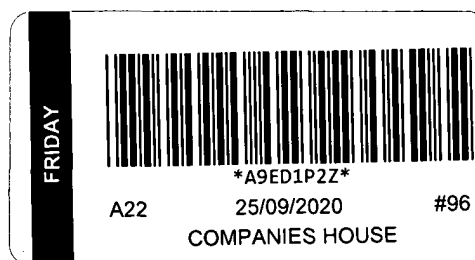


Octopus Healthcare Development Ltd

Annual Report and financial statements

For the year ended 30 April 2020

Registered number: 03788979



COMPANY INFORMATION

Directors	M W Adams B T K Davis K T Beirne B S Penaliggon (resigned 20 December 2019)
Company Secretary	Octopus Company Secretarial Services Limited (appointed 8 May 2019) S E L Waterhouse (resigned 8 May 2019)
Company Number	03788979
Registered Office	33 Holborn London EC1N 2HT
Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

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DIRECTORS' REPORT

For the year ended 30 April 2020

The directors present their annual report on the affairs of Octopus Healthcare Development Ltd ("the Company"), together with the financial statements and auditor's report, for the period from 1 May 2019 to 30 April 2020.

Small Companies Exemption

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

Principal activity

The principal activity of the Company is to secure land positions, obtain necessary planning permissions and sell the land in order to develop healthcare facilities, primarily for Octopus Healthcare Fund.

Results and dividends

The loss for the year before tax is £3,723,413 (2019: £700,769). This is down in the year primarily due to having planning permission for a care home being refused on one of the pieces of land owned. The land has subsequently received planning permission for residential purposes and there is an exchanged contract in place with completion targeted by the end of 2020. The directors do not recommend a final dividend (2019: £nil).

Directors

The directors who served throughout the year and up to the date of this report, except where noted, were as follows:

M W Adams

B T K Davis

K T Beirne

B S Penaliggon (resigned 20 December 2019)

Director's indemnities

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

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and a resolution to reappoint them will be proposed at the next Annual General Meeting.

Future developments

Towards the end of the financial year, the coronavirus (Covid-19) outbreak caused, and continues to cause, extensive disruption to businesses and economic activities globally, the possible extent of which cannot yet be assessed. It is too early to gauge the full economic consequences, but the possibility of global recession has been widely predicted. In these circumstances it is unlikely that any company will remain unaffected.

DIRECTORS' REPORT (continued)

For the year ended 30 April 2020

Future developments (continued)

However, as the Company has substantial stock on its balance sheet, mostly in the form of land in prime locations with value likely to be realised in the next twelve months. The value of the land is so far unaffected as care home valuations have not been impacted by Covid-19, so the Directors have reasonable expectations that the Company will continue to operate as it has been for the foreseeable future.

Brexit

The Company has considered the effect on the activities performed following the exit of the UK from the European Union on the 31st of January 2020 ahead of the transitional period ending at the end of the 2020 calendar year. Although the outcome is unclear, the conclusion was that the current business model would be sustainable in the event that no new trading agreement is reached and the relationship defaults to World Trade Organisation rules, and the Directors do not consider that there would be a material impact to the financial statements, as the Company is UK based.

Going concern

With view of the prevailing economic conditions, and despite the company being loss making for the past 2 years and in a net liability position, the Directors are satisfied that there is no material uncertainty leading to a significant doubt on the Company's ability to operate as a going concern. As such it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note in the financial statements.

Approved by the Board and signed on its behalf by:



B T K Davis
Director
12 August 2020

Registered Office:
33 Holborn
London
EC1N 2HT

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 30 April 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF OCTOPUS HEALTHCARE DEVELOPMENT LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Octopus Healthcare Development Ltd (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF OCTOPUS HEALTHCARE DEVELOPMENT LTD (continued)

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF OCTOPUS HEALTHCARE DEVELOPMENT LTD (continued)

Use of our report

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



Jessica Hodges ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
12 August 2020

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2020

		2020	2019
	Note	£	£
TURNOVER	2	10,531,885	1,699,241
Cost of sales		(10,943,926)	(113,443)
GROSS (LOSS)/PROFIT		(412,041)	1,585,798
Administrative expenses		(3,353,554)	(2,296,848)
OPERATING LOSS		(3,765,595)	(711,050)
Interest receivable and similar income	4	42,182	10,281
LOSS BEFORE TAXATION	3	(3,723,413)	(700,769)
Tax on loss	5	262,917	-
LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		(3,460,496)	(700,769)

All amounts relate to continuing operations. There were no items of other comprehensive income in the current or prior period.

The notes on pages 13 to 21 form part of these financial statements.

