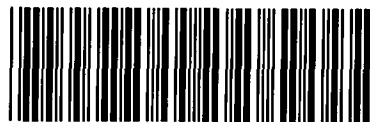


DHCRE II LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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Registered in England & Wales No. 05552720
Registered Address: 45 Pall Mall, London, SW1Y 5JG

DHCRE II Limited

Annual Report and Financial Statements for the year ended 31 December 2017

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DHCRE II Limited

Directors' Report

The Directors present their Annual Report to the members together with the audited Financial Statements for the year ended 31 December 2017.

Business review

The principal activity of the Company is, and will continue to be, to act as General Partner of the Limited Partnership forming Doughty Hanson & Co European Real Estate II LP (the "Fund"). As of 21 December 2017 the Fund is now in a period of orderly wind up.

Given the nature of the business, the Directors are of the opinion that analysis using KPIs 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.

Results and dividends

The results for the year are set out in the profit and loss account on page 9. No dividends were proposed or paid during the financial year (2016: £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
R. N. Lund
G. D. Stening

DHCRE II Limited

Directors' Report (continued)

Principal risks and uncertainties

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

Financial risk

The significant financial risks are cash flow risk and exchange risk. Cash flow risk occurs due to the unmatched timings of income and expenses. These timings are also subject to change. This risk is mitigated through the use of both long term and short term cash flow modelling which are used to identify where cash flow issues may occur. Strong relationships are maintained with banks in case cash flow can not be managed internally in the Group headed by DHC Limited.

Exchange risk arises due to currency differences between the income and expense base. The level of this risk has been considered to fall within acceptable parameters to date, but the Group continues to review its exchange rate management policy to ensure it is appropriate.

Legal and regulatory risk

The Company 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.

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.

DHCRE II Limited

Directors' Report (continued)

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law, the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, in the form of Financial Reporting Standard 102 ("FRS102"), and applicable law). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

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

Disclosure of information to the auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board:



R. N. Lund
Director
22 March 2018

Registered Office:
45 Pall Mall
London
SW1Y 5JG

DHCRE II Limited

Independent Auditors' Report to the member of DHCRE II Limited

Report on the audit of the financial statements

Opinion

In our opinion, DHCRE II Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise the Balance Sheet as at 31 December 2017; the Profit and Loss Account, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

DHCRE II Limited

Independent Auditors' Report to the member of DHCRE II Limited (continued)

Reporting on other information (continued)

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

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

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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. 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 member 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.

DHCRE II Limited

Independent Auditors' Report to the member of DHCRE II Limited (continued)

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 are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Andrew G Hill
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 March 2018

DHCRE II Limited
Registered in England & Wales No. 05552720

Profit and Loss Account

For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover			
Income from Limited Partnership	2	-	913
Administrative expenses		<u>(15)</u>	<u>(684)</u>
Operating (loss) / profit	3	(15)	229
Interest receivable and similar income		—	—
(Loss) / profit on ordinary activities before taxation	3	(15)	229
Taxation	6	—	—
(Loss) / profit for the financial year		<u>(15)</u>	<u>229</u>

The Company has no recognised comprehensive income other than the results as stated above. All comprehensive income is attributable to the parent.

DHCRE II Limited
Registered in England & Wales No. 05552720

Balance Sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	7	<u>1</u>	<u>1</u>
Current assets			
Debtors	8	14,000	14,040
Cash at bank and in hand		<u>-</u>	<u>-</u>
		14,000	14,040
Current liabilities			
Creditors: amounts falling due within one year	9	<u>(37)</u>	<u>(62)</u>
Net current assets		<u>13,963</u>	<u>13,978</u>
Total assets less current liabilities		13,964	13,979
Net assets		<u>13,964</u>	<u>13,979</u>
Capital and reserves			
Called-up share capital	10	-	-
Profit and loss account		<u>13,964</u>	<u>13,979</u>
Total shareholders' funds		<u>13,964</u>	<u>13,979</u>

The Financial Statements on pages 9 to 20 were approved by the board of Directors on 22 March 2018 and were signed on its behalf by:



R. N. Lund
Director

DHCRE II Limited
Registered in England & Wales No. 05552720

Cash Flow Statement

For the year ended 31 December 2017

	2017 £'000	2016 £'000
(Loss) / profit for the financial year	(15)	229
Taxation	-	-
Interest receivable and similar income	<u>-</u>	<u>-</u>
Operating (loss) / profit for the financial year	(15)	229
Adjustments for:		
Decrease / (increase) in debtors	40	(207)
Decrease in creditors, accruals and deferred income	<u>(25)</u>	<u>(22)</u>
Cash flows from operating activities	-	-
Corporation tax paid	<u>-</u>	<u>-</u>
Net cash from operating activities	-	-
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	<u>-</u>	<u>-</u>

