

**PCGH ZDP PLC**

Annual Report and Financial Statements  
for the year ended 30 September 2020

## CONTENTS

2	Company Information and Key Contacts
3	Strategic Report
5	Report of the Directors
9	Statement of Directors' Responsibilities in Respect of the Financial Statements
10	Directors' Remuneration Implementation Report
12	Independent Auditors' Report to the Members of PCGH ZDP PLC
Financial Statements comprising:	
18	Statement of Comprehensive Income
19	Statement of Changes in Equity
20	Balance Sheet
21	Cash Flow Statement
22	Notes to the Financial Statements
29	Notice of Annual General Meeting
30	Notes to the Notice of Annual General Meeting

## COMPANY INFORMATION

PCGH ZDP plc (the 'Company') is a public limited company incorporated and domiciled in England and Wales on 30 March 2017, with registration number 10700107. The principal legislation under which the Company operates is the Companies Act 2006. The Company has a standard listing on the London Stock Exchange.

## KEY CONTACTS

### Board of Directors

Lisa Arnold (*Chair*)  
Neal Ransome  
Andrew Fleming (appointed 1 December 2019)  
Jeremy Whitley (appointed 1 December 2019)

### Registered Office

16 Palace Street  
London  
SW1E 5JD

### Investment Manager and AIFM

Polar Capital LLP  
16 Palace Street  
London  
SW1E 5JD

### Company Secretary

Polar Capital Secretarial Services Limited  
16 Palace Street  
London  
SW1E 5JD

### Independent Auditors

PricewaterhouseCoopers LLP  
Atria One, 144 Morrison Street  
Edinburgh  
EH3 8EX

### Depositary

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

### Registrar

Equiniti Limited  
Aspect House, Spencer Road  
Lancing, West Sussex  
BN99 6DA

### Legal Adviser

Herbert Smith Freehills LLP  
Exchange House, Primrose Street  
London  
EC2A 2EG

### Company identification codes:

**TICKER:** PGHZ      **LEI:** 5493004C3YRF9HEVQI09  
**SEDOL:** BDHXP96      **ISIN:** GB00BDHXP963

## **STRATEGIC REPORT** for the year ended 30 September 2020

The Strategic Report has been prepared under s414A of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies Act 2006 (the 'Act'). Its purpose is to inform members of the Company and help them assess how the directors have performed their statutory duties listed in s171-177 of the Companies Act 2006. Under s172, Directors have a duty to promote the success of the Company for the benefit of its members (our Shareholders) as a whole and in doing so have regard to the consequences of any decision in the long term, as well as having regard to the Company's stakeholders amongst other considerations. The fulfilment of this duty ensures decisions are made in a responsible and sustainable way for Shareholders.

The Company is a financing vehicle with neither employees nor premises, however, the Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all of its discussions and as part of its decision-making. The Board considers its key stakeholders to be its shareholders, its Investment Manager and its third-party service providers while also taking into account the Company's responsibilities to regulators and the wider community.

This Strategic Report is intended to provide information about the Company's strategy and business, its performance and the results for the year under review. The Company is a public limited company with the sole purpose of issuing Zero Dividend Preference ('ZDP') shares. The Company is managed by a board of non-executive directors and the day to day operations of the Company are delegated to the Investment Manager, Polar Capital LLP. The Company's entire ordinary share capital is owned by Polar Capital Global Healthcare Trust plc (the 'parent' or 'PCGH') while the Company's ZDP shares are listed on the London Stock Exchange. PCGH and the Company form the Group (the 'Group').

### **Chair's Statement**

My report on the activities of the Group for the year ended 30 September 2020 is provided in the Annual Report of the parent company which can be found on both the National Storage Mechanism ('NSM') at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and the following website [www.polarcapitalhealthcaretrust.com](http://www.polarcapitalhealthcaretrust.com)

### **Performance and Dividends**

The sole purpose of the Company is to issue ZDP shares and to advance the proceeds of the issue by way of a loan to PCGH. The sole objective of the Company is to repay the ZDP shareholders on 19 June 2024 (the 'ZDP Repayment Date') their entitlement of 122.99 pence per ZDP share (the 'Final Capital Entitlement') and the performance of the Company in meeting this objective is directly linked to the performance of the portfolio of the parent company. The Directors do not recommend the payment of a dividend.

### **Key Performance Indicators**

Due to the limited nature of the Company's activities, the Board does not consider it necessary to assess the performance of its activities using key performance indicators.

### **Loan Agreement**

The Company and PCGH entered into an intra-group loan agreement (the 'Agreement') on 20 June 2017. Under the Agreement the gross initial ZDP placing proceeds were lent to PCGH. The Agreement provides that interest will accrue daily at an annual rate of 2.5% compounded annually on each anniversary of the ZDP shares admission to listing and will be rolled up and paid to the Company along with any repayment of the principal amount on a date falling 2 business days before the ZDP Repayment Date. PCGH has further provided an Undertaking (the 'Undertaking') to provide additional funding in the event of a short-fall between the final capital entitlement of 122.99 pence per ZDP share and the aggregate principal amount and interest due pursuant to the Agreement at that date. Further information is provided in the notes to the Financial Statements.

#### The Board and Diversity

The Company has no employees. The Board comprises one female and three male non-executive directors. When new directors are appointed, the Board would have regard to the benefits of diversity, including gender.

#### Management and Service Providers

As the Company's only purpose is to issue ZDP Shares, all of the day to day operational, administration and other activities are outsourced to third party service providers. The key service providers are listed on page 2.

