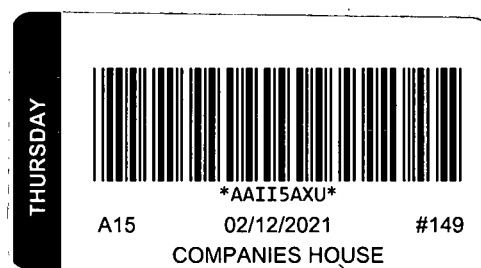


Octopus Administrative Services Limited

Annual report and financial statements

For the year ended 30 April 2021

Registered number: 03974202



COMPANY INFORMATION

| | |
|--------------------------|---|
| DIRECTORS | C R Hulatt S A Rogerson P S Latham (resigned 14 July 2021) |
| COMPANY SECRETARY | Octopus Company Secretarial Services Limited |
| COMPANY NUMBER | 03974202 |
| REGISTERED OFFICE | 6 th Floor 33 Holborn London EC1N 2HT |
| AUDITOR | Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom |
| BANKERS | HSBC plc 31 Holborn London EC1N 2HR |

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DIRECTORS' REPORT

For the year ended 30 April 2021

The directors present their annual report on the affairs of Octopus Administrative Services Limited ("the Company"), together with the financial statements and auditor's report, for the year ended 30 April 2021.

Directors

The directors who served throughout the year and up to the date of signing were as follows (unless otherwise stated):

C R Hulatt

S A Rogerson

P S Latham (resigned 14 July 2021)

Director's indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Principal risks and uncertainties

Details of the principal risks and uncertainties can be found in the Strategic Report on page 6.

Small companies' exemption

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

Reduced disclosure

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The notable area of disclosure which will be affected is related party disclosures, and the cash flow statement: these will be disclosed in the annual accounts of the Company's parent company, Octopus Capital Limited, but not the Company or other subsidiary companies, who will adopt the exemption to disclose in its own accounts.

Dividends

The directors do not propose the payment of a dividend for the year ended 30 April 2021 (2020: £nil).

Future developments

Details of future developments can be found in the Strategic Report on page 6.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



C R Hulatt

Director

26 November 2021

Registered Office: 6th Floor, 33 Holborn, London, EC1N 2HT

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 30 April 2021

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), 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 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;
- 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 to 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.

STRATEGIC REPORT

For the year ended 30 April 2021

Principal activity

The principal activity of the Company during the year was that of a holding company.

Business review and key performance indicators

The results for the Company show a post-tax profit of £4,204,183 for the year (2020 loss: £4,783,134) and turnover of £5,696,042 for the year (2020: £6,494,096).

Principal risks and uncertainties

The directors identify, assess and manage risks associated with the Company's business objectives and strategy. Risks arise from external sources, those which are inherent commercial risks in the market place and business and from operational risks contained within the systems and processes employed within the business.

External Risks

External risks can arise from changes to the political, legal and regulatory environment within which the Company's investments reside. The Directors and relevant investment teams ensure that they have a detailed understanding of the political, legal and regulatory environments, and that the Company holds a diversified portfolio of investments.

Operational Risk

Operational risk arises from a weakness or failure in a business's systems and controls. Octopus (Octopus Capital Limited, the ultimate parent company, and its subsidiaries) relies on efficient and well-controlled processes. The potential impact and likelihood of processes failing, and operational risk materialising is assessed on a regular basis. Where these likelihoods are felt to be outside of the directors' appetite for risk, management actions and/or control improvements are identified in order to bring each potential risk back to within acceptable levels. Octopus also has a disaster recovery plan in place covering current business requirements.

Business Risk

The majority of the Company's revenues are derived from interest and dividend income depending upon the performance of the underlying investments. Octopus operates in the highly competitive financial services market. This encompasses issues such as the availability of assets for investment across the industry and reputational issues that affect the sector as a whole.

The reputation of the business is one of Octopus' most important assets since it operates in an industry where customer trust and confidence are key. There is a system of internal controls which seek to ensure that events which would damage the reputation of the business are prevented. Management is active in seeking knowledge on changes to the business environment which may have an impact on the way Octopus does business.