DHCRE II Limited
Registered in England & Wales No. 05552720

Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital £'000	Profit and loss account £'000	Total £'000
As at 1 January 2016	-	13,750	13,750
Profit for the financial year	<u>-</u>	<u>229</u>	<u>229</u>
As at 31 December 2016	-	13,979	13,979
Loss for the financial year	<u>-</u>	<u>(15)</u>	<u>(15)</u>
As at 31 December 2017	<u>-</u>	<u>13,964</u>	<u>13,964</u>

DHCRE II Limited

Notes to the Financial Statements for the year ended 31 December 2017

1 Accounting policies

General information

The principal activity of the Company is, and will continue to be, to act as General Partner of the Limited Partnership forming Doughty Hanson & Co European Real Estate II LP (the "Fund"). As of 21 December 2017 the Fund is now in a period of orderly wind up.

The Company is a private company limited by shares and incorporated in England & Wales, registration number 05552720.

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 DHCRE II 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.

Fixed asset investments

Investments are measured at fair value.

The Company elected to take the exemption in FRS102 in order that it will measure its investments in subsidiaries at the UK GAAP cost or deemed cost on the transition date in its Balance Sheet.

Limited Partnerships and Investments

As at 31 December 2017, the Company managed a Limited Partnership in which it has a small participating interest, and for which it acts as the General Partner. Investments held through the Limited Partnership are made with the express intention of capital appreciation.

Through the investments in the Limited Partnership, the investee companies held by the Limited Partnership could be considered technically to be subsidiaries. However, investments held by the Fund are not included in the Financial Statements since there are severe long term restrictions over the rights of the General Partner in relation to the Limited Partnership.

Revenue recognition

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

Deferred income

Preferential drawings received from the Limited Partnership prior to the period to which they relate are accounted for as deferred income.

DHCRE II Limited

Notes to the Financial Statements for the year ended 31 December 2017

1 Accounting policies (continued)

Preferential drawings

Preferential drawings received are taxed when sufficient income and capital receipts are earned in the underlying Limited Partnership of which the Parent Company acts as General Partner. The timing difference that arises results in a deferred tax liability.

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 2017. This is due to uncertainty over when timing differences will reverse. Deferred tax assets and liabilities recognised have not been discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. 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.

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

DHCRE II Limited

Notes to the Financial Statements for the year ended 31 December 2017

1 Accounting policies (continued)

Financial assets (continued)

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

DHCRE II Limited

Notes to the Financial Statements for the year ended 31 December 2017

2 Turnover

All turnover is generated in the UK through management of alternative investment funds.

Income from the Limited Partnership represents preferential drawings due from the Limited Partnership constituting Doughty Hanson & Co European Real Estate II L.P.

3 (Loss) / Profit on ordinary activities before taxation

	2017 £'000	2016 £'000
(Loss) / Profit on ordinary activities before taxation is stated after charging:		
Fees payable for services provided by the Company's auditors:		
Fees payable for the audit of the Financial Statements	15	15
Fees payable for other services – tax advisory	1	1
Management fee charged by Doughty Hanson & Co Managers Limited	-	687

4 Employee information

There were no employees of the Company during the year (2016: nil). Services are provided to the Company by Doughty Hanson & Co Managers Limited, a fellow subsidiary.

5 Directors' emoluments

	2017 £'000	2016 £'000
Directors' emoluments (excluding pension contributions)	53	49
Pension contributions	<u>1</u>	<u>1</u>
	<u>54</u>	<u>50</u>

As at 31 December 2017 retirement benefits are accruing under defined contribution schemes for 1 Director (2016: 1 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.

DHCRE II Limited

Notes to the Financial Statements for the year ended 31 December 2017

6 Taxation

	2017 £'000	2016 £'000
Tax expense included in profit and loss:		
Current tax:		
UK Corporation tax	—	—
Total current tax	—	—
Deferred tax (note 8):		
Total deferred tax	—	—
Tax charge on profit on ordinary activities	—	—

Reconciliation of tax charge

Tax assessed for the year differs from the standard rate of United Kingdom corporation tax of 19.25% (2016: 20%). The differences are explained below.

	2017 £'000	2016 £'000
(Loss) / profit on ordinary activities before tax	<u>(15)</u>	<u>229</u>
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19.25% (2016: 20%)	(3)	46
Unutilised losses not recognised	3	94
Permanent differences	—	<u>(140)</u>
Tax charge for the year	—	—

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 6 April 2017. Accordingly the Company's profits for the year are taxed at an effective rate of 19.25% (2016: 20%). The relevant deferred tax balances have been re-measured at a rate of 19%, being the effective rate for the year ended 31 December 2018.

