

Company Registration No. 05925090 (England and Wales)

**LONDON SPERM BANK LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2018**



LONDON SPERM BANK LIMITED

COMPANY INFORMATION

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

LONDON SPERM BANK LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 15

LONDON SPERM BANK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2018

The directors present their annual report and financial statements for the year ended 31 October 2018.

Principal activities

The principal activity of the company continued to be that of 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.

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends of £400,000 were paid in May 2018 (2017: nil). The directors do not recommend payment of a further dividend.

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.

LONDON SPERM BANK LIMITED

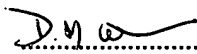
DIRECTORS' REPORT (CONTINUED)

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

27/6/19
.....

LONDON SPERM BANK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON SPERM BANK LIMITED

Opinion

We have audited the financial statements of London Sperm Bank Limited (the 'company') for the year ended 31 October 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

LONDON SPERM BANK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON SPERM BANK LIMITED (CONTINUED)

Opinions 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.

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

LONDON SPERM BANK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON SPERM BANK LIMITED (CONTINUED)

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.



Carol A Cheesman

Senior Statutory Auditor

27 JUNE 2019

for and on behalf of Cheesmans

**Chartered Accountants
Statutory Auditor**
4 Aztec Row
Berners Road
London
N1 0PW

LONDON SPERM BANK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDING 31 OCTOBER 2018**

	Notes	2018 £'000	2017 £'000
Turnover	1.2	2,007	1,860
Cost of sales		(543)	(639)
Gross profit		1,464	1,221
Administrative expenses		(849)	(870)
Profit before taxation		615	351
Taxation		(63)	(65)
Profit for the financial year		552	286

LONDON SPERM BANK LIMITED**BALANCE SHEET
AS AT 31 OCTOBER 2018**

	Notes	2018 £'000	£'000	2017 £'000	£'000
Fixed Assets					
Tangible assets	4		103		52
Current assets					
Stock		523		480	
Debtors	5	259		190	
Cash at bank and in hand		25		17	
		<u>807</u>		<u>687</u>	
Creditors: amounts falling due within one year	6	<u>(419)</u>		<u>(400)</u>	
Net current assets			<u>388</u>		<u>287</u>
Total assets less current liabilities			<u>491</u>		<u>339</u>
Capital and reserves					
Called up share capital (£100)	7		-		-
Profit and loss reserves			<u>491</u>		<u>339</u>
Total equity			<u>491</u>		<u>339</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 27 June 2019 and 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 2018**

	Notes	Share capital £'000	Profit & loss reserve £'000	Total £'000
Balance at 1 November 2016		-	53	53
Year ended 31 October 2017				
Profit for the year		-	286	286
Balance at 31 October 2017		-	339	339
Year ended 31 October 2018				
Profit for the year		-	552	552
Dividend paid		-	(400)	(400)
Balance at 31 October 2018		-	491	491

LONDON SPERM BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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 thousand unless otherwise stated.

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.

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 and equipment	50% straight line

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2018**

Accounting Policies (continued)

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.

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.

LONDON SPERM BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

Accounting Policies (continued)

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.

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.

LONDON SPERM BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

Accounting Policies (continued)

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.

1.15 Judgements and key sources of uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock Valuation

Sperm inventory is valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which includes the number of families conceived from a particular donor and the aging of the stock.

2 Operating Profit

	2018 £'000	2017 £'000
Operating profit for the year is stated after charging:		
Audit fees	5	8

LONDON SPERM BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

3 Employees

The average number of persons (including directors) employed by the Company during the year was 11 (2017: 12)

	2018 £'000	2017 £'000
Wages and salaries	376	346
Social security costs	43	38
Pension costs	4	1
	<u>423</u>	<u>385</u>

4 Tangible fixed assets

	Plant and Machinery £'000
Cost	
At 1 November 2017	158
Additions	77
	<u>235</u>
At 31 October 2018	
Depreciation and impairment	
At 1 November 2017	106
Depreciation charge	26
	<u>132</u>
At 31 October 2018	
Carrying amount	
At 31 October 2018	103
At 31 October 2017	<u>52</u>

5 Debtors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade debtors	12	35
Amounts due from undertakings in which the company has a participating interest	-	133
Other debtors	247	22
	<u>259</u>	<u>190</u>

LONDON SPERM BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

6 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	245	54
Amounts due to group undertakings	42	151
Corporation tax	83	71
Other taxation and social security	10	26
Other creditors	39	98
	<u>419</u>	<u>400</u>

7 Called up share capital

	2018 £	2017 £
Ordinary share capital issued and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Financial commitments, guarantees and contingent liabilities

There is a fixed and floating charge between the companies of the J D Healthcare Group 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 have been breached and therefore this debenture is not currently enforceable.

The Company participates in a cross guarantee with other companies in the group and associated companies. There is a composite company unlimited multilateral guarantee between J D Healthcare Limited, The Bridge Centre Limited and HSBC, whereby amounts due to and from HSBC can be offset. At 31 October 2018, £25,458 could be called under the arrangement.

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 2018 amounted to £96,000 (2017: £113,000).

9 Operating lease commitments as a lessee

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

	2018 £'000	2017 £'000
Within one year	192	168
Between two and five years	192	336
	<u>384</u>	<u>504</u>

LONDON SPERM BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

10 Parent company

The immediate and ultimate parent company of London Sperm Bank Limited is J D Healthcare Limited, a company incorporated in England and Wales. The registered office of J D Healthcare Limited is 113-115 Harley Street, London, W1G 6AP.