

## **Octopus Institutional Deposits Limited**

**Annual report and financial statements**

**For the year ended 30 April 2018**

**Registered number: 10163532**



**COMPANY INFORMATION**

<b>Directors</b>	S Handfield-Jones C R Hulatt S A Rogerson R Wazacz
<b>Company Secretary</b>	S Waterhouse (appointed 22 May 2017) S Ludlow (resigned 22 May 2017)
<b>Company Registration Number</b>	10163532
<b>Registered Office</b>	6 <sup>th</sup> Floor 33 Holborn London EC1N 2HT
<b>Auditor</b>	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
<b>Bankers</b>	HSBC plc 31 Holborn London EC1N 2HR

**Table of Contents**

<b>DIRECTORS' REPORT .....</b>	<b>4</b>
<b>DIRECTORS' RESPONSIBILITIES STATEMENT .....</b>	<b>6</b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>7</b>
<b>STATEMENT OF COMPREHENSIVE LOSS .....</b>	<b>10</b>
<b>BALANCE SHEET .....</b>	<b>11</b>
<b>STATEMENT OF CHANGES IN EQUITY .....</b>	<b>12</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>13</b>

## **DIRECTORS' REPORT**

For the year ending 30 April 2018

The directors present their first report on the affairs of Octopus Institutional Deposits Limited ("the Company"), together with the financial statements and auditor's report, for the year ending 30 April 2018.

### **Principal activities**

The principal activity of the Company during the period was that of acting as Trustee and providing day to day management services to an online platform which allows individuals and companies to deposit their cash with multiple banks through one single account. The Company's revenues are derived from margin share charged on the amount of cash deposited with banks.

The platform is offered by Octopus Co-Lend Limited, regulated by the Financial Conduct Authority and a wholly owned subsidiary of the Company's immediate parent company Octopus P2P Limited. The Company acts as Trustee to the Octopus Co-Lend Limited's Trust (the "Trust") in which investors cash deposits are received. The company has no legal rights and obligations over the cash deposits held by the Trust.

### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

#### *Credit risk*

The company's principal financial assets are bank balances and cash, trade and other receivables. 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.

#### *Liquidity risk*

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

### **Results**

The results for the Company show a pre-tax loss of £608,386 (2017: £92,102) on turnover of £21,192 (2017: £ nil) for the year ending 30 April 2018. The loss for the year, after taxation, amounted to £608,386 (2017: £92,102). The increased loss is in line with expectations due to operating costs incurred as a start-up business.

The Company has no debt (2017: £ Nil) and shareholder's funds amount to a deficit of £700,487 (2017: £92,101).

### **Dividends**

The directors do not recommend a final dividend to be paid in the current year (2017: £ nil).

### **Directors**

The directors who served throughout the period and as of the date of this report were as follows, except as noted:

S Handfield-Jones

C R Hulatt

S A Rogerson

R Wazacz

## **DIRECTORS' REPORT (continued)**

For the year ending 30 April 2018

### **Director's indemnities**

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

### **Political contributions**

No political donations or political contributions to non-EU political organisations were made during the year ending 30 April 2018 (2017: £ nil).

### **Small company provisions**

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption; accordingly no separate strategic report has been presented.

### **Future Developments**

The directors expect the general level of activity and growth to increase in the forthcoming year. This is as a result of the early stage of the business and the current and expected growth rate.

### **Auditor**

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

- so far as that 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 they ought to have taken as a director in order to make themselves 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 has indicated its 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:



C R Hulatt  
Director  
10 August 2018

### **Registered Office:**

6<sup>th</sup> Floor  
33 Holborn,  
London,  
EC1N 2HT

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

For the year ending 30 April 2018

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS INSTITUTIONAL DEPOSITS LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Octopus Institutional Deposits Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its loss 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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS INSTITUTIONAL DEPOSITS LIMITED (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS INSTITUTIONAL DEPOSITS LIMITED (continued)**

### **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 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 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

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.



