidiary Boots Hearingcare Ireland Limited.
The principal place of business of Boots Hearingcare Ireland Limited is 2nd floor, 5 Riverwalk, Citywest Business Campus, Citywest, Dublin 24, D24 TW13.

16. Stocks

	2021 £	2020 £
Stock of spares and consumables	957,049	726,422

The amount of stocks recognised as an expense during the year was £25,358,657 (2020: £30,946,057). There is no material difference between the carrying amount of inventory and the replacement cost.

BOOTS HEARINGCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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17. Debtors

	2021 £	2020 £
Due after more than one year		
Prepayments and accrued income	3,530,681	4,005,733

	2021 £	2020 £
Due within one year		
Trade debtors	3,891,686	2,250,367
Amounts owed by group undertakings	-	1,125,606
Amounts owed by own subsidiary	446,996	216,390
Other debtors	581,165	1,922,650
Prepayments and accrued income	1,222,131	948,577
Deferred taxation	132,922	151,701
	6,274,900	6,615,291

18. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	15,758,636	8,126,811
Less: bank overdrafts	-	(102,475)
	15,758,636	8,024,336

19. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	-	102,475
Trade creditors	1,380,014	3,021,958
Amounts owed to group undertakings	4,018,805	-
Other taxation and social security	729,915	482,378
Other creditors	-	87,346
Accruals and deferred income	8,077,519	12,705,485
	14,206,253	16,399,642

20. Deferred taxation

	2021 £	2020 £
At beginning of year	151,701	187,243
(Charged)/credited to the profit or loss	(18,779)	(35,542)
At end of year	132,922	151,701

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	144,542	159,281
Share options	(11,620)	(7,580)
	132,922	151,701

21. Provisions for liabilities

	Warranty provisions £
At 1 April 2020	2,146,724
Charged to profit or loss	884,643
Released during the year	(447,642)
Utilised in year	(549,011)
At 31 March 2021	2,034,714

The warranty provision is in respect of warranties provided to customers, for periods of up to three years. The provision is based on calculations taking into account past claims history and future expectations.

22. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,353 (2020 - 1,353) Ordinary A shares of £0.05 each	68	68
1,299 (2020 - 1,299) Ordinary B shares of £0.05 each	65	65
	133	133

The shares, which were reclassified on 20 February 2013 into 1,353 A and 1,299 B shares, rank pari passu except that the Ordinary A shares were to receive a priority dividend and/or return of capital of £4,570,973 before the Ordinary B shares would entitle their holders to any economic rights. That obligation to the Ordinary A shareholders has since been discharged in full by priority dividend.

23. Reserves

Share premium account

Share premium represents the amount above the nominal value received for issued share capital, less transaction costs.

Capital redemption reserve

The capital redemption reserve represents the value of the Company's own shares which have been repurchased.

Profit & loss account

This reserve includes the cumulative profits or losses less dividends distributed to shareholders.

24. Pension commitments

The Company has contributed to Government scheme (NEST) or to employee personal pension plans – operated as defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. Contributions paid during the year to the Government scheme (NEST) were £480,747 (2020: £496,594). There were outstanding contributions at 31 March 2021 of £Nil (2020: £37,540). In addition to the defined contribution pension schemes the Company also contributes towards its employees' personal pension plans. The pension cost charge in relation to these contributions paid in the year totalled £14,837 (2020: £14,636). At 31 March 2021 the outstanding contributions were £Nil (2020: £Nil).

25. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Land and buildings		
Later than 1 year and not later than 5 years	546,290	331,586
Later than 5 years	72,583	478,361
	618,873	809,947

	2021 £	2020 £
Other		
Not later than 1 year	58,425	36,834
Later than 1 year and not later than 5 years	86,612	302,052
	145,037	338,886

The amount of operating leases recognised as an expense during the year was £496,952 (2020: £486,601)

26. Related party transactions

The Company's immediate parent company is Sonova Holding AG, a company incorporated in Switzerland, which is also the Company's ultimate parent company and controlling party, heading the group of which the Company is a member.

The Company entered into transactions with Sonova UK Limited, a company wholly owned by Sonova Holding AG. The Company made purchases from Sonova UK Limited in the year totalling £20,719,419 (2020: £26,314,281). Included within creditors due within one year are amounts owed from Sonova UK Limited as at 31 March 2021 of £1,082,056 (2020 included within debtors due within one year: £1,125,606).

During the year ended 31 March 2013 Boots UK Limited ("Boots") acquired a 49% minority investment in the Company. The Company made purchases from Boots in the year totalling £8,057,397 (2020: £12,372,608). Included within creditors due within one year are amounts owed to Boots as at 31 March 2021 of £2,936,749 (2020: £3,850,014).

The Company has contributed to a Government scheme (NEST) or to employee personal pension plans. See note 24.

On 24th April 2019 Boots Hearingcare Ireland Limited was incorporated in Ireland as a 100% owned subsidiary, to establish and grow Boots Hearingcare in Ireland. The company made sales to Boots Hearingcare Ireland Limited in the year totalling £26,700 (2020: £166,483). Included within debtors due within one year are amounts owed by Boots Hearingcare Ireland Limited at 31 March 2021 of £446,996 (2020: £216,390), on which interest is charged at 3% over Bank of England base rate.

No other material transactions with related parties were undertaken such as are required to be disclosed under section 33.1A of FRS 102.

27. Subsidiary company

On 24th April 2019 Boots Hearingcare Ireland Ltd was incorporated in Ireland as a 100% owned subsidiary, to establish and grow Boots Hearingcare in Ireland. Working closely with Sonova AG and Boots Retail Ireland, the Company is assisting and supporting in growing its wholly owned subsidiary Boots Hearingcare Ireland Ltd.

As a qualifying entity, the Company has taken advantage of the exemption for qualifying entities under FRS102 from the requirement to present consolidated financial statements in which it consolidates its investment in its wholly owned subsidiary Boots Hearingcare Ireland Ltd.

28. Controlling party

The Company's immediate parent company is Sonova Holding AG, a company incorporated in Switzerland.

The ultimate parent company and controlling party is Sonova Holding AG, a company incorporated in Switzerland which heads the only group of which the Company is a member (which as the only group is therefore both the smallest and largest group). Copies of the ultimate parent company's financial statements can be obtained from: Sonova Holding AG, Laubisruetistrasse 28, 8712 Staefa, Switzerland.

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