The Company has experienced tax timing differences that would result in a deferred tax asset of £1,055,358 (2016: £1,189,181) at the balance sheet date. However this deferred tax asset has not been recognised as future taxable profits cannot be assured.

DHCRE II Limited

Notes to the Financial Statements for the year ended 31 December 2017

7 Investments

	2017 £'000	2016 £'000
Investments in Limited Partnership	<u>1</u>	<u>1</u>

The investment in the Limited Partnership represents the General Partner's capital in Doughty Hanson & Co European Real Estate II LP.

The Company also owned 100% of the following subsidiary during the year. The subsidiary is not consolidated as it is considered immaterial:

DHCRE II Nominees Limited

This company is incorporated in England & Wales, holds investments for Doughty Hanson & Co European Real Estate II LP. The registered address is 45 Pall Mall, London, SW1Y 5JG.

The above nominee company holds, as nominee, an interest in DHCRE II LLC, a partnership registered in Delaware, USA for the beneficial ownership of the Limited Partnerships of Doughty Hanson & Co European Real Estate II LP together with the co-investment vehicles (collectively "DHCRE II Fund").

Investments held by DHCRE II Fund are not included in the Financial Statements since there are severe long term restrictions over the rights of DHCRE II Limited as the General Partner in relation to the Limited Partnership.

8 Debtors

	2017 £'000	2016 £'000
Amounts owed by fellow subsidiary undertakings	13,946	13,787
Amount owed by related undertaking	<u>54</u>	<u>253</u>
	<u>14,000</u>	<u>14,040</u>

The Company has experienced tax timing differences that would result in a deferred tax asset of £1,055,358 (2016: £1,189,181) at the balance sheet date. However this deferred tax asset has not been recognised as future taxable profits cannot be assured.

Amounts owed by fellow subsidiary undertakings are repayable on demand and are interest free.

DHCRE II Limited

Notes to the Financial Statements for the year ended 31 December 2017

9 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Accruals and deferred income	<u>37</u>	<u>62</u>

10 Called up share capital

	2017 £	2016 £
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and issued		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

11 Ultimate parent company

The ultimate parent undertaking is DHC Limited, which is the parent undertaking of the largest group to consolidate these Financial Statements. DHC Limited is registered in the Cayman Islands and trades from 45 Pall Mall, London, SW1Y 5JG. DHC Limited and all of its subsidiary companies, other than overseas operating companies, are subject to UK Corporation Tax. Overseas operating subsidiaries are subject to taxation in Germany, USA and Italy. The financial statements of DHC Limited are not publically available.

The ultimate controlling parties are Richard Hanson and the Executors of the estate of the late Nigel Doughty. The ultimate controlling parties are UK domiciled and therefore subject to UK taxation.

Key management services are provided by DHC Limited, see note 5.

12 Related parties

The Company is the General Partner in the Doughty Hanson & Co European Real Estate II L.P. This entitles the Company to a share of income and capital distributions made in accordance with the Limited Partnership agreement. During the year, the Group received £nil (2016: £912,799) by way of preferential drawings.

The Company settles expenses on behalf of the Fund and recharges these to the Fund. During the year £298,364 (2016: £450,796) has been recharged in relation to such expenses and at 31 December 2017 £53,363 (2016: £253,298) was due from the Fund.

A management fee of £nil (2016: £687,095) is payable by the Company to Doughty Hanson & Co Managers Limited in respect of the provision of investment management services relating to the Fund. This balance is not specifically settled and becomes part of the ongoing intercompany trading balance between the two group entities on which no interest is payable. At 31 December 2017 a balance of £13,946,073 (2016: £13,786,619) was due from Doughty Hanson & Co Managers Limited to the Company.

DHCRE II Limited

Notes to the Financial Statements for the year ended 31 December 2017

13 Financial instruments

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Financial assets measured at fair value through profit & loss				
Investments in Limited Partnerships	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Financial assets measured at amortised cost				
Amounts due from fellow subsidiary undertakings	13,946		13,787	
Amounts due from related undertaking	<u>54</u>	<u>14,000</u>	<u>253</u>	<u>14,040</u>
Financial liabilities measured at amortised cost				
Accruals	<u>37</u>	<u>37</u>	<u>62</u>	<u>62</u>

Financial assets measured at fair value through profit & loss

Other investments

The investment in the Limited Partnership represents the General Partner's capital in Doughty Hanson & Co European Real Estate II LP. This is held in cash and is recoverable in full, with no possibility of uplift on the termination of the Fund.