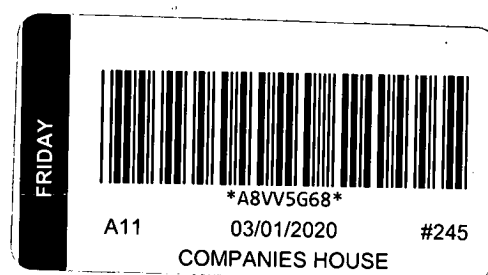


Registered Number 03802593

Pharmacy2U Limited

**Annual report and consolidated financial
statements for the year ended 31 March 2019**



Pharmacy2U Limited

Annual report and consolidated financial statements for the year ended 31 March 2019

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Pharmacy2U Limited

Directors and advisers

Directors

M Livingstone	(Chief Executive Officer)
G Dannatt	(Chief Operating Officer)
P Day (appointed 6 June 2019)	(Superintendent Pharmacist)

Company secretary

S Fawcett

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Solicitors

Squire Patton Boggs (UK) LLP
6 Wellington Place
Leeds
LS1 4AP

Bankers

Barclays Bank PLC
PO Box 190
2nd Floor
1 Park Row
Leeds
LS1 5WU

Registered Office

Lumina
Park Approach
Thorpe Park
Leeds
England
LS15 8GB

Registered Number

03802593

Pharmacy2U Limited

Strategic report for the year ended 31 March 2019

The directors present their strategic report on the group for the year ended 31 March 2019.

Business review

Established in 1999, Pharmacy2U Limited was the UK's first internet pharmacy and is now the country's largest dedicated NHS contracted online pharmacy delivering prescriptions direct to patients' doors. In July 2016 the Company merged with Chemist Direct to create a clear leader in UK online pharmacy.

On 29 March 2018, the group secured £40m of equity investment to support the rapid growth of its online NHS repeat prescription service. The financing was led by G-Square Capital, a London based private equity firm with an investment strategy dedicated to healthcare in Europe and was supported by the Business Growth Fund.

The Group's core strategy remains focussed around providing a fully managed repeat prescription delivery service, facilitated by the national roll out of the Electronic Prescription Service, which allows prescriptions and medicines to be delivered direct to the doorstep. Like traditional pharmacies, Pharmacy2U Limited can offer patients expert advice, and its investment in technology has also allowed it to introduce new and innovative services, such as electronic requesting of repeat prescriptions and a repeat prescription reminder service that ensures patients are ordering and taking their medicines appropriately.

Pharmacy2U Limited operates to the highest professional standards in line with all other UK regulated community pharmacies. It is registered with the General Pharmaceutical Council, the Care Quality Commission and holds an NHS wholly mail-order pharmacy contract. In addition to dispensing NHS prescriptions, the group also runs an online doctor consultation service and performs online retail of a broad range of health and wellbeing products.

The company is a private company limited by shares, incorporated and domiciled in the UK.

During the year ended 31 March 2019, the Group used the investment to deliver further significant growth through investment in customer acquisition marketing, which delivered a 41% increase in revenue to £60.7 million (2018: £43.2 million).

LBITDA increased by £4.4 million to a loss of £14.6 million as a result of significantly higher investment in NHS acquisition marketing. LBITDA before marketing costs was £2.7 million in the year (2018: £1.8 million). Significant progress was made in the year to reduce operating costs through scale and operational efficiencies, which largely mitigated the impact of reductions in the level of NHS reimbursement to all pharmacies in the year.

The group made a loss of £16.0 million for the year ended 31 March 2019 (2018: £12.1 million), with exceptional costs of £0.2 million (2018: £0.8 million), comprising mainly of costs in relation to the equity investment. At 31 March 2019, the group had net assets of £17.2 million (2018: £23.1 million) as a result of the new investment.

Future outlook

The group is well positioned to deliver further growth of the core NHS repeat prescription business. The £40 million of growth capital raised on 29 March 2018 will allow the group to gain a much higher share of the NHS repeat prescription market by accelerating the existing multi-channel marketing approach. The investment will also fund the development of a second automated dispensing facility to provide the required operational capacity, further reducing operating costs and improving profitability. The group became profitable, pre-acquisition marketing from April 2019 and expects profitability to increase throughout the remainder of the current financial year and beyond.

Pharmacy2U Limited

Strategic report for the year ended 31 March 2019 (continued)

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the group are primarily considered to relate to competition from national and internet pharmacies and retailers and to the difficult economic environment in which we are currently operating. Additionally, the continuation of the current UK Government's focus on reducing the country's budget deficit provides a higher level of uncertainty as to future reimbursement levels for NHS prescriptions.

