

Octopus Capital Healthcare Midco Limited

Annual report and financial statements

For the year ended 30 April 2017

Registered number: 09082084



COMPANY INFORMATION

Directors M W Adams
R M H Baird
C R Hulatt

Company Secretary P Standaloft (Resigned 28 February 2017)
S E L Waterhouse (Appointed 28 February 2017)

Company Number 09082084

Registered Office 33 Holborn
London
EC1N 2HT

Auditor Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Bankers HSBC plc
31 Holborn
London
EC1N 2HR

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DIRECTORS' REPORT

For the year ended 30 April 2017

The directors present their report on the affairs of Octopus Capital Healthcare Midco Limited ("the Company"), together with the financial statements and the auditor's report, for the year ended 30 April 2017.

Principal activities

The principal activity of the Company during the period was that of an intermediate holding company for a healthcare investment manager. The Company holds investments in subsidiaries and loan notes financing the purchase of the subsidiaries.

Business Review

The results for the Company show a profit after tax of £69 for the period (2016: Loss of £320).

Dividends

The directors do not recommend a final dividend to be paid in the current year (2016: nil).

Directors

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

M W Adams
R M H Baird
C R Hulatt

Director's indemnities

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

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Small company provisions

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

Future developments

The directors expect the general level of activity and growth to remain consistent with 2017 in the forthcoming year. This is as a result of no changes to the running of the Company.

Auditor

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

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

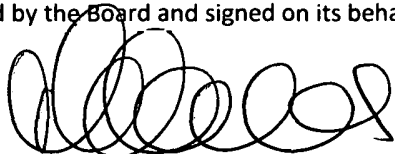
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT (continued)

For the year ended 30 April 2017

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.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, consisting of a series of loops and flourishes, representing the signature of M W Adams.

M W Adams

Director

14 August 2017

Registered Office:

33 Holborn

London

EC1N 2HT

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 30 April 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state where 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 MEMBERS OF OCTOPUS CAPITAL HEALTHCARE MIDCO LIMITED

We have audited the financial statements of Octopus Capital Healthcare Midco Limited for the year ended 30 April 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

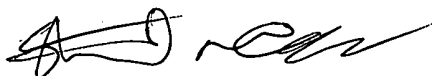
In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS CAPITAL HEALTHCARE MIDCO LIMITED (Continued)

Matters on which we are required to report by exception

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

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



Stuart McLaren (Senior statutory auditor)

Deloitte LLP

Statutory Auditor

London, UK

14 August 2017

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2017

	Note	2017 £	2016 £
Turnover	1	-	100
Administrative expenses		(31)	(320)
Operating loss		(31)	(220)
Net finance cost	3	100	(100)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		69	(320)
Tax on profit/(loss) on ordinary activities	4	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL YEAR		69	(320)

All amounts relate to continuing operations.

There were no recognised gains and losses in either period other than those included in the Statement of Comprehensive Income.

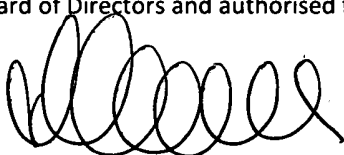
The notes on pages 11 to 17 form part of these financial statements.

BALANCE SHEET

At 30 April 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Investments	5	522,000	522,000
CURRENT ASSETS			
Debtors: due after one year	6	27,853,945	25,323,561
Cash at bank		60	92
		<u>26,854,005</u>	<u>25,323,653</u>
CREDITORS: amounts falling due within one year	7	<u>(534,922)</u>	<u>(484,650)</u>
NET CURRENT ASSETS		<u>27,319,083</u>	<u>24,839,003</u>
CREDITORS: amounts falling after one year	7	<u>(27,319,423)</u>	<u>(24,839,412)</u>
NET ASSETS		<u>521,660</u>	<u>521,591</u>
CAPITAL AND RESERVES			
Called up share capital	8	522,001	522,001
Profit and loss account		(341)	(410)
SHAREHOLDERS' FUNDS		<u>521,660</u>	<u>521,591</u>

The financial statements of Octopus Capital Healthcare Midco Limited (registered number: 09082084) were approved by the Board of Directors and authorised for issue on 14 August 2017. They were signed on its behalf by:



M W Adams
Director

The notes on pages 11 to 17 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2017

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 30 April 2015	522,001	(90)	521,911
Total comprehensive loss for the year	-	(320)	(320)
At 30 April 2016	522,001	(410)	521,591
Total comprehensive profit for the year	-	69	69
At 30 April 2017	522,001	(341)	521,660

The notes on pages 11 to 17 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the period year ended 30 April 2017

1. Accounting Policies

Octopus Capital Healthcare Midco Ltd is a private company limited by shares and incorporated and domiciled in the United Kingdom and registered in England and Wales. The Registered Office is disclosed on page 2.

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

General information

Octopus Capital Healthcare Midco Limited is a company incorporated and registered in the United Kingdom under the Companies Act. The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 4.

The functional currency of Octopus Capital Healthcare Midco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

Basis of accounting and preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 Capital Healthcare Midco Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Octopus Capital Healthcare Midco Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to presentation of a cash flow statement, remuneration of key management personnel and reconciliation of share capital.

Going concern

During the period ended 30 April 2017, the company reported a profit before tax of £69 (2016: loss £320 and at that date had net assets of £521,660 (2016: £521,591). In view of these results, 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 a letter from Octopus Capital Healthcare Holdings Ltd, confirming that they will continue to support this company 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 2017

Turnover

Turnover comprises revenue which is recognised to the extent that it is probable that economic benefits will flow to the Company and such revenue can be reliably measured. Revenue represents amounts receivable from interest on cash balances.