Coronavirus (also known as COVID-19) has been declared as a global pandemic and has had a major impact on economies and financial markets throughout calendar year 2020. With the positive vaccine rollout in the United Kingdom, financial markets have rebounded. The Directors have noted the strong investment performance and the high level of liquid assets within the Company and are comfortable that COVID-19 will not affect the Company's ability to meet its liabilities as they become due for a period of at least 12 months from the date these financial statements are signed.

STRATEGIC REPORT (continued)

For the year ended 30 April 2020

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments. The credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by credit agencies and the company is not party to any derivative financial instruments.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term bank deposits.

Future developments

With view of the prevailing economic conditions, the Directors are satisfied that there is no material uncertainty leading to a significant doubt in regard to the future operations of the Company. There are no plans to change the principal business activities of the Company.

Going concern

The Company has financial resources together with long-term investments across multiple companies. Furthermore, £38.3m of the amounts due within one year are owed to Octopus Capital Limited, the ultimate parent company, and while this is repayable on demand, it is not expected that significant repayments would have to be made in the coming year.

With view of the prevailing economic conditions, the Directors are satisfied that there is no material uncertainty leading to a significant doubt on the Company's ability to operate as a going concern. As such it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note in the financial statements.

Approved by the Board and signed on its behalf by:



C R Hulatt
Director
26 November 2021

Registered Office: 6th floor, 33 Holborn, London, EC1N 2HT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS ADMINISTRATIVE SERVICES LIMITED

For the year ended 30 April 2021

Opinion

In our opinion the financial statements of Octopus Administrative Services Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

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).

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS ADMINISTRATIVE SERVICES LIMITED (continued)

For the year ended 30 April 2021

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the UK Companies Act 2006.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to be presented in the valuation of investments. The specific procedure performed to address it are described below:

- evaluating significant inputs to the valuations and agreeing these to supporting documentation; and
- developing an independent view of management's assumptions, challenging management around the material unobservable inputs and assumptions within the valuations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS ADMINISTRATIVE SERVICES LIMITED (CONTINUED)

For the year ended 30 April 2021

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

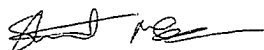
We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS ADMINISTRATIVE SERVICES LIMITED (CONTINUED)

For the year ended 30 April 2021

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.



Stuart McLaren (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

26 November 2021

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2021

| | Notes | 2021 £ | 2020 £ |
|--|-------|------------------|--------------------|
| TURNOVER | 2 | 5,696,042 | 6,494,096 |
| Impairment of investments & accrued interest | 3 | (2,252,072) | (11,463,773) |
| Administrative expenses | | (113,667) | (102,348) |
| OPERATING PROFIT/(LOSS) | | <u>3,330,302</u> | <u>(5,072,025)</u> |
| Change in fair value of investments | 7 | 2,005,589 | (568,315) |
| Gain on disposal of fixed asset | | 17,970 | - |
| PROFIT/(LOSS) BEFORE TAXATION | | <u>5,353,862</u> | <u>(5,640,340)</u> |
| Tax on profit/(loss) | 6 | (1,149,679) | 857,206 |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | <u>4,204,183</u> | <u>(4,783,134)</u> |

All amounts relate to continuing operations.

There were no items of other comprehensive income in the current or prior year other than the profit for the year and, accordingly, no statement of other comprehensive income is presented.

The notes on pages 15 to 24 form part of these financial statements.

BALANCE SHEET

As at 30 April 2021

| | Notes | 2021 £ | 2020 £ |
|---|-------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Subsidiaries | 7 | 15,508,221 | 15,501,085 |
| Associates and joint ventures | 7 | 2,265,482 | 3,898,253 |
| Financial Assets | 7 | 14,002,357 | 8,236,747 |
| | | <u>31,776,060</u> | <u>27,636,085</u> |
| CURRENT ASSETS | | | |
| Debtors due after one year | 8 | 509,426 | 364,172 |
| Debtors due within one year | 8 | 200,000 | 1,319,286 |
| Financial Assets | 7 | 2,911,859 | 2,726,741 |
| Cash at bank | | 50,000 | 50,000 |
| CREDITORS: amounts falling due within one year | 9 | <u>(39,252,442)</u> | <u>(40,105,564)</u> |
| NET CURRENT LIABILITIES | | <u>(35,581,157)</u> | <u>(35,645,365)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(3,805,097)</u> | <u>(8,009,280)</u> |
| NET LIABILITIES | | <u>(3,805,097)</u> | <u>(8,009,280)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 1 | 1 |
| Profit and loss account | | <u>(3,805,098)</u> | <u>(8,009,281)</u> |
| SHAREHOLDER'S DEFICIT | | <u>(3,805,097)</u> | <u>(8,009,280)</u> |

