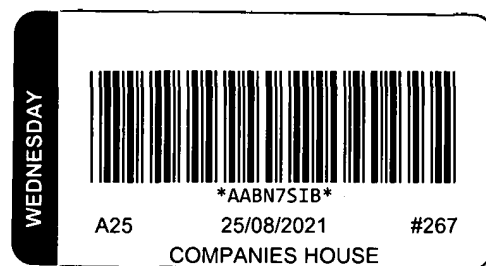


Octopus AIF Management Limited

Annual report and financial statements

For the year ended 30 April 2021

Registered number: 08802172



COMPANY INFORMATION

Directors	C R Hulatt E Lederman C Køppen J C N Digges
Company Secretary	Octopus Company Secretarial Services Limited
Company Number	08802172
Registered Office	6 th Floor 33 Holborn London EC1N 2HT
Auditor	Deloitte LLP 1 New Street Square London United Kingdom EC4A 3HQ
Bankers	HSBC plc 31 Holborn London EC1N 2HR

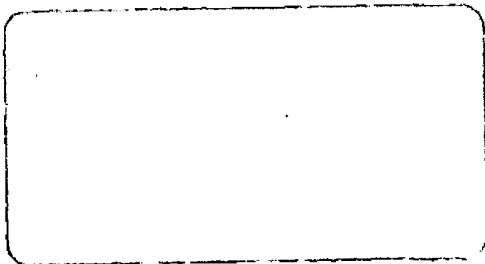


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DIRECTORS' REPORT

For the year ended 30 April 2021

The directors present their annual report on the affairs of Octopus AIF Management Limited ('the Company'), a company regulated by the Financial Conduct Authority ('FCA'), together with the audited 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 this report, were as follows:

C R Hulatt

F Boshell (resigned 4 August 2021)

J C N Digges

E Lederman

C Kjøppen

Directors' 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.

Dividends

During the year the Company paid a final dividend in relation to 2020 to its parent company, Octopus Capital Limited, of £18,000,000 (2020 final dividend paid in relation to 2019: £18,000,000). The directors recommend a final dividend of £4,000,020.

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.

Financial risk management objectives and policies

Details of Financial risk management objectives and policies can be found in the Strategic Report on page 6.

Going concern

During the current financial year and continuing to the date the financial statements are approved, the Coronavirus outbreak (Covid-19) continues to cause extensive disruptions to businesses and economic activities globally, with many companies having been significantly affected.

However, the Company has considerable financial resources together with long-term investment management agreements across multiple funds with varying asset classes and a recurring revenue base. The funds have a history of strong performance, are managed by experienced investment teams and many have investors who have committed their capital for a period longer than 12 months. The Company itself has a small, fixed cost base and could manage even in the event of a significant fall in revenues. 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.

Future developments

Details of future developments can be found in the Strategic Report on page 6 and subsequent events on page 21.

DIRECTORS' REPORT (continued)

For the year ended 30 April 2021

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 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:



E Lederman

Director

19 August 2021

Registered Office:

6th Floor

33 Holborn

London, EC1N 2HT

STRATEGIC REPORT

For the year ended 30 April 2021

Principal activities

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

Business review and key performance indicators

The results for the Company show a pre-tax profit of £1,248,424 (2020: restated profit £32,219,858) and turnover of £53,502,818 (2020 restated revenue: £48,118,509) for the year.

During the year, the Company agreed fee arrangements whereby the Company will pay 95% of the management fees plus 100% of any performance fees received to a fellow group company, Octopus Investments Limited for performing the respective portfolio management functions. The Company will retain 5% of all fees in respect of the risk management function it provides to the funds under the Company's management, all of which is in line with the delegated management agreements between the Company and Octopus Investments Limited. The change was effective from 1 May 2020 and will be reviewed at least annually.

Also during the year the Company paid a dividend to its parent company, Octopus Capital Limited, of £18,000,000 (2020: £18,000,000).

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 marketplace 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. The Company acts as the investment manager to two funds that provide tax benefits to investors and any changes to the underlying legislation could make a product more or less appealing. The Directors 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. The Company 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 to bring each potential risk back to within acceptable levels. The Company 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 on the performance of the underlying funds. The Company 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 the Company's most important assets as 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 the Company does business.