#### Corporate and Social Responsibility and Modern Slavery

As a financing vehicle, the Company has no direct social, community, employee or environmental responsibilities. The Company has no direct investments as its sole purpose is to provide financing to the Group through the issue of ZDP shares. As the Company does not make any investments it does not subscribe to a socially responsible investment policy and does not exercise any voting powers. The Company does not provide goods or services in the normal course of business and does not have any customers. Accordingly, it is considered that the Company is not required to make any statements in relation to modern slavery, human trafficking or human rights.

#### The Environment and Greenhouse Gas Emissions

The Company's core activities are undertaken by its Investment Manager, which seeks to limit the use of non-renewable resources and to reduce waste where possible. The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 require companies listed on the Main Market of the London Stock Exchange to report on the greenhouse gas ('GHG') emissions for which they are responsible. The Company is a financing vehicle as described above, with neither employees nor premises, consequently, it has no GHG emissions to report from its operations nor does it have responsibility for any other emissions.

#### Principal Risks and Uncertainties

The Board acknowledges its ultimate responsibility for managing the risks associated with the Company. The principal risks and uncertainties as identified by the Board are:

##### *Capital Value:*

The primary risk to the ZDP shareholders is that the assets of the Company are insufficient to repay the final capital entitlement of the ZDP Shares of 122.99 pence per share on the repayment date of 19 June 2024. The payment will be dependent on the parent company's ability to comply with its obligations under the Agreement and the Undertaking.

##### *Investment tenure:*

There is a risk that there may not be a liquid secondary market for the ZDP Shares. The investment should therefore be regarded as long-term in nature and should not be considered a suitable short-term investment.

Further details of financial risk management policies and procedures are set out in note 10.

#### Future Developments

The Company does not have, and does not expect to have, any other business interests, and the current activities of the Company are expected to continue until the scheduled ZDP Repayment Date of 19 June 2024 at which time the Company will enter into voluntary liquidation to wind up its operations.

Approved by the Board of Directors on 14 December 2020 and signed on its behalf by

*Lisa Arnold*  
Chair

## REPORT OF THE DIRECTORS for the year ended 30 September 2020

The Directors have pleasure in submitting the Annual Financial Report of the Company for the year to 30 September 2020.

### Principal Activity

The Company was incorporated for the sole purpose of issuing ZDP shares to raise finance for the Group and consequently it has no investment policy. The Company has a limited life and unless prior alternative arrangements are made, the Directors shall convene a general meeting of the Company on 19 June 2024 for the purposes of proposing a resolution to wind up the Company voluntarily. The Company's only material financial obligations are in respect of the ZDP shares and the only material assets are its loan to the parent company.

### Directors

The Directors who served in office during the year under review and to the date of signing were as follows:

Lisa Arnold (*Chair*)  
Neal Ransome  
Andrew Fleming (appointed 1 December 2019)  
Jeremy Whitley (appointed 1 December 2019)  
*James Robinson (retired 26 February 2020)*  
*Anthony Brampton (retired 26 February 2020)*

On 1 December 2019, Andrew Fleming and Jeremy Whitley were appointed as Non-executive Directors of the Company and the parent. On the retirement of James Robinson, Lisa Arnold was appointed as Chair of the Company and the parent. Each Director was appointed pursuant to a letter of appointment entered into with the Group. No Director had a service contract with the Company, nor are any such contracts proposed.

Apart from the exception noted below none of the Directors had a direct material beneficial interest in any contract to which the Company was a party and which is or was significant in relation to the Company's business during the year under review.

James Robinson and Anthony Brampton were serving non-executive Directors (since retired) of PCGH on the date the Agreement and Undertaking were agreed and signed and declared their interest at that time. All of the current Directors are Directors of PCGH and therefore have an indirect non-beneficial interest in the Agreement and Undertaking entered into by the Company and PCGH. The Directors are also shareholders in PCGH and their interests in that company's shares are set out in the annual report of that company.

In accordance with the Articles of Association each Director is required to retire and may offer themselves for re-election at every third AGM. However, in line with good corporate governance practice and the proceedings of the parent company, all directors shall offer themselves for re-election annually.

### Directors' Share Interests

None of the Directors had an interest in the share capital of the Company at any time during the year, or between the year end and the date of this report.

### Directors' Indemnity

Directors' and Officers' Liability insurance has been put in place. In addition, the Group provides, subject to the provisions of s234 of the Companies Act 2006, qualifying third party indemnity provision, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them and also liabilities owed to third parties, in either case arising out of their positions as Directors. This was in place throughout the financial year under review and up to and including the date of the Financial Statements.

### Share Capital

The Company was incorporated with a share capital of 50,000 ordinary shares of nominal value £1.00 each; on 16 June 2017, following an initial placing, 32,128,437 Zero Dividend Preference ('ZDP') shares were issued for consideration of 100 pence each and a nominal value of 1 pence each. The ZDP shares were admitted to a standard listing on the London Stock Exchange on 20 June 2017.

The ZDP Shares have a limited life of seven years and, on that basis, a final capital entitlement of 122.99 pence per ZDP share on the ZDP Repayment Date, equivalent to a redemption yield of 3.0 per cent. per annum (compounded annually) on the initial ZDP placing price of 100 pence per share. The Redemption Yield of a ZDP Share is not, and should not be taken as, a forecast of profits. The final capital entitlement is not a guaranteed or a secured repayment amount and there can be no assurance that the final capital entitlement will be repaid in full on the ZDP Repayment Date (or at all).

