

Company Registration No. 08646059 (England and Wales)

**AVICENNA MEMBERSHIP SERVICES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 JULY 2020**



# AVICENNA MEMBERSHIP SERVICES LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	S K E Jetha J I Power N J Clark B Patel R M West
<b>Secretary</b>	J I Power
<b>Company number</b>	08646059
<b>Registered office</b>	Selsdon House 212-220 Addington Road South Croydon CR2 8LD
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD
<b>Bankers</b>	HSBC Bank PLC 118 Commercial Road Portsmouth PO1 1EP

---

# AVICENNA MEMBERSHIP SERVICES LIMITED

## DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 JULY 2020

---

The directors present their report and financial statements for the period ended 31 July 2020.

### Principal activities

The principal activity of the company continued to be that of providing support and services to its retail pharmacist members.

### Directors

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

S K E Jetha

J I Power

N J Clark

B Patel

R M West

(Appointed 27 January 2020)

(Appointed 3 August 2020)

### Qualifying third party indemnity provisions

The company provided qualifying third party indemnity provisions in respect of the directors and officers which were in force during the period and at the date of this report.

### Auditor

RSM UK Audit LLP were appointed as auditor to the company on 19 September 2020 and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put forward at a General Meeting.

### 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, each director has taken all the necessary steps that they ought to have taken as a director 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



R M West

Director

Date: 26/7/21

# **AVICENNA MEMBERSHIP SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE PERIOD ENDED 31 JULY 2020**

---

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 reporting period. 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; 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.

# **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 31 July 2020 which comprise the statement of income and retained earnings, the statement of financial position 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 July 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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)**

---

### **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 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' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

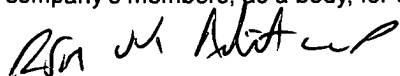
### **Auditor's responsibilities for the audit of the financial statements**

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.

### **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.



Steven Cleugh FCCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St. James' Gate  
Newcastle upon Tyne  
NE1 4AD  
21/2/21

# AVICENNA MEMBERSHIP SERVICES LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE PERIOD ENDED 31 JULY 2020

	10 month period ended 31 July 2020 £	18 month period ended 30 September 2019 £
<b>Turnover</b>	4,736,099	8,894,907
<b>Cost of sales</b>	(3,394,239)	(6,617,830)
<b>Gross profit</b>	1,341,860	2,277,077
Administrative expenses	(1,736,660)	(1,752,398)
Other operating income	10,000	35,000
<b>(Loss)/profit before taxation</b>	(384,800)	559,679
Tax on (loss)/profit	12,320	(72,927)
<b>(Loss)/profit for the financial period</b>	(372,480)	486,752
Retained earnings brought forward	(125,141)	(611,893)
Retained earnings carried forward	(497,621)	(125,141)

**AVICENNA MEMBERSHIP SERVICES LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 JULY 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	3	59,946		104,832	
Tangible assets	4	57,239		33,787	
			117,185		138,619
<b>Current assets</b>					
Debtors	5	1,356,064		1,156,429	
Cash at bank and in hand		339,608		366,954	
		1,695,672		1,523,383	
<b>Creditors: amounts falling due within one year</b>	6	(2,301,024)		(1,765,369)	
<b>Net current liabilities</b>			(605,352)		(241,986)
<b>Total assets less current liabilities</b>			(488,167)		(103,367)
<b>Provisions for liabilities</b>	7		(9,453)		(21,773)
<b>Net liabilities</b>			(497,620)		(125,140)
<b>Capital and reserves</b>					
Called up share capital	9		1		1
Profit and loss reserves			(497,621)		(125,141)
<b>Total equity</b>			(497,620)		(125,140)

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 26/7/21 and are signed on its behalf by:

  
R M West  
Director



# AVICENNA MEMBERSHIP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 JULY 2020

---

#### 1 Accounting policies

##### Company information

Avicenna Membership Services Limited (the 'company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Selsdon House, 212-220 Addington Road, South Croydon, CR2 8LD.

##### 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. The principal accounting policies adopted are set out below.

##### Change in accounting policy

The company has adopted the amendments to FRS 102 published in the Triennial Review 2017. This has resulted in no change in accounting policy and no changes in the current or prior period figures presented in the financial statements.