The financial statements of Octopus Administrative Services Limited (registered number: 03974202) were approved by the Board of Directors and authorised for issue on 26 November 2021. They were signed on its behalf by:



C R Hulatt
Director

The notes on pages 15 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2021

| | Called-up share capital | Profit and loss account | Total |
|-------------------------------|----------------------------|----------------------------|-------------|
| | £ | £ | £ |
| At 30 April 2019 | 1 | (3,226,147) | (3,226,146) |
| Loss for the financial year | - | (4,783,134) | (4,783,134) |
| At 30 April 2020 | 1 | (8,009,281) | (8,009,280) |
| Profit for the financial year | - | 4,204,183 | 4,204,183 |
| At 30 April 2021 | 1 | (3,805,098) | (3,805,097) |

The notes on pages 15 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information

Octopus Administrative Services Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activity are set out in the Strategic Report on page 6.

The functional currency of Octopus Administrative Services Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

Basis of accounting and preparation of financial statements

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, Octopus Capital Limited, which may be obtained from the Secretary, Octopus Capital Limited, 6th floor 33 Holborn, London, EC1N 2HT. Exemptions have been taken in these Company financial statements in relation to the presentation of a cash flow statement, financial instruments and related party transactions with other group entities.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

Towards the end of the previous financial year, and continuing in the current period, the coronavirus (Covid-19) outbreak caused extensive disruption to businesses and economic activities globally.

However, Octopus Administrative Services Limited has significant financial resources together with long-term investments across multiple companies. Furthermore, £38.3m of the amounts due within one year are owed to Octopus Capital Limited, the ultimate parent company, and while this is repayable on demand, it is not expected that significant repayments would have to be made in the coming year.

As such the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of signing of these financial statements. With view of the prevailing economic conditions, the Directors are satisfied that there is no material uncertainty leading to a significant doubt in this regard and that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

1. Accounting Policies (continued)

Critical judgements in applying the accounting policies & the key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investment valuations

Investments are recorded at fair value or at amounts whose carrying values approximate fair value. While valuations of investments are based on assumptions that the Company believes are reasonable under the circumstances, the actual realised gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based.

The fair value of listed investments, which are all traded in active markets, was determined with reference to the quoted market price at the reporting date.

For the unlisted investments including subsidiaries and associates that are valued using revenue and earnings multiples, the Company's policy is to use reported earnings based on the latest management accounts available from the company, adjusted for non-recurring items. The multiple used is the key valuation input which could change fair values significantly if a reasonably possible alternative assumption was made.

There were no financial liabilities at fair value as at 30 April 2021 or 30 April 2020.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. All financial assets and liabilities are initially measured at transaction price (including transaction costs) and subsequently held at cost less provision for impairment. Assets that are held at cost less provision for impairment are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments

As the Company is a holding company its intention is to hold investments long term, this results in classifying all unlisted investments as fixed. All listed investments that can easily be sold are classified as current.

i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less impairment.

ii) Associated undertakings and joint ventures

Investments in associates and joint ventures are accounted for at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

1. Accounting Policies (continued)

Financial instruments (continued)

iii) Non-current asset investments and loans

Investments held as non-current assets and loans are shown at fair value through profit and loss. In considering the valuation of each investment on an individual investment the following hierarchy is used:

- I. quoted price for an identical asset in an active market;
- II. recent transaction price if no significant change in economic circumstances; and
- III. appropriate valuation technique.

iv) Current asset investments and loans

Investments held as current assets and loans are shown at fair value through profit and loss and are listed investments that the Company holds. Listed investments are valued at the quoted price in an active market as at the balance sheet date.

