

OHF 1 Limited

Directors' Report and Audited Financial Statements

Year Ended

31 December 2022

Company Number 10975513

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COMPANIES HOUSE

OHF 1 Limited

Company Information

Directors	B T K Davis (resigned 28 February 2023) E J Clough (appointed 28 February 2023) K T Beirne M D C Toft M W Adams (resigned 1 July 2022)
Company secretary	Octopus Company Secretarial Services Limited 6th Floor 33 Holborn London EC1N 2HT
Registered number	10975513
Registered office	6th Floor 33 Holborn London EC1N 2HT
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

OHF 1 Limited

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OHF 1 Limited

Directors' Report For the Year Ended 31 December 2022

The directors present their report and the audited financial statements of OHF 1 Limited ("the Company") for the year ended 31 December 2022.

Principal activity

The Company's principal activity is to fund the development of secondary healthcare properties in the United Kingdom.

Results and dividends

The loss for the year, after taxation amounted to £1,445,967 (2021 - £382,858).

At 31 December 2022, the Company had net liabilities of £2,382,296 (2021 - £936,329).

The directors do not recommend the payment of a final dividend (2021 - £Nil).

The directors have carefully considered the most appropriate basis for preparing these statutory financial statements and consider it appropriate to adopt a going concern basis in preparing the financial statements. The Company is wholly owned by Octopus Healthcare Fund which has agreed to support the Company over at least the next twelve months. Given this undertaking the directors consider it appropriate to adopt a going concern basis in preparing the financial statements.

Directors

The directors who served during the year and up to the signing date were:

B T K Davis (resigned 28 February 2023)
E J Clough (appointed 28 February 2023)
K T Beirne
M D C Toft
M W Adams (resigned 1 July 2022)

Company secretary

The company secretary who served during the year was:

Octopus Company Secretarial Services Limited

OHF 1 Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland Section 1A. 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

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

The directors have also taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

This report

and signed on its behalf.

.....
M D C Toft
Director



Date: 30 June 2023

OHF 1 Limited

Independent Auditors' Report to the Members of OHF 1 Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss 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.

We have audited the financial statements of OHF 1 Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

OHF 1 Limited

Independent Auditors' Report to the Members of OHF 1 Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and financial statements, other than the financial statements and our auditors' 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.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

OHF 1 Limited

Independent Auditors' Report to the Members of OHF 1 Limited (continued)

Auditors' 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 auditors' 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.

Extent to which the audit was 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 obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and that have a direct impact on the financial statements. We determined that the most significant framework which is directly relevant to specific assertions in the financial statements are those that relate to the reporting framework.

We also evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls) and determined that the principal risks were related to the recoverability of debtors.

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations or fraud;
- Reading minutes of meetings of those charged with governance, internal compliance reports, and complaint and similar registers to identify and consider any known or suspected instances of non-compliance with laws and regulations or fraud.
- Challenging the valuation methods and assumptions used by management and those charged with governance in relation to the underlying investment property valuations and the inputs and judgements adopted therein; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

OHF 1 Limited

Independent Auditors' Report to the Members of OHF 1 Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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 auditors' 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.

DocuSigned by:
Chris Young
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Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 30 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

OHF 1 Limited

Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Administrative expenses		(421,987)	(194,694)
Loss on revaluation of development loan receivable	7	(758,666)	-
Development loan interest	7	1,489,883	834,574
Interest expense and similar charges	6	(1,755,197)	(1,022,738)
Operating loss	4	(1,445,967)	(382,858)
Tax on loss		-	-
Loss for the financial year		<u>(1,445,967)</u>	<u>(382,858)</u>

There was no other comprehensive income for 2022 (2021 - £Nil).

All items in the above statement are derived from continuing operations.

The notes on pages 9 to 14 form part of these financial statements.

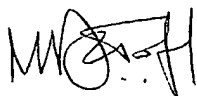
OHF 1 Limited

Statement of Financial Position As at 31 December 2022

	Note	2022 £	2021 £
Current assets			
Debtors	7	38,211,689	18,053,739
Cash and cash equivalents	8	2,242,312	232,488
		<u>40,454,001</u>	<u>18,286,227</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(42,836,297)	(19,222,556)
Net current liabilities		<u>(2,382,296)</u>	<u>(936,329)</u>
Net liabilities		<u><u>(2,382,296)</u></u>	<u><u>(936,329)</u></u>
Capital and reserves			
Share capital	10	-	-
Profit and loss account	11	(2,382,296)	(936,329)
Net deficit		<u><u>(2,382,296)</u></u>	<u><u>(936,329)</u></u>

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
M D C Toft
Director

Date: 30 June 2023

The notes on pages 9 to 14 form part of these financial statements.

