

DOUGHTY HANSON & CO IV LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2022



Registered in England and Wales No. 04645557
Registered address Thorpe Cloud, Hollybush Ride, Windlesham, England, GU20 6PQ

Doughty Hanson & Co IV Limited

Annual Report and Financial Statements for the year ended 31 December 2022

Contents

	<u>Page(s)</u>
Directors' Report	3 - 4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 12

Doughty Hanson & Co IV Limited

Directors' Report

The Directors present their Annual Report to the member together with the Financial Statements for the year ended 31 December 2022.

Business review

The principal activity of Doughty Hanson & Co IV Limited (the "Company") is, and will continue to be, to act as General Partner of the four Limited Partnerships forming Doughty Hanson & Co IV (in dissolution) (the "Fund") until their winding up is completed.

The Fund completed the sale of its last two investments in September 2018. Further proceeds related to that transaction were received by the Fund in September 2019. Those monies will not be distributed until a final assessment of potential contingent liabilities, after which the Fund and Company will be wound up. Due to the intention to wind up as soon as possible the Company's financial statements have been prepared on a basis other than going concern.

Given the nature of the business, the Company's Directors are of the opinion that analysis using KPIs (Key Performance Indicators) is not necessary for an understanding of the development, performance or position of the business.

Strategic Report

The Company qualifies as a small company in accordance with the Companies Act 2006 and as such a 'Strategic Report' has not been included within these Financial Statements.

Performance and position

The results for the year are set out in the profit and loss account on page 5. The Company's loss for the financial year is £nil (2021: £nil). No dividend was paid or proposed.

The Company's net assets at 31 December 2022 are £nil (2021: £nil). Given the nature of the Company's business, the Directors are satisfied with the financial position of the Company.

Liability insurance

The Company has professional indemnity insurance, in the form of a qualifying third party indemnity provision in place in respect of the duties of the Directors and Officers. This was in place throughout the year and at the date the Financial Statements were approved.

Directors

The Directors of the Company who served during the year and up to the date of the signing of the Financial Statements were as follows:

R. P. Hanson
G. D. Stening
J. M. Bradshaw (resigned 28 February 2023)

Principal risks and uncertainties

The Company's operations expose it to a variety of risks; the most significant are considered to be legal and regulatory risk and operational risk.

Legal and regulatory risk

The DHC Limited Group operates in the UK. The regulatory environment is becoming more complex and demanding and in response to this the Company has maintained its arrangements for regulatory compliance through the retention of recognised professional advisers who advise on the compliance function. Regular internal compliance reviews are undertaken and recommendations are approved and implemented by the Board where appropriate.

Doughty Hanson & Co IV Limited

Directors' Report (continued)

Operational risk

This includes personnel risk, IT risk, and business disruption. These risks are mitigated by the recruitment and retention of suitably qualified staff with remuneration set at an appropriate level, use of appropriate Directors and Officers insurance and business continuity provisions.

Statement of Directors' responsibilities in respect of the Financial Statements

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

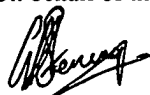
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 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 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.

On behalf of the Board:



G. D. Stening
14 June 2023

Registered Office:
Thorpe Cloud,
Hollybush Ride,
Windlesham,
England,
GU20 6PQ

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Profit and Loss Account

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover			
Fair value adjustments on investments		-	-
Administrative expenses		—	—
Loss before taxation		-	-
Tax on loss	4	—	—
Loss for the financial year		—	—

The Company has no recognised comprehensive expense other than that shown above. All comprehensive expense is attributable to the Company.

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Balance Sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments		—	—
Current assets			
Debtors		—	—
Current liabilities			
Creditors		—	—
Net current assets		—	—
Total assets less current liabilities		—	—
Provisions for liabilities and charges		—	—
Net assets		—	—
Capital and reserves			
Called up share capital	6	—	—
Profit and loss account		—	—
Total shareholder's funds		—	—

For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The Financial Statements on pages 5 to 12 were approved by the board of Directors on 14 June 2023 and were signed on its behalf by:



G. D. Stening
Director

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Cash Flow Statement for the year ended 31 December 2022

	2022 £'000	2021 £'000
Loss for the financial year	—	—
Operating loss for the financial year	-	-
Adjustments for:		
Decrease in debtors	-	-
Decrease in creditors, accruals and deferred income	-	-
Loss on disposal of fixed asset investments	-	-
Decrease in fair value of fixed asset investments	-	-
Decrease in provision	-	-
Waiver of amounts due from fellow subsidiary undertaking	—	—
Net cash from operating activities	—	—
Net cash from investing activities		
Proceeds from investments	—	—
Net cash from financing activities	—	—
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at the beginning of the year	—	—
Cash and cash equivalents at the end of the year	—	—

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Statement of Changes in Equity

For the year ended 31 December 2022

	Called up share capital £'000	Profit and loss account £'000	Total shareholder's funds £'000
As at 1 January 2021	-	-	-
Loss and total comprehensive expense for the financial year	-	-	-
As at 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>
Loss and total comprehensive expense for the financial year	-	-	-
As at 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>

Doughty Hanson & Co IV Limited

Notes to the Financial Statements for the year ended 31 December 2022

1 Accounting policies

General information

The principal activity of the Company is, and will continue to be, to act as General Partner of the four Limited Partnerships forming Doughty Hanson & Co IV (in dissolution) (the "Fund") until completion of their winding up.

The Company is a private company limited by shares and incorporated in England & Wales, registration number 04645557.

Statement of compliance

These Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

Basis of accounting

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

The headings and formats adopted in the profit and loss account have been adapted from those specified in the Companies Act 2006 as, in the opinion of the Directors, those adopted more appropriately reflect the nature of the Company's business.

