

DOUGHTY HANSON & CO V LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018



Registered in England and Wales No. 06003237
Registered address 36 Broadway, London, SW1H 0BH

Doughty Hanson & Co V Limited

Annual Report and Financial Statements for the year ended 31 December 2018

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Doughty Hanson & Co V Limited

Strategic Report

Business review

The principal activity of the Parent Company Doughty Hanson & Co V Limited (the "Company" and the "Parent Company") is, and will continue to be, to act as General Partner of the two Limited Partnerships forming Doughty Hanson & Co V (the "Fund"). The principal activity of Doughty Hanson & Co V Bridgeco Limited, a subsidiary undertaking consolidated in these Financial Statements, has been to provide bridging finance for use in investments made by the Fund. It will no longer be used for this purpose and become dormant. The principal activity of DHC (DLP) Limited, a subsidiary undertaking consolidated in these Financial Statements, is to be the Designated Limited Partner in both Doughty Hanson & Co V LP No. 2 and Doughty Hanson & Co Technology II L.P.

Despite the challenges presented by the current financial and economic outlook, the Directors expect the performance of the Company and the Group and the Fund that it operates to remain resilient. The DH Private Equity Partners Annual Review, available via www.dhpep.com, outlines activities throughout the various portfolios of investments and for the remaining investments emphasises the focus on developing long-term sustainable businesses and assets.

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.

Performance and position

The consolidated results for the year are set out in the profit and loss account on page 10. The Group's profit for the financial year is £895,000 (2017 restated £1,285,000).

No dividend was paid or proposed.

The Group's net assets at 31 December 2018 are £72,545,000 (2017 restated £71,650,000). The Directors are satisfied with the financial position of the Group.

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 within the DHC Limited Group.

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 Group operates in the UK. The regulatory environment is becoming more complex and demanding and in response to this the Group 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 V Limited

Strategic 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.

On behalf of the Board:



B. M. Dooley
Director
4 June 2019

Registered Office:
36 Broadway
London
SW1H 0BH

Doughty Hanson & Co V Limited

Directors' Report

The Directors present their Annual Report to the member together with the audited consolidated Financial Statements for the year ended 31 December 2018.

Liability Insurance

The Group 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 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 | (resigned 26 November 2018) |
| G. D. Stening | |
| J. M. Bradshaw | (appointed 26 November 2018) |
| B. M. Dooley | (appointed 26 November 2018) |

Risk Management

The Group's risk management objectives are detailed in the Strategic Report, pages 3 and 4.

Dividend

No dividend was paid or proposed (2017: nil).

Doughty Hanson & Co V Limited

Directors' Report (continued)

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 regulations

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the group and parent company 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 group and parent company and of the profit or loss of the group and parent company for that period. In preparing the Financial Statements, the

- 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 group and parent company will continue in business.

The Directors are also responsible for safeguarding the assets of the group and parent 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 group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

On behalf of the Board:



B. M. Dooley
Director
4 June 2019

Registered Office:
36 Broadway
London
SW1H 0BH

Doughty Hanson & Co V Limited

Independent Auditors' Report to the member of Doughty Hanson & Co V Limited

Report on the audit of the financial statements

Opinion

In our opinion, Doughty Hanson & Co V Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit 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 Consolidated and the Parent Company Balance Sheet as at 31 December 2018; the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement, and the Group and Parent Company Statements 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 group 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

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 group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Doughty Hanson & Co V Limited

Independent Auditors' Report to the member of Doughty Hanson & Co V Limited (continued)

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 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.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 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 group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and 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 in respect of the Financial Statements set out on page 6, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Doughty Hanson & Co V Limited

Independent Auditors' Report to the member of Doughty Hanson & Co V Limited (continued)

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 parent 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.

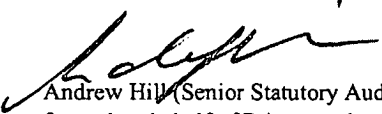
Other required reporting

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 parent 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 parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Hill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 June 2019

Doughty Hanson & Co V Limited
Registered in England and Wales No. 06003237

Consolidated Profit and Loss Account

For the year ended 31 December 2018

| | Note | 2018 £'000 | 2017 restated £'000 |
|--|------|-------------------|---------------------------|
| Turnover | | | |
| Income from Limited Partnerships | 2 | 3,576 | 4,969 |
| Fair value adjustments on investments | | (150) | 1,204 |
| Administrative expenses | | <u>(2,531)</u> | <u>(4,888)</u> |
| Operating profit | 3 | 895 | 1,285 |
| Interest payable and similar charges | 6 | (409) | (572) |
| Interest receivable and similar income | 6 | <u>409</u> | <u>572</u> |
| Profit before taxation | | 895 | 1,285 |
| Taxation | 7 | <u>-</u> | <u>-</u> |
| Profit for the financial year | | <u><u>895</u></u> | <u><u>1,285</u></u> |

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

In accordance with the exemption allowed by section 408 of the Companies Act 2006, The Parent Company has not presented its own Profit and Loss account.

Details regarding the 2017 restatement can be found in note 1 of the Financial Statements.

