

Octopus AIF Management Limited

Annual report and financial statements

For the year ended 30 April 2016

Registered number: 08802172



COMPANY INFORMATION

Directors	M W Biggart A R Harrison C R Hulatt
Company Secretary	T J Spevack
Company Number	08802172
Registered Office	6 th Floor 33 Holborn London EC1N 2HT
Auditor	Deloitte LLP 2 New Street Square London United Kingdom EC4A 3BZ
Bankers	Coutts & Co 440 Strand London WC2R 0QS

Table of Contents

	Page
Directors' Report	4
Strategic Report.....	6
Directors' Responsibilities Statement	8
Independent Auditor's Report.....	9
Financial Statements	10
Statement of Comprehensive Income	10
Balance Sheet.....	11
Statement of Changes in Equity	12
Notes to the Financial Statements.....	13-16
Alternative Investment Fund Managers Disclosure.....	17

DIRECTORS' REPORT

For the year ended 30 April 2016

The directors present their annual report on the affairs of Octopus AIF Management Limited ("the Company"), a company regulated by the Financial Conduct Authority ("FCA"), together with the financial statements and auditor's report, for year ended 30 April 2016.

Going concern

The Company has considerable financial resources together with long-term agreements with the funds it manages across different asset classes. Expenses are minimal in comparison to revenue largely as a result of staff costs being borne ultimately by Octopus Investments Limited. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends

The directors did not recommend a final dividend which, together with the interim dividend of £2,414,012 (1,207 p per ordinary share) paid on 29 April 2016, makes a total of £2,414,012 for the year (2015 - £Nil).

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: 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.

The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Directors

The directors who served throughout the period were as follows:

M W Biggart
A R Harrison
C R Hulatt

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.

Future developments

Details of future developments can be found in the Strategic Report on p6.

DIRECTORS' REPORT (continued)

For the year ended 30 April 2016

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
- the 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 a resolution to reappoint them will be proposed at the next Annual General Meeting.

Approved by the Board and signed on its behalf by:



M W Biggart

Director

17 August 2016

Registered Office:

33 Holborn

London, EC1N 2HT

STRATEGIC REPORT

For the year ended 30 April 2016

Principal activities

The principal activity of the Company during the period was that of fund management.

Business review and key performance indicators

The results for the Company show a pre-tax profit of £5,630,725 for the period and turnover of £5,648,406 for the period. The Company has no debt.

During the year the Company paid a dividend to its parent company, Octopus Capital Limited, of £2,414,012 (2015: £nil). There were no significant events requiring disclosure in the financial statements after the balance sheet date.

Principal risks and uncertainties

The Management Committee identifies, assesses and manages 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. Octopus runs a number of products that provide tax benefits to investors and changes to the underlying legislation could make a product more or less appealing. The Management Committee and relevant investment teams ensure that they have a detailed understanding of current tax legislation and are aware of evolving HMRC rules.

Operational Risk

Operational risk arises from a weakness or failure in a business's systems and controls. Octopus 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 investment management fees which can vary depending upon the performance of the underlying funds. 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.

STRATEGIC REPORT (continued)

For the year ended 30 April 2016

Regulatory Disclosures

Pillar III Disclosure

The Company has documented the Pillar III disclosures required by the FCA under BIPRU 11. These are available on the Octopus website or from the registered office.

Key Performance Indicator Return on Investments Disclosure

The Company has calculated its return on assets as required by the FCA under IFPRU 9.1.3. Its return on assets is 111.1% for the year.

Future developments

The directors expect the general level of activity to grow, consistent with 2016, in the forthcoming year. This is as a result of a continuing success of the existing product range, and an expansion of the product range.

Approved by the Board and signed on its behalf by:



M W Biggart
Director

17 August 2016
Registered Office:
33 Holborn
London, EC1N 2HT

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 30 April 2016

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, including FRS 102, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS AIF MANAGEMENT LIMITED

We have audited the financial statements of Octopus AIF Management Limited for the year ended 30 April 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Stuart McLaren (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
17 August 2016

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2016

		2016	2015
	Note	£	£
TURNOVER	1	5,648,406	2,069,406
Administrative expenses		(17,681)	(12,681)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	5,630,725	2,056,725
Tax on profit/(loss) on ordinary activities	4	(39,633)	(400,538)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		5,591,092	1,656,187

All amounts relate to continuing operations.

There is no other comprehensive income, and as such no separate statement of other comprehensive income has been prepared.

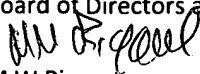
The notes on pages 13 to 16 form part of these financial statements.

BALANCE SHEET

As at 30 April 2016

		2016	2015
	Note	£	£
CURRENT ASSETS			
Debtors – due within one year	5	5,182,305	2,064,406
Cash at bank		296,133	192,319
CREDITORS: amounts falling due within one year	6	(445,171)	(400,538)
NET ASSETS		<u>5,033,267</u>	<u>1,856,187</u>
CAPITAL AND RESERVES			
Called up share capital	7	2,000	2,000
Share premium		198,000	198,000
Profit and loss account		<u>4,833,267</u>	<u>1,656,187</u>
SHAREHOLDERS' FUNDS		<u>5,033,267</u>	<u>1,856,187</u>

The financial statements of Octopus AIF Management Limited (registered number: 08802172) were approved by the Board of Directors and authorised for issue on 17 August 2016. They were signed on its behalf by:


M W Biggart
Director

The notes on pages 13 to 16 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2016

	Called-up share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 30 April 2014	-	-	-	-
Issue of share capital	2,000	198,000	-	200,000
Dividends paid	-	-	-	-
Total comprehensive income for the year	-	-	1,656,187	1,656,187
At 30 April 2015	2,000	198,000	1,656,187	1,856,187
Issue of share capital	-	-	-	-
Dividends paid	-	-	(2,414,012)	(2,414,012)
Total comprehensive income for the year	-	-	5,591,092	5,591,092
At 30 April 2016	2,000	198,000	4,833,267	5,033,267

The notes on pages 13 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2016

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period.

