

Company Registration No. 05925090 (England and Wales)

**LONDON SPERM BANK LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 OCTOBER 2016**

TUESDAY



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# **LONDON SPERM BANK LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	K Ahuja D Williams
<b>Secretary</b>	G Bird
<b>Company number</b>	05925090
<b>Registered office</b>	113-115 Harley Street London W1G 6AP
<b>Auditor</b>	Cheesmans 4 Aztec Row Berners Road London N1 0PW
<b>Bankers</b>	HSBC Bank Plc 165 Fleet Street London EC4 2DY

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# **LONDON SPERM BANK LIMITED**

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# **LONDON SPERM BANK LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2016**

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The directors present their annual report and financial statements for the year ended 31 October 2016.

### **Principal activities**

The principal activity of the company has continued to be the provision of medical facilities and services.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K Ahuja  
D Williams

### **Auditor**

The auditor, Cheesmans, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the Board



D Williams

Director

13 May 2017

# **LONDON SPERM BANK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF LONDON SPERM BANK LIMITED**

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We have audited the financial statements of London Sperm Bank Limited for the year ended 31 October 2016 set out on pages 10 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 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.

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

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

# **LONDON SPERM BANK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LONDON SPERM BANK LIMITED**

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#### **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 Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

**Carol A Cheesman (Senior Statutory Auditor)**  
for and on behalf of Cheesmans

13 May 2017

**Chartered Accountants**  
**Statutory Auditor**

4 Aztec Row  
Berners Road  
London  
N1 0PW

# LONDON SPERM BANK LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2016

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	Notes	2016 £	2015 £
Turnover	1.2	1,532,780	1,223,077
Cost of sales		(527,497)	(396,629)
<b>Gross profit</b>		<b>1,005,283</b>	<b>826,448</b>
Administrative expenses		(743,722)	(729,563)
<b>Operating profit</b>	2	<b>261,561</b>	<b>96,885</b>
Interest receivable and similar income		1	-
<b>Profit before taxation</b>		<b>261,562</b>	<b>96,885</b>
Taxation		(52,302)	(17,000)
<b>Profit for the financial year</b>		<b>209,260</b>	<b>79,885</b>

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# LONDON SPERM BANK LIMITED

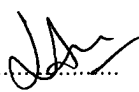
## BALANCE SHEET

AS AT 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	5		48,575		39,820
<b>Current assets</b>					
Stocks		501,816		670,343	
Debtors	6	180,046		20,630	
Cash at bank and in hand		6,932		15,186	
		<u>688,794</u>		<u>706,159</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(684,376)</u>		<u>(902,246)</u>	
<b>Net current assets/(liabilities)</b>			4,418		(196,087)
<b>Total assets less current liabilities</b>			<u>52,993</u>		<u>(156,267)</u>
<b>Capital and reserves</b>					
Called up share capital	8		100		100
Profit and loss reserves			52,893		(156,367)
<b>Total equity</b>			<u>52,993</u>		<u>(156,267)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 13 May 2017 and are signed on its behalf by:

  
 .....  
 K Ahuja  
 Director

Company Registration No. 05925090



# LONDON SPERM BANK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2016

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	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 November 2014		100	(236,252)	(236,152)
Year ended 31 October 2015:				
Profit and total comprehensive income for the year		-	79,885	79,885
		<hr/>	<hr/>	<hr/>
Balance at 31 October 2015		100	(156,367)	(156,267)
Year ended 31 October 2016:				
Profit and total comprehensive income for the year		-	209,260	209,260
		<hr/>	<hr/>	<hr/>
Balance at 31 October 2016		<hr/> <hr/> 100	<hr/> <hr/> 52,893	<hr/> <hr/> 52,993

# LONDON SPERM BANK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 OCTOBER 2016

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#### 1 Accounting policies

##### Company information

London Sperm Bank Limited is a private company limited by shares incorporated in England and Wales. The registered office is 113-115 Harley Street, London, W1G 6AP.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 October 2016 are the first financial statements of London Sperm Bank Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 12.