BALANCE SHEET

As at 30 April 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Investment in subsidiary	6	1,632,773	1,632,773
Investment in Joint Venture	7	90	90
Debtors – due after one year	10	-	500,000
		<u>1,632,863</u>	<u>2,132,863</u>
CURRENT ASSETS			
Stock	8	15,778,225	17,606,944
Debtors: amounts falling due within one year	9	4,962,863	6,896,827
Cash at bank and in hand		596,681	461
		<u>21,337,769</u>	<u>24,504,232</u>
CREDITORS: amounts falling due within one year	11	<u>(26,288,555)</u>	<u>(26,494,522)</u>
NET CURRENT LIABILITIES		<u>(4,950,786)</u>	<u>(1,990,290)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,317,923)</u>	<u>142,573</u>
NET (LIABILITIES)/ASSETS		<u>(3,317,923)</u>	<u>142,573</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account		<u>(3,318,023)</u>	<u>142,473</u>
SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(3,317,923)</u>	<u>142,573</u>

The financial statements of Octopus Healthcare Development Ltd (registered number: 03788979) were approved by the Board of Directors and authorised for issue on 12 August 2020. They were signed on its behalf by:



B T K Davis
Director

The notes on pages 13 to 21 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2020

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 1 May 2018	100	843,242	843,342
Loss and comprehensive income for the financial year	-	(700,769)	(700,769)
At 30 April 2019	100	142,473	142,573
Loss and comprehensive income for the financial year	-	(3,460,496)	(3,460,496)
At 30 April 2020	100	(3,318,023)	(3,317,923)

The notes on pages 13 to 21 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2020

1. Statement of accounting policies

Octopus Healthcare Development Ltd is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Registered Office and registered number are disclosed on page 2.

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

Basis of accounting and preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include financial instruments recognised at fair value and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about the group of which it is a part.

The functional currency of Octopus Healthcare Development Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Octopus Healthcare Sub Holdings Ltd, which may be obtained from The Secretary, Octopus Capital Ltd, 33 Holborn, London, EC1N 2HT. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, related party disclosures, presentation of a cash flow statement and reconciliation of share capital.

Going concern

Towards the end of the financial year, the coronavirus (Covid-19) outbreak caused, and continues to cause, extensive disruption to businesses and economic activities globally, the possible extent of which cannot yet be assessed. It is too early to gauge the full economic consequences, but the possibility of global recession has been widely predicted. In these circumstances it is unlikely that any company will remain unaffected.

However, as the Company has substantial stock on its balance sheet, mostly in the form of land in prime locations with value likely to be realised in the next twelve months, the Directors have reasonable expectations that the Company will continue to operate as it has been for the foreseeable future.

During the period ended 30 April 2020, the Company reported a loss before tax of £3,723,413 (2019: loss £700,769) and at that date had net liabilities of £3,580,839 (2019: net assets £142,573). The Company continues to actively seek out new projects to earn revenue. In view of these results and the prevailing economic conditions, the directors have carefully considered the most appropriate basis for preparing these statutory financial statements. At the date of approving these financial statements, the Company has obtained written confirmation from Octopus Capital Ltd that they will continue to support this Company by paying any liability that becomes due for a period of at least twelve months from the date that these financial statements will be signed. Based on the availability of this support, the Board is satisfied that it is appropriate to prepare the financial statements on the basis that the Company is a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2020

1. Statement of accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover is recorded net of VAT and represents amounts earned in respect of contractual arrangements, and is assessed in relation to individual contracts and reflects contract activity during the year as the proportion to which costs incurred to date bear to total expected contract costs. If turnover exceeds payments on account, an 'Amount recoverable on contracts' is established and separately disclosed in debtors. The excess of payments on account over turnover is separately disclosed within other creditors.

Development premiums are recognised at the point they are earned and contractually due.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Contracts are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Contract work performed but unbilled at the year end is recorded as amounts recoverable on contracts. Amounts received in excess of work performed are recorded as payments in advance in other creditors.

When the Company sells land and property the sale price is invoiced and recorded as turnover.

The Company earns all of its revenue in the UK, hence it only has one geographical segment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2020

1. Statement of accounting policies (continued)

Cost of sales

Costs of sales comprise fees and costs, recognised on an accruals basis, in relation to contractors and professional advisers throughout the course of either a construction project or obtaining planning for a piece of land.

Interest receivable

Interest receivable comprises interest due to the Company, on an accruals basis, on balances due from financial and non-financial institutions.

Stock

Stock is valued at cost and represents capitalisation of direct costs for construction projects likely to go into building phase, and direct costs of land deals which are likely to result in purchase and sale of land. When a project in stock goes into building phase, the associated stock is debited to cost of sales.