The final capital entitlement will rank behind any liabilities of the Group and in priority to the capital entitlements of the Company's ordinary shares.

The ZDP shares carry no entitlement to income and the whole of their return accordingly takes the form of capital. The ZDP shareholders are not entitled to receive any part of the revenue profits (including any accumulated revenue reserves) of the Company on a winding-up, even if the accrued capital entitlement of the ZDP Shares will not be met in full.

The ZDP shares do not carry the right to vote at general meetings of the Company, although they carry the right to vote as a class on certain matters affecting their class in accordance with paragraph 1.5 of Part VI (The ZDP Shares and Principal Bases and Assumptions) of the Prospectus published on 12 May 2017. Further information on the rights attaching to the ZDP Shares are set out in Part VI of the Prospectus which is available on the parent company's website [www.polarcapitalhealthcaretrust.com](http://www.polarcapitalhealthcaretrust.com).

### Substantial Share Interests

The Company's ordinary share capital is wholly owned by the parent company. The Company's ZDP share capital has limited voting capacity and as a result, ZDP shareholders are not required to disclose holdings to the Company or the market. The ZDP share capital is publicly traded on the London Stock Exchange.

### Going Concern

The Board has considered the ability of the Company to adopt the going concern basis for the preparation of the Financial Statements and considered the financial position of the Company, its cash flows and its liquidity position. The Board has also considered in making its assessment any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern, such assessment included the stress testing carried out by the parent company in relation to the impact of COVID-19, the stress testing used a variety of falling parameters to demonstrate the effects on the parent company's share price and net asset value. With regard to the information available and the assessment of the financial position of the Company the Board believes the going concern basis should be adopted for the preparation of the Financial Statements for the year ended 30 September 2020 and that the Company can continue in operational existence for at least 12 months from the date of signing of this report.

The Company has a standard listing on the London Stock Exchange and is therefore not required to comply with the enhanced UK corporate governance requirement to provide a longer-term viability statement. The Company was incorporated with a limited life of seven years ending on 19 June 2024 on which date the ZDP Shares will be repaid and the Board will convene a general meeting to propose a resolution to voluntarily wind up the operations of the Company.

## **STATEMENT ON CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

As referred to above the Company's ZDP shares are subject to a standard listing and the Board is therefore not required to provide a statement of compliance with the principles of the UK Corporate Governance Code.

The Board has overall responsibility for the Company's internal controls. The Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. There is no separate audit or other committee given the activities of the Company are limited.

It is the Company's policy to achieve the best terms available for all services provided to the Company from suppliers and there is therefore no single policy adopted when negotiating terms. The Company had no trade creditors at the year end.

### **Independent Auditors**

Each of the Directors, at the date of approval of this report, confirms that:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

The parent company undertook an audit tender process in November 2020 having reached 10-years of operation with PricewaterhouseCoopers LLP as the appointed independent auditors. The audit tender process included seeking proposals from three potential firms plus the incumbent followed by presentations made to the audit committee of the parent company. Following conclusion of the process, PricewaterhouseCoopers LLP (PwC) was selected to be the independent auditor of both the parent and the Company for the financial year ending 30 September 2021. PwC have confirmed their independence and have expressed their willingness to be re-appointed, in accordance with s489 of the Companies Act 2006. A resolution proposing their re-appointment will be proposed to the AGM.

### **Annual General Meeting**

The fourth AGM of the Company will be held at the conclusion of the parent company AGM on 26 January 2021. The Board has continually monitored the situation in connection with COVID-19 and has made plans for the AGM based on the current government guidelines in relation to social distancing and gatherings of individuals from multiple households. As such, the AGM this year will be a 'closed meeting' with only a quorum present; all resolutions will be voted on by a poll. Shareholders are encouraged to vote on the resolutions by proxy ahead of the deadline close of business on 22 January 2021.

A Notice of Meeting incorporated at the end of this Annual Report sets out in full the resolutions to be proposed at the meeting. Resolutions shall be proposed to receive the Annual Report and Financial Statements, receive and approve the Directors' Remuneration Implementation Report, re-elect Lisa Arnold, Neal Ransome, Andrew Fleming and Jeremy Whitley, re-appoint the auditors and authorise the Directors to set their fees. The Directors are also seeking renewal of the authorisation to make market purchases of the Company's ZDP shares.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain further information in relation to the Company which is not otherwise disclosed. The Directors confirm there are no additional disclosures to be made pursuant to this rule.

By order of the Board

*Tracey Lago, FCG*  
*Polar Capital Secretarial Services Ltd*  
*Company Secretary*

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Implementation Report comply with the Companies Act 2006.

The Directors 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 Company's information on the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' confirmations

Each of the Directors, whose names and functions are listed in Company Information section confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and results of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The financial statements were approved by the Board on 14 December 2020 and the responsibility statements were signed on its behalf by Lisa Arnold, Chair of the Board.

*Lisa Arnold*  
*Chair*

## **DIRECTORS' REMUNERATION IMPLEMENTATION REPORT**

The Board has prepared this report, in accordance with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the 'Regulations'). An ordinary resolution for the approval of the Directors' Remuneration Policy will be proposed to shareholders at least every three years. The Remuneration Implementation Report shall be put to shareholders at the AGM annually.

The law requires the Group's Auditors, PricewaterhouseCoopers LLP, to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 12.

