
AVICENNA MEMBERSHIP SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

WEDNESDAY



A9ARLQDC

A22

05/08/2020

#329

COMPANIES HOUSE

AVICENNA MEMBERSHIP SERVICES LIMITED

COMPANY INFORMATION

Directors	Salim Jetha Jonathan Power Nicholas Clark Bharti Patel
Company secretary	Jonathan Power
Registered number	08646059
Registered office	1st Floor Selsdon House 212-220 Addington Road, South Croydon, Surrey CR2 8LD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor St John's House Haslett Avenue West Crawley RH10 1HS
Bankers	HSBC Bank PLC 118 Commercial Road. Portsmouth PO1 1EP

AVICENNA MEMBERSHIP SERVICES LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 27

AVICENNA MEMBERSHIP SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

The directors present their report and the financial statements for the 18-month period ended 30 September 2019.

The profit for the period, after taxation, amounted to £390,000 (2018: £500,000).

The directors do not take recommend the payment of a dividend (2018: £Nil).

Principal activity

The principal activity of the company is to provide support and services to its retail pharmacist members.

Directors

The directors who served during the period were:

Salim Jetha
Jonathan Power (appointed 18 September 2019)
Nicholas Clark (appointed 18 September 2019)
Rajesh Haria (resigned 31 August 2018)

Following the period end, Bharti Patel was appointed to the Board with effect from 27 January 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AVICENNA MEMBERSHIP SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

Qualifying third party indemnity provisions

Qualifying third-party indemnity insurance was in place, for the benefit of the directors, during the period and at the date of this report.

Going concern

After reviewing the Company's forecasts and projections for at least twelve months from the date of approval of the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Whilst the Company has a net current liability position, this is due to a loan repayable to the parent company. The Company has received a letter of support from the parent company, Avicenna Holdings Ltd, confirming that it will make funds available when required. Therefore the Company continues to adopt the going concern basis in preparing its financial statements.

The directors believe that the pharmacy sector is well placed to deal with the challenges of both Brexit and Covid-19. The expectation in the next few years is that the supply of drugs will generally be able to meet demand and that the financial support of pharmacies from the NHS will continue broadly at current levels. In the short term there will be some variations in business key performance indicators, however the directors believe that any negative financial impacts should be able to be absorbed by the business.

Events after the reporting period

There are no transactions or events after period end which warrant separate disclosure. The directors consider the impact of Coronavirus to be a non-adjusting post balance sheet event.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 16 July 2020 and signed on its behalf by:

Jonathan Power

Jonathan Power
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVICENNA MEMBERSHIP SERVICES LIMITED

Opinion

We have audited the financial statements of Avicenna Membership Services Limited (the 'Company') for the period ended 30 September 2019, which comprise the Statement of comprehensive income, the Statement of financial position, 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 Financial Reporting Standard 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 30 September 2019 and of its profit for the period 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVICENNA MEMBERSHIP SERVICES LIMITED (CONTINUED)

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial period 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVICENNA MEMBERSHIP SERVICES LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVICENNA MEMBERSHIP SERVICES LIMITED (CONTINUED)

Use of our report

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

Grant Thornton UK LLP

Christian Heeger BSc FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley

16 July 2020

AVICENNA MEMBERSHIP SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Note	18 month period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Turnover	4	8,895	6,567
Cost of sales		(6,618)	(4,692)
Gross profit		2,277	1,875
Administrative expenses		(1,717)	(1,267)
Operating profit	5	560	608
Interest receivable and similar income	7	-	1
Profit before tax		560	609
Tax on profit	8	(73)	(109)
Profit for the financial period/year		487	500
Other comprehensive income for the period/year		-	-
Total comprehensive income for the period/year		487	500

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 10 to 27 form part of these financial statements.

AVICENNA MEMBERSHIP SERVICES LIMITED
REGISTERED NUMBER:08646059

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	30 September 2019 £000	31 March 2018 £000
Fixed assets			
Intangible assets	9	105	256
Tangible assets	10	34	40
		<u>139</u>	<u>296</u>
Current assets			
Debtors: amounts falling due within one year	11	1,156	1,222
Cash at bank and in hand	12	367	187
		<u>1,523</u>	<u>1,409</u>
Creditors: amounts falling due within one year	13	(1,765)	(2,310)
Net current liabilities		<u>(242)</u>	<u>(901)</u>
Total assets less current liabilities		<u>(103)</u>	<u>(605)</u>
Provisions for liabilities			
Deferred tax	14	(22)	(7)
		<u>(22)</u>	<u>(7)</u>
Net liabilities		<u><u>(125)</u></u>	<u><u>(612)</u></u>
Capital and reserves			
Profit and loss account	16	(125)	(612)
		<u>(125)</u>	<u>(612)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Jonathan Power

Jonathan Power
 Director
 Date: 16 July 2020

The notes on pages 10 to 27 form part of these financial statements.