Financial risk management

Exposure to credit, interest rate and currency risk arises in the normal course of the company's business.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The company does not require collateral in respect of financial assets. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The group is exposed to interest rate risk on its cash balances and borrowings. Borrowings are impacted by changes in the Bank of England base rate. Surplus cash, when available, is invested to achieve the best possible interest rate taking into account the period over which it will be invested.

Currency risk

All of the company's sales and most of the company's purchase transactions are denominated in sterling and therefore there is minimal currency risk.

Key performance indicators ("KPIs")

In our opinion, the Pharmacy2U Limited business has grown rapidly due to focus on providing an excellent customer experience. We maintain and monitor a full range of financial and operational KPI's typical for a business of this size and in this market sector and take regular feedback from our customers to ensure we continue to improve our customer service.

	2019	2018	Growth (%)
KPIs			
NHS Prescription items despatched ('000)	5,322	2,957	80%
New NHS patients registered ('000)	331	273	21%
Revenue (£'000)	60,672	43,168	41%
Gross margin	25%	26%	

Pharmacy2U Limited

Strategic report for the year ended 31 March 2019 (continued)

Going concern

The financial statements have been prepared on the going concern basis as the directors have reviewed cash flow forecasts and the availability of future funding and therefore believe that the company has sufficient funds to enable it to meet its liabilities for at least one year from the date of approval of these financial statements.

On behalf of the Board



G Dannatt
Director
23 December 2019

Pharmacy2U Limited

Directors' report for the year ended 31 March 2019

The directors present their report together with the audited consolidated financial statements for the year ended 31 March 2019.

The directors do not propose payment of a dividend in respect of the financial year ended 31 March 2019 (2018: £nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

M Livingstone
G Dannatt
D Lee (resigned 6 June 2019)
P Day (appointed 6 June 2019)

Future developments, going concern and financial risk management

Please refer to the Strategic Report on pages 2 to 4.

Employees

The Group regularly provides employees with information on matters of concern to them. Employee involvement in the Group's affairs is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its ongoing success. The Group encourages the involvement of employees in influencing decision making and direction wherever possible or appropriate.

Equal Opportunities

The Group is committed to employment policies based on equal opportunities for all employees irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Research and Development

The group is fully committed to ongoing technological innovation in all areas of its business. The group has invested significantly in the design and development of bespoke automated dispensing facilities to improve both operational efficiency and clinical accuracy. The group has also invested heavily in integrated customer focused product development. Expenditure on research and development in the year amounted to £1.4 million (2018: £1.1 million).

Pharmacy2U Limited

Directors' report for the year ended 31 March 2019 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



G Dannatt
Director
23 December 2019

Pharmacy2U Limited

Independent auditors' report to the members of Pharmacy2U Limited

Report on the audit of the financial statements

Opinion

In our opinion, Pharmacy2U Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2019 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 March 2019; the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Pharmacy2U Limited

Independent auditors' report to the members of Pharmacy2U Limited (continued)

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Stephanie Yeates (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
24 December 2019

Pharmacy2U Limited

Consolidated statement of comprehensive income for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Revenue	1	60,672	43,168
Cost of sales		(45,509)	(31,736)
Gross profit		15,163	11,432
Distribution costs		(23,012)	(16,832)
Administrative expenses - continuing		(8,255)	(6,002)
Administrative expenses - exceptional	3	(219)	(804)
Operating loss	2	(16,323)	(12,206)
Analysed as:			
LBITDA		(14,630)	(10,167)
Amortisation	10	(710)	(551)
Depreciation	11	(765)	(684)
Exceptional items	3	(218)	(804)
Operating loss		(16,323)	(12,206)
Interest receivable	7	11	-
Interest payable	7	(75)	(269)
Loss before taxation		(16,387)	(12,475)
Taxation	8	432	342
Loss and total comprehensive expense for the year		(15,955)	(12,133)

All items dealt with in arriving at the operating loss above relate to continuing operations.

There are no material differences between the loss before taxation and the loss for the year stated above and their historical cost equivalents.

Pharmacy2U Limited

Consolidated balance sheet as at 31 March 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets	10	4,755	4,764
Property, plant and equipment	11	3,901	2,785
Investments	12	-	1
Deferred taxation	15	616	616
Total non-current assets		9,272	8,166
Current assets			
Inventories	13	3,092	1,914
Trade and other receivables	14	12,246	8,624
Current taxation receivable		774	672
Cash and cash equivalents		9,663	20,929
Total current assets		25,775	32,139
Total assets		35,047	40,305
Equity and liabilities			
Current liabilities			
Trade and other payables	16	13,293	12,311
Borrowings	16	4,202	4,240
Total current liabilities		17,495	16,551
Non-current liabilities			
Trade and other payables	17	270	315
Borrowings	17	107	310
Total non-current liabilities		377	625
Total liabilities		17,872	17,176
Equity			
Called up share capital	19	10,001	28,034
Share premium account		-	31,851
Accumulated losses		7,174	(36,756)
Total equity		17,175	23,129
Total equity and liabilities		35,047	40,305