Assets that are held at cost less provision for impairment are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover comprises revenue which is recognised to the extent that it is probable that economic benefits will flow to the Company and such revenue can be reliably measured. Revenue represents amounts receivable from returns on investments in the form of dividends, loan interest and performance fees. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Turnover is all generated by one segment, that of a holding company, and in the UK, hence no segmental or geographical analysis is required.

Interest Receivable

Interest receivable, where received, comprises interest earned on bank balances. Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

2. Turnover

An analysis of the Company's turnover is set out below:

| | 2021 | 2020 |
|---|------------------|------------------|
| | £ | £ |
| Dividend Income from Associates | 500,000 | 1,671,228 |
| Performance Fees | 3,292,902 | - |
| Loan interest on Debt holdings in Investments | 1,423,967 | 4,608,822 |
| Other Income (distributions from funds) | 479,173 | 214,046 |
| | <u>5,696,042</u> | <u>6,494,096</u> |

3. Profit/(loss) before Taxation

Profit/(loss) before taxation is stated after charging / (crediting):

| | 2021 | 2020 |
|--|-------------|-------------|
| | £ | £ |
| Impairment of accrued interest & investments | 2,252,076 | 11,463,773 |
| Change in fair value of investments | (2,005,589) | 568,315 |
| Profit on disposal of fixed asset | (17,970) | - |

The fees payable to the Company's auditor for the audit of the financial statements is £43,622 (2020: £39,490).

4. Staff Costs

There were no employees during the current or preceding year, other than the directors (Note 5).

5. Directors' Remuneration and Transactions

The Directors are contractually employed, and received their remuneration through, Octopus Investments Limited, however they received no remuneration in relation to services to the Company. The directors do not beneficially own any shares in Octopus Administrative Services Limited.

6. Tax on profit/(loss)

The tax charge comprises:

| | 2021 | 2020 |
|---|------------------|------------------|
| | £ | £ |
| Current Tax (see note below) | | |
| UK corporation tax on profits/(loss) for the year | 942,733 | 423,627 |
| Adjustment in respect of previous periods | 206,946 | (1,280,833) |
| Total current tax | <u>1,149,679</u> | <u>(857,206)</u> |
| Deferred tax | | |
| Adjustment in respect of previous periods | - | - |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Tax on profit/(loss) | <u>1,149,679</u> | <u>(857,206)</u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

6. Tax on profit(loss) (continued)

| | 2021 | 2020 |
|---|------------------|------------------|
| | £ | £ |
| Profit/(loss) before tax for the year | 5,353,862 | (5,640,340) |
| Tax on profit/(loss) at standard UK tax rate of 19% (2020: 19%) | 1,017,234 | (1,071,665) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 431,281 | 2,286,497 |
| Income not taxable | (508,249) | (309,230) |
| Effects of group relief/other reliefs | 2,467 | (481,975) |
| Adjustment from previous periods | 206,946 | (1,280,833) |
| Tax charge/(credit) for the year | 1,149,679 | (857,206) |

In the March 2021 budget, the UK government announced their intention to increase the main rate of corporation tax from 19% to 25% from 01 April 2023. This change has not been substantively enacted into UK law yet.

7. Fixed Assets

| | 2021 | 2020 |
|--------------------------------------|-------------|-------------|
| | £ | £ |
| Subsidiary undertakings | 15,508,215 | 15,501,085 |
| Associates and joint ventures | 2,265,482 | 3,898,253 |
| Financial Assets | 14,002,357 | 8,236,747 |
| - Unlisted investments at fair value | 2,911,859 | 2,726,741 |
| - Listed investments at fair value | 34,687,913 | 30,362,826 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

| 7. Fixed Assets (continued) | Subsidiary undertakings | Associates and joint ventures |
|------------------------------------|------------------------------------|--|
| | £ | £ |
| Cost | | |
| At 1 May 2020 | 15,501,085 | 9,587,821 |
| Additions | 7,136 | 151,075 |
| Disposals | - | (810,054) |
| At 30 April 2021 | 15,508,221 | 8,928,842 |
| Provisions for impairment | | |
| At 1 May 2020 | - | (5,689,568) |
| Impairment | - | (973,792) |
| At 30 April 2021 | - | (6,663,360) |
| Carrying value | | |
| At 30 April 2020 | 15,501,085 | 3,898,253 |
| At 30 April 2021 | 15,508,221 | 2,265,482 |

The cost and provision for impairment of joint ventures of the Company are £nil (2020: £nil).