STRATEGIC REPORT (continued)

For the year ended 30 April 2021

Business Risk (continued)

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 continued profitability and the considerable cash reserves held 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.

Credit risk

The Company's principal financial assets are cash, trade and other receivables. The credit risk attributable to its trade receivables is limited, as trade receivables are due from funds, which the Company manages. 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 ensure that sufficient funds are available for ongoing operations and future developments, the Company holds its cash reserves in a current account.

Treating customers fairly

Treating customers fairly is part of the Company's business ethos and ensures its regulated business complies with the FCA principle, "A firm must pay due regard to the interests of its customers and treat them fairly". The fair treatment of customers is central to the corporate culture.

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 net assets is 11% for the year (2020 restated: 97%).

Section 172 statement

The Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term.

Octopus is delighted to have become certified as a B-Corp company during the year. The B Corp certification is one way of measuring a company's social and environmental performance. Certification requires a company to meet the highest standards of social and environmental consideration, transparency, and accountability, to balance profit and the impact they have.

A company must regularly assess how its activities impact all its stakeholders. Employees, community, environment, customers and shareholders are given equal importance. And it requires companies to build stakeholder impact into their legal structure for the long term.

As part of the Board's decision-making process, the Directors and its Committee consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

STRATEGIC REPORT (continued)

For the year ended 30 April 2021

Section 172 statement (continued)

Illustrations of how s172 factors have been applied by the Board can be found throughout the Strategic Report as follows:

Matter	Reference
the need to foster the Company's business relationships with customers	Page 7 (Strategic Report)
the impact of the Company's operations on the community and the environment	Page 8 (Strategic Report)
the desirability of the Company maintaining a reputation for high standards of business conduct	Page 6 (Strategic Report)

Streamlined Energy and Carbon Reporting (SECR)

As the Company has no employees and does not recognise any operating expenses, the Company's energy usage and associated greenhouse gas emissions have been deemed as negligible for the current financial year.

Operating expenses are borne by Octopus Investments Limited, a subsidiary of the parent company. Octopus Investments Limited discloses its scope 1 and scope 2 emissions in its own financial statements.

Future developments

Renewables business

On 29 June 2021, the delegation agreements between the Company and the two renewable funds it manages (Octopus Renewable Energy Income Partnership III LP and Octopus Renewables Infrastructure Trust plc) were novated to Octopus Renewables Limited from Octopus Investments Limited. The delegation agreements were also updated, so that the full management fees are delegated to Octopus Renewables Limited, while the Company retains a fee of £250,000 p.a. for providing risk management services to the renewable funds. All other delegation agreements remain in place and unchanged.

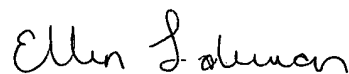
Dividend

The directors recommend a final dividend of £4,000,020.

Other

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.

Approved by the Board and signed on its behalf by:



E Lederman
Director
19 August 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, 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.

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

For the year ended 30 April 2021

Opinion

In our opinion the financial statements of Octopus AIF Management 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;
- the related notes 1 to 12.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS AIF MANAGEMENT LIMITED
(continued)**

For the year ended 30 April 2021

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.

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. These included UK Companies Act and tax legislation; and
- 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 accuracy of investment advisory fee revenue, and our specific procedures performed to address it are described below:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS AIF MANAGEMENT LIMITED
(continued)**

For the year ended 30 April 2021

- obtained an understanding of the relevant internal controls and evaluated the effectiveness of the design and implementation of these controls. We tested the accuracy of the inputs, specifically the Net Asset Value and management fee rates to supporting documentation and recalculated a sample of management fees.

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 in-house 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 and reviewing internal audit reports

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 strategic report and 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 have 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 strategic report or 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.

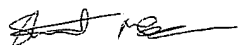
We have nothing to report in respect of these matters.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS AIF MANAGEMENT LIMITED
(continued)**

For the year ended 30 April 2021



Stuart McLaren (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

19 August 2021

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2021

	Note	2021 £	2020 Restated* £
TURNOVER	2	53,502,818	48,118,509
Cost of sales	3	(52,123,507)	(15,906,723)
GROSS PROFIT		<u>1,379,311</u>	<u>32,211,786</u>
Administrative expenses		(130,887)	8,072
PROFIT BEFORE TAXATION		<u>1,248,424</u>	<u>32,219,858</u>
Tax on profit	6	(108,173)	(6,118,885)
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,140,251</u></u>	<u><u>26,100,973</u></u>

All amounts relate to continuing operations.

