


OXYGEN HOUSE GROUP LIMITED

Annual Report and Audited Financial Statements
For the Year Ended 31 December 2019

Parent undertaking consolidated
accounts for Queen's Drive
Exmouth Community Interest
Company (company number 11017649)

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Oxygen House Group Limited

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Oxygen House Group Limited

Company Information

Directors	Mr D B Williamson Mr R B Bedlow Dr M J Dixon Mr G Woodcock
Registered number	08306319
Registered office	Oxygen House Grenadier Road Exeter Business Park Exeter Devon EX1 3LH
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

Oxygen House Group Limited

Group Strategic Report For the Year Ended 31 December 2019

The directors present their strategic report on the group for the year ended 31 December 2019.

Fair review of business

Oxygen House Group Limited ("Oxygen House") is the holding company of a portfolio of trading companies and investments. Its principal activity is supporting and growing the portfolio with the intention of generating long-term positive environmental and social impact alongside financial growth.

The group's business model addresses the following urgent goals:

- Achieving a carbon-neutral society, based on megawatts (MWs) of both renewable energies produced, and demand reduction;
- To improve educational outcomes through research-based technologies that empower educators and motivate students; and
- To build a legacy of enhanced and sustainable communities and places.

The group recognises and embraces its role and responsibility, both as an engine for economic growth and employment and as a source of finance, technology, and innovation. The group strives to contribute to solutions that substantively address the United Nation Sustainable Development Goals (SDGs) including:



Climate Action (SDG 13) - Reducing and mitigating CO2 emissions are integral to Oxygen House's commitment to and focus on the global challenge of climate change.



Quality Education (SDG 4) - Ensuring inclusive and equitable quality education is available to all to ensure lifelong learning opportunities.



Sustainable cities and communities (SDG 11) - At Oxygen House we promote and support greener lifestyle choices, care for and educate our staff, and work towards creating inclusive, safe, resilient, and sustainable places to live and work.



Affordable and clean energy (SDG 7) - Oxygen House believes all communities should have access to affordable, reliable, sustainable and modern energy.



Industry, innovation, and infrastructure (SDG 9) - Oxygen House is building resilient infrastructure, promoting inclusive and sustainable places to work; optimising resources to deliver positive outcomes for now and future generations.



Good health and wellbeing (SDG 3) - At Oxygen House we believe in looking after our people and ourselves. Understanding the importance of healthy living through exercise, sport and healthy eating is essential.



Responsible consumption and production (SDG 12) - Everyone at Oxygen House is guided towards sustainable living, making greener choices where possible and striking a balance between hard work, health, and happiness.

Oxygen House Group Limited

Group Strategic Report (continued) For the Year Ended 31 December 2019

The group's trading assets generate income on a long-term basis. The group funds and develops early stage enterprises that meet the group's objectives and its strategy is to hold a portfolio of companies at different stages of development in a range of market sectors. The portfolio is managed to balance impact with risk and financial growth. Companies in the group decide whether to capitalise research and development expenses and the value of intellectual property on a case by case basis.

During the year, the company continued to fund and develop businesses meeting its investment criteria. Key developments in 2019 include:

- the realisation of our operational and development pipeline of European battery storage projects;
- the commencement of construction of the Zaporizhia onshore wind farm project;
- the acquisition of H&A Learning Ltd by Sparx Limited in September 2019;
- the commencement of construction work and awarding of construction contracts on two significant projects; the redevelopment of property at the site of the former St Margaret's school in Exeter and the construction of a water sports centre in Exmouth on a not-for-profit-basis; and
- the sale of sustainably developed holiday cottages by Grenadier Cornwall Limited.

The directors believe the strategic outlook to be positive, with opportunities arising both in the current portfolio and in new projects.

A list of the Company's investments is included in Note 16 of the accounts. At the 31 December 2019 the carrying value of the group investments was £6,122,000 (2018: £1,660,000).

The directors review the carrying value of the portfolio during the year. The directors impair the carrying value of assets during the year if they do not consider there to be a reasonable likelihood of recovering value in the foreseeable future. The total amount written off investments during the year was £Nil (2018: £2,795,000).

Section 172(1) statement

The board of directors determines the strategy for the group and makes decisions concerning environmental and social impact objectives, sustainability targets, commercial and financial goals and people related matters. Company boards are responsible for setting and delivering the strategic business plan for the entity, and decision making within the overall framework is set by the group board.

The directors of the group have acted in good faith to promote the success of the group for the benefit of the members, and in doing so have regard to the following matters:

(a) The likely consequences of any decision in the long-term

The board delegates responsibility for decision making to an Operations Committee, an Investment Committee and a Sustainability Committee. The committees are responsible for considering the consequences of decisions in the context of the group's long-term strategy to deliver positive environmental and social impact alongside financial growth.

The group strategy is reflected in company business plans and annual budgets, and decisions made by company boards are made within the scope of these plans.

Decisions made by these committees and company boards take the impact of principal decisions on key stakeholders into consideration.

(b) The interests of the group's employees

The group considers the interests of employees in all major decisions. Senior HR managers are involved in all major decisions and participate in the Operations, Investment and Sustainability Committees. Employee welfare is a priority for the group.

During the financial year the directors have taken steps to:

- i. Provide employees with information on matters of concern to them as employees;
- ii. Consult employees or their representatives on a regular basis so that the views of employees can be considered in making decisions which are likely to affect their interests; and

Oxygen House Group Limited

Group Strategic Report (continued) For the Year Ended 31 December 2019

- iii. Achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the group.

The directors have engaged with employees regularly throughout the year with a variety of measures including company meetings, events, email newsletters, employee engagement surveys and social media updates.

Oxygen House believes in caring for our people and ourselves, appreciating the importance of making greener lifestyle choices where possible.

(c) The need to foster the group's business relationships with suppliers, customers, and others

The group places importance on good relationships with suppliers, customers, and other stakeholders. The group supports the local community in all sourcing and purchasing decisions by working with local suppliers that share our sustainability ethos and values. The group meets with key suppliers, customers, and others regularly to discuss ongoing work, progress, and the relationship as a whole. Through this engagement the group promotes its impact and sustainability goals and encourages a similar approach from key stakeholders.

(d) The impact of the group's operations on the community and the environment

The group is committed to having a positive impact on society and the environment and its business model and operations are designed to achieve this. For example, in 2019, Oxygen House reconfigured and refurbished the company's atrium, kitchen, restaurant and outdoor storage areas to accommodate a growing number of employees. Where possible, recycled and upcycled materials were used.

The company's operations promote sustainability and aim to achieve a positive impact on local communities and the environment. The group has made a significant contribution to local communities on a not-for-profit basis such as the development of a new sustainable water sports centre in Exmouth.

Two of the group's companies, Oxygen House Ltd and Low Carbon Limited, are Certified B Corporations and are legally required to consider the impact of their decisions on their workers, customers, suppliers, community and the environment.

(e) The desirability of the group maintaining a reputation for high standards of business conduct

The group promotes high standards of business conduct and ethics and emphasizes good business practice. This is supported by a commitment to good governance and is demonstrated by regular board meetings across the group including the directors and legal and finance specialists.