Investments

Investments in subsidiaries are valued at cost less provision for impairment. Investments in Joint Ventures are accounted for using the equity method.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in FRS 102.11.9 are subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2020

1. Statement of accounting policies (continued)**Critical accounting judgments and key areas of estimation uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgments

The key judgement is judging the viability of projects in stock.

Critical estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Due to the nature of the Company's business and having considered the key sources of income and expenditure, balance sheet items and Company's accounting policies, the directors believe that the main area of risk and uncertainty is around the estimated cost to complete of development projects. The directors manage the development risk by subcontracting to construction contract experts. There are no other areas of estimation uncertainty in the view of the directors.

2. Turnover

	2020	2019
	£	£
Forward funding construction contracts	-	399,241
Sale of land	10,531,885	1,300,000
Total turnover	10,531,885	1,699,241

3. Loss before Taxation

Profit before taxation is stated after charging:

	2020	2019
	£	£
Management charges	2,263,811	1,723,967

Management charge

Octopus Healthcare Management Ltd recharges administrative expenses (including payroll) to the Company via a cost plus 10% mark-up management recharge.

Audit fee

The fee for the auditing of the Company's financial statements amounting to £34,000 (2019: £24,640) has been borne by the fellow group company Octopus Investments Ltd who then recharge it to Octopus Healthcare Management Ltd (another fellow group company). Octopus Healthcare Management Ltd recharges the audit fee to the Company via a cost plus 10% mark-up management recharge. There were no non-audit fees in the year (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2020

3. Loss before Taxation (continued)**Directors remuneration**

The Company's directors were remunerated by a fellow group company, Octopus Capital Ltd, and then recharged to Octopus Healthcare Management Ltd (a fellow subsidiary of Octopus Capital Ltd). No recharge is made to Octopus Healthcare Development Ltd given the size of the group and the practicality of making such a charge. The directors have assessed that, having regard to the level of time spent and the nature of the Company's affairs, a fair apportionment of the directors annual remuneration that would be attributable to this Company is approximately £136,000 (2019: £136,000).

Staff costs

The Company has no employees other than the directors, all employees are employed by the ultimate parent company, Octopus Capital Ltd. Total salary costs for the group can be seen in the financial statements of the parent company Octopus Capital Sub Holdings Ltd.

4. Interest receivable

	2020	2019
	£	£
Loan note interest (see note 10)	42,182	10,281
	<u>42,182</u>	<u>10,281</u>

5. Tax on loss

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was initially announced in the Budget on 16 March 2016, but this was subsequently reversed by the announcement made at the 2020 budget where the rate was held at 19% from 1 April 2020. The deferred tax assets and liabilities at 30 April 2020 have been calculated based on these rates. The tax charge comprises:

	2020	2019
	£	£
Current Tax		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(262,694)	-
Adjustment in respect of prior years	(199)	-
Effect of changes in tax rates	(24)	-
Total deferred tax (see note 12)	<u>(262,917)</u>	<u>-</u>
Total tax on profit	<u>(262,917)</u>	<u>-</u>

The standard rate of tax applied to reported profit is 19.00% (2018: 19.00%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2020

5. Tax on (loss)/profit (continued)

	2020 £	2019 £
Loss before tax	(3,723,413)	(700,769)
Tax on loss at standard UK corporation tax rate of 19.00% (2019: 19.00)	(707,448)	(133,146)
Effects of:		
Expenses not deductible for tax purposes	24,976	-
Income not taxable for tax purposes	-	(8,770)
Group relief surrendered/(claimed)	419,779	141,965
Adjustment from previous periods	(199)	-
Tax rate changes	(25)	-
Deferred tax not recognised	-	(49)
Current tax charge for the year	(262,917)	-

The Company has tax losses of £262,917 (2019: £nil) available for offset against future taxable profits. The applicable tax rate has changed following the substantive enactment of the Finance Act 2017.

6. Investment in subsidiary

	2020 £	2019 £
As at 1 May	1,632,773	1,632,773
Additions	-	-
Net book value	1,632,773	1,632,773

The investment represents 100% ownership of the nominal shares of Abbeygate Winchester Ltd, a company acquired for its land and buildings on 17 November 2017 and incorporated in England and Wales with a year end of 16 November and registered office of 33 Holborn, London, EC1N 2HT. Abbeygate Winchester Ltd has one type of share capital which is nominal share capital. The business ceased trading before November 2017.

7. Investment in Joint Venture

The Joint Venture relates to an investment in Benmore Octopus Healthcare Developments Ltd, whose business is to develop properties in Northern Ireland. The registered address is Rushmere House, 46 Cadogan Park, Belfast, BT9 6HH. In the previous year it was measured at cost less impairment. The Company has subscribed 90 "A" shares at £1.00 per share (2019: £90) and there are no capital commitments.