Pharmacy2U Limited

Consolidated balance sheet as at 31 March 2019 (continued)

The financial statements on pages 9 to 41 were approved by the board of directors and authorised for issue on 23 December 2019 and were signed on its behalf by:



G Dannatt

Director

Pharmacy2U Limited, registered number: 03802593

Pharmacy2U Limited

Company balance sheet as at 31 March 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets	10	3,616	3,460
Property, plant and equipment	11	3,842	2,744
Investments	12	25	26
Deferred taxation	15	616	616
Total non-current assets		8,099	6,846
Current assets			
Inventories	13	2,442	1,228
Trade and other receivables	14	11,764	11,653
Current taxation receivable		774	672
Cash and cash equivalents		9,382	20,354
Total current assets		24,362	33,907
Total assets		32,461	40,753
Equity and liabilities			
Current liabilities			
Trade and other payables	16	11,579	9,819
Borrowings	16	4,202	4,240
Total current liabilities		15,781	14,059
Non-current liabilities			
Trade and other payables	17	270	315
Borrowings	17	107	310
Total non-current liabilities		377	625
Total liabilities		16,158	14,684
Equity			
Called up share capital	19	10,001	28,034
Share premium account		-	20,280
Merger reserve	12	11,571	11,571
Accumulated losses		(5,269)	(33,816)
Total equity		16,303	26,069
Total equity and liabilities		32,461	40,753

Pharmacy2U Limited

Company balance sheet as at 31 March 2019 (continued)

	2019 £'000	2018 £'000
Accumulated losses brought forward	(33,816)	(22,315)
Loss for the financial year	(19,767)	(11,590)
Share consolidation	48,314	-
Adjustment in respect of employee share schemes	-	89
Accumulated losses	(5,269)	(33,816)

The financial statements on pages 9 to 41 were approved by the board of directors on 23 December 2019 and were signed on its behalf by:



G Dannatt
Director

Pharmacy2U Limited, registered number: 03802593

Pharmacy2U Limited

Consolidated statement of changes in equity for the year ended 31 March 2019

	Called up Share Capital £'000	Share premium account £'000	(Accumulated losses)/Retained earnings £'000	Total Equity £'000
At 1 April 2018	28,034	31,851	(36,756)	23,129
Loss and total comprehensive expense for the financial year	-	-	(15,955)	(15,955)
Shares issued in the financial year	10,001	-	-	10,001
Share consolidation	(28,034)	(31,851)	59,885	-
At 31 March 2019	10,001	-	7,174	17,175

	Note	Called up Share Capital £'000	Share premium account £'000	Accumulated losses £'000	Total Equity £'000
At 1 April 2017		2,199	25,184	(24,712)	2,671
Loss and total comprehensive expense for the financial year		-	-	(12,133)	(12,133)
Shares issued in the financial year	19	25,835	6,667	-	32,502
Adjustment in respect of employee share schemes	21	-	-	89	89
At 31 March 2018		28,034	31,851	(36,756)	23,129

Pharmacy2U Limited

Company statement of changes in equity for the year ended 31 March 2019

	Called up Share Capital	Share premium account	Merger Reserve	Accumulated losses	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	28,034	20,280	11,571	(33,816)	26,069
Loss and total comprehensive expense for the financial year	-	-	-	(19,767)	(19,767)
Shares issued in the financial year	10,001	-	-	-	10,001
Share consolidation	(28,034)	(20,280)	-	48,314	-
At 31 March 2019	10,001	-	11,571	(5,269)	16,303

	Note	Called up Share Capital	Share premium account	Merger Reserve	Accumulated losses	Total Equity
		£'000	£'000	£'000	£'000	£'000
At 1 April 2017		2,199	13,612	11,571	(22,315)	5,067
Loss and total comprehensive expense for the financial year		-	-	-	(11,590)	(11,590)
Shares issued in the financial year	19	25,835	6,668	-	-	32,503
Adjustment in respect of employee share schemes	21	-	-	-	89	89
At 31 March 2018		28,034	20,280	11,571	(33,816)	26,069

Pharmacy2U Limited

Consolidated cash flow statement for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities	21	(18,710)	(11,400)
Taxation recovered		330	-
Net cash outflow from operating activities		(18,380)	(11,400)
Cash flows from investing activities			
Payments to acquire plant, property and equipment	11	(1,881)	(498)
Payments to acquire intangible assets	10	(701)	(914)
Net cash outflow from investing activities		(2,582)	(1,412)
Cash flows from financing activities			
Increase in borrowings		-	4,000
Loan repayments		(241)	(3,106)
Share issue	19	10,001	32,502
Interest paid		(75)	(269)
Interest received		11	-
Net cash inflow from financing activities		9,696	33,127
Net (decrease)/increase in cash and cash equivalents	22	(11,266)	20,315
Opening cash and cash equivalents		20,929	614
Closing cash and cash equivalents		9,663	20,929