In September 2020, the Company subscribed for further A shares for consideration of £7,130 alongside management of Aurora Care & Education Holdings Limited such that the Company now has an 80% stake in its investment (2020: 99% stake).

In January 2021, the Company made its fourth and final disbursement of the participative loan to FF New Energy Venture, S.A. totalling £151,075.

In April 2021, the Company disposed of its investment in Hatch Financial Planning Limited (part of its investment into VouchedFor Limited) for total consideration of £810,054. There was no gain or loss on disposal.

In April 2021, the Company acquired 5,000,000 ordinary shares of 1p each in the capital of Catria Limited (99% stake), Choctaw Limited (99% stake), Kabardin Limited (99% stake) and Red Poll Power Limited (99% stake) and 4,999,698 ordinary shares of 1p each in the capital of Teralba Power Limited (99% stake) and Woodlawn Power Limited (99% stake) for a total combined consideration of £6 in cash.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

7. Fixed Assets (continued)

Associates and joint ventures

The Company held the following investments in associates and joint ventures during the year:

| Associates/Joint Ventures | Country of incorporation | Holding | Voting rights held | Nature of business |
|-------------------------------------|--------------------------|-------------------------|--------------------|--------------------|
| VouchedFor Limited | United Kingdom | A Shares and loan notes | 35.9% | Financial Advice |
| *Apus Energy Limited** | United Kingdom | A Ordinary Shares | 50.0% | Renewable Energy |
| *RCVP Retirement Living Limited | United Kingdom | B shares and loan note | 60.0% | Healthcare |
| Astonbrook Care Holdings Limited*** | United Kingdom | B Shares and loan note | 37.5% | Healthcare |
| FF New Energy Venture SA | Spain | A Shares and loan notes | 20.0% | Renewable Energy |
| *Winnipeg Heat Limited | United Kingdom | Ordinary Shares | 50.0% | Renewable Energy |
| *Tanganyika Heat Limited | United Kingdom | Ordinary Shares | 50.0% | Renewable Energy |

* Despite owning 50% of the Class A ordinary shares of Apus Energy Limited, 50% of the ordinary shares of Winnipeg Heat Limited and Tanganyika Heat Limited and 60% of the Class B ordinary shares of RCVP Retirement Living Limited the Company does not have control and therefore does not treat these investments as subsidiaries.

** Joint Venture

*** Astonbrook Care Holdings Limited was placed into administration with proceedings starting in October 2019.

The registered address for VouchedFor Limited is 8 Waldegrave Road, Teddington, Middlesex, TW11 8HT

The registered address for Apus Energy Limited is Fourth Floor, 2 Kingsway, Cardiff, United Kingdom, CF10 3FD

The registered address for RCVP Retirement Living Limited, Winnipeg Heat Limited and Tanganyika Heat Limited is 6th Floor 33 Holborn, London, England, EC1N 2HT

The registered address for Astonbrook Care Holdings Limited is 2nd Floor 110 Cannon Street, London, EC4N 6EU

The registered address for FF New Energy Venture SA is Calle Alcala, 58 - BJ DR, Madrid, Spain, 28014

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

7. Fixed Assets (continued)**Subsidiary undertakings**

The Company held the following investments in subsidiary undertakings during the year:

| Subsidiary undertakings | Country of incorporation | Share class | Holding | Nature of business |
|--|--------------------------|---------------------------------|---------|-------------------------------|
| Aurora Care & Education Holdings Limited | United Kingdom | Ordinary A Shares and loan note | 80% | Specialist Education and Care |
| Choctaw Limited | United Kingdom | Ordinary Shares | 99% | Energy Generation |
| Kabardin Limited | United Kingdom | Ordinary Shares | 99% | Energy Generation |
| Catria Limited | United Kingdom | Ordinary Shares | 99% | Energy Generation |
| Red Poll Power Limited | United Kingdom | Ordinary Shares | 99% | Energy Generation |
| Teralba Limited | United Kingdom | Ordinary Shares | 99% | Energy Generation |
| Woodlawn Power Limited | United Kingdom | Ordinary Shares | 99% | Energy Generation |

The registered address for Aurora Care and Education Holdings Limited is Unit 13, Twigworth Court Business Centre, Tewkesbury Road, Gloucester, England, GL2 9PG and the registered address for the remainder of the above entities is: 6th Floor, 33 Holborn, London, England EC1N 2HT.