(f) The need to act fairly as between members of the group

The board has adopted best practice governance incorporating the principle of fairness, accountability and transparency between members. At board meetings and committee meetings the impact of decisions for all members is considered.

Results

The group has prepared consolidated financial statements for the year ended 31 December 2019. The loss for the year after taxation was £7,694,000 (2018: £18,742,000). The loss, whilst significant, was generally anticipated as part of the long term investment and impact strategy.

Total accumulated retained losses are £72,442,000 (2018: £64,628,000). The Consolidated Statement of Changes in Equity includes the reconciliation between opening and closing Retained Earnings for the year.

Financial and other key performance indicators

The directors consider the financial and non-financial key performance indicators of the group to be:

- Funds deployed during the year from new capital raised and capital returned from the portfolio; and
- Renewable energy production and asset management.

Oxygen House Group Limited

Group Strategic Report (continued) For the Year Ended 31 December 2019

	2019 £	2018 £
Total funds deployed during the year:		
- To increase carbon neutral energy use	12,605,081	11,295,983
- To improve educational outcomes	13,918,875	7,953,232
- To enhance communities and places	3,787,996	7,637,822
	30,311,952	26,887,037

Renewable energy production (megawatt hours)	103,654MWh	105,779MWh
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During the year production from the group assets amounted to 0.8% of total UK solar generation in 2019, enough clean energy to power an estimated 30,000 homes.

Principal risks and uncertainties

The directors consider the group's key exposures to risks and uncertainties to be as follows:

Uncertainty owing to COVID-19

Since the year end, an emerging risk has presented itself in the form of the global COVID-19 pandemic. The duration and extent of the pandemic are currently unknown, however, the group's long-term outlook and strategy to hold a portfolio of companies at different stages of development in a range of market sectors has resulted in both opportunities and risks due to COVID-19.

Risks and uncertainties presented by COVID-19 may impact the group's property development and investment businesses as they are exposed to general economic trends affecting residential and commercial property markets. COVID-19 has delayed forecast realisations of the development pipeline, however there remains strong appetite for renewable energy projects. The normal operations of companies in the group may be affected by disruption to working practices and travel arrangements during the pandemic. The extent of any impact is not yet known, however, the directors have prepared forecasts and considered scenario analysis to inform their view that the group is able to continue trading for the foreseeable future.

The directors have confirmed that the principal shareholder will provide financial support to the company and group for at least 12 months from the date of approval of these financial statements.

For the financial statements, COVID-19 is considered to be a non-adjusting post balance sheet event. Management is reviewing the impact of COVID-19 under a number of different scenarios on an ongoing basis.

Operational Risks

The principal risk to the company's operations are a lack of suitable investment opportunities. The company focuses its investment activity in companies involved in sustainable business for which there is an increasingly positive market sentiment and demand. The directors continually review the pipeline of potential investment opportunities.

Government risk

The regulatory environment is evolving, and changes therein may adversely affect the group. The group focuses its investments in the UK where there is a stable political environment.

Oxygen House Group Limited

Group Strategic Report (continued) For the Year Ended 31 December 2019

Laws and regulations Risk

The group and its investments are subject to laws and regulations enacted by national, regional and local governments and institutions.

Certain of the sectors in which the group's investments operate are subject to legal and regulatory controls, and the investee companies must comply with all applicable laws, regulations and regulatory standards which, inter alia, require them to obtain and maintain certain authorisations, licences and approvals for their operations.

Credit Risk

The group's primary credit risk is the non payment of loans and interest owed by its investee companies. The group manages this risk through appropriate due diligence at the investment stage and appropriate governance and monitoring of its investments. The group's portfolio of investments includes a wide range of market sectors and assets at different stages of development.

Liquidity Risk

The primary liquidity risk for the group is the risk of a reduction or withdrawal of investor support. The directors have confirmed that the principal shareholder will provide financial support to the company and group for at least 12 months from the date of approval of these financial statements and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

In addition, certain of the group's operational assets have access to funding at competitive rates through banks and financial institutions.

This report was approved by the board and signed on its behalf.

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Mr D B Williamson

Director

Date: 9 September 2020

Oxygen House Group Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2019.

Directors

The directors who served during the year were:

Mr D B Williamson
Mr R B Bedlow
Dr M J Dixon
Mr G Woodcock

Principal activities

Oxygen House Group Limited's principal activity is investing in a portfolio of trading companies with the intention of generating long term sustainable environmental and positive social impact alongside financial growth. Its primary purpose is to increase carbon neutral energy use with investment in the production, supply and use of sustainable energy sources; to improve educational outcomes through research-based technologies that empower educators and motivate students; and to build a legacy of enhanced and sustainable communities and places.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £7,342,000 (2018: loss £17,954,000).

No dividends were paid during the year (2018: £nil).

Events since the end of the year

Information relating to events since the end of the year is given in the note 30 of the financial statements.

Future developments

The activities of the company are expected to continue for the foreseeable future.

Going concern

The directors believe that the company is well placed to manage its business risks successfully. The directors have confirmation of funding for the group from the ultimate owner for a period of at least 12 months from the date of approval of the financial statements and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The directors have considered the impact of the COVID-19 pandemic on the business and have included commentary in the principal risks and uncertainties section of the strategic report.

Engagement with employees

Refer to the s172 statement within the strategic report for detailed comments on engagement with employees.

Oxygen House Group Limited

Directors' Report (continued) For the Year Ended 31 December 2019

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 and the group'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 and the group's auditors are aware of that information.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 group and company and of the profit or loss of the group and company for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors

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

This report was approved by the board and signed on its behalf.

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Mr D B Williamson
Director

Date: 9 September 2020

Report on the audit of the financial statements

Opinion

In our opinion, Oxygen House Group Limited's financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's loss and cash flows for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2019; the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether

Oxygen House Group Limited

Independent Auditors' Report to the Members of Oxygen House Group Limited

there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

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.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior statutory auditor)

for and on behalf of

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
10 September 2020

Oxygen House Group Limited

Consolidated Profit and Loss Account For the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	4	28,965	20,905
		<u>28,965</u>	<u>20,905</u>
Change in stocks of finished goods and in work in progress	6	(799)	-
Other operating income	5	1,813	233
Staff costs	8	(17,862)	(13,909)
Depreciation and amortisation	14,15	(6,459)	(6,360)
Other operating expenses	6	(14,010)	(12,021)
Amounts written off fixed asset investment		-	(2,320)
Fair value movements		(1)	-
		<u>(8,353)</u>	<u>(13,472)</u>
Operating loss	6	(8,353)	(13,472)
Share of profit/(loss) from associates and joint ventures	16	4,512	(475)
		<u>(3,841)</u>	<u>(13,947)</u>
Total operating loss		(3,841)	(13,947)
Income from other fixed asset investments	10	208	-
Other interest receivable and similar income	11	242	221
Interest payable and similar expenses	12	(4,245)	(4,248)
		<u>(7,636)</u>	<u>(17,974)</u>
Loss before tax		(7,636)	(17,974)
Tax on loss	13	(58)	(768)
		<u>(7,694)</u>	<u>(18,742)</u>
Loss for the financial year		(7,694)	(18,742)
Loss for the year attributable to:			
Non-controlling interests		(352)	(788)
Owners of the parent		(7,342)	(17,954)
		<u>(7,694)</u>	<u>(18,742)</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated profit and loss account.