General information

Octopus AIF Management 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 functional currency of Octopus AIF Management 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, 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 has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about the group of which it is a part.

The Company has adopted FRS 102 for the first time in the current year. Other than the full adoption of FRS 102, there have been no new or revised Standards and Interpretations adopted in the current year. There have been no new or revised Standards and Interpretations which have been early adopted in the current year.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, 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.

No critical judgements were made by the directors in the process of applying the Company's accounting policies.

Going concern

The financial statements have been prepared using the going concern basis of accounting. See Directors' Report at p4.

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2016

1. Accounting Policies (continued)

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 for services provided in the normal course of business, net of VAT, and includes management fees, initial fees 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.

Fees earned from the ongoing management of funds are recognised on an accruals basis to the extent that it is probable that there will be economic benefit and the income can be reliably measured.

Turnover is all generated by one segment, that of fund manager, and in the UK, hence no segmental or geographical analysis is required. An analysis of the Company's turnover is set out below:

	2016	2015
	£	£
Fund management	5,648,406	2,069,406

Cash flow

The Company is taking the available exemption from FRS 102 in preparing a cash flow statement as it is a wholly-owned subsidiary of an entity preparing consolidated accounts that are publicly available.

Administrative expenses

Expenses are accounted for on an accrual basis and charged through the profit and loss account.

2. Staff Costs

The company has no employees other than the directors, who did not receive any remuneration.

3. Profit/(Loss) on Ordinary Activities before Taxation

The audit fee for the company is £5,650 (2015: £5000). The auditor's remuneration, is borne by Octopus Investments Limited, a subsidiary of the parent company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2016

4. Tax on profit on ordinary activities

The tax charge comprises:

	2016	2015
	£	£
Tax on profit on ordinary activities	<u>39,633</u>	<u>400,538</u>

Factors affecting tax charge for the year

The differences between the total current tax shown above and the amount calculated by applying a blended rate of UK corporation tax of 20% (2015: 20.92%) to the profit before tax is as follows:

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>5,630,725</u>	<u>2,056,725</u>
Tax on profit on ordinary activities at blended UK corporation tax rate of 20.0% (2015: 20.92%)	1,126,145	430,267
Effects of:		
Expenses/(Gains) not deductible for tax purposes	-	(29,729)
Group relief claimed	(1,126,145)	-
Adjustments from previous periods	39,633	-
Current tax charge for the period	<u>39,633</u>	<u>400,538</u>

5. Debtors

	2016	2015
	£	£
Due within one year		
Trade debtors	572,954	402,953
Prepayments and accrued income	4,609,351	1,587,854
Amounts due from group undertakings	-	73,599
	<u>5,182,305</u>	<u>2,064,406</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2016

6. Creditors

	2016	2015
	£	£
Corporation tax	440,171	400,538
Amounts due to group undertakings	5,000	-
	<u>445,171</u>	<u>400,538</u>

7. Called-Up Share Capital

	2016	2015
	£	£
Allotted, called-up and unpaid		
200,001 Ordinary share of 1p each	<u>2,000</u>	<u>2,000</u>

The Company did not issue any ordinary shares in the current year (2015:nil).

8. 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.

9. 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 Secretary, Octopus Capital Limited, 33 Holborn, London, EC1N 2HT.

10. Subsequent Events

Since 30 April 2016, the directors are not aware of any matters or circumstances that have significantly affected or may significantly affect the Company.

11. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year from 4 December 2013 to 30 April 2015 and the date of transition to FRS 102 was therefore 4 December 2013. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Alternative Investment Fund Managers Disclosure (Unaudited)

The Company paid the following remuneration to staff in respect of the financial period from 1 May 2015 to 30 April 2016. Octopus Capital Limited (the "Group") at the period-end employed 400 staff globally. These staff work on a number of mandates and funds across the Group which include those managed by the Company and those managed by Octopus Investments. The total remuneration stated below is the full remuneration awarded to the 7 staff whose work included an element of work in relation to the Company and includes remuneration received for all work undertaken irrespective of whether it relates to work performed for the Company or work performed for Octopus Investments (or other Group entities).

	2016 £	2015 £
Fixed remuneration	677,257	788,704
Variable remuneration	614,217	803,337
Total remunerations	1,291,474	1,592,041
Number of beneficiaries	7	9

It is not possible to attribute remuneration paid to individual staff directly to any individual fund.

Staff are employed by Octopus Investments Limited with their services being provided to the different companies within the Group as part of intercompany agreements, including the Company. There are no remuneration costs in the Statement of Comprehensive Income of the Company. Remuneration costs are borne ultimately by Octopus Investments Limited.