Pharmacy2U Limited

Company cash flow statement for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities	21	(18,449)	(11,406)
Taxation		330	-
Net cash outflow from operating activities		(18,119)	(11,406)
Cash flows from investing activities			
Payments to acquire plant, property and equipment	11	(1,847)	(488)
Payments to acquire intangible assets	10	(701)	(914)
Net cash outflow from investing activities		(2,548)	(1,402)
Cash flows from financing activities			
Increase in borrowings		-	4,000
Loan repayments		(242)	(3,106)
Share capital issue	19	10,001	32,502
Interest paid		(75)	(269)
Interest received		11	-
Net cash inflow from financing activities		9,695	33,127
Net (decrease)/increase in cash and cash equivalents		(10,972)	20,319
Opening cash and cash equivalents		20,354	35
Closing cash and cash equivalents		9,382	20,354

Pharmacy2U Limited

Statement of accounting policies for the year ended 31 March 2019

The principal accounting policies applied in the preparation of these consolidated and company separate financial statements (the “financial statements”) are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of preparation

The consolidated financial statements of Pharmacy2U Limited have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRS IC”) interpretations as adopted by the European Union and The Companies Act 2006 as applicable to companies using IFRS.

As permitted by section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the Company have not been separately disclosed in the financial statements.

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006, except where adopted IFRS requires alternative treatment.

Going concern

The group meets its day-to-day working capital requirements through its bank facilities. The group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the level of its current facilities. Having discussed the principal risks the directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Standards, amendments and interpretations effective in the year

There were no changes to IFRSs or IFRSIC interpretations that have had a material impact on the Group for the year ended 31 March 2019.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

At the date of approval of these financial statements the following standards and interpretations were in issue but not yet effective:

- IFRS 16 ‘Leases’ (effective for accounting periods commencing on or after 1 January 2019).

Pharmacy2U Limited

Statement of accounting policies for the year ended 31 March 2019 (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared using uniform accounting policies for the same reporting date as the Company. Intra group transactions are eliminated.

Revenue recognition

Revenue from the dispensing of NHS prescriptions is calculated using the re-imbursement rate from NHS drug tariff applicable for the month in which the item has been dispensed. Other revenue is recognised using the invoiced value of the goods supplied during the year, excluding value added tax. Revenue is recognised at the point of goods being despatched.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Exceptional costs

Costs which individually or, if of a similar type, in aggregate, need to be disclosed separately by virtue of their size or incidence if the financial statements are to give a true and fair view are shown as exceptional items and disclosed separately in the statement of comprehensive income, within the relevant cost heading.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Software – 3 to 5 years
- Acquired brands, customer base - 10 years

Amortisation is included in administrative expenses in the statement of comprehensive income.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Provision for depreciation is made so as to write off the cost of property, plant and equipment on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used are as follows:

- Plant and machinery 10 - 33.33%
- Fixtures and fittings 20%

Inventories

Inventories are stated at the lower of cost and net realisable value using the first in, first out (FIFO) basis of valuation. Provisions are made for obsolete and slow moving items, as required.

Pharmacy2U Limited

Statement of accounting policies for the year ended 31 March 2019 (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or NHS prescriptions dispensed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Pension costs

The company operates a defined contribution retirement pension scheme for the benefit of all of its employees. The costs of providing pension and related benefits under this scheme are charged to the statement of comprehensive income as incurred.

Website development costs

Specific projects to replace large sections of the website are capitalised as part of tangible assets, and amortised over a period of 3 years. Where development costs are incurred to continually improve and enhance the website, these are charged to the statement of comprehensive income in the period in which they are incurred.

Operating leases

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Pharmacy2U Limited

Statement of accounting policies for the year ended 31 March 2019 (continued)

Current and deferred taxation

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income. The consolidated financial statements are presented in sterling (£) which is the group's presentation currency.

Fixed asset investments

Fixed asset investments are shown at historical cost less provision for impairment. Impairment provisions are made against assets when management considers the carrying value of the investment to be above the asset's recoverable amount.

Government grants

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The group monitors capital on the basis of the gearing ratio and cash availability. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Pharmacy2U Limited

Statement of accounting policies for the year ended 31 March 2019 (continued)

Critical accounting estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity and areas where assumptions and estimates are significant are disclosed below:

Estimated impairment of goodwill and intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see note 10).