The notes on pages 22 to 51 form part of these financial statements.

Oxygen House Group Limited

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2019**

	2019	2018
	£000	£000
Total comprehensive loss	(7,694)	(18,742)
	<hr/>	<hr/>
Total comprehensive expense for the year	(7,694)	(18,742)
	<hr/>	<hr/>
Total comprehensive expense for the year attributable to:		
Non-controlling interest	(352)	(788)
Owners of the parent Company	(7,342)	(17,954)
	<hr/>	<hr/>
	(7,694)	(18,742)
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There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated profit and loss account.

The notes on pages 22 to 51 form part of these financial statements.

Oxygen House Group Limited
Registered number:08306319

Consolidated Balance Sheet
As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	14	7,945	3,804
Tangible assets	15	101,693	109,116
Investments	16	6,122	1,660
Investment property	17	6,500	6,500
		<u>122,260</u>	<u>121,080</u>
Current assets			
Stocks	18	11,538	9,621
Debtors: amounts falling due within one year	19	13,055	9,143
Cash at bank and in hand	20	20,400	13,758
		<u>44,993</u>	<u>32,522</u>
Creditors: amounts falling due within one year	21	(16,212)	(24,110)
Net current assets		<u>28,781</u>	<u>8,412</u>
Total assets less current liabilities		<u>151,041</u>	<u>129,492</u>
Creditors: amounts falling due after more than one year	22	(85,486)	(82,177)
Provisions for liabilities			
Deferred taxation	24	(1,490)	(1,063)
Other provisions	25	(11,038)	(9,718)
		<u>(12,528)</u>	<u>(10,781)</u>
		<u>53,027</u>	<u>36,534</u>
Net assets		<u>53,027</u>	<u>36,534</u>
Capital and reserves			
Called up share capital	26	1,176	993
Share premium account		115,317	92,232
Merger reserve		10,947	10,947
Profit and loss account		(72,442)	(64,628)
Equity attributable to owners of the parent Company		<u>54,998</u>	<u>39,544</u>
Non-controlling interests		(1,971)	(3,010)
		<u>53,027</u>	<u>36,534</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 September 2020.

Oxygen House Group Limited
Registered number:08306319

Consolidated Balance Sheet (continued)
As at 31 December 2019

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Mr D B Williamson
Director

The notes on pages 22 to 51 form part of these financial statements.

Oxygen House Group Limited
Registered number:08306319

Company Balance Sheet
As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	16	75,839	63,029
		<u>75,839</u>	<u>63,029</u>
Current assets			
Debtors: amounts falling due within one year	19	52,078	41,516
Cash at bank and in hand	20	3,177	3,509
		<u>55,255</u>	<u>45,025</u>
Creditors: amounts falling due within one year	21	(3,510)	(6,600)
		<u>51,745</u>	<u>38,425</u>
Net current assets		<u>51,745</u>	<u>38,425</u>
Total assets less current liabilities		<u>127,584</u>	<u>101,454</u>
Creditors: amounts falling due after more than one year	22	(1,214)	-
		<u>126,370</u>	<u>101,454</u>
Net assets		<u>126,370</u>	<u>101,454</u>
Capital and reserves			
Called up share capital	26	1,176	993
Share premium account		115,317	92,232
Merger relief reserve		10,108	10,108
Profit and loss account brought forward		(1,879)	3,671
Profit/(loss) for the year		1,648	(5,550)
Profit and loss account carried forward		(231)	(1,879)
		<u>126,370</u>	<u>101,454</u>

The company profit for the year, available for discretionary division among members, was £1,648,000 (2018: Loss £5,550,502).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 September 2020.

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Mr D B Williamson
 Director

The notes on pages 22 to 51 form part of these financial statements.

Oxygen House Group Limited

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Called up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 January 2019	994	92,232	10,947	(64,628)	39,545	(3,011)	36,534
Comprehensive expense for the year							
Loss for the year	-	-	-	(7,342)	(7,342)	(352)	(7,694)
Total comprehensive expense for the year							
Shares issued during the year	182	23,085	-	(7,342)	(7,342)	(352)	(7,694)
Disposal of subsidiary	-	-	-	-	23,267	-	23,267
Other transactions with non-controlling interests	-	-	-	(207)	(207)	-	(207)
	-	-	-	(265)	(265)	1,392	1,127
Total transactions with owners	182	23,085	-	(472)	22,795	1,392	24,187
At 31 December 2019	1,176	115,317	10,947	(72,442)	54,998	(1,971)	53,027

The notes on pages 22 to 51 form part of these financial statements.

Oxygen House Group Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2018

	Called up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 January 2018	332	36,928	9,824	(53,062)	(5,978)	(835)	(6,813)
Comprehensive expense for the year							
Loss for the year	-	-	-	(17,954)	(17,954)	(788)	(18,742)
Other comprehensive expense for the year							
	-	-	-	-	-	-	-
Total comprehensive income for the year							
Shares issued during the year	662	55,304	-	(17,954)	(17,954)	(788)	(18,742)
Arising on group restructure	-	-	1,123	-	55,966	-	55,966
Transactions with non-controlling interests	-	-	-	6,388	1,123	-	1,123
	-	-	-	-	6,388	(1,388)	5,000
Total transactions with owners	662	55,304	1,123	6,388	63,477	(1,388)	62,089
At 31 December 2018	994	92,232	10,947	(64,628)	39,545	(3,011)	36,534

The notes on pages 22 to 51 form part of these financial statements.

Oxygen House Group Limited

**Company Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Called up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2018	332	36,928	-	3,671	40,931
Loss for the year	-	-	-	(5,550)	(5,550)
Total comprehensive expense for the year					
Shares issued during the year	-	-	-	(5,550)	(5,550)
Arising on group restructure	661	55,304	-	-	55,965
Total transactions with owners	-	-	10,108	-	10,108
At 31 December 2018	661	55,304	10,108	-	66,073
Profit for the year	993	92,232	10,108	(1,879)	101,454
Total comprehensive income for the year					
Shares issued during the year	-	-	-	1,648	1,648
Total transactions with owners	183	23,085	-	-	23,268
At 31 December 2019	183	23,085	-	-	23,268
	1,176	115,317	10,108	(231)	126,370

The notes on pages 22 to 51 form part of these financial statements.