AVICENNA MEMBERSHIP SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2018	-	(612)	(612)
Comprehensive income for the period			
Profit for the period	-	487	487
Total comprehensive income for the period	-	487	487
At 30 September 2019	-	(125)	(125)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2017	-	(1,112)	(1,112)
Comprehensive income for the year			
Profit for the year	-	500	500
Total comprehensive income for the year	-	500	500
At 31 March 2018	-	(612)	(612)

The notes on pages 10 to 27 form part of these financial statements.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

1. General information

Avicenna Membership Services Limited (the 'Company') is a limited liability company incorporated in England and Wales. Its registered head office is located at 1st Floor, Selsdon House, 212-220 Addington Road, South Croydon, Surrey, CR2 8LD.

The principal activity of the Company is to provide support and services to its retail pharmacist members.

The Company has changed its financial year from 31 March to 30 September and this is the first financial reporting period adopting the new year end date. These financial statements are therefore for the 18 month period ended 30 September 2019. The comparative amounts presented in the financial statements including the related notes are for the year ended 31 March 2018 and therefore, are not entirely comparable. The change in accounting period was adopted due to the acquisition by Avicenna Ltd which was completed in September 2019 (note 20).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

This is the first year in which these financial statements have been prepared under FRS 102. See note 21 for an explanation of the transition.

The Company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019. The early adoption has had no impact to the financial statements.

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

The financial statements are prepared in Sterling (£), which is the functional currency of the Company.

The following principal accounting policies have been applied:

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)**2.2 Going concern**

After reviewing the Company's forecasts and projections for at least twelve months from the date of approval of the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Whilst the Company has a net current liability position, this is due to a loan repayable to the parent company. The Company has letter of support from the parent company, Avicenna Holdings Ltd confirming it make available fund when necessary. The Company continues to adopt the going basis in preparing its financial statements.

The directors believe that the pharmacy sector is well placed to deal with the challenges of both Brexit and Covid-19. The expectation in the next few years is that the supply of drugs will generally be able to meet demand and that the financial support of pharmacies from the NHS will continue broadly at current levels. In the short term there will be some variations in business key performance indicators, however the directors believe that any negative financial impacts should be able to be absorbed by the business.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue arises from the provision of services falling within the Company's ordinary activities which include support services provided to members of the buying group (such as membership and training, etc.), and also buying group arrangements made with suppliers, wholesalers and customers, in the form of rebates or pass-through invoicing. Revenue arising from provision of services is recognised on the provision of services to the customer.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 01 April 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the change in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

2.8 Intercompany charges

The Company incurs administrative costs on behalf of its parent company. The relevant costs are charged to the parent company on a cost-plus basis.

2.9 Operating expenses

Operating expenses are recognised in profit and loss upon use of the service or as incurred.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

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

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

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.11 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:

Computer software - 3 years.

Amortisation is included in 'administrative expenses' in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- its technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.12 Tangible fixed assets

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

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)**2.12 Tangible fixed assets (continued)**

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

The estimated useful lives range as follows:

Long-term leasehold property	- Shorter of useful economic life or lease term
Fixtures and fittings	- 4 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.13 Debtors

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

2.14 Cash and cash equivalents

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

2.15 Creditors

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

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried at the reporting date.

2.18 Financial instruments

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

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

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

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

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

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

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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

When preparing financial statements, management ordinarily make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The judgements, estimates and assumptions made during the current financial period are discussed below:

Judgements

Development costs

The Company has incurred internal costs related to the developments of a software project. These are the cost of the time spent by the Company's staff on the project. Under applicable accounting standards these internal costs would be capitalised and recorded on the Statement of financial position as intangible assets along with any direct costs of the project to intangible assets in the Statement of financial position. All internal costs have been charged to the Statement of comprehensive income.