Turnover is all generated by one segment, that of a holding company, and in the UK, hence no segmental or geographical analysis is required. An analysis of the Company's turnover is set out below:

	2017	2016
	£	£
Interest on cash balances	-	100

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Taxation

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

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

1. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

No critical judgements were made by the directors in the process of applying the Company's accounting policies.

2. Staff Costs

The Company has no employees other than the directors, who did not receive any remuneration in either period.

3. Finance Cost (Net)

	2017	2016
	£	£
Interest payable and similar charges	(2,530,283)	(2,214,665)
Interest receivable and similar income	2,530,383	2,214,565
	<u>100</u>	<u>(100)</u>

All interest is receivable from Intercompany loans and payable on intercompany loans.

4. Tax on profit on ordinary activities

The tax (credit)/charge comprises:

	2017	2016
	£	£
Total comprehensive profit/(loss) on ordinary activities before tax	<u>69</u>	<u>(320)</u>
Tax charge/(credit) on total comprehensive income/(Loss) at blended UK corporation tax rate of 20.00% (2016: 20.00%)	(14)	(64)
Effects of:		
Group Relief surrendered not paid	<u>14</u>	<u>64</u>
Total and current tax charge for the year	<u>-</u>	<u>-</u>

The Company has tax losses of £nil (2016: £nil) available for offset against future taxable profits.

The audit fee for the Company of £2,328 (2016: £2,000) has been borne by a fellow group Company, Octopus Healthcare Management Ltd. The Company has no employees other than the Directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

5. Fixed Asset Investments

	2017 £	2016 £
Subsidiary undertakings	522,000	522,000
		Subsidiary undertakings £
Cost		
At 1 May 2016		522,000
At 30 April 2017		522,000
Carrying value		
At 30 April 2016		522,000
At 30 April 2017		522,000

Subsidiary undertakings	Country of incorporation	Share class	Holding	Nature of business	2017 Carrying value (£)
Octopus Capital Healthcare Bidco Ltd	United Kingdom	Ordinary Shares	100%	Healthcare	522,000
					522,000

The investment in Octopus Capital Healthcare Bidco Ltd is held directly.

Subsidiary undertakings of £1,060,381 were re-classified in 2016 from Fixed Asset Investments debtors due greater than one year.

Subsidiary undertakings	Country of incorporation	Holding	Voting rights held	Nature of business
Octopus Healthcare Adviser Ltd	UK	Ordinary Shares	100%	Fund management
Octopus Healthcare Finance Ltd	UK	Ordinary Shares	100%	Management services
Octopus Healthcare Management Ltd	UK	Ordinary Shares	100%	Management services
Octopus Healthcare Property Ltd	UK	Ordinary Shares	100%	Property development
Octopus Healthcare Development Ltd	UK	Ordinary Shares	100%	Property development
Octopus Healthcare General Partner Ltd	UK	Ordinary Shares	100%	Fund management
Octopus Healthcare Investments I Ltd	UK	Ordinary Shares	100%	Investment company
Octopus Healthcare Investments II Ltd	UK	Ordinary Shares	100%	Investment company
Octopus Healthcare Manage Ltd	UK	Ordinary Shares	100%	Dormant
Octopus Healthcare GP I LLP	UK	Ordinary Shares	100%	General partner
Octopus Healthcare GP II LLP	UK	Ordinary Shares	100%	General partner
Octopus Healthcare Sub Holdings Ltd	UK	Ordinary Shares	100%	Holding company
Octopus Capital Healthcare Bidco Ltd	UK	Ordinary Shares	100%	Holding company

All the investments with the exception of Octopus Capital Healthcare Bidco Ltd are held indirectly. All subsidiary undertakings have the same year end of 30 April and the same address of 33 Holborn, London, EC1N 2HT.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

6. Debtors

	2017 £	2016 £
Due greater than one year		
Amounts owed by Group Undertakings	21,822,671	21,822,671
Accrued Income	6,031,274	3,500,990
Total	27,853,945	25,323,561

Accrued income was re-classified in 2016 from accrued income due within one year to amounts owed by group undertakings.

Subsidiary undertakings of £1,060,381 were re-classified in 2016 from Fixed Asset Investments to amounts owed by group undertakings.

7. Creditors

	2017 £	2016 £
Due within one year		
Amounts owed to Group undertakings	414,600	414,600
Accruals	120,322	70,050
	534,922	484,650
Due after one year		
Amounts owed to Group undertakings	21,408,471	21,408,471
Accrued interest on principal	5,910,952	3,430,941
	27,319,423	24,839,412

Amounts falling due greater than one year consist of:

£20,348,090 Unsecured loan note from Octopus Capital Limited at 10% interest rate repayable in October 2024.

£1,060,381 Unsecured loan note from Octopus Capital Holdings Limited at 10% interest rate repayable in October 2024.

Accrued interest was re-classified in 2016 from accruals due within one year to accrued interest on principal representing interest due on repayment of the unsecured loan notes.

8. Called-Up Share Capital

	2017 £	2016 £
Allotted, called-up and paid		
522,001 ordinary shares of £1.00	522,001	522,001

The Company issued no shares in either period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

9. 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.

As per note 7, the Company has a £20,348,090 Unsecured loan note from Octopus Capital Limited at 10% interest rate repayable in October 2024.

10. Ultimate Parent Undertaking and Controlling Party

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

11. Subsequent Events

Since 30 April 2017, the directors are not aware of any matters or circumstances that have significantly affected or may significantly affect the Company.