Categories of financial assets at fair value

| | Current assets | | Fixed assets | |
|---|------------------|------------------|-------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Investments carried at fair value | | | | |
| Unlisted investments | - | - | 14,002,357 | 8,236,747 |
| Listed investments | 2,911,859 | 2,726,741 | - | - |
| | <u>2,911,859</u> | <u>2,726,741</u> | <u>14,002,357</u> | <u>8,236,747</u> |
| | | | 2021 | 2020 |
| | | | £ | £ |
| Financial assets at fair value | | | | |
| Fair value through profit and loss (FVTPL) | | | | |
| - Listed investment | | | 2,911,859 | 2,726,741 |
| - Unlisted investment | | | <u>14,002,357</u> | <u>8,236,747</u> |
| Changes in value of financial instruments at fair value for the year | | | | |
| (Credit)/charge to the Statement of Comprehensive Income: | | | | |
| Unlisted investments | | | (1,199,650) | 617,251 |
| Listed Investments | | | <u>(805,938)</u> | <u>(48,936)</u> |

The fair value of listed investments, which are all traded in active markets, was determined with reference to the quoted market price at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

8. Debtors

| | 2021 | 2020 |
|-------------------------------------|----------------|------------------|
| | £ | £ |
| Due after one year | | |
| Prepayments and accrued income | 509,426 | 364,172 |
| Due within one year | | |
| Amounts due from group undertakings | 200,000 | 200,000 |
| Other debtors | - | 1,119,286 |
| | <u>709,426</u> | <u>1,683,458</u> |

Included in the prepayments and accrued income due after one-year balance are provisions for accrued interest of £5,355,488 (2020: £14,501,824). The amounts owed by group undertakings are unsecured, interest free and may be repaid at any time.

9. Creditors

| | 2021 | 2020 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Due within one year | | |
| Amounts owed to group undertakings | 38,309,702 | 40,103,464 |
| Creditors | - | 2,100 |
| Corporation tax payable | 942,734 | - |
| | <u>39,252,436</u> | <u>40,105,564</u> |

The amounts owed to group undertakings are unsecured, interest free and may be repaid at any time.

10. Called-Up Share Capital

| | 2021 | 2020 |
|---|------|------|
| | £ | £ |
| Allotted, called-up and fully paid | | |
| £1 ordinary shares | 1 | 1 |
| £0.01 deferred shares | - | - |

On 27 April 2021, the Company issued 2 deferred shares of £0.01 each in exchange for 2,450,000 ordinary shares in Kabardin Limited and 2,450,000 ordinary shares in Red Poll Power Limited.

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

Deferred shares have no voting rights or rights to dividends. On a return of capital, once ordinary shareholders have received an amount equal to £100, deferred shareholders are entitled to receive an aggregate amount of £1, prior to the remainder balance being distributed to the ordinary shareholders.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

11. Related Party Transactions

The Company has taken advantage of the exemption in paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned Group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of the Group.

12. Ultimate Parent Undertaking and Controlling Party

The immediate and ultimate parent company and ultimate controlling party is Octopus Capital Limited, a company incorporated in the United Kingdom and registered in England and Wales which is the smallest and largest level of consolidated accounts that are prepared. Copies of these accounts can be obtained from the registered address of the parent company; The Secretary, Octopus Capital Limited, 33 Holborn, London, EC1N 2HT.

13. Subsequent Events

On 2 July 2021, the Company issued a further 1 deferred share in exchange for 2,450,000 ordinary shares in Valloire Power Limited. Aside from this, since 30 April 2021, the directors are not aware of any matters or circumstances that have significantly affected or may significantly affect the Company.