##### 1.2 Turnover

Turnover represents amounts receivable for goods and services rendered during the year.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

##### 1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% straight line
Fixtures, fittings & equipment	50% straight line

# **LONDON SPERM BANK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 OCTOBER 2016**

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### **1 Accounting policies**

**(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **1.6 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **1.7 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# LONDON SPERM BANK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

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### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# LONDON SPERM BANK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.13 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **1.14 Group relief**

Where tax losses are claimed, the claimant company pays to the surrendering company an amount equal to the corporation tax saved.

### 2 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	7,800	7,800

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 9 (2015 - 8).

# LONDON SPERM BANK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

### 4 Intangible fixed assets

Goodwill  
£

**Cost**

At 1 November 2015 and 31 October 2016

210,000

**Amortisation and impairment**

At 1 November 2015 and 31 October 2016

210,000

**Carrying amount**

At 31 October 2016

-

At 31 October 2015

-

### 5 Tangible fixed assets

Plant and machinery etc  
£

**Cost**

At 1 November 2015

80,987

Additions

30,664

At 31 October 2016

111,651

**Depreciation and impairment**

At 1 November 2015

41,168

Depreciation charged in the year

21,908

At 31 October 2016

63,076

**Carrying amount**

At 31 October 2016

48,575

At 31 October 2015

39,820

### 6 Debtors

2016

2015

Amounts falling due within one year:

£

£

Trade debtors

5,700

3,100

Corporation tax recoverable

165

-

Amounts due from group undertakings and undertakings in which the company has a participating interest

158,811

-

Other debtors

15,370

17,530

180,046

20,630

# LONDON SPERM BANK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

### 7 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	43,266	60,384
Amounts due to group undertakings	485,505	694,080
Corporation tax	53,600	17,000
Other taxation and social security	30,514	13,746
Other creditors	71,491	117,036
	<u>684,376</u>	<u>902,246</u>

### 8 Called up share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

### 9 Financial commitments, guarantees and contingent liabilities

There is a fixed and floating charge between the companies of the J D Healthcare Group Limited under the terms of which amounts due to HSBC Bank Plc are secured on the assets of all group companies. There have been no instances in the year or to date whereby the obligations under this debenture are actually considered to be enforceable.

There is a contingent liability between sperm donors and London Sperm Bank Limited under the terms of which donors are entitled to travelling expense reimbursements for their visits to the clinic. The amounts estimated to be due to donors at 31 October 2016 amounted to £93,260 (2015: £68,232 ).

### 10 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2016 £	2015 £
	<u>168,000</u>	<u>168,000</u>

### 11 Parent company

The parent company of London Sperm Bank Limited is JD Healthcare Limited.

# LONDON SPERM BANK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2016

#### 12 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

##### Reconciliation of equity

	Notes	1 November 2014 £	31 October 2015 £
Equity as reported under previous UK GAAP		(228,341)	(148,920)
Adjustments arising from transition to FRS 102:			
Holiday pay accrual		(7,811)	(7,347)
Equity reported under FRS 102		<u>(236,152)</u>	<u>(156,267)</u>

##### Reconciliation of profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		79,421
Adjustments arising from transition to FRS 102:		
Holiday pay accrual		464
Profit reported under FRS 102		<u>79,885</u>

#### Notes to reconciliations on adoption of FRS 102

##### Holiday pay accrual

Prior to the adoption of FRS 102, London Sperm Bank Limited did not make provision for holiday pay earned but not taken before the year end, FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement.

Consequently, an additional accrual of £7,811 has been made at 1 November 2014 to reflect this. The provision at 31 October 2015 had decreased to £7,347 and the decrease in provision of £464 has been credited to the profit and loss in the year ended 31 October 2015.

The provision and its decrease are fully allowable for taxation in the year.