### **Report from the Company Chair**

As set out in the Directors' Report, the Company has a standard listing and is not required to report on its compliance with the provisions or application of the principles of the UK Corporate Governance Code. The parent company considers the Directors' remuneration for the Group as a whole and the Directors see no benefit in creating a separate Remuneration Committee. The Board, with Mrs Arnold as Chair, considers and approves Directors' remuneration, for services provided to the Company.

### **Directors' Remuneration Policy**

In accordance with the Company's Articles of Association, the Directors' Remuneration Policy is that no fees, expenses or any other financial benefits are payable to the Directors in connection with their duties to the Company. Directors are also not eligible for bonuses, pension benefits, share options or long-term incentive schemes as the Board does not consider such arrangements or benefits necessary or appropriate.

The Directors receive fees relating to their duties to the parent company. This policy will continue for future years and is set out in full in the Directors' Remuneration Report of the parent company.

The Remuneration Policy was last approved by shareholders at the AGM in February 2020 for the period from 1 October 2020 to 30 September 2023. As stated above, a resolution to approve the Remuneration Policy will be put to shareholders at least once in every three-year period. Accordingly, a resolution to approve the Directors' Remuneration Policy will be put to shareholders at the AGM to be held in 2023 and if approved, the Remuneration Policy will remain in force for the period 1 October 2023 to the end of life of the Company's fixed life or 30 September 2026, whichever is the sooner.

### **Directors' service contracts and terms**

None of the Directors have a contract of service with the Company or the parent company, nor has there been any contract or arrangement between the Company and any Director at any time during the year. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter. A Director's appointment can be terminated in accordance with the Articles and without compensation.

### **Directors' interests and emoluments for the year (audited)**

None of the Directors had interests in the ZDP shares at the year end of 30 September 2020 and no personal account transactions have been undertaken since the year end. The ordinary shares are wholly owned by the parent company. No fees are payable to the Directors regarding their duties to the Company.

The Directors' interests in the shares of the parent company are shown in the Annual Report of the parent company.

### Company's performance

As a finance company which has lent all of its assets (other than the cash received on the initial allotment of its ordinary share capital) to the parent company the performance of the Company is therefore best reflected by looking at the performance of the parent company. The Directors' remuneration report within the Annual Report of the parent company contains a graph comparing the total return (assuming all dividends are reinvested) to the parent company ordinary shareholders, compared to the total shareholder return of the MSCI ACWI Healthcare Index. A copy of the parent company's Annual Report can be found on the following website [www.polarcapitalhealthcaretrust.com](http://www.polarcapitalhealthcaretrust.com) and the National Storage Mechanism (NSM) at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

In accordance with the Regulations, the graph below compares the share price of ZDP shares with the MSCI ACWI Healthcare Index over the period since listing of the ZDP shares on 20 June 2017 to the end of the period on 30 September 2020. The MSCI ACWI Healthcare Index has been selected as it is considered to represent a broad equity market index against which the performance of the parent company's assets may be adequately assessed.



There has been no demonstration of relative importance of spend on pay for the Company as no remuneration is payable to Directors.

### Approval

The Directors' Remuneration Implementation Report was approved by the Board on 14 December 2020.

On behalf of the Board of Directors

*Lisa Arnold*  
Chair

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PCGH ZDP PLC

### Report on the audit of the financial statements

#### Opinion

In our opinion, PCGH ZDP PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 September 2020; the Statement of Comprehensive Income, the Cash Flow Statement, and the Statement 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.

Our opinion is consistent with our reporting to the Audit Committee of Polar Capital Global Healthcare Trust plc.

#### 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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 October 2019 to 30 September 2020.

#### Our audit approach

##### Overview



- Overall materiality: £354,000 (2019: £344,000), based on 1% of total assets.
- The Company is a wholly-owned subsidiary of Polar Capital Global Healthcare Trust plc, and it serves as a financing vehicle which issues Zero Dividend Preference (ZDP) shares and loans the proceeds to its parent company.
- The Company engages Polar Capital LLP (the "Manager") to manage its day to day operations.
- We conducted our audit of the financial statements using information from HSBC Securities Services (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the Company's activities, the involvement of the third parties referred to above, the accounting processes and controls, and the environment in which the Company operates.

- 
- We obtained an understanding of the control environment in place at both the Manager and the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.
- 
- Accounting for the Zero Dividend Preference shares and loan to parent company.
  - Consideration of the impact of COVID-19.
- 

### *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

### *Capability of the audit in detecting irregularities, including fraud*

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Chapter 17 of the Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase total assets. Audit procedures performed by the engagement team included:

- discussions with the manager and the audit committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant meeting minutes, including those of the Audit Committee of Polar Capital Global Healthcare Trust plc;
- evaluation of the controls implemented by the Company and the Administrator designed to prevent and detect irregularities; and
- identifying and testing journal entries, in particular year end journal entries posted by the administrator during the preparation of the financial statements and any journals with unusual account combinations.

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

### *Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Accounting for the Zero Dividend Preference shares and loan to parent company</i></p> <p>Refer to the Accounting Policies (pages 22 to 25) and the Notes to the Financial Statements (pages 26 to 28).</p> <p>On 19 June 2017, the Company issued Zero Dividend Preference (ZDP) shares and entered into an agreement</p>	<p>We performed testing to agree the loan balance to the loan agreement and payment schedule between the Company and Polar Capital Global Healthcare Trust plc. We recalculated the loan interest and contribution received from the parent Company and the appropriation</p>

---

**Key audit matter**

to lend the gross initial ZDP Placing proceeds to its parent, Polar Capital Global Healthcare Trust plc.