Oxygen House Group Limited

**Consolidated Statement of Cash Flows
For the Year Ended 31 December 2019**

	2019 £000	2018 £000
Cash flows from operating activities		
Operating loss for the financial year	(3,841)	(13,947)
Adjustments for:		
Amortisation of intangible assets	559	453
Depreciation of tangible assets	5,900	5,906
Impairments of fixed asset investments	-	2,795
(Profit)/Loss on disposal of tangible assets	(506)	8
(Increase) in stocks	(1,917)	(1,134)
(Increase)/decrease in debtors	(2,291)	1,922
(Decrease)/increase in creditors	(310)	1,109
Increase in provisions	-	128
Net fair value losses recognised in profit and loss	1	-
Share of operating loss/(profit) in associates	(4,512)	-
Corporation tax received	478	127
Employment - long term benefit	167	-
Net cash generated from operating activities	(6,272)	(2,633)
Cash flows used in investing activities		
Purchase of intangible fixed assets	(86)	(516)
Purchase of tangible fixed assets	(738)	(734)
Sale of tangible fixed assets	4,034	334
Purchase of investments	(10,172)	(977)
Interest received	74	101
Dividends received	4,778	-
Cash on acquisition/disposal of subsidiary	1,856	-
Net cash from investing activities	(254)	(1,792)
Cash flows generated from financing activities		
Issue of ordinary shares	18,590	5,000
New secured bank loans	1,322	4,000
Repayment of loans	(5,248)	(5,167)
Shares treated as debt - issued	1,214	-
Interest paid	(2,591)	(2,491)
Dividends paid to non controlling interests	(119)	-
Directors' loans	-	5,571
Net cash used in financing activities	13,168	6,913
Net increase in cash and cash equivalents	6,642	2,488
Cash and cash equivalents at beginning of year	13,758	11,270

Oxygen House Group Limited

Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 December 2019

	2019 £000	2018 £000
Cash and cash equivalents at the end of year	20,400	13,758
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	20,400	13,758
	20,400	13,758

The notes on pages 22 to 51 form part of these financial statements.

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office and principal place of business is:

Oxygen House
Grenadier Road
Exeter Business Park
Exeter
Devon
EX1 3LH

2. Accounting policies

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 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of Oxygen House Group Limited and all its subsidiary undertakings drawn up to 31 December each year. The consolidated financial statements incorporate the financial statements of the group and all group undertakings, together with the groups share of the net assets and results of associated undertakings.

During 2018 a restructuring was undertaken which included entities under common control being transferred to Oxygen House Group Limited by way of share for share exchange. The company consolidated the results of these entities using the merger accounting method. The results and cash flows of the entities were brought into the financial statements of the group from the beginning of 2017.

2.3 Going concern

The directors believe that the company is well placed to manage its business risks successfully. The directors have confirmation of funding for the group from the ultimate owner for a period of at least 12 months from the date of approval of the financial statements and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

The directors have considered the impact of the COVID-19 pandemic on the business and at this stage do not anticipate there to be a significant impact on the long-term activities of the company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue recognition

Revenue of the group is recognised as follows:

Revenue from asset management, investment management and investment advisory services is measured at the fair value of consideration received or receivable, and includes estimates of amounts contractually due, but not yet invoiced.

Revenue from developer fees is recognised in relation to the underlying contract with the customer. This generally will result in revenue being recognised at the completion of significant development milestones. Any uninvoiced revenue is accrued in the period in which it has been generated.

Revenue from energy generation is measured as a fair value of the consideration received and receivable. The fair value of the consideration excludes trade discounts, volume rebates and other sales taxes. Revenue is recognised when persuasive evidence of an arrangement exists, electricity has been generated and transmitted to the grid, the price of electricity is fixed or determinable and the recoverability of the resulting receivable is reasonably assured. Any uninvoiced income is accrued in the period in which it has been generated.

Revenue from commercial property rentals has been calculated to recognise any rent free periods.

Revenue from the sale of property stock is recognised when ownership of the stock is transferred to the buyer and proceeds are received.

All revenues are stated net of value added tax and are generated entirely within the United Kingdom.

2.6 Changes in stocks of finished goods and work in progress

Changes in stocks of finished goods and work in progress relates to property stock and is recognised in the Profit and Loss Account when stock is transferred to the buyer and proceeds are received.

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss 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.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.12 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the Financial Statements
For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Trademarks	-	10	years
Computer Software	-	4	years

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as stated below.

Depreciation is provided on the following basis:

Land and buildings	-	2% Straight line
Building improvements	-	10% Straight line
Other assets	-	25% Straight line
Fixtures and fittings	-	25% Straight line
Solar PV assets	-	4% Straight line
Inverters	-	6% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Investment property

Investment property is carried at fair value determined by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Profit and Loss Account.

2.17 Valuation of investments

Investments in subsidiaries and unlisted company shares are measured at cost less accumulated impairment.

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)

2.18 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated financial statements, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Profit and Loss Account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.19 Stocks and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of the fixed and variable overheads according to the stage of completion.

2.20 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.

2.21 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.22 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.

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.23 Provisions for liabilities

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove the Solar PV equipment and to restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

2.24 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, 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, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

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 Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)

2.24 Financial instruments (continued)

net basis or to realise the asset and settle the liability simultaneously.

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

The preparation of financial statements in conformity with FRS 102 requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting policies and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. These relate to:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. The directors determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Decommissioning provision

The group has recognised a provision for decommissioning obligations associated with its solar parks. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of these costs.

Revenue relating to the accrued income for ROCS

The number of Renewable Obligation Certificates ("ROCS") are calculated each month based on the net number of mega-watts of power exported. The ROC price is fixed for each Compliance Period ("CP") which runs from 1 April to 31 March and is published in advance by Ofgem. The ROC recycle price is subject to market forces and is not published by Ofgem until September following the accounting year end. The directors have adopted the policy of recognising ROC Recycle revenue once on an annual basis, at a time when the price can be reliably estimated (typically when there is public information on the key drivers of the price, including ROC's supplied and energy demand). For the year ended 31 December 2019, no ROC recycle revenue has been accrued in respect of ROC's generated for CP18 (April 2018 to 31 December 2019) as management has determined that this cannot be reliably measured given that the ROC recycle price is published post September the year after. This revenue (if any) will be recognised in the following accounting year when the price is confirmed.

Carrying value of investments and loans

Oxygen House Group Limited recognises its investments and loans at carrying value. The directors perform a review of the carrying value of investments and loans each year and in performing this review assumptions and estimates are made with respect to the performance and outlook for each investment, the potential impact of actual or expected changes in customers, markets and operations and the key risks for the business.

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Judgements in applying accounting policies (continued)

Carrying value of property work in progress and cost apportionment

Development property work-in-progress is carried at cost however impairment risks are considered. When an individual property is sold, the costs transferred to the Profit and Loss Account are calculated based on the percentage floor space the property holds on the total development site, plus any specific direct costs.

Valuation of investment property

Investment property is recognised at fair value as determined by the directors taking into account external valuations, market data and underlying market conditions.

4. Turnover

Turnover recognised in the consolidated statement of profit or loss is analysed as follows:

	2019 £000	2018 £000
Electricity sales	16,644	15,028
Developer fees	4,522	601
Asset management & management fees	4,463	2,128
Rental income and service charges	1,424	2,036
Consultancy	273	604
Property stock sales	860	-
Educational software sales	533	-
Other	246	508
	<u>28,965</u>	<u>20,905</u>

All revenue arose in the United Kingdom and is stated net of trade discounts, VAT and other similar taxes.

