

Pharmacy 2U Limited

Abbreviated Annual Report and Accounts
for the year ended 31 March 2003

Registered Number 3802593



Pharmacy 2U Limited
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for the year ended 31 March 2003
Contents

Independent auditors' report to the directors of Pharmacy 2U Limited under section 247B of the Companies Act 1985	1
Balance sheet as at 31 March 2003	3
Accounting policies.....	4
Notes to the abbreviated financial statements for the year ended 31 March 2003.....	6

Independent auditors' report to the directors of Pharmacy 2U Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements which comprise the balance sheet, the related notes and the accounting policies set out in the statement of accounting policies of together with the annual financial statements of Pharmacy 2U Limited for the year ended 31 March 2003.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of and Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with those provisions and to report our opinion to you. This report, including the opinion, has been prepared for and only for the company's directors for the purpose of section 247B of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements to be delivered are properly prepared in accordance with those provisions.

Other information

On 27 January 2004 we reported, as auditors of Pharmacy 2U Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 March 2003, and our audit report was as follows:

'We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Uncertainty - going concern

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this may depend on continued support of the shareholders by providing adequate funding or financial support. The financial statements do not include any adjustments that would result from a failure to obtain such continued support. Details of the circumstances relating to this fundamental uncertainty are described in the accounting policies. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985'.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

27 January 2004

Pharmacy 2U Limited

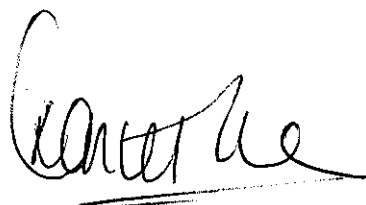
Balance sheet as at 31 March 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	1	60	96
		60	96
Current assets			
Stocks		169	171
Debtors		214	525
Cash at bank and in hand		99	172
		482	868
Creditors: amounts falling due within one year		(592)	(674)
Net current (liabilities)/assets		(110)	194
Total assets less current liabilities		(50)	290
Creditors: amounts falling due after more than one year		(435)	-
Net (liabilities)/assets		(485)	290
Capital and reserves			
Called up share capital	2	522	518
Share premium account		3,460	3,445
Profit and loss account		(4,467)	(3,673)
Total shareholders' (deficit)/funds		(485)	290

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated financial statements on pages 3 to 6 were approved by the board of directors on 27 January 2004 and were signed on its behalf by:

Director



Pharmacy 2U Limited

Accounting policies

The abbreviated financial statements are prepared using the following accounting policies.

Basis of preparing the financial statements - going concern

During the year the company incurred a loss of £794,000 and at the balance sheet date its current liabilities exceeded its current assets by £110,000.

The company is still developing the business and has relied on its investors for financial support. The directors have considered forecasts prepared by the company of the future sales revenue and cash flows that the company is expected to generate. These forecasts indicate that the current level of investor support will be adequate for the company's needs in the future. The forecasts have been prepared on the basis of assumptions, which are subject to an inherent degree of uncertainty.

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption depends largely on the company being able to meet its forecasts of sales revenue and cash flows.

If the company were unable to continue in operational existence for the foreseeable future, adjustments may have to be made to adjust the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Whilst the outcome of the matters mentioned above are presently uncertain, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Turnover

Turnover is the invoiced value of goods and services supplied during the year, excluding value added tax.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition, less accumulated depreciation. Provision for depreciation is made so as to write off the cost of tangible fixed assets 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 20 – 33.33%

Stocks

Stocks are stated at the lower of cost and net realisable value.

Pension costs

The costs of providing retirement pensions and related benefits is charged to the profit and loss account as incurred.

Website development costs

Website development costs are charged to the profit and loss account as incurred.

Pharmacy 2U Limited

Accounting policies (continued)

Finance and operating leases

Where assets are financed by hire purchase agreements which transfer to the company substantially all the benefits and risks of ownership of an asset, the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the asset. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the annuity method. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of the lease terms and the useful life of equivalent owned assets.

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Pharmacy 2U Limited

Notes to the abbreviated financial statements for the year ended 31 March 2003

1 Tangible assets

	Plant and machinery £'000
Cost	
At 1 April 2002	158
Additions	6
At 31 March 2003	164
Depreciation	
At 1 April 2002	62
Charge for the year	42
At 31 March 2003	104
Net book amount	
At 31 March 2003	60
At 31 March 2002	96

2 Called up share capital

	2003 £'000	2002 £'000
Authorised		
45,888,313 (2002: 47,396,124) ordinary shares of 10p each	4,740	4,740
4,111,687 (2002: 2,603,876) preferred ordinary shares of 10p each	260	260
	5,000	5,000
Allotted and fully paid		
2,620,275 (2002: 2,571,495) ordinary shares of 10p each	262	258
2,603,876 (2002: 2,603,876) preferred ordinary shares of 10p each	260	260
	522	518

On 4 December 2002 48,780 Ordinary Shares were issued at a premium of 31p for cash consideration.

On 27 January 2003 a resolution was passed to re-designate 1,507,881 Ordinary Shares of 10p each to Preferred Ordinary Shares of 10p each.

Preferred ordinary shares have preferential rights to the assets of the company in the event of the company being wound up. In all other respects the preferred ordinary shares rank pari passu with the ordinary shares.