Jessica Hodges (senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
10 August 2018

# STATEMENT OF COMPREHENSIVE LOSS

For the year ended 30 April 2018

	Notes	Year ended 30 April 2018 £	Year ended 30 April 2017 £
Turnover	3	21,192	
Administrative expenses		(96,663)	(90,627)
Staff costs	6	(520,546)	
Amortisation expenses		(12,369)	(1,475)
<b>OPERATING LOSS</b>		<b>(608,386)</b>	<b>(92,102)</b>
<b>LOSS BEFORE TAXATION</b>		<b>(608,386)</b>	<b>(92,102)</b>
Tax on loss	7		
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(608,386)</b>	<b>(92,102)</b>

All amounts relate to continuing operations.

The notes on pages 13 to 17 form part of these financial statements.

# **BALANCE SHEET**

As at 30 April 2018

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	8	94,465	1,475
		<u>94,465</u>	<u>1,475</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		26,538	84,627
Debtors	9	17,248	
<b>CREDITORS: amounts falling due within one year</b>	10	(838,738)	(178,203)
<b>NET CURRENT LIABILITIES</b>		<u>(794,952)</u>	<u>(93,576)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(700,487)</u>	<u>(92,101)</u>
<b>NET LIABILITIES</b>		<u>(700,487)</u>	<u>(92,101)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	1	1
Profit and loss account		(700,488)	(92,102)
<b>SHAREHOLDER'S FUNDS</b>		<u>(700,487)</u>	<u>(92,101)</u>

The financial statements of Octopus Institutional Deposits Limited (registered number: 10163532) were approved by the Board of Directors and authorised for issue on 10 August 2018. They were signed on its behalf by:



C R Hulatt  
Director

The notes on pages 13 to 17 form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the period ended 30 April 2018

	Called-up share capital	Profit and loss account	Total
	£	£	£
<b>At 5 May 2016</b>	1	-	1
Issue of share capital	1	-	1
Loss for the financial period	-	(92,102)	(92,102)
<b>At 1 May 2017</b>	1	(92,102)	(92,101)
Loss for the financial year	-	(608,386)	(608,386)
<b>At 30 April 2018</b>	<b>1</b>	<b>(700,488)</b>	<b>(700,487)</b>

The notes on pages 13 to 17 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2018

### 1. Accounting Policies

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

#### General information

Octopus Institutional Deposits 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 Directors' Report on page 4.

The functional currency of Octopus Institutional Deposits 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 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 parent, Octopus Capital Ltd, which may be obtained at Company Secretary, Octopus Capital Limited, 6th Floor, 33 Holborn, London EC1N 2HT. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement and remuneration of key management personnel.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development are set out in the Directors' Report.

The Company has sufficient financial resources with the support from its wider group. The ultimate parent company Octopus Capital Ltd has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to provide financial support to enable the Company to meet all its current and future obligations. As such, 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 at least twelve months from the date of signing of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 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 margin share income charged on the asset under management by the Company. 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.

Margin share income receivable relating to the margin share chargeable on the asset under management by the Company are recorded in the financial statements on the date of the transaction.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the period ended 30 April 2018

### **1. Accounting Policies (continued)**

#### **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 or 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 that 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.

#### **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.

The Company's financial assets and liabilities include debtors, cash and cash equivalents and creditors which are measured at fair value that is considered to be at par.

#### **Pensions**

All pension costs relate to a defined contribution scheme and the amount charged to the profit and loss account is contributions payable in the year. Differences between contribution payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Intangible assets**

Intangible assets are primarily costs associated with development work on the online platform and website. It is included at cost and amortised using straight line over a period which is their estimated useful economic life. Development costs have been capitalised in accordance with FRS 102 Section 18 "Intangible Assets other than Goodwill" and are therefore not treated, for dividend purposes, as a realised loss.

Website                    - over 2 years

Software                   - over 3 years

#### **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.

### **2. Critical accounting judgements and key sources of estimation uncertainty**

There were no critical judgements that the directors have made in the process of applying the accounting policies in the current period. The directors do not consider there to be any other sources of estimation uncertainty.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 April 2017

### 3. Turnover

Turnover is all generated by the one segment of receiving margin share on asset under management and is in the UK, hence no segmental or geographical analysis is required.

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

	2018 £	2017 £
Margin share on assets under management	21,192	-

### 4. Loss before taxation

Loss before taxation is stated after charging:

	2018 £	2017 £
Amortisation of intangible assets (note 8)	12,369	1,475

### 5. Auditor's remuneration

Fees payable for the audit of the Company's annual accounts were £5,500 (2017: £2,200). The Company's auditor did not provide any non-audit services to the Company.