5. Other operating income

	2019 £000	2018 £000
Other operating income	114	83
Government grants receivable	53	146
Insurance claims receivable	-	4
Profit on disposal of subsidiary	1,135	-
Profit on disposal of tangible assets	511	-
	<u>1,813</u>	<u>233</u>

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

6. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Research & development charged as an expense	4,020	5,180
Property stock costs expensed in year	799	-
Staff costs	17,862	13,909
Depreciation	5,900	5,906
Amortisation	559	454
Auditors' remuneration	282	325
Loss on the disposal of tangible assets	-	8
Impairment of fixed asset investment	-	2,795
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	62	74
Fees payable to the Group's auditors for the audit of the subsidiary annual financial statements	163	162
Fees payable to the Group's auditors for other services	57	40
	<u> </u>	<u> </u>
	<u>282</u>	<u>276</u>

8. Employees

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Wages and salaries	15,312	12,084	-	-
Social security costs	1,847	1,389	-	-
Other pension costs	703	436	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>17,862</u>	<u>13,909</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Employees	<u>258</u>	<u>228</u>

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	360	340
	360	340

The highest paid director received remuneration of £124,740 (2018: £116,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018: £4,893).

10. Income from other fixed asset investments

	2019 £000	2018 £000
Income from preference shares	208	-
	208	-

11. Other interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from joint ventures	106	168
Interest receivable from associates	13	-
Interest receivable from debt factoring	47	-
Bank and other interest receivable	76	53
	242	221

12. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	3,777	3,829
Other	468	419
	4,245	4,248

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Tax on loss

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	(112)	19
Adjustments in respect of previous periods	(257)	22
Total current tax	(369)	41
Deferred tax		
Origination and reversal of timing differences	492	806
Changes to tax rates	(65)	(79)
Total deferred tax	427	727
Taxation on profit on ordinary activities	58	768

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Loss before tax	(7,636)	(17,974)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(1,451)	(3,415)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation	2,339	3,767
Fixed asset differences	(206)	-
Unrecognised deferred tax	2,610	2,998
Adjustments to tax charge in respect of prior periods	(334)	88
Other timing differences leading to an increase (decrease) in taxation	199	(1,409)
Non-taxable income	(3,099)	(1,261)
Total tax (credit)/charge for the year	58	768

Oxygen House Group Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

14. Intangible assets

Group

	Goodwill £000	Trademarks £000	Computer software £000	Other intangibles £000	Total £000
Cost					
At 1 January 2019	3,807	11	121	500	4,439
Additions	4,623	-	-	86	4,709
On disposal of subsidiaries	-	(11)	-	-	(11)
At 31 December 2019	<u>8,430</u>	<u>-</u>	<u>121</u>	<u>586</u>	<u>9,137</u>
Amortisation					
At 1 January 2019	566	2	67	-	635
Charge for year	529	-	30	-	559
On disposals of subsidiaries	-	(2)	-	-	(2)
At 31 December 2019	<u>1,095</u>	<u>-</u>	<u>97</u>	<u>-</u>	<u>1,192</u>
Net book value					
At 31 December 2019	<u>7,335</u>	<u>-</u>	<u>24</u>	<u>586</u>	<u>7,945</u>
At 31 December 2018	<u>3,241</u>	<u>9</u>	<u>54</u>	<u>500</u>	<u>3,804</u>

Oxygen House Group Limited

Notes to the Financial Statements
For the Year Ended 31 December 2019

15. Tangible assets

Group

	Land and Buildings £000	Building improve- ments £000	Solar PV assets £000	Inverters £000	Fixtures and fittings £000	Other fixed assets £000	Total £000
Cost or valuation							
At 1 January 2019	5,256	-	122,763	7,753	629	1,449	137,850
Additions	-	278	121	-	157	281	837
On acquisition of subsidiaries	-	-	-	-	-	13	13
On disposals	(3,631)	-	(31)	-	-	(387)	(4,049)
On disposal of subsidiaries	-	-	-	-	(9)	(26)	(35)
Change in decommissioning estimate	-	-	1,238	-	-	-	1,238
At 31 December 2019	1,625	278	124,091	7,753	777	1,330	135,854
Depreciation							
At 1 January 2019	161	-	24,677	2,634	289	973	28,734
Charge for year	3	3	5,096	518	111	169	5,900
On disposals	(158)	-	-	-	-	(298)	(456)
On disposal of subsidiaries	-	-	-	-	(4)	(13)	(17)
At 31 December 2019	6	3	29,773	3,152	396	831	34,161
Net book value							
At 31 December 2019	1,619	275	94,318	4,601	381	499	101,693

Oxygen House Group Limited

Notes to the Financial Statements
For the Year Ended 31 December 2019

15. Tangible assets (continued)

At 31 December 2018	5,095	-	98,086	5,119	340	476	109,116
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During the year all assets of Grenadier Cornwall Limited, a fully owned subsidiary of Oxygen House Group Limited, were disposed of with proceeds exceeding net book values.

Oxygen House Group Limited

Notes to the Financial Statements
For the Year Ended 31 December 2019

16. Investments

Group

	Unlisted investments £000	Convertible loan notes £000	Investments in associated undertaking £000	Investment in joint ventures - Ordinary shares £000	Investment in joint ventures - Preference shares £000	Total £000
Cost or valuation						
At 1 January 2019	5,516	110	2,286	448	510	8,870
Additions	106	-	3,254	1	1,367	4,728
Dividends received	-	-	-	(4,778)	-	(4,778)
Share of profit/(loss)	-	-	(98)	4,610	-	4,512
At 31 December 2019	5,622	110	5,442	281	1,877	13,332
Impairment						
At 1 January 2019	5,043	110	2,057	-	-	7,210
At 31 December 2019	5,043	110	2,057	-	-	7,210
Net book value						
At 31 December 2019	579	-	3,385	281	1,877	6,122
At 31 December 2018	473	-	229	448	510	1,660

Oxygen House Group Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

16. Investments (continued)

Company

	Investments in subsidiary companies £000	Investments in associates £000	Unlisted investments £000	Total £000
Cost or valuation				
At 1 January 2019	62,568	-	5,516	68,084
Additions	12,527	175	106	12,808
Share of profit/(loss)	-	2	-	2
At 31 December 2019	75,095	177	5,622	80,894
Impairment				
At 1 January 2019	12	-	5,043	5,055
At 31 December 2019	12	-	5,043	5,055
Net book value				
At 31 December 2019	75,083	177	579	75,839
At 31 December 2018	62,556	-	473	63,029

Direct subsidiary undertakings, associates and joint ventures

The following were direct subsidiary undertakings of Oxygen House Group Limited:

Name	Registered office	Class of shares	Holding
Oxygen House Limited	England	Ordinary	100%
Grenadier Estates Limited	England	Ordinary	100%
ATASS Solar Limited	England	Ordinary	100%
Global City Futures Limited	England	Ordinary	100%
Low Carbon Oxygen Limited	England	Ordinary	98.96%
Sparx Limited	England	Ordinary	90%
Low Carbon Limited	England	Ordinary	70%