We focused on the appropriateness of the accounting policy for the ZDP shares and the loan due from the parent, and the presentation of these balances in the financial statements as set out in the requirements of accounting standards.

**How our audit addressed the key audit matter**

to ZDP shares to test that they have been accounted for in accordance with this stated accounting policy.

No material misstatements were identified by our testing.

---

**Consideration of the impact of COVID-19**

Refer to the Going Concern Statement (page 6), which discloses the impact of the COVID-19 coronavirus pandemic.

From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first quarter of 2020 and to date.

The coronavirus impacted global capital markets significantly in March 2020. The net assets of the Company were £50,000 at 30 September 2020.

The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that notwithstanding the significant market fall and the related uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.

We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by:

- evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19; and
- evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements.

We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report.

We obtained evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers.

We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal Risks and Uncertainties set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit.

Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report.

Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.

---

**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of making accounting policy choices.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	£354,000 (2019: £344,000).
<b>How we determined it</b>	1% of total assets.
<b>Rationale for benchmark applied</b>	We have applied this benchmark because the Company's total assets reflect its purpose to raise financing and represent its contribution to its parent company.

We agreed with the Audit Committee of Polar Capital Global Healthcare Trust plc that we would report to them misstatements identified during our audit above £17,700 (2019: £17,200) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### 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 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 or, 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 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 Report of the Directors, 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, the Companies Act 2006 and ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Strategic Report and Report of the Directors***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 September 2020 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 Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

### ***Directors' Remuneration***

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## **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 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.

### ***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](http://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 financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

---

### **Appointment**

We were appointed by the Directors on 30 March 2017 to audit the financial statements for the year ended 30 September 2017 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 30 September 2017 to 30 September 2020.

Catrin Thomas (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
14 December 2020

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 September 2020

		Year ended 30 September 2020	Year ended 30 September 2019
	Notes	£	£
Loan interest	1	850,478	828,449
Contribution from parent	2	181,519	171,935
<b>Total income</b>		<b>1,031,997</b>	<b>1,000,384</b>
<b>Total expenses</b>	3	-	-
<b>Profit before finance costs and tax</b>		<b>1,031,997</b>	<b>1,000,384</b>
<b>Finance costs</b>			
Appropriation to ZDP shares	4	(1,031,997)	(1,000,384)
<b>Total finance costs</b>		<b>(1,031,997)</b>	<b>(1,000,384)</b>
<b>Result before taxation</b>		-	-
<b>Taxation</b>	5	-	-
<b>Net result for the year and total comprehensive income</b>		<b>-</b>	<b>-</b>

The amounts dealt with in the Statement of Comprehensive Income are all derived from continuing activities.

The notes on pages 22 to 28 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 September 2020

**Year ended 30 September 2020**

	<b>Called up share capital £</b>	<b>Capital reserve £</b>	<b>Total equity £</b>
<b>Total equity at 1 October 2019</b>	50,000	-	50,000
Result and total comprehensive income for the year ended 30 September 2020	-	-	-
<b>Total equity at 30 September 2020</b>	50,000	-	50,000

**Year ended 30 September 2019**

	<b>Called up share capital £</b>	<b>Capital reserve £</b>	<b>Total equity £</b>
<b>Total equity at 1 October 2018</b>	50,000	-	50,000
Result and total comprehensive income for the year ended 30 September 2019	-	-	-
<b>Total equity at 30 September 2019</b>	50,000	-	50,000

The notes on pages 22 to 28 form part of these financial statements.

**BALANCE SHEET**

As at 30 September 2020

	Notes	30 September 2020 £	30 September 2019 £
<b>Non-current assets</b>			
Loan to parent company	6	35,404,821	34,372,824
<b>Current assets</b>			
Cash and cash equivalents		50,000	50,000
<b>Total assets</b>		35,454,821	34,422,824
<b>Non-current liabilities</b>			
Zero Dividend Preference shares	7	(35,404,821)	(34,372,824)
<b>Total liabilities</b>		(35,404,821)	(34,372,824)
<b>Net assets</b>		50,000	50,000
<b>Equity attributable to equity shareholders</b>			
Called up share capital	8	50,000	50,000
Capital reserve		-	-
<b>Total equity</b>		50,000	50,000

The financial statements on pages 18 to 28, including the associated notes, of PCGH ZDP plc were approved by the Board of Directors and authorised for issue on 14 December 2020. They were signed on behalf of the Board by:

*Lisa Arnold,*  
*Chair*

The notes on pages 22 to 28 form part of these financial statements

---

**CASH FLOW STATEMENT**

For the year ended 30 September 2020

	Year ended 30 September 2020 £	Year ended 30 September 2019 £
<b>Cash flows from operating activities</b>		
Profit before finance costs and taxation	1,031,997	1,000,384
<b>Net cash inflow from operating activities</b>	1,031,997	1,000,384
<b>Cash flows from financing activities</b>		
Increase in payables	(1,031,997)	(1,000,384)
<b>Net cash outflow from financing activities</b>	(1,031,997)	(1,000,384)
<b>Net increase in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents at the beginning of the year</b>	50,000	50,000
<b>Cash and cash equivalents at the end of the year</b>	50,000	50,000

The notes on pages 22 to 28 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - POLICIES

### A. General Information

In line with the Company's parent, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies under IFRS.