Deferred tax

The Group recognises deferred tax assets in respect of tax losses to the extent that it is probable that there will be sufficient taxable profit to utilise the losses.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019

1 Revenue

Revenue consists of sales originating and derived substantially from the United Kingdom. The directors consider that the group has only one class of business; an online and mail order pharmacy.

2 Operating loss

	2019 £'000	2018 £'000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets (note 11)	764	684
Amortisation of intangible fixed assets (note 10)	710	551
Operating lease rentals – land and buildings (note 20)	479	238
- other (note 20)	14	9
Research and development	708	602
Share based payments	-	89
Services provided by the company's auditors		
Fees payable for the audit of parent company and consolidated financial statements	25	35
Fees payable for the audit of subsidiaries	15	10
Other non-audit services	-	246
Tax compliance services	10	11

3 Exceptional items

	2019 £'000	2018 £'000
Professional fees in respect of financing and investment raised	-	727
Non-recurring restructuring costs	218	77
	218	804

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

4 Employee information

The monthly average number of persons (including executive directors) employed by the group during the year was:

	2019 Group Number	2018 Group Number	2019 Company Number	2018 Company Number
Selling and distribution	225	154	202	130
Administration	74	64	55	40
	299	218	257	170

5 Employee benefit expense

	2019 Group £'000	2018 Group £'000	2019 Company £'000	2018 Company £'000
Wages and salaries	9,375	6,921	7,995	5,531
Social security costs	665	506	529	367
Other pension costs (note 24)	204	118	180	110
Share option expense	-	89	-	89
	10,244	7,634	8,704	6,097

Internal staff costs of £450,000 have been capitalised in the year (2018: £365,000). These are included within note 10, intangible fixed assets and are excluded from the above analysis.

6 Directors' emoluments

	2019 £'000	2018 £'000
Aggregate emoluments	449	625
Company contributions to money purchase pension schemes	9	9
	458	634
Highest paid director	2019 £'000	2018 £'000
Aggregate emoluments	159	297

Retirement benefits are accruing to 1 (2018: 1) directors under a defined contribution scheme.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

7 Net finance costs

	2019 £'000	2018 £'000
Interest receivable and similar income	11	-
Bank interest payable	(75)	(269)
	(64)	(269)

8 Taxation

	2019 £'000	2018 £'000
UK corporation tax on losses for the year	432	342
Total tax credit	432	342

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

8 Taxation (continued)

The total tax credit is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below.

	2019 £'000	2018 £'000
Loss before taxation	(16,387)	(12,475)
Loss before taxation multiplied by standard rate in the UK of 19% (2018: 19%)	(3,114)	(2,370)
Expenses not deductible	291	369
Tax losses not recognised	2,823	2,001
Relief for research and development expenditure	(432)	(342)
Total tax credit	(432)	(342)

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

9 Company statement of comprehensive income

The company has taken advantage of the exemption contained within Section 408 of the Companies Act 2006 and consequently a profit and loss account for Pharmacy2U Limited is not presented. The loss within the financial statements of the company is £19,767,000 (2018: loss of £11,590,000).

10 Intangible assets

Group	Goodwill £'000	Customer Base £'000	Brand £'000	Software development £'000	Total £'000
Cost					
At 1 April 2017	15,630	336	1,323	870	18,159
Additions	-	-	-	914	914
At 31 March 2018	15,630	336	1,323	1,784	19,073
Accumulated amortisation					
At 1 April 2017	(13,409)	(25)	(99)	(225)	(13,758)
Charge for the year	-	(34)	(132)	(385)	(551)
At 31 March 2018	(13,409)	(59)	(231)	(610)	(14,309)
Net book amount					
At 31 March 2017	2,221	311	1,224	645	4,401
At 31 March 2018	2,221	277	1,092	1,174	4,764
Cost					
At 1 April 2018	15,630	336	1,323	1,784	19,073
Additions	-	-	-	701	701
At 31 March 2019	15,630	336	1,323	2,485	19,774
Accumulated amortisation					
At 1 April 2018	(13,409)	(59)	(231)	(610)	(14,309)
Charge for the year	-	(34)	(132)	(544)	(710)
At 31 March 2019	(13,409)	(93)	(363)	(1,154)	(15,019)
Net book amount					
At 31 March 2019	2,221	243	960	1,331	4,755
At 31 March 2018	2,221	277	1,092	1,174	4,764