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Investments (continued)

Indirect subsidiary undertakings, associates and joint ventures

The following were indirect subsidiary undertakings of Oxygen House Group Limited:

Name	Registered office	Class of shares	Holding
Grenadier Cornwall Limited	1	Ordinary	100%
Grenadier Emperor Limited	1	Ordinary	100%
Grenadier Exmouth Limited	1	Ordinary	100%
Grenadier Hub Limited	1	Ordinary	100%
Grenadier Paternoster Limited	1	Ordinary	100%
Grenadier 29 Limited	1	Ordinary	100%
St Margaret's Residences (Exeter) Limited	1	Ordinary	100%
St Margaret's Residences Management Company Limited	1	Ordinary	100%
City Science Corporation Limited	8	Ordinary	33.98%
AVL Marine Drive Management Company Limited	1	Ordinary	100%
H&A Learning Ltd	1	Ordinary	90%
Queen's Drive Exmouth Community Interest Company	1	Ordinary	75%
Balliemeanoch Wind Farm Limited	1	Ordinary	100%
Blackdyke Battery Storage Limited	1	Ordinary	100%
Camber Solar Project Limited	1	Ordinary	100%
Cleator Solar Park Limited	1	Ordinary	100%
Costa Head Wind Farm Limited	6	Ordinary	100%
Crakaig Wind Farm Limited	1	Ordinary	100%
Doveryard Limited	1	Ordinary	50%
DY Oldhall Limited	1	Ordinary	50%
Easton Farm Solar Park Limited	1	Ordinary	100%
Elegen Limited	1	Ordinary	75%
ENE Developments Limited	1	Ordinary	51%
Fishcross Battery Storage Limited	1	Ordinary	100%
Flanchford Solar Park Limited	1	Ordinary	100%
Friars Gate Flexi Limited	1	Ordinary	100%
Gairy Hill Wind Farm Limited	1	Ordinary	100%
GreenRock Solar Limited	1	Ordinary	100%
Grid System Services Limited	4	Ordinary	70%
Grid System Services Limited	4	Preference	100%
Hesta Head Wind Farm Limited	6	Ordinary	100%
Hoolan Energy Limited	1	Ordinary	100%
Inazin Limited	1	Ordinary	100%
Inazin Power Limited	1	Ordinary	100%
Inazin Wind Limited	1	Ordinary	100%
Inazin Solar Limited	1	Ordinary	100%
LC Energy B.V	5	Ordinary	50%
LC Energy B.V	5	Preference	100%
LC Storage SPV1 Limited	1	Ordinary	100%
Leigh Solar Park Limited	1	Ordinary	100%
Low Carbon Asset Management Limited	1	Ordinary	100%
Low Carbon Bond Company Limited	1	Ordinary	100%
Low Carbon W2E Limited	1	A Ordinary	100%
Low Carbon CHP Investment Company Limited	1	A Ordinary	100%
Low Carbon EAAS Limited	1	A Ordinary	100%
Low Carbon Flexible Generation Limited	1	A Ordinary	100%
Low Carbon Foundation	1	Ordinary	100%
Low Carbon General Partners Limited	1	Ordinary	100%
Low Carbon Group Limited	1	Ordinary	100%
Low Carbon Intellectual Property Limited	1	Ordinary	100%

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Investments (continued)

Indirect subsidiary undertakings, associates and joint ventures (continued)

Name	Registered office	Class of shares	Holding
Low Carbon Investment Adviser Limited	1	Ordinary	100%
Low Carbon Investment Management Limited	1	Ordinary	100%
Low Carbon Investment Partners Limited	1	Ordinary	100%
Low Carbon Investment Partners 1 Limited	1	Ordinary	100%
Low Carbon Ireland Limited	1	Ordinary	100%
Low Carbon Netherlands Limited	1	A Ordinary	100%
Low Carbon Services (UK) Limited	1	Ordinary	100%
Low Carbon Solar Devco 2 Limited	1	Ordinary	100%
Low Carbon Solar Investment Company Limited	1	A1 Ordinary	100%
Low Carbon Solar Investment Company Limited	1	A2 Ordinary	100%
Low Carbon Solar Investment Company Limited	1	B1 Ordinary	100%
Low Carbon Solar Investment Company Limited	1	B2 Ordinary	100%
Low Carbon Solar Investment Company 2 Limited	1	Ordinary	90%
Low Carbon Solar Investment Company 5 Limited	1	Ordinary	100%
Low Carbon Solar Management Company (1) Limited	1	B Ordinary	100%
Low Carbon Storage Investment Company Limited	1	A1 Ordinary	100%
Low Carbon Storage Investment Company Limited	1	B1 Ordinary	100%
Low Carbon Storage Ireland Limited	1	A Ordinary	100%
Low Carbon UK Solar Investment Company Limited	1	A Ordinary	100%
Low Carbon Ventures Limited	1	Ordinary	100%
Low Carbon Wind Investment Company 1 Limited	1	A Ordinary	100%
Low Carbon Wind Investment Company 2 Limited	1	Ordinary	100%
Maple Tree Energy Management Limited	1	Ordinary	100%
Meysydd Battery Storage Limited	1	Ordinary	100%
Nur Energie Limited	7	Ordinary	1.27%
Nur Energie Limited	7	Ordinary B Preference	53.45%
Parc Solar Traffwll Limited	1	Ordinary	100%
Park Farm Solar Limited	1	Ordinary	100%
Redcar Holdings Limited	1	Ordinary	65%
Scunthorpe Flexi Limited	1	Ordinary	100%
South Bristol Energy	1	Ordinary	100%
Trust Power Limited	1	Ordinary	100%
Trust Power Business Limited	1	Ordinary	100%
Vilo Investments Limited	1	Ordinary	100%
VLC Energy Limited	1	Ordinary	50%
VLC Renewables Limited	1	Ordinary	50%
West Melton Battery Storage Limited	1	Ordinary	100%
Wexford Solar Limited	4	Ordinary	50%
Wexford Solar Limited	4	Preference	100%
Zonnepark Haarweg B.V	5	Ordinary	50%
Zonnepark Alteveer B.V	5	Ordinary	50%
Zonnepark Nergena B.V	5	Ordinary	50%
Zonnepark Zonneveld B.V	5	Ordinary	50%
Zonnepark Medel B.V	5	Ordinary	50%
Zonnepark Werhoven B.V	5	Ordinary	50%
Blusheens Solar Limited	4	Ordinary	50%
Coolroe Limited	4	Ordinary	50%
Curraghmartin Solar Limited	4	Ordinary	50%
Stamullen Solar Limited	4	Ordinary	50%
Willvile Solar Limited	4	Ordinary	50%
Lacka Solar Limited	4	Ordinary	50%

Oxygen House Group Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

16. Investments (continued)

Indirect subsidiary undertakings, associates and joint ventures (continued)