The Company's presentational and functional currency is pounds sterling as this is the currency of the primary economic environment in which the Company operates.

The Directors believe it is appropriate to adopt the going concern basis. In order to be able to continue as a going concern, the Company relies on the parent company to pay the operational costs and the repayment of the loan when it falls due. Based on the assessment carried out against the parent company, the parent company has adequate financial resources to meet its liabilities as and when they fall due. In addition to the assessment, the parent company carried out stress testing, including in relation to the impact of COVID-19, the stress testing used a variety of falling parameters to demonstrate the effects on the parent company's share price and net asset value. The Company does not have, and does not expect to have, any other business interests, and the current activities of the Company are expected to continue until the scheduled ZDP Repayment Date of 19 June 2024 at which time the Company will enter into voluntary liquidation.

### B. Accounting Policies

The principal accounting policies which have been applied consistently throughout the year are set out below:

#### a) Income

##### (i) Loan Interest

Under a Loan Agreement the gross initial ZDP Placing proceeds have been lent to the parent, Polar Capital Global Healthcare Trust plc. The Loan Agreement provides that interest will accrue daily at an annual rate of 2.5% compounded annually on each anniversary of ZDP Admission and will be rolled up and paid to PCGH ZDP plc along with any repayment of the principal amount on a date falling 2 business days before the ZDP Repayment Date.

##### (ii) Transfer re Parent Undertaking

Polar Capital Global Healthcare Trust plc and the Company, PCGH ZDP plc, have entered into an Undertaking whereby to the extent that the Final Capital Entitlement multiplied by the number of outstanding ZDP shares as at the ZDP Repayment Date exceeds the aggregate principal amount and accrued interest due pursuant to the Loan Agreement as at that date (the Additional Funding Requirement), the parent shall: (i) subscribe for additional subsidiary shares to a value equal to or greater than the Additional Funding Requirement; and (ii) make a capital contribution or gift or otherwise pay an amount equal to or greater than the Additional Funding Requirement.

#### b) Finance costs

The ZDP shares are designed to provide a pre-determined capital growth from their original issue price of 100p on 20 June 2017 to a Final Capital Entitlement of 122.99p on 19 June 2024. The initial capital of 100p at 20 June 2017 will increase at an interest rate of 3% compounding annually (see note 2). The provision for the capital growth entitlement on the ZDP shares is included as a finance cost. No dividends are payable on the ZDP shares.

**c) Taxation**

Taxation is currently payable based on the taxable profits for the year ended 30 September 2020. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

**d) Investments held at Fair Value through Profit or Loss**

The Company holds no investments, rather the proceeds from the issue of the ZDP shares have been lent to the parent, Polar Capital Global Healthcare Trust plc, for investment purposes.

**e) Loan to the Parent Company**

On 20 June 2017, the Company provided an interest-bearing loan to its parent company, Polar Capital Global Healthcare Trust plc. The loan is carried at amortised cost, which represents the initial cost of the loan plus accrued interest and any contribution due from the parent to meet the total ZDP entitlement.

**f) Impairment**

IFRS 9 requires the Company to record expected credit losses on all financial assets measured at amortised cost, either on a 12-month or lifetime basis. At each reporting date, the Company reviews the carrying amounts of financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an asset, the Company estimates the recoverable amount to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income. Recognised impairment losses are reversed if the reasons for the impairment loss have ceased to apply.

**g) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

**h) New and revised accounting standards**

No new IFRS, or amendments to IFRS, became applicable in the year which had any significant impact on the Company's financial statements.

The following standards became effective for annual reporting periods beginning on or after 1 January 2019, the adoption of the standards and interpretations have not had a material impact on the financial statements of the Company.

*h) New and revised accounting standards (continued)*

- IFRS 16 Leases.
- IFRS 9 (Amended) Prepayment Features with Negative Compensation.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- IAS 19 (amended) Employee Benefits.
- IAS 28 (amended) Investments in Associates and Joint Ventures.
- Annual Improvement Cycles 2015–2017 (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).

At the date of authorisation of these financial statements, the following new IFRS that potentially impact the Company are in issue but are not yet effective and have not been applied in these financial statements:

Effective for periods commencing on or after 1 January 2020:

*IFRS 3 Business Combinations (amended)*

The IASB has made narrow-scope amendments to improve the definition of a business in order to help companies determine whether an acquisition made is of a business or a group of assets. These amendments are not expected to have any impact on the Financial Statements.

*IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (amended)*

The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. These amendments are not expected to have any impact on the Financial Statements.

*IAS 1 and IAS 8 Definition of Material (amended)*

The definition of material has been amended to state that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.” This new definition is not expected to change how materiality judgements are currently made by the Company nor have any impact on the material information included in the Annual Report.

*References to the Conceptual Framework in IFRS Standards (amended)*

The Amendments to References to the Conceptual Framework in IFRS Standards was issued to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. This amendment is not expected to have any impact to the Financial Statements.

Effective for periods commencing on or after 1 January 2021:

*IFRS 4 Insurance Contracts – temporary exemption from IFRS 9 (amended)*

The temporary exemption permits companies whose activities are predominantly connected with insurance to defer the application of IFRS 9.

*IFRS 9, IAS 39, IFRS 7, IFRS 16 and IFRS 4: Interest Rate Benchmark Reform – phase 2 (amended)*

Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

Effective for periods commencing on or after 1 January 2023:

*IFRS 17 Insurance Contracts.*

The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. This information gives a basis for users of financial statements to assess the effect that contracts have on the financial position, financial performance and cash flows of a company.

The Directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the Financial Statements of the Company in future periods.

**i) Segmental Reporting**

Under IFRS 8, 'Operating Segments', operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Investment Manager (with oversight from the Board). The Directors are of the opinion that the Company has only one operating segment and as such no distinct segmental reporting is required.

**j) Key Estimates and Judgements**

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Company does not consider that there have been any significant estimates or assumptions in the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS - NOTES

### 1. Loan Interest

Under a Loan Agreement the gross initial ZDP Placing proceeds have been lent to the Parent. The Loan Agreement provides that interest will accrue daily at an annual rate of 2.5% compounded annually.

### 2. Contribution from parent

The contribution represents the additional funding required from the parent to meet the entitlement due to the ZDP shareholders at the year end. The contribution from the parent as at 30 September 2020 was £181,519 (2019: £171,935).

### 3. Total expenses

The Directors receive no remuneration in respect of their services to the Company. Auditors' fees for audit services are paid by the Company's parent, Polar Capital Global Healthcare Trust plc and amounted to £6,000 (2019: £5,175).

### 4. Finance costs

The ZDP shares are designed to provide a pre-determined capital growth from their original issue price of 100p on 20 June 2017 to a final capital entitlement of 122.99p on 19 June 2024. The initial capital of 100p at 20 June 2017 will increase at a growth rate of 3% compounding annually. The provision for the capital growth entitlement for the year on the ZDP shares is included as a finance cost.

### 5. Taxation

#### a) Analysis of tax charge for the year

The corporation tax for the year ended 30 September 2020 was £nil (2019: £nil).

#### b) Factors affecting tax charge for the year

The charge for the year can be reconciled to the result per the Statement of Comprehensive Income. The result before taxation as at 30 September 2020 was £nil (2019: £nil).

### 6. Loan to parent company

	30 September 2020 £	30 September 2019 £
Opening balance	34,372,824	33,372,440
Loan interest accrued	850,478	828,449
Additional contribution to meet ZDP entitlement	181,519	171,935
<b>Closing balance</b>	<b>35,404,821</b>	<b>34,372,824</b>

The carrying value of receivables approximates to its fair value.

PCGH ZDP plc has an outstanding inter-group loan with the parent, Polar Capital Global Healthcare Trust plc. The Company carried out an analysis which considers both historical and forward-looking qualitative and quantitative information to determine if the inter-group loan is low credit risk as at 30 September 2020. The results of the analysis demonstrated that the risk of default or impairment was very low and that there has not been a significant increase (if any) in credit risk since the loan was first recognised. There is not expected to be material adverse changes in the economic and investment conditions during the year which would reduce the ability of Polar Capital Global Healthcare Trust plc to repay the loan due on 19 June 2024.

**7. Zero Dividend Preference shares**

	<b>30 September 2020</b>	<b>30 September 2019</b>
	<b>£</b>	<b>£</b>
Opening balance	34,372,824	33,372,440
Capital growth entitlement of ZDP shares	1,031,997	1,000,384
<b>Closing balance</b>	<b>35,404,821</b>	<b>34,372,824</b>

**8. Called up share capital**

	<b>30 September 2020</b>	<b>30 September 2019</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid: 50,000 (2019: 50,000) Ordinary shares of £1 each:	50,000	50,000
<b>At 30 September</b>	<b>50,000</b>	<b>50,000</b>

**9. Parent undertaking and controlling party**

At 30 September 2020 the Company was a wholly owned subsidiary undertaking of Polar Capital Global Healthcare Trust plc, the Ultimate Parent Undertaking, a Company registered in England and Wales, number 07251471. Copies of the Ultimate Parent Undertaking's consolidated financial statements may be obtained from the Company Secretary, Polar Capital Secretarial Services Ltd, 16 Palace Street, London SW1E 5JD.

**10. Financial instruments - Risk management policies and procedures for the Company**

The Company's exposure to financial instruments can comprise cash, liquid resources and long-term receivables and payables that arise directly from the Company's operations.

The main risks arising from financial instruments are liquidity risk, credit risk and market risk. The risks have remained unchanged since the beginning of the period to which these financial statements relate and are summarised below:

**(a) Liquidity risk**

The Company's assets comprise cash and long-term receivables which it is expected will be collectable to meet ZDP funding requirements.

**(b) Credit risk**

This is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. As at the year ended 30 September 2020, the Company's financial assets which are exposed to credit risk is the loan to the parent company, Polar Capital Global Healthcare Trust plc and it amounted £35,404,821 (2019: £34,372,824). The loan to the parent company has low credit risk as the parent has a strong capacity to meet its contractual cash flow obligations as they fall due.

The Company does not consider this risk to be significant as it has limited exposure to non-group third parties in respect of amounts receivable. Cash balances are only deposited with financial institutions with a high credit rating. The Company assesses all external counterparties for the credit risk before contracting with them.

**(c) Market risk**

The Company has no direct exposure to market risk as it does not hold or trade any direct investment positions. Any indirect market risks through the parent company are actively monitored throughout the year as part of the parent company's risk management policies and procedures.

**11. Related party**

On 20 June 2017, the Company provided an interest-bearing loan to its parent company, Polar Capital Global Healthcare Trust plc. The loan is carried at amortised cost, which represents the initial cost of the loan plus accrued interest and any contribution due from the parent to meet the total ZDP entitlement. At the year end, £35,404,821 was due from the parent company in respect of the loan.