During the Joint Venture's financial year to 31 March 2020, the Joint Venture made a loss before tax of £32,067 (2019: profit £1,007,385). A proportionate share of this would be a loss of £16,033 (2019: profit £503,692). The Joint Venture is still in a net asset position and forecasts show it is expected to generate further margin in the upcoming year which will keep it that way.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2020

8. Stock

	2020	2019
	£	£
Land	12,802,500	11,736,485
Other	2,975,725	5,870,459
Work in progress	15,778,225	17,606,944

Land includes land deposits.

	2020	2019
	£	£
At beginning of year	17,606,944	14,579,293
Additions	8,102,080	3,703,394
Written off to cost of sales	(9,103,343)	(225,073)
Written off to administrative expenses	(827,456)	(450,670)
At end of year	15,778,225	17,606,944

9. Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	24,300	594,777
Amount recoverable on contracts	-	112,462
Amounts owed by group undertakings	3,827,797	1,127,797
Other debtors	68,442	14,158
Receivable for land purchase	-	5,024,500
Other taxes and social security	28,407	-
Corporation tax	262,917	-
Loan notes (see note 10)	500,000	-
Short term receivable from JV	250,000	-
Prepayments	1,000	23,133
	4,962,863	6,896,827

Amounts owed by group undertakings are repayable on demand, unsecured and interest free.

The short term receivable in JV balance relates to shareholders loans paid to Benmore Octopus Healthcare Development Ltd to develop Healthcare facilities in Belfast

The receivable for land purchase wholly related to monies paid in advance of year end to acquire a piece of land that was purchased in May 2019 to develop a Healthcare facility. This was funded by a loan from Octopus Capital Ltd (see note 11).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2020

10. Debtors due after one year

The 2019 balance relates to a £500,000 fixed rate secured loan to Benmore Octopus Healthcare Development Ltd at 8% interest rate that is repayable in November 2020 (2019: £500,000) which is now due within one year.

11. Creditors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade creditors	59,291	29,528
Other creditors	90	90
Amounts owed to group undertakings	22,843,955	18,045,942
Short term loans	2,500,000	7,524,000
Social security and other taxes	-	62,544
Provisions	55,000	-
Accruals and deferred income	830,219	832,418
	<u>26,288,555</u>	<u>26,494,522</u>

Amounts owed to group undertakings are repayable on demand, unsecured and interest free.

Short term loans

£2,500,000 unsecured loan from Octopus Capital Ltd at 10% interest rate repayable on sale of site in Winchester, due to be repaid by the end of September 2020.

£5,024,000 unsecured loan from Octopus Capital Ltd at 10% interest rate repaid in June 2019 (see note 14).

The provision balance relates to the sale of two pieces of land. The company is due to sell the two pieces of land in the next twelve months for £55,000 less than the cost recorded in stock. The directors of the Company have a high certainty and expectation that this liability will arise in the next 12 months.

12. Deferred Taxation

	2020	2019
	£	£
At beginning of year	-	-
Deferred tax charge to income statement for the period	262,718	-
Adjustment in respect of prior years	199	-
At end of year	<u>262,917</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	2020	2019
	£	£
Losses carried forward	-	-
Fixed asset timing differences	183	-
Losses	262,734	-
At end of period	<u>262,917</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2020

13. Called-Up Share Capital

	2020	2019
	£	£
Allotted, called-up and fully-paid		
100 Ordinary shares of £1 each	100	100

The Company did not issue any Ordinary shares during the period (2019: nil).

14. Related Party Transactions

The Company has taken advantage of the exemption in paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned Group companies wherein any subsidiary undertaking which is a party to the transactions is wholly-owned by a member of the Group.

During the year there have been transactions with Octopus Capital Ltd. The balance is disclosed in note 11.

15. Immediate and Ultimate Parent Undertaking and Controlling Party

The immediate parent Company is Octopus Healthcare Sub Holdings Ltd, a company incorporated in the United Kingdom and registered in England and Wales and the ultimate parent and controlling company is Octopus Capital Ltd, a company also incorporated in the United Kingdom and registered in England and Wales. The smallest level of consolidated accounts that are prepared is Octopus Healthcare Sub Holdings Ltd and the largest is Octopus Capital Ltd, copies of which can be obtained from The Secretary, Octopus Capital Ltd, 33 Holborn, London, EC1N 2HT. The registered address of both the immediate and ultimate parent company is also 33 Holborn, London, EC1N 2HT.

16. Subsequent Events

Since 30 April 2020, other than the continued impact of Covid-19 which has been discussed in the Directors report, the directors are not aware of any matters or circumstances that have significantly affected or may significantly affect the Company.