Name	Registered office	Class of shares	Holding
Kilmannock Battery Storage Limited	2	Ordinary	37%
Porterstown Battery Storage Limited	2	Ordinary	37%
Mullavilly Energy Limited	1	Ordinary	49%
Drumkee Energy Limited	1	Ordinary	49%
TDC Community Solar Park Limited	1	Ordinary	100%
Birkett Solar Farm Limited	1	Ordinary	100%
St Clere's Solar Farm Limited	1	Ordinary	100%
Harlesford Solar Farm Limited	1	Ordinary	100%
Aurora Solar Farm Limited	1	Ordinary	100%
Inkersall Solar Farm Limited	1	Ordinary	100%
Chalton Manor Solar Farm Limited	1	Ordinary	100%
Crouch Solar Farm Limited	1	Ordinary	100%
Cornwell Solar Farm Limited	1	Ordinary	100%
Drover Lane Solar Farm Limited	1	Ordinary	100%
Verus Energy Oak Limited	1	Ordinary	38%
BH Energy Gap (Doncaster) Limited	1	A1 Ordinary	100%
BH Energy Gap (Doncaster) Limited	1	B Ordinary	100%
Low Carbon Solar Holding 1 Limited	3	Ordinary	100%
Skegness Solar Park Limited	1	Ordinary	100%
Low Carbon Solar Holding 2 Limited	3	Ordinary	100%
Hellums Field Solar Park Limited	1	Ordinary	100%
Warleigh Barton Solar Park Limited	1	Ordinary	100%
Trigon Solar Park Limited	1	Ordinary	100%
Wilmington Solar Park Limited	1	Ordinary	100%
Hope Solar Park Limited	1	Ordinary	100%
Callington Solar Park Limited	1	Ordinary	100%
Low Carbon Solar Finance Limited	1	Ordinary	100%
Four Burrows Solar Park Limited	1	Ordinary	100%
Rudbaxton Solar Park Limited	1	Ordinary	100%
St Columb Solar Park Limited	1	Ordinary	100%
Battens Farm Solar Park Limited	1	Ordinary	100%
Lackford Estate Solar Park Limited	1	Ordinary	100%
Trenouth Solar Farm Limited	1	Ordinary	100%
Trenouth Solar Investment Company Limited	1	Ordinary	100%

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Investments (continued)

Indirect subsidiary undertakings, associates and joint ventures (continued)

Registered office details for the above companies are as follows:

Companies marked 1: Oxygen House, Grenadier Road, Exeter Business Park, Exeter, Devon, EX1 3LH
Companies marked 2: 38/39 Fitzwilliam Square West, Dublin 2
Companies marked 3: 22 Grenville Street, St Helier, Jersey, JE4 8PX
Companies marked 4: Glen Erin, Caulstown, Dunboyne, Co, Meath, D13R R77, Country of Incorporation: Republic of Ireland
Companies marked 5: Broland 12 6708 WH Wageningen, Country of Incorporation: Netherlands
Companies marked 6: Hoolan Energy Limited, 16 Young Street, Edinburgh, EH2 4JB
Companies marked 7: 95 Aldwych, London, WC2B 4JF
Companies marked 8: The Mount, 72 Paris Street, Exeter, Devon, EX1 2JY

For the year ended 31 December 2019 the subsidiaries above were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies, except for the following who have prepared audited financial statements:

- Low Carbon Oxygen Limited (Group and Company)
- Low Carbon Limited (Group and Company)
- Sparx Limited
- Global City Futures Limited
- Grenadier Emperor Limited
- St Margaret's Residences (Exeter) Limited
- Oxygen House Limited
- Low Carbon Solar Holding 1 Limited
- Low Carbon Solar Holding 2 Limited
- Hellums Field Solar Park Limited
- Warleigh Barton Solar Park Limited
- Trigon Solar Park Limited
- Wilmingham Solar Park Limited
- Hope Solar Park Limited
- Callington Solar Park Limited
- Low Carbon Solar Finance Limited
- Four Burrows Solar Park Limited
- Rudbaxton Solar Park Limited
- St Columb Solar Park Limited
- Battens Farm Solar Park Limited
- Lackford Estate Solar Park Limited
- Trenouth Solar Farm Limited
- Trenouth Solar Investment Company Limited

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

17. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 January 2019	6,500
At 31 December 2019	6,500

On 20 December 2019 a valuation was prepared by Vickery Holman Property Management, on an open market value for existing use basis.

18. Stocks

	Group 2019 £000	Group 2018 £000
Work in progress (development properties)	11,538	9,621
	11,538	9,621

19. Debtors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade debtors	2,395	1,792	-	-
Amounts owed by group undertakings	-	-	51,969	41,409
Amounts owed by joint ventures, associates and related undertakings	4,293	2,547	7	3
Other debtors	3,123	1,793	100	100
Prepayments and accrued income	3,244	3,011	2	4
	13,055	9,143	52,078	41,516

Included within amounts owed by group undertakings is £25,959,007 relating to interest bearing loans to subsidiaries of Oxygen House Group Limited. An impairment provision of £1,936,074 has also been recognised, reducing an amount owed by a wholly owned subsidiary following the directors' impairment review.

All other amounts owed by group undertakings are undated and interest free.

Oxygen House Group Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

20. Cash at bank and in hand

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Cash at bank and in hand	20,400	13,758	3,177	3,509
	20,400	13,758	3,177	3,509

21. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank loans and overdrafts 23	6,976	4,984	-	-
Trade creditors	666	780	-	-
Amounts owed to group undertakings	-	-	3,415	400
Amounts owed to related undertakings	581	555	-	16
Corporation tax	219	19	-	-
Other taxation and social security	1,286	1,029	-	-
Other creditors	2,027	7,925	-	6,070
Accruals and deferred income	4,457	8,818	95	114
	16,212	24,110	3,510	6,600

Included in other creditors is contingent consideration payable on the acquisition of Maple Tree Energy Management Limited in 2017 of £1,425,000 (2018: £1,425,000).
Amounts owed to group undertakings are undated and interest free.

22. Creditors: Amounts falling due after more than one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank loans and overdrafts 23	84,105	82,177	-	-
Long term employment benefit	167	-	-	-
Share capital treated as debt 26	1,214	-	1,214	-
	85,486	82,177	1,214	-

Disclosure of the terms and conditions attached to the non-equity shares is made in note 26.

The long term employment benefit relates to the subsidiary acquisition of H&A Learning Ltd. Sparx Limited, a subsidiary of Oxygen House Group Limited, is under obligation to pay £1,500,000 to the sellers for the sale of their shares. The sellers, who are now employees of Sparx Limited, will receive the full consideration on the third anniversary of the acquisition date.

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

23. Loans

	Group 2019 £000	Group 2018 £000
Amounts falling due within one year		
Bank loans	6,976	4,984
	6,976	4,984
Amounts falling due 1-2 years		
Bank loans	5,297	5,126
	5,297	5,126
Amounts falling due 2-5 years		
Bank loans	19,453	19,228
	19,453	19,228
Amounts falling due after more than 5 years		
Bank loans	59,355	57,824
	59,355	57,824
	91,081	87,162

Bank loans include the following:

A senior bank loan made up of two tranches, one being fixed with a notional amount of £26,500,000 with an interest rate of 4.17%. The second tranche with an interest rate of 1.55% annually indexed to RPI with a notional amount of £79,500,000. Both tranches have a final repayment date of 31 December 2033. The loan is secured by a fixed and floating charge over the assets of the Low Carbon Oxygen Group.