There were no items of other comprehensive income in the current or prior period.

*Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to note 1.2.

The notes on pages 17 to 21 form part of these financial statements.

BALANCE SHEET

As at 30 April 2021

		2021	2020
	Note	£	Restated* £
CURRENT ASSETS			
Debtors – due within one year	7	13,601,070	31,779,852
Cash at bank		8,260,896	8,893,188
CREDITORS: amounts falling due within one year	8	(11,749,917)	(13,701,242)
NET CURRENT ASSETS		<u>10,112,049</u>	<u>26,971,798</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,112,049</u>	<u>26,971,798</u>
NET ASSETS		<u>10,112,049</u>	<u>26,971,798</u>
CAPITAL AND RESERVES			
Called up share capital	9	2,000	2,000
Share premium		198,000	198,000
Profit and loss account		<u>9,912,049</u>	<u>26,771,798</u>
SHAREHOLDER'S FUNDS		<u>10,112,049</u>	<u>26,971,798</u>

The financial statements of Octopus AIF Management Limited (registered number: 08802172) were approved by the Board of Directors and authorised for issue on 19 August 2021. They were signed on its behalf by:

*Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to note 1.2.



E Lederman
Director

The notes on pages 17 to 21 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2021

	Called-up share capital £	Share premium £	Profit and loss account £	Total £
At 30 April 2019 restated*	2,000	198,000	18,670,825	18,870,825
Dividends paid	-	-	(18,000,000)	(18,000,000)
Total profit for the financial year restated*	-	-	26,100,973	26,100,973
At 30 April 2020 restated*	2,000	198,000	26,771,798	26,971,798
Dividends paid	-	-	(18,000,000)	(18,000,000)
Total profit for the financial year	-	-	1,140,251	1,140,251
At 30 April 2021	2,000	198,000	9,912,049	10,112,049

*Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to note 1.2.

The notes on pages 17 to 21 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

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 nature of the Company's operations and its principal activities are set out in the strategic report on page 6. The functional currency of the Company 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.

1. Accounting Policies

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

Basis of accounting and preparation of financial statements

The financial statements have been prepared under the historical cost, 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 Company 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.

Going concern

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

During the current financial year and continuing to the date the financial statements are approved, the coronavirus outbreak (Covid-19) continues to cause extensive disruptions to businesses and economic activities globally, and many companies have been significantly affected.

However, the Company has considerable financial resources together with long-term investment management agreements across multiple funds with varying asset classes and a recurring revenue base. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

1. Accounting Policies (continued)

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.

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.

Cost of sales

Cost of sales comprise the fund management fee receivable from the funds that the Company manages, 95% of which is contractually payable to Octopus Investments Limited, as well as 100% of any performance fees (if any) that are payable to Octopus Investments Limited. Cost of sales are all incurred 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 cost of sales is set out in note 3.

Administrative expenses

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

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 classified as debt instruments in the Company's financial statements. These are subsequently measured at amortised cost.

Accrued income

Where services have been provided to customers, but that invoices have not been raised by the Company, or payment is yet to be received, the amounts are recorded as accrued income and included as a part of debtors due within one year.

Deferred income

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's 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.

No critical judgements were made by the directors in the process of applying the Company's accounting policies. There are no key sources of estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

1.2 Prior period restatement

During the current financial year, a material prior-period error has been identified that resulted in the recognition of revenues that do not relate to the Company, and which should have been recognised in Octopus Investments Limited, a fellow group subsidiary. The comparative information has been retrospectively restated to correct this error that resulted in a decrease of the "Turnover" line for 2020 by £678,411 and an increase of the 'Creditors Falling Due Within One Year' line item by the same amount as of 30 April 2020. The impact to the tax expense resulted in a decrease of £128,898.

The restatement to prior period amounts covers several previous periods, and the impact to opening reserves would be a decrease of the "Turnover" line item for 2020 by £1,720,435 and an increase of the 'Creditors Falling Due Within One Year' line item by the same amount. The impact to the opening tax expense is a decrease of £326,883. The impact to opening retained earnings for 2020 is £1,393,552.