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

10 Intangible assets (continued)

Company	Goodwill £'000	Software development £'000	Total £'000
Cost			
At 1 April 2017	2,285	870	3,155
Additions	-	914	914
At 31 March 2018	2,285	1,784	4,069
Accumulated amortisation			
At 1 April 2017	-	(225)	(225)
Charge for the year	-	(384)	(384)
At 31 March 2018	-	(609)	(609)
Net book amount			
At 31 March 2017	2,285	645	2,930
At 31 March 2018	2,285	1,175	3,460
Cost			
At 1 April 2018	2,285	1,784	4,069
Additions	-	701	701
At 31 March 2019	2,285	2,485	4,770
Accumulated amortisation			
At 1 April 2018	-	(609)	(609)
Charge for the year	-	(545)	(545)
At 31 March 2019	-	(1,154)	(1,154)
Net book amount			
At 31 March 2019	2,285	1,331	3,616
At 31 March 2018	2,285	1,175	3,460

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

10 Intangible assets (continued)

The goodwill on the group balance sheet arose on the acquisition of Private Meds Limited in August 2012. This was recognised on the company balance sheet following the transfer of trade and assets to Pharmacy2U Limited at their net book value of £25,000 on 31 March 2013.

Goodwill is tested annually for impairment and whenever there are indications that it may have suffered an impairment.

Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value in use and the fair value less costs to sell the CGU to which it is allocated. In the impairment test of goodwill the recoverable amount was determined by value in use calculations.

The Group base the value in use calculations on cash flow forecasts derived from the most recent financial plans approved by the Board, in which the principle assumptions were regarding growth rates and changes in costs.

Cash flows for beyond three years for the CGUs to which individually significant amounts of goodwill were allocated were calculated using a 1.0% per annum growth rate.

The Group applied discount rates to the resulting cash flow projections that reflect current market assessments of the time value of money and the risks specific to the CGU. In each case the discount rate was determined using a capital asset pricing model – pre-tax discount rate used during the year was 15%.

Goodwill has been tested and there is no impairment required for the year end 31 March 2019 (2018:nil).

There are no reasonably possible changes to a key assumption which would give rise to an impairment charge.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

11 Property, plant and equipment

Group	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 April 2017	3,573	874	4,447
Additions	405	93	498
At 31 March 2018	3,978	967	4,945
Accumulated depreciation			
At 1 April 2017	(1,304)	(172)	(1,476)
Charge for the year	(570)	(114)	(684)
At 31 March 2018	(1,874)	(286)	(2,160)
Net book amount			
At 31 March 2018	2,104	681	2,785
At 31 March 2017	2,269	702	2,971
Cost			
At 1 April 2018	3,978	967	4,945
Additions	1,427	454	1,881
At 31 March 2019	5,405	1,421	6,826
Accumulated depreciation			
At 1 April 2018	(1,874)	(286)	(2,160)
Charge for the year	(615)	(150)	(765)
At 31 March 2019	(2,489)	(436)	(2,925)
Net book amount			
At 31 March 2019	2,916	985	3,901
At 31 March 2018	2,104	681	2,785

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

11 Property, plant and equipment (continued)

Company	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 April 2017	3,507	832	4,339
Additions	395	93	488
At 31 March 2018	3,902	925	4,827
Accumulated depreciation			
At 1 April 2017	(1,247)	(167)	(1,414)
Charge for the year	(555)	(114)	(669)
At 31 March 2018	(1,802)	(281)	(2,083)
Net book amount			
At 31 March 2018	2,100	644	2,744
At 31 March 2017	2,260	665	2,925
Cost			
At 1 April 2018	3,902	925	4,827
Additions	1,427	420	1,847
At 31 March 2019	5,329	1,345	6,674
Accumulated depreciation			
At 1 April 2018	(1,802)	(281)	(2,083)
Charge for the year	(615)	(134)	(749)
At 31 March 2019	(2,417)	(415)	(2,832)
Net book amount			
At 31 March 2019	2,912	930	3,842
At 31 March 2018	2,100	644	2,744

At 31 March 2019 the group had no contractual commitments for capital expenditure (2018: £ nil). On 9 April 2019 the group entered into a £7.5 million contract for the development of a second automated dispensing facility which will significantly increase the groups operating capacity. The expenditure will be incurred over 2019 and 2020, £3.5 million of which will be funded by committed bank facilities.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

12 Investments

	Group	Group	Company	Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Investment in ChemD Holdings Limited	-	-	-	-
Investment in Private Meds Limited	-	-	25	25
Investment in LLPs	-	1	-	1

Investment in ChemD Holdings Limited

The company acquired 100% of the issued share capital of ChemD Holdings Limited on 2 July 2016 through a share for share exchange. The investment was fully impaired in the prior year.

Investment in Private Meds Limited

The company acquired 100% of the issued share capital of Private Meds Limited on 10 August 2012. On 31 March 2013 the trade and assets of Private Meds Limited were transferred to Pharmacy2U Limited and Private Meds Limited became dormant. The directors believe that the carrying value of the investment is supported by the underlying assets.