A bank loan with a fixed notional amount of £4,000,000 and an interest rate of 2.96%. The final repayment date is 30 May 2023. The loan is secured by fixed and floating charges over the property and assets of Grenadier Emperor Limited.

A loan drawn against a facility of £7,300,000 with an interest rate of LIBOR plus 5.25% subject to a minimum effective rate of interest of 6.25%. The loan is secured by a fixed and floating charge over the property and assets of St Margaret's Residences (Exeter) Limited.

Notes to the Financial Statements
For the Year Ended 31 December 2019

Group

	2019 £000
At beginning of year	(1,063)
Charged to profit or loss	(427)
At end of year	(1,490)

	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	(1,490)	(1,063)
	<u>(1,490)</u>	<u>(1,063)</u>

Group

	£000
At 1 January 2019	9,718
Charged to profit or loss	180
Released to debtors	(98)
Charged to tangible assets	1,238
At 31 December 2019	11,038

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Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

26. Called up share capital

	2019 £000	2018 £000
Shares classified as equity		
Authorised, allotted, called up and fully paid		
117,570,200 (2018 - 99,315,100) Ordinary shares of £0.010 each	<u>1,176</u>	<u>993</u>
Shares classified as debt		
Authorised, allotted, called up and fully paid		
948,154 (2018 - NIL) Preference shares of £1.280 each	<u>1,214</u>	<u>-</u>

In January 2019, 14,948,062 (2018: 66,072,349) new shares of 0.01p each were issued to a director of Oxygen House Group Limited for total consideration of £19,133,519 giving rise to a share premium of £18,984,039. 921,485 new preference shares of £1.28 were also issued to other directors of Oxygen House Group Limited for consideration of £1,179,501.

In September 2019, a further 3,306,931 new shares of 0.01p each were issued for total consideration of £4,133,664 giving rise to a share premium of £4,100,594 and a further 26,669 new preference shares of £1.25 were issued for consideration of £33,337.

The preference shares are classified as liabilities in the balance sheet.

The preference shares can be redeemed in full at any time after 7 January 2024 (regardless of when they were issued) by either the relevant shareholder or the company.

The company is obliged to redeem after 7 January 2024 where required by the relevant shareholder.

The redemption price for any shares that are being redeemed will vary depending on the circumstances:

- a redemption at any time after 7 January 2024 at the request of the relevant shareholder or the company would be at fair value; however
- a redemption in accordance with the compulsory share transfer process could be for the issue price only (nominal value plus the share premium paid on allotment) depending on why the relevant shareholder is being required to transfer their shares.

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

27. Business combinations

On the 5 September 2019, Sparx Limited, a 90% owned subsidiary of Oxygen House Group Limited, acquired 100% of the ordinary share capital of H&A Learning Ltd for total consideration of £5,446,811.

H&A Learning Ltd has been providing similar services to those provided by Sparx Limited in its established market which compliments Sparx Limited's existing services. The goodwill of £4,623,256 arising from the acquisition is attributable to the expertise and experience of the sellers, customer relationships, and reflects the expected future performance of the company.

Management has estimated the useful life of this goodwill to be 10 years.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value £000
Tangible assets	13	13
Total non-current assets	13	13
Trade debtors and other receivables	418	418
Cash at bank and in hand	1,895	1,895
Total assets	2,326	2,326
Trade creditors and other payables	323	323
Deferred income	1,179	1,179
Total identifiable net assets	824	824
Goodwill		4,623
Total purchase consideration		5,447
Consideration		
		£000
Cash		5,308
Directly attributable costs		139
Total purchase consideration		5,447

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

27. Business combinations (continued) Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	5,308
Directly attributable costs	139
	<hr/> 5,447
Net cash outflow on acquisition	<hr/> 5,447 <hr/>

The acquisition was accounted for using the acquisition method, which required the assets and liabilities to be measured at their fair value on the date of purchase. On review of the assets and liabilities, the fair value was considered to equal the carrying value.

The revenue from H&A Learning Ltd included in the consolidated income statement for 2019 was £529,232. H&A Learning Ltd also contributed profits of £269,777 over the same period.

28. Commitments under operating leases

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	Group 2018 £000
Not later than 1 year	1,203	1,049
Later than 1 year and not later than 5 years	3,282	3,658
Later than 5 years	16,173	12,937
	<hr/> 20,658 <hr/>	<hr/> 17,644 <hr/>

Oxygen House Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

29. Related party transactions

The company and group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Group Revenue includes the following:

Management fees of £20,600 (2018: £41,200) were charged by Oxygen House Limited and property management fees of £17,672 (2018: £159,979) were charged by Grenadier Estates Limited to a director of Oxygen House Group Limited.

Service charges of £940,577 (2018: £1,171,111) were charged by Oxygen House Limited and property management fees of £48,241 (2018: £56,359) were charged by Grenadier Estates Limited to associated companies outside of the Oxygen House Group but under common control.

Service charges of £1,468,410 (2018: £1,588,008) were charged by Oxygen House Limited to companies within the group but not wholly owned.

Secondments and management fees of £108,432 (2018: £57,533) were charged by Global City Futures Limited to an associated company to which the company is a member.

Interest of £904,637 (2018: £418,519) were charged to a fellow subsidiary not wholly owned.

Group costs include the following:

Property rents of £96,341 (2018: £96,341) were charged to Oxygen House Limited by a director of Oxygen House Group Limited.

Employment cost recharges of £124,740 (2018: £112,160) were charged to Oxygen House Limited by a fellow subsidiary not wholly owned.

Assets:

Included in Amounts owed from associated undertakings is:

- Loans of £48,518 (2018: £42,778) to Exeter City Futures Community Interest Company, of whom Global City Futures Limited is a member.
- Loans of £1,369,232 (2018: £1,189,547) to associated companies outside of the group, but under common control.
- Loans of £40,459,799 (2018: £28,706,101) to subsidiary companies not wholly owned.

Liabilities:

Included in Amounts owed to associated undertakings under common control is:

- Loans of £426,303 (2018: £426,303) from Oxygen House Partners LLP, an associated entity under common control.

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

30. Post balance sheet events

The outbreak of COVID-19 in January 2020 is considered to be a non-adjusting post balance sheet event.

Risks and uncertainties presented by COVID-19 may impact the group's property development and investment businesses as they are exposed to general economic trends affecting residential and commercial property markets. The normal operations of companies in the group may be affected by disruption to working practices and travel arrangements during the pandemic. It is not possible to quantify any longer term impact at this stage.

The Directors have considered the impact of COVID-19 on the carrying values of investments and have concluded that there are no material impairments.

31. Controlling party

In the opinion of the directors, the ultimate controlling party is Dr M Dixon.