2. Turnover

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:

	2021	2020 Restated
	£	£
Fund management	35,100,458	29,940,895
Performance fees	18,402,360	18,177,614

3. Cost of sales

	2021	2020
	£	£
Delegated management fee payable	33,721,147	4,529,354
Performance fee payable	18,402,360	11,377,369

4. Staff Costs

The Company has no employees. The executive directors did not receive any remuneration for services provided to the Company. However, two non-executive directors did receive total remuneration for services provided to the Company of £45,000 (2020: £40,000).

5. Audit Costs

The fee for the financial statement audit of the Company is £11,481 (2020: £7,000). The auditor's remuneration is borne by Octopus Investments Limited, a subsidiary of the parent company, and is not recharged.

Non-audit fees incurred in the year were £7,480 (2020: £7,150).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

6. Tax on profit

The tax charge comprises:

	2021 £	2020 Restated £
Tax on profit	237,201	6,118,885

Factors affecting tax charge for the year

	2021 £	2020 Restated £
Profit before tax	1,248,424	32,219,858
Tax on profit at UK corporation tax rate of 19%	237,201	6,121,773
Effects of:		
Adjustments from previous periods	(129,028)	(2,888)
Current tax charge for the period	<u>108,173</u>	<u>6,118,885</u>

The Company is part of the Octopus Capital Group and as such is able to take advantage of Corporation Tax legislation allowing for the transfer of tax losses across the group. In the year to April 2021 the Company expects to utilise £237,201 (2020: £1,568,457) of group tax losses, which will be acquired on an arm's length basis at the tax value of the group losses utilised in accordance with the provisions of Corporation Tax legislation.

In the March 2021 budget, the UK government announced their intention to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. This change has not been substantively enacted into UK law yet.

7. Debtors

	2021 £	2020 Restated £
Due within one year		
Trade debtors	1,542,052	3,868,760
Prepayments and accrued income	11,064,990	8,915,832
Amounts owed from group companies	989,224	18,995,260
Other debtors	4,804	-
	<u>13,601,070</u>	<u>31,779,852</u>

Debtors are interest free, unsecured and repayable on demand. Amounts owed from other group companies relate to management fees receivable from General Partner entities owned by Octopus, as well as surplus cash that has been transferred to the parent entity for general corporate and investment purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2021

8. Creditors

	2021 £	2020 Restated £
Trade creditors	-	547,239
Amounts owed to group companies	614,492	6,015,735
Accruals and deferred income	10,034,745	2,914,724
VAT	992,507	-
Corporation Tax	108,173	4,223,544
	<u>11,749,917</u>	<u>13,701,242</u>

Creditors are interest free, unsecured and repayable on demand. Amounts owed to group companies relate to expenses paid on behalf of the Company by other Group companies, management fees payable, as well as corporation tax payments made by Octopus Investments Limited as part of the Group payment arrangement.

9. Called-Up Share Capital

	2021 £	2020 £
Allotted, called-up and unpaid		
200,001 Ordinary shares of 1p each	<u>2,000</u>	<u>2,000</u>

The Company did not issue any ordinary shares in the current year (2020: nil).

10. Related Party Transactions

In line with paragraph 33.1A of FRS102, the company did not 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.

As at the Balance Sheet date £989,224 (2020: nil) is owed from Commercial Real Estate Debt Fund (England) LLP, £573,134 (2020: £970,849) is owed to Octopus Investments Limited and £41,357 (2020: nil) is owed to Octopus Healthcare GP II LLP.

11. 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 office of Octopus Capital Limited: The Company Secretary, Octopus Capital Limited, 33 Holborn, London, EC1N 2HT.

12. Subsequent Events

On 29 June 2021, the delegation agreements between the Company and the two renewable funds it manages (REIP III LP and ORIT plc.) were novated to Octopus Renewables Limited from Octopus Investments Limited. The delegation agreements were also updated, so that the full management fees are delegated to Octopus Renewables Limited, while the Company retains a fee of £250,000 p.a. for providing risk management services to the renewable funds. All other delegation agreements remain in place and unchanged.

The directors recommend a final dividend of £4,000,020.

The directors are not aware of any other matters or circumstances that have significantly affected or may significantly affect the Company since 30 April 2021.