OHF 1 Limited

Statement of Changes in Equity For the Year Ended 31 December 2022

	Share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	-	(936,329)	(936,329)
Comprehensive loss for the year			
Loss and total comprehensive loss for the year	-	(1,445,967)	(1,445,967)
At 31 December 2022	<u>-</u>	<u>(2,382,296)</u>	<u>(2,382,296)</u>

Statement of Changes in Equity For the Year Ended 31 December 2021

	Share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	-	(553,471)	(553,471)
Comprehensive loss for the year			
Loss and total comprehensive loss for the year	-	(382,858)	(382,858)
At 31 December 2021	<u>-</u>	<u>(936,329)</u>	<u>(936,329)</u>

The notes on pages 9 to 14 form part of these financial statements.

OHF 1 Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

OHF 1 Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the Company's operations and its principal activity are set out in the directors' report on page 1.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

These financial statements are presented in Pound Sterling ("£"), the Company's functional currency. The amounts presented are rounded to the nearest Pound Sterling.

2.2 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £2,382,296 (2021 - £936,329), which the directors believe to be appropriate for the following reason.

The Company is dependent for its working capital on funds provided to it by Octopus Healthcare Fund, the Company's ultimate parent undertaking. Octopus Healthcare Fund has confirmed that it will continue to provide such financial support for at least 12 months from the date of approval of these financial statements. This financial support includes the confirmation that the parent undertaking will not recall the amounts due to it unless the Company is in a position to repay the loans. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

2.3 Interest income

Interest income is recognised using the effective interest rate method.

2.4 Expenses

All expenses are accounted for on an accruals basis.

OHF 1 Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.5 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Taxation

Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like cash and other bank balances, trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other trade debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year or on demand, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

OHF 1 Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found and it can be reliably estimated, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition policy

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

There are no estimates or judgements that have a significant risk of causing material adjustment to the carrying amount of the assets and liabilities within the financial year.

4. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,600	5,200
Fees payable to the Company's auditor and its associates in respect of tax compliance	1,100	3,250
Fees payable to the Company's auditor and its associates in respect of all other services	<u>1,750</u>	<u>1,755</u>

OHF 1 Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

5. Employees

No director received any remuneration from the Company during the year (2021 - £Nil).

The average monthly number of employees, including directors, during the year was Nil (2021 - Nil).

6. Interest expense and similar charges

	2022 £	2021 £
Interest expense on intercompany loans	<u>1,755,197</u>	<u>1,022,738</u>

7. Debtors

	2022 £	2021 £
Development loan receivable	36,341,093	17,697,829
Trade and other debtors	1,818,166	332,783
VAT recoverable	52,430	23,127
	<u>38,211,689</u>	<u>18,053,739</u>

The development loan receivable relates to loans provided for the construction of care homes at Lymm, Egerton, Grappenhall and Guiseley. Interest is charged at 6% and each loan is repayable 6 months after the practical completion of the relevant asset.

8. Cash and cash equivalents

	2022 £	2021 £
Cash in bank	<u>2,242,312</u>	<u>232,489</u>

9. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade and other creditors	70,000	1,850
Amounts owed to group undertakings	42,674,453	19,086,607
Accruals and deferred income	91,844	134,099
	<u>42,836,297</u>	<u>19,222,556</u>

All amounts owed to group undertakings are unsecured and repayable on demand. Interest is charged at rates of 12.59% - 14.00% on the Junior and Mezzanine Loans and 3.83% - 5.88% on the Senior Loan amounts.

OHF 1 Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

10. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
10 Ordinary shares of £0.01 each	-	-

11. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

12. Related party transactions

The Company has taken advantage of the exemption available under paragraph C.35 of the Financial Reporting Standard 102 Section 1A not to disclose transactions with other wholly owned members of the group.

13. Controlling party

The immediate parent company is Octopus Healthfund Holdco Limited, a company registered in Guernsey.

The ultimate parent undertaking is Octopus Healthcare Fund, a Guernsey Property Unit Trust. No accounts are publicly available for the group headed by Octopus Healthcare Fund. The group constitutes Octopus Healthcare Fund and its subsidiaries, of which the Company is a member of.

Due to the structure of Octopus Healthcare Fund, it is not considered to be an ultimate controlling party.

14. Events after the end of the reporting period

No subsequent events have been identified which would have a material impact on these financial statements.