4. Turnover

Turnover represents revenue from sale of goods and rendering of services, net of value added tax and trade discounts.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	18 month period ended 30 September 2019 £000	<i>Year ended 31 March 2018 £000</i>
Amortisation of intangible assets - note 9	87	22
Depreciation of tangible assets - note 10	33	11
Operating lease rentals		
Plant and machinery	-	5
Other	49	43
	<hr/> <hr/>	<hr/> <hr/>

The audit fee for the company is borne by the Company's parent company, Avicenna Holdings Ltd.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

6. Directors and employees

	18 month period ended 30 September 2019 £000	<i>Year ended 31 March 2018 £000</i>
Wages and salaries	1,981	1,496
Social security costs	226	165
Cost of defined contribution scheme	47	32
	<u>2,254</u>	<u>1,693</u>

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

	18 month period ended 30 September 2019 No.	<i>Year ended 31 March 2018 No.</i>
Administration	28	32
Directors	2	2
	<u>30</u>	<u>34</u>

	18 month period ended 30 September 2019 £000	<i>Year ended 31 March 2018 £000</i>
Directors' emoluments	405	249
Compensation for loss of office as employee	52	-
Pension contributions to money purchase pension schemes	19	19
	<u>476</u>	<u>268</u>

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

Directors' remuneration (continued)

During the period retirement benefits were accruing to 2 directors (2018: 2) in respect of money purchase pension schemes and no directors (2018: Nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £250,000 (2018: £150,000). The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £15,000 (2018: £10,000).

The key management personnel of the Company are considered to be the Board of Directors.

7. Interest receivable

	18 month period ended 30 September 2019 £000	<i>Year ended 31 March 2018 £000</i>
Bank interest receivable	-	1

8. Taxation

	18 month period ended 30 September 2019 £000	<i>Year ended 31 March 2018 £000</i>
Corporation tax		
Current tax on profits for the year	162	104
Adjustments in respect of previous periods	(104)	-
Total current tax	58	104
Deferred tax		
Origination and reversal of timing differences	(9)	27
Adjustments in respect of previous periods	24	(22)
Total deferred tax	15	5
Taxation on profit on ordinary activities	73	109

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

8. Taxation (continued)**Factors affecting tax charge for the period/year**

The tax assessed for the period/year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	18 month period ended 30 September 2019 £000	<i>Year ended 31 March 2018 £000</i>
Profit on ordinary activities before tax	560	609
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	106	116
Effects of:		
Fixed asset differences	-	5
Expenses not deductible for tax purposes	142	13
Adjustments to tax charge in respect of prior periods	(104)	-
Adjustments to deferred tax charge in respect of previous periods	24	(21)
Adjust deferred tax to average rate of 19%	1	(4)
Group relief claimed	(96)	-
Total tax charge for the period/year	73	109

Factors that may affect future tax charges

There was a reduction in the main rate of corporation tax to 19% from 1 April 2017, with a further reduction to 18% for the financial year beginning 1 April 2020. There are no other factors that may affect future tax charges.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

9. Intangible assets

	Computer Software £000	Assets under construction £000	Total £000
Cost			
At 1 April 2018	147	146	293
Additions	82	-	82
Disposals	-	(146)	(146)
At 30 September 2019	<u>229</u>	<u>-</u>	<u>229</u>
Amortisation			
At 1 April 2018	37	-	37
Charge for the period	87	-	87
At 30 September 2019	<u>124</u>	<u>-</u>	<u>124</u>
Net book value			
At 30 September 2019	<u>105</u>	<u>-</u>	<u>105</u>
At 31 March 2018	<u>110</u>	<u>146</u>	<u>256</u>

Amortisation on intangible assets is charged to administrative expenses.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

10. Tangible fixed assets

	Leasehold property £000	Fixtures and fittings and office equipment £000	Computer equipment £000	Total £000
Cost				
At 1 April 2018	60	49	75	184
Additions	-	2	26	28
Disposals	-	(1)	(10)	(11)
At 30 September 2019	60	50	91	201
Depreciation				
At 1 April 2018	42	42	60	144
Charge for the period on owned assets	7	4	22	33
Disposals	-	-	(10)	(10)
At 30 September 2019	49	46	72	167
Net book value				
At 30 September 2019	11	4	19	34
At 31 March 2018	18	7	15	40

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

11. Debtors

	30 September 2019 £000	<i>31 March 2018 £000</i>
Trade debtors	1,004	<i>1,048</i>
Other debtors	8	<i>8</i>
Prepayments and accrued income	144	<i>166</i>
	1,156	<i>1,222</i>