The Financial Statements contain information about Doughty Hanson & Co IV Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Going Concern

The Fund completed the sale of its last two investments in September 2018. Further proceeds related to that transaction were received by the Fund in September 2019. Those monies will not be distributed until a final assessment of potential contingent liabilities, after which the Fund and Company will be wound up. Due to the intention to wind up as soon as possible the Company's financial statements have been prepared on a basis other than going concern.

Limited Partnerships and Investments

As at 31 December 2022, the Company managed four private equity Limited Partnerships in which it has a small participating interest, and for which it acts as the General Partner. Investments held through the Limited Partnerships were made with the express intention of capital appreciation.

Through the investments in the Limited Partnerships, the investee companies held by the Limited Partnerships could be considered technically to be subsidiaries. However, investments held by the Fund are not included in the Company Financial Statements since there are severe long-term restrictions over the rights of the General Partner in relation to the Limited Partnerships. As described below the Limited Partnerships have not held any interest in investee companies since September 2018.

Doughty Hanson & Co IV Limited

Notes to the Financial Statements for the year ended 31 December 2022

1. Accounting policies (continued)

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the Financial Statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in Financial Statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax is measured at the enacted tax rate for the year ended 31 December 2022. This is due to uncertainty over when timing differences will reverse. Deferred tax assets and liabilities recognised have not been discounted.

Income recognition

Partnership income is recognised as earned in accordance with the Limited Partnership Agreements from the date of signing the individual Limited Partnership Agreements.

Preferential drawings

Preferential drawings received are taxed when sufficient income and capital receipts are earned in the underlying Limited Partnerships of which the Company acts as General Partner. This timing difference gives rise to a deferred tax liability.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling on the date of transaction. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

2. Employee information

There were no employees of the Company during the year (2021: nil). Services are provided to the Company by Doughty Hanson & Co Managers Limited, a fellow subsidiary of DHC Limited.

3. Directors' emoluments

	2022 £'000	2021 £'000
Directors' emoluments (excluding pension contributions)	35	40
Pension contributions	—	—
	<u>35</u>	<u>40</u>

As at 31 December 2022 retirement benefits are accruing under defined contribution schemes for no Directors (2021: No Director).

The emoluments of the Directors are paid by the ultimate parent company, DHC Limited, or a fellow subsidiary which make no recharge to the Company. The Directors are also directors of the ultimate parent company and/or a number of fellow subsidiaries and for disclosure purposes an apportionment of Directors' emoluments is made to the Company based on services provided.

Doughty Hanson & Co IV Limited

Notes to the Financial Statements for the year ended 31 December 2022

4 Tax on Loss

	2022 £'000	2021 £'000
Current tax:		
UK Corporation tax	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax:		
Total deferred tax	-	-
Tax charge for the year	-	-

Reconciliation of tax charge

Tax assessed for the year is the same as the standard rate of United Kingdom corporation tax of 19% (2021: 19%). The differences are explained below.

	2022 £'000	2021 £'000
Loss before tax	-	-
Loss before tax multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%).	-	-
Unutilised losses not recognised	-	-
Short term timing differences not recognised	-	-
Tax charge for the year	-	-

The standard rate of Corporation Tax in the UK in 2022 was 19% (2021: 19%). Accordingly, the Company's profit/losses for the year are taxed at a rate of 19% (2021: 19%). The relevant deferred tax balances have been measured at a rate of 19%, being the effective rate for the year ended 31 December 2022.

The Company has experienced tax timing differences that would result in a deferred tax asset of £1,165,673 (2021: £1,165,673) at the balance sheet date. However this deferred tax asset has not been recognised as future taxable profits cannot be assured.

5 Investments

Subsidiaries

The Company currently has one wholly owned subsidiary, Doughty Hanson & Co IV Nominees One Limited, a company incorporated in England and Wales, which acts as nominee for the four Limited Partnerships constituting the Fund and whose registered address is Thorpe Cloud, Hollybush Ride, Windlesham, England, GU20 6PQ:

The above nominee company has held, as nominee, interests in portfolio companies (or their holding companies) for the beneficial ownership of the Limited Partnerships of the Fund.

In accordance with the Companies Act 2006 Section 405 exemption, the subsidiary has not been consolidated as it is considered immaterial.

Doughty Hanson & Co IV Limited

Notes to the Financial Statements for the year ended 31 December 2022

6 Called up share capital

	2022 £	2021 £
Authorised		
1,000 (2021: 1,000) Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and issued		
1 (2021: 1) Ordinary Share of £1 each	<u>1</u>	<u>1</u>

There are no restrictions on the distribution of dividends and the repayment of capital.

7 Ultimate parent company

The immediate and ultimate parent undertaking is DHC Limited, which is the parent undertaking of the smallest and largest group to consolidate these Financial Statements. DHC Limited is registered in the Cayman Islands and trades from Thorpe Cloud, Hollybush Ride, Windlesham, England, GU20 6PQ. DHC Limited and all of its subsidiary companies, other than overseas operating companies, are subject to UK Corporation Tax. Overseas operating companies, which are all now liquidated or in liquidation, are subject to taxation in Germany, USA and Italy. The Financial Statements of DHC Limited are not publicly available.

The ultimate controlling party is Richard Hanson who is UK domiciled and therefore subject to UK taxation.

8 Related parties

The Company is the General Partner of the four Limited Partnerships constituting the Fund. This entitles the Company to a share of income and capital distributions made in accordance with the Limited Partnership agreements.

A management fee was previously payable by the Company to Doughty Hanson & Co Managers Limited in respect of the provision of investment management services relating to the Fund.

There is no further entitlement to preferential drawings from the Fund and no further management fees will be payable.