### 6. Staff Numbers and Costs

The average monthly number of employees (including executive directors) that provided services to the company was:

	2018 Numbers	2017 Numbers
Administration	13	-

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	437,816	-
Social security costs	51,076	-
Pension costs in relation to defined contribution plan	31,654	-
	520,546	-

All staff and directors are employed by Octopus Capital Limited, the ultimate parent Company and ultimate Controlling Party, with costs recharged to the Company. No recharges were made in the prior year due to the short period following the product launch. No directors received remuneration from the Company. Details of director's remuneration and other disclosures can be found in the consolidated financial statements of Octopus Capital Limited, and copies of these financial statements can be obtained from the Company Secretary, Octopus Capital Limited, 6<sup>th</sup> Floor, 33 Holborn, London EC1N 2HT.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the period ended 30 April 2018

**7. Tax on loss**

The tax charge comprises::

	2018 £	2017 £
Loss before tax	608,386	92,102
Tax on loss at blended UK corporation tax rate of 19% (2017: 19.9%)	(115,593)	(18,328)
<b>Effects of:</b>		
Disallowable Expenditure	-	8
Group relief surrendered not paid for	115,593	18,026
Difference between current tax rate and deferred tax rate	-	294
<b>Total and current tax charge for the year</b>	<b>-</b>	<b>-</b>

The standard rate of tax applied to the reported profit on ordinary activities is 19%. The applicable tax rate has changed from 19.9% to 19% in the period following the substantive enactment of the Finance (No. 2) Act 2015.

The Company has tax losses of £ nil (2017: £ nil) available for offset against future taxable profits.

**8. Intangible assets**

	Website £	Software £	Total £
<b>Cost</b>			
At 1 May 2017	2,950	-	2,950
Additions	-	105,359	105,359
At 30 April 2018	2,950	105,359	108,309
<b>Amortisation</b>			
At 1 May 2017	(1,475)	-	(1,475)
Charge for the year	(1,475)	(10,894)	(12,369)
At 30 April 2018	(2,950)	(10,894)	(13,844)
<b>Net book value</b>			
At 1 May 2017	1,475	-	1,475
At 30 April 2018	-	94,465	94,465

**9. Debtors**

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade Debtors	2,160	-
Accrued Income	10,612	-
Amount owed by group companies	2,400	-
Other debtors	2,076	-
	<b>17,248</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 April 2018

### 9. Debtors (continued)

Amounts owed by group undertakings are loan due to Octopus Co-Lend Limited. This loan is unsecured, interest free and repayable on demand.

### 10. Creditors

	2018	2017
	£	£
<b>Amounts falling due within one year:</b>		
Trade creditors	(474)	-
Amounts owed to group undertakings	(715,576)	(149,999)
Accruals and deferred income	(122,688)	(28,204)
	<u>(838,738)</u>	<u>(178,203)</u>

Amounts owed to group undertakings are loan due to Octopus P2P Limited, the parent company, for covering the Company's operating costs. This loan is unsecured, interest free and repayable on demand.

### 11. Called-Up Share Capital

	2018	2017
	£	£
<b>Allotted, called-up and fully-paid</b>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

The Company issued no Ordinary shares during the year (2017: 1 Ord share of £1).

### 12. Ultimate Parent Undertaking and Controlling Party

The immediate parent company is Octopus P2P Limited, a company incorporated in the United Kingdom and registered in England and Wales which is the smallest level of consolidated accounts that are prepared. Copies of these accounts can be obtained from the registered office Company Secretary, Octopus P2P Limited, 6th Floor, 33 Holborn, London EC1N 2HT.

The ultimate parent company and the ultimate controlling party is Octopus Capital Limited, a company incorporated in the United Kingdom and registered in England and Wales which is the largest level of consolidated accounts that are prepared. Copies of these accounts can be obtained from the registered office Company Secretary, Octopus Capital Limited, 6th Floor, 33 Holborn, London EC1N 2HT.

### 13. Subsequent Events

Since 30 April 2018, the directors are not aware of any matters or circumstances that have significantly affected or may significantly affect the Company.