## **NOTICE OF ANNUAL GENERAL MEETING of PCGH ZDP plc (the ‘Company’)**

NOTICE IS HEREBY GIVEN that the fourth ANNUAL GENERAL MEETING of the Company will be held following the conclusion of the Annual General Meeting of the parent company Polar Capital Global Healthcare Trust plc, on Tuesday, 26 January 2021 at the offices of Polar Capital LLP, 16 Palace Street, London SW1E 5JD to consider and if thought fit to pass the following Resolutions of which resolutions 1 to 8 will be proposed as Ordinary Resolutions and resolutions 9 and 10 will be proposed as Special Resolutions:

### ***Ordinary Resolutions***

1. To receive the Annual Report and Financial Statements for the year ended 30 September 2020.
2. To receive and approve the Directors’ Remuneration Implementation Report for the year ended 30 September 2020.
3. To re-elect Lisa Arnold as a Director of the Company.
4. To re-elect Neal Ransome as a Director of the Company.
5. To re-elect Andrew Fleming as a Director of the Company.
6. To re-elect Jeremy Whitley as a Director of the Company.
7. To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
8. To authorise the Directors to determine the remuneration of the Auditors.

### ***Special Resolutions***

9. THAT the Company be and is hereby generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 (the “Act”) to make market purchases (within the meaning of Section 693 of the Act) of Zero Dividend Preference (ZDP) shares of 1 pence each in the capital of the Company, on such terms and in such manner as the Directors may from time to time determine **PROVIDED THAT:**
  - (a) the maximum number of ZDP shares hereby authorised to be purchased shall be 4,816,052; or such number representing approximately 14.99% of the issued share capital at 26 January 2021;
  - (b) the minimum price excluding expenses which may be paid for an ZDP share is 1 pence;
  - (c) the maximum price excluding expenses payable by the Company for each ZDP share is the higher of:
    - (i) 105 per cent. of the average of the middle-market quotations of the ZDP shares for the five business days prior to the date of the market purchase; and
    - (ii) the price of the last independent trade and the highest current independent bid for a ZDP share on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 9 will be carried out.
  - (d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company, unless such authority is renewed prior to such time;

- (e) the Company may make a contract to purchase ZDP shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract; and
  - (f) any ZDP shares so purchased shall be cancelled immediately upon completion of the purchase.
10. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

BY ORDER OF THE BOARD

Tracey Lago, FCG  
Polar Capital Secretarial Services Limited  
Company Secretary

14 December 2020  
Registered office: 16 Palace Street, London SW1E 5JD

#### NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING of PCGH ZDP plc

**All references below to attendance in person at the Meeting are subject to UK Government restrictions and guidelines.**

1. *The holders of the Ordinary shares have the right to receive notice, attend, speak and vote at the Annual General Meeting. Holders of ZDP shares have the right to receive notice of general meetings of the Company but do not have any right to attend, speak or vote at any general meeting of the Company unless the business of the meeting includes any resolution to vary, modify or abrogate any of the special rights attached to ZDP shares.*
2. *A member entitled to attend, vote and speak at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed, they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company Secretary, 16 Palace Street, London SW1E 5JD not later than 48 hours before the time of the meeting. The appointment of a proxy will not prevent a member from attending the meeting and voting and speaking in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll, shall have one vote for every Ordinary share of which he/she is the holder.*
3. *A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Note 2 above do not apply to a Nominated Person. The rights described in that Note can only be exercised by registered members of the Company.*

4. *As at 14 December 2020 (being the last business day prior to the publication of this notice) the Company's issued voting share capital and total voting rights amounted to 50,000 Ordinary shares of 100 pence each. In addition, there are 32,128,437 ZDP shares of 1 pence each nominal value in issue with no voting rights attached.*
5. *The Company specifies that only those Ordinary shareholders registered on the Register of Members of the Company as at 2.00pm on 22 January 2021 (or in the event that the meeting is adjourned, only those shareholders registered on the Register of Member of the Company as at 11.30am on the day which is 48 hours prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.*
6. *Any question relevant to the business of the Annual General Meeting may be asked at the meeting by anyone permitted to speak at the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.*
7. *In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:*
  - a. *to do so would:*
    - i. *Interfere unduly with the preparation for the meeting, or*
    - ii. *Involve the disclosure of confidential information;*
  - b. *the answer has already been given on a website in the form of an answer to a question; or*
  - c. *it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.*
8. *Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.*
9. *A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Note 2. On a vote on a resolution on a show of hands, each authorised person has the same voting rights to which the corporation would be entitled. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares:*
  - a. *if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way;*
  - b. *if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.*

10. *Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.*
11. *Members satisfying the thresholds in Section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.*
12. *Under section 360BA of the Companies Act 2006, a member may, subject to conditions, request confirmation that their vote on a resolution at a general meeting where a poll has been taken has been validly recorded and counted.*

*The conditions are that:*

- a) the member makes a request for the information which is received by the company no later than 30 days from the date of that general meeting; and*
- b) the member does not have any other reasonable means by which to determine that their vote has been validly recorded and counted by the company.*

*Upon receipt of the request, the Company must provide the information to the member as soon as reasonably practicable and in any event by the end of the period of 15 days beginning with whichever is the later of the first working day after the day on which:*

- a) the result of the poll is declared for that resolution; or*
- b) the request for information under subsection (a) is received by the company.*