##### Going concern

Whilst the company has a net current liability position, this is due to amounts repayable to the parent company and the company has received a letter of support from the parent company. In addition, the directors have prepared detailed forecasts which have been updated to consider the impact of the Covid 19 pandemic on revenues and working capital. The directors, with reference to these forecasts, and the support of the parent undertaking consider that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have prepared detailed forecasts which have been updated to consider the impact of the Covid 19 pandemic on revenues and working capital. The directors, with reference to these forecasts, and the support of the parent undertaking consider that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### Reporting period

The company changed its reporting period to 31 July to be in line with its ultimate parent company. These accounts represent a 10 month period and so the amounts presented in the financial statements (including the related notes) are not entirely comparable to the previous 18 months ended 30 September 2019.

##### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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 the provision of services is recognised on the provision of services to the customer.

# AVICENNA MEMBERSHIP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 JULY 2020

---

#### 1 Accounting policies (Continued)

##### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	3 years
----------	---------

##### **Tangible fixed assets**

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

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

Leasehold land and buildings	Shorter of useful economic life or lease term
Fixtures and fittings	4 years
Computers	3 years

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.

##### **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).

##### **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.

##### **Financial instruments**

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

Financial instruments are recognised 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.

# AVICENNA MEMBERSHIP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 JULY 2020

---

#### 1 Accounting policies (Continued)

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

Basic financial assets, which include trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **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 trade and other creditors and amounts owed to group undertakings, 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.

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

##### **Equity instruments**

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

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# AVICENNA MEMBERSHIP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 JULY 2020

#### 1 Accounting policies (Continued)

##### 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.

##### Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

#### 2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 29 (2019 - 30).

#### 3 Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 October 2019	228,906
Additions - separately acquired	15,790
	<hr/>
At 31 July 2020	244,696
	<hr/>
<b>Amortisation and impairment</b>	
At 1 October 2019	124,074
Amortisation charged for the period	60,676
	<hr/>
At 31 July 2020	184,750
	<hr/>
<b>Carrying amount</b>	
At 31 July 2020	59,946
	<hr/>
At 30 September 2019	104,832
	<hr/>

The amortisation charge for the period is recognised within administrative expenses.

# AVICENNA MEMBERSHIP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 October 2019	59,965	141,128	201,093
Additions	6,762	37,542	44,304
At 31 July 2020	66,727	178,670	245,397
<b>Depreciation and impairment</b>			
At 1 October 2019	49,749	117,557	167,306
Depreciation charged in the period	4,532	16,320	20,852
At 31 July 2020	54,281	133,877	188,158
<b>Carrying amount</b>			
At 31 July 2020	12,446	44,793	57,239
At 30 September 2019	10,216	23,571	33,787

### 5 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	1,092,046	1,004,319
Amounts owed by group undertakings	147,204	-
Other debtors	116,814	152,110
	1,356,064	1,156,429

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

	2020	2019
	£	£
Trade creditors	536,599	482,919
Amounts owed to group undertakings	887,541	521,213
Corporation tax	162,183	162,183
Other taxation and social security	253,267	113,567
Other creditors	461,434	485,487
	2,301,024	1,765,369

# AVICENNA MEMBERSHIP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 7 Provisions for liabilities

	2020 £	2019 £
Deferred tax liabilities	9,453	21,773

### 8 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	23,542	46,514

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £4,248 (2019: £3,037) were payable to the fund at the year end and are included within other creditors.

### 9 Called up share capital

	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>		
1 Ordinary share of £1 each	1	1
	1	1

### 10 Operating lease commitments

#### Lessee

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

	2020 £	2019 £
Within one year	33,000	33,000
Between one and five years	35,000	68,000
	68,000	101,000

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.

### 11 Related party transactions

#### Transactions with related parties

During the period the company entered into the following transactions with related parties:

# AVICENNA MEMBERSHIP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

---

### 11 Related party transactions (Continued)

	Sales	
	2020	2019
	£	£
Other related parties	-	5,000
	<u>          </u>	<u>          </u>

The company has taken the exemption available from disclosing related party transactions with other wholly owned members of the Avicenna group.

### 12 Parent company

The company's immediate parent company is Avicenna Holdings Limited, a company incorporated in England and Wales.

The parent of the smallest group for which consolidated accounts are drawn up of which Avicenna Membership Services Limited is a member is Avicenna Limited, a company incorporated in England and Wales. Its registered office is Selsdon House, 212-220 Addington Road, South Croydon, CR2 8LD.

The parent of the largest group for which consolidated accounts are drawn up of which Avicenna Membership Services Limited is a member is Avicenna Topco Limited, a company incorporated in England and Wales. Its registered office is Selsdon House, 212-220 Addington Road, South Croydon, CR2 8LD.

The company's ultimate controlling party is COFRA Holding AG which is registered in Switzerland.