12. Cash and cash equivalents

	30 September 2019 £000	<i>31 March 2018 £000</i>
Cash at bank and in hand	367	<i>187</i>

13. Creditors: Amounts falling due within one year

	30 September 2019 £000	<i>31 March 2018 £000</i>
Trade creditors	483	<i>469</i>
Amounts owed to group undertakings	521	<i>1,406</i>
Corporation tax	162	<i>104</i>
Other taxation and social security	114	<i>68</i>
Other creditors	3	<i>3</i>
Accruals and deferred income	482	<i>260</i>
	1,765	<i>2,310</i>

Amounts owed to group undertakings are repayable on demand, interest-free and unsecured.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

14. Deferred taxation

	30 September 2019 £000	<i>31 March 2018 £000</i>
At beginning of period/year	7	7
Charge to profit or loss	15	-
At end of period/year	<u><u>22</u></u>	<u><u>7</u></u>

The provision for deferred taxation is made up as follows:

	30 September 2019 £000	<i>31 March 2018 £000</i>
Fixed assets timing differences	<u><u>22</u></u>	<u><u>7</u></u>

15. Share capital

	30 September 2019 £	<i>31 March 2018 £</i>
Allotted, called up and fully paid		
1 (2018: 1) Ordinary share of £1.00	<u><u>1</u></u>	<u><u>1</u></u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

The ordinary share carries one voting right.

16. Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - Includes all current and prior period retained profits and losses.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

17. Pension commitments

The Company contributes fixed amounts towards the defined contribution pension schemes of two (2018: two) of its directors and one (2018: one) employee. These pension contributions are taken as a salary sacrifice.

The Company also contributes to other employees' pension schemes under an auto-enrolment scheme, except where employees are ineligible for inclusion or have chosen to opt out of the scheme.

The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the fund.

Total contributions recognised in the Statement of comprehensive income by the Company for the period were £47,000 (2018: £32,000).

18. Commitments under operating leases

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	30 September 2019 £000	<i>31 March 2018 £000</i>
Due within 1 year	33	<i>33</i>
Due between one to five years	68	<i>117</i>
	101	<i>150</i>

The Company's operating lease costs relate to office space in South Croydon. There are no contingent rentals. The property lease is due to expire on 31 October 2027 and has a break clause at 31 October 2022.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

19. Related party transactions

As permitted by FRS 102 related party transactions with wholly owned members of the parent company, Avicenna Holdings Ltd (note 20), have not been disclosed. During the period the Company entered into the following transactions with a group company, AMG Healthcare Limited, which is not a wholly owned subsidiary of Avicenna Holdings Ltd.

	18 month period ended 30 September 2019 £000	<i>Year ended 31 March 2018 £000</i>
Sales of services to a group undertaking	5	9
Amounts owed to a group undertaking at end of period/year	-	1

Transactions with directors

The following transactions with directors took place during the year:

	18 month period ended 30 September 2019 £000	<i>Year ended 31 March 2018 £000</i>
Purchase of services from the Company	-	23
Amounts owed by the Company at end of period/ year	-	3

These purchases were made by Lewis Grove Pharmacy, a business owned by Mr Salim Jetha. During the year the Company also recognised profit share to Lewis Grove Pharmacy of £1,600 (2018: £2,000).

Amounts owed by fellow group undertaking and amounts owed by the Company were repayable on demand, interest-free and unsecured.

Key management personnel remuneration is disclosed in note 6.

AVICENNA MEMBERSHIP SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

20. Ultimate parent company and control

The Company is controlled by its immediate parent company Avicenna Holdings Ltd, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated for the period ended 30 September 2019 is that headed by the parent company Avicenna Holdings Ltd. The consolidated accounts of Avicenna Holdings Ltd are available from 1st Floor Selsdon House, 212-220 Addington Road, South Croydon, Surrey, CR2 8LD.

In September 2019, the whole of the share capital of the parent company, Avicenna Holdings Ltd was acquired by Avicenna Ltd (formerly Juno Health Limited). The ultimate controlling party of Avicenna Ltd is CORFA Holding AG, which is registered in Switzerland.

21. Transition to FRS 102

The Company has adopted FRS102 for the first time having previously applied Financial Reporting Standard 101 - 'The Reduced Disclosure Framework' (FRS 101). The date of transition to FRS 102 was 1 April 2017. The Company has reviewed its comparatives for the year-ended 31 March 2018 to assess for any impact of the transition. No transition adjustments which impact the opening balances were necessary.

22. Events after the reporting period

There are no transactions or events after period end which warrant separate disclosure. The directors consider the impact of Coronavirus to be a non-adjusting post balance sheet event.