Investment in LLPs

During the year ended 31 March 2016, Pharmacy2U Limited acquired a 50% interest in a number of newly formed LLPs. Each LLP participates in raising awareness of Pharmacy2U Limited's services. These are not accounted for as subsidiaries or joint ventures as the LLPs, for accounting purposes, do not carry out their own activities. The investment in the LLPs has therefore been treated as a fixed asset investment held at cost. During the year ended 31 March 2019 and after 18 of these 21 joint ventures have been liquidated, the total carrying value of these investments at 31 March 2019 is £150 (2018: £1,050).

The registered address for all investments is Lumina, Park Approach, Thorpe Park, Leeds, LS15 8GB.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

13 Inventories

	2019 Group £'000	2018 Group £'000	2019 Company £'000	2018 Company £'000
Goods for resale	3,092	1,914	2,442	1,228

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £44,086,000 (2018: £30,638,000). Inventory is stated after provisions of £250,000.

14 Trade and other receivables

	2019 Group £'000	2018 Group £'000	2019 Company £'000	2018 Company £'000
Trade receivables	8,217	5,665	7,986	5,476
Amounts due from group undertaking	-	-	-	3,493
Amounts due from parent undertaking	1,481	973	1,498	973
Other receivables	1,376	930	1,156	815
Prepayments and accrued income	1,172	1,056	1,124	896
Trade and other receivables: amounts falling due within one year	12,246	8,624	11,764	11,653

Trade receivables of the Group and Company are stated after provisions for impairment of £25,000 (2018: £25,000).

Amounts due from group undertakings of £3,958,000 were written off in the year.

Trade and other receivables: amounts falling due after more than one year	2019 Group £'000	2018 Group £'000	2019 Company £'000	2018 Company £'000
Deferred tax (note 15)	616	616	616	616

There is no difference between the carrying amounts above and the fair value.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

15 Deferred taxation

The movement on deferred taxation during the year was:

Group and Company	2019 £'000	2018 £'000
At 1 April	616	616
Current year credit/(charge) to the statement of comprehensive income	-	-
Adjustments in respect of prior periods	-	-
At 31 March	616	616

The amounts of deferred tax provided are as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances and other timing differences	(364)	2
Carried forward trading losses	980	614
Total deferred tax asset	616	616

The group has unutilised trading losses amounting to approximately £53,634,000 (2018: £34,971,000), which are available for relief against future profits. £17,239,000 of these losses arose in Direct Healthcare Limited, and £4,000 in ChemD Holdings Limited. Of the total losses, £3,612,000 (2018: £3,612,000) have been recognised on the basis that trading profits are expected to be generated in the next three years against which these losses may be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Further reductions to the main rate of corporation tax were announced on 16 March 2016 to reduce the main rate to 17% effective from 1 April 2020. As these changes are not substantively enacted at the balance sheet date they are not recognised in these financial statements. Changes to reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015 and the effects of these changes are recognised in these financial statements.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

16 Borrowings and trade and other payables: amounts falling due within one year

	2019 Group £'000	2018 Group £'000	2019 Company £'000	2018 Company £'000
Bank and other borrowings (note 18)	4,202	4,240	4,202	4,240
Trade payables	12,126	10,206	10,835	8,383
Amounts owed to group undertaking	-	-	25	25
Other taxation and social security	187	356	153	138
Other payables	204	943	72	720
Accruals and deferred income	731	761	449	508
Deferred government grant	45	45	45	45
	17,495	16,551	15,781	14,059

Amounts owed to group undertaking are interest free, unsecured, and with no fixed repayment date.

The above amounts are classed as financial liabilities at amortised cost under IFRS7.

17 Borrowings and trade and other payables: amounts falling due after more than one year

	2019 Group £'000	2018 Group £'000	2019 Company £'000	2018 Company £'000
Bank and other borrowings (note 18)	107	310	107	310
Deferred government grant	270	315	270	315
	377	625	377	625

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

18 Borrowings

Group and Company	2019 £'000	2018 £'000
Amounts falling due within one year		
Revolving credit facility	4,000	4,000
Bank loan	202	240
	4,202	4,240
Amounts falling due after more than one year		
Bank loan	107	310

Receivables financing liabilities are secured against the assets to which they relate.

The loans including the receivables financing are repayable as follows:

Group and Company	2019 £'000	2018 £'000
In one year or less, or on demand	4,202	4,240
Between one and two years	107	208
Between two and five years	-	102
	4,309	4,550

In January 2016 the company obtained a term loan of £580,000 from Barclays Bank. The loan is repayable over 5 years and attracts an interest rate of base rate plus 4.50%. The loan is secured over specific tangible assets.

In November 2014 the company obtained a term loan of £570,000 from Barclays Bank. The loan is repayable over 5 years and attracts an interest rate of base rate plus 4.75%. The loan is secured by a debenture and guarantee over the group's assets.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

19 Called up share capital

Group and Company	2019 £'000	2018 £'000
Authorised, Allotted and fully paid		
0 (2018: 5,227,936) A ordinary shares of 10p each	-	523
0 (2018: 261,090,472) B ordinary shares of 10p each	-	26,109
0 (2018: 5,781,213) C ordinary shares of 10p each	-	578
0 (2018: 608,476) D ordinary shares of 10p each	-	61
0 (2018: 4,551,680) E ordinary shares of 10p each	-	455
0 (2018: 3,076,424) F ordinary shares of 10p each	-	308
0 (2018: 200,000) deferred shares of 0.01p each	-	-
1 ordinary shares of £1 each	-	-
1,000,063,095 ordinary shares of 1p each	10,001	-
	10,001	28,034

On 7 September 2018 there was a share capital reduction and reclassification of shares, followed by a consolidation of shares cancelling all existing shares and bringing the capital of the company down to 100 ordinary shares of £0.01. At the same time the share premium account was cancelled and credited to the distributable reserves of the Company.

In addition to the £25 million of growth capital raised on 29 March 2018, a further unconditional investment of £15 million has been committed by the shareholders of the group's parent undertaking. £10m of this was drawn down on 29 March 2019, with the remaining £5 million committed by 29 March 2020.

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

20 Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

Group	31 March 2019		31 March 2018	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Payments due:				
No later than 1 year	660	18	258	9
Later than 1 year and no later than 5 years	2,006	25	422	13
More than 5 years	2,077	-	-	-
	4,743	43	680	22

Company	31 March 2019		31 March 2018	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Payments due:				
No later than 1 year	608	14	206	6
Later than 1 year and no later than 5 years	1,955	24	422	9
More than 5 years	2,077	-	-	-
	4,640	38	628	15

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

21 Cashflows from operating activities

	2019 Group £'000	2018 Group £'000	2019 Company £'000	2018 Company £'000
Loss before tax	(16,387)	(12,475)	(20,199)	(11,932)
Depreciation (note 11)	765	684	749	669
Amortisation (note 10)	710	551	545	384
Increase in inventories (note 13)	(1,178)	(960)	(1,214)	(751)
Increase in trade and other receivables (note 14)	(3,620)	(4,094)	(109)	(4,813)
Increase in trade and other payables (note 16)	936	4,536	1,715	4,679
Share-based payments charge	-	89	-	89
Interest paid	75	269	75	269
Interest received	(11)	-	(11)	-
Net cash outflow from operating activities	(18,710)	(11,400)	(18,449)	(11,406)

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

22 Analysis of net cash/(debt)

Group	At beginning of year £'000	Cash flow £'000	Other movements £'000	At end of year £'000
Cash	20,929	(11,266)	-	9,663
Debt due within one year	(4,240)	241	(203)	(4,202)
Debt due after more than one year	(310)	-	203	(107)
Net cash/(debt)	16,379	(11,025)	-	5,354

Company	At beginning of year £'000	Cash flow £'000	Other movements £'000	At end of year £'000
Cash	20,354	(10,972)	-	9,382
Debt due within one year	(4,240)	241	(203)	(4,202)
Debt due after more than one year	(310)	-	203	(107)
Net cash/(debt)	15,804	(10,731)	-	5,073

Pharmacy2U Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

23 Related party transactions

At 31 March 2019 £3,941,000 (2018: £ 3,492,000) was due to Pharmacy2U Limited from ChemD Holdings Limited.

On 3 May 2005, the group moved into premises owned by Scottish Equitable Plc as Trustee of The Scottish Equitable Self-Administered Personal Pension Scheme, one of the beneficiaries being D Lee who was a director of the company during the year. The lease is on normal commercial terms. The initial term of the lease is 15 years, with rent reviews every five years. The annual rent is £109,000. There were no balances due at 31 March 2019 (2018: £nil).

During the year ended 31 March 2016, Pharmacy2U Limited acquired a 50% interest in a number of newly formed LLPs (see note 12). At 31 March 2019, £4,623 was due to the LLPs (2018: £7,534 was receivable from the LLPs) relating to fees payable to the LLPs. No payments were made to the LLPs in the year.

24 Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund which amounted to £204,000 (2018: £118,000) in the year and £70,000 (2018: £22,000) was owed to the fund at the year end.

25 Ultimate controlling party

P2U Holdings Limited is the immediate and ultimate parent undertaking. There is no ultimate controlling party of the group.

The smallest group for which consolidated financial statements are prepared for the year ended 31 March 2019 is Pharmacy2U Limited and the largest group is P2U Holdings Limited. These financial statements can be obtained from Lumina, Park Approach, Thorpe Park, Leeds, LS15 8GB.