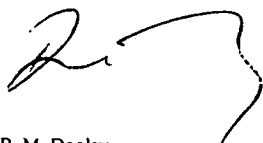
Doughty Hanson & Co V Limited
Registered in England and Wales No. 06003237

Consolidated Balance Sheet as at 31 December 2018

| | Note | 2018 £'000 | 2017 restated £'000 |
|---|------|----------------------|------------------------|
| Fixed assets | | | |
| Investments | 8 | <u>1,076</u> | <u>1,229</u> |
| Current assets | | | |
| Debtors | 9 | <u>72,593</u> | <u>95,833</u> |
| Cash and cash equivalents | | <u>-</u> | <u>-</u> |
| | | <u>72,593</u> | <u>95,833</u> |
| Creditors: amounts falling due within one year | 10 | <u>(65)</u> | <u>(24,201)</u> |
| Net current assets | | <u>72,528</u> | <u>71,632</u> |
| Total assets less current liabilities | | <u>73,604</u> | <u>72,861</u> |
| Provisions for liabilities | 11 | <u>(1,059)</u> | <u>(1,211)</u> |
| Net assets | | <u><u>72,545</u></u> | <u><u>71,650</u></u> |
| Capital and reserves | | | |
| Called up share capital | 12 | <u>-</u> | <u>-</u> |
| Profit and loss account | | <u>72,545</u> | <u>71,650</u> |
| Total shareholder's funds | | <u><u>72,545</u></u> | <u><u>71,650</u></u> |

Details regarding the 2017 restatement can be found in note 1 of the Financial Statements.

The Financial Statements on pages 10 to 23 were approved by the board of Directors on 4 June 2019 and were signed on its behalf by:



B. M. Dooley
Director

Doughty Hanson & Co V Limited
Registered in England and Wales No. 06003237

Parent Company Balance Sheet as at 31 December 2018

| | Note | 2018 £'000 | 2017 restated £'000 |
|---|------|----------------------|------------------------|
| Fixed assets | | | |
| Investments | 8 | <u>1,069</u> | <u>1,221</u> |
| Current assets | | | |
| Debtors | 9 | 72,591 | 71,835 |
| Cash and cash equivalents | | <u>-</u> | <u>-</u> |
| | | 72,591 | 71,835 |
| Creditors: amounts falling due within one year | 10 | <u>(58)</u> | <u>(194)</u> |
| Net current assets | | <u>72,533</u> | <u>71,641</u> |
| Total assets less current liabilities | | 73,602 | 72,862 |
| Provisions for liabilities | 11 | <u>(1,059)</u> | <u>(1,211)</u> |
| Net assets | | <u><u>72,543</u></u> | <u><u>71,651</u></u> |
| Capital and reserves | | | |
| Called up share capital | 12 | - | - |
| Profit and loss account | | <u>72,543</u> | <u>71,651</u> |
| Total shareholder's funds | | <u><u>72,543</u></u> | <u><u>71,651</u></u> |

The Profit and Loss account of the Parent Company has not been included in these Financial Statements. Of the profit for the year, a profit of £892,000 (2017 restated £1,293,000) is included in the Financial Statements of the Parent Company.

Details regarding the 2017 restatement can be found in note 1 of the Financial Statements.

The Financial Statements on pages 10 to 23 were approved by the board of Directors on 4 June 2019 and were signed on its behalf by:

B. M. Dooley
Director

Doughty Hanson & Co V Limited
Registered in England and Wales No. 06003237

Consolidated Cash Flow Statement

For the year ended 31 December 2018

| | 2018 £'000 | 2017 restated £'000 |
|--|---------------|------------------------|
| Profit for the financial year | 895 | 1,285 |
| Taxation | - | - |
| Interest receivable and similar income | (409) | (572) |
| Interest payable and similar charges | 409 | 572 |
| Operating profit for the financial year | 895 | 1,285 |
| Adjustments for: | | |
| Decrease / (increase) in debtors | 23,243 | (1,607) |
| (Decrease) / increase in creditors, accruals and deferred income | (24,136) | 315 |
| Decrease / (increase) in fair value of fixed asset investments | 150 | (1,204) |
| (Decrease) / increase in provision | (152) | 1,211 |
| Net cash from operating activities | - | - |
| Net cash from investing activities | - | - |
| 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 | - | - |

There are no cash movements in relation to the arrangement of bridging finance, which are shown as Short Term loans in Debtors and Creditors, all receipts and payments, including interest payments are received/made by the two Limited Partnerships forming Doughty Hanson & Co V (see note 1). All other payments, including in relation to fixed asset investments, are made by a fellow subsidiary undertaking and settled via an intercompany payable. All other receipts, including in relation to fixed asset investments and taxation, are also received by a fellow subsidiary undertaking and settled via an intercompany receivable.

Details regarding the 2017 restatement can be found in note 1 of the Financial Statements.

Doughty Hanson & Co V Limited
Registered in England and Wales No. 06003237

Statements of Changes in Equity

For the year ended 31 December 2018

| Group | Called up share capital | Profit and loss account | Total shareholder's funds |
|--|------------------------------------|------------------------------------|--|
| | £'000 | £'000 | £'000 |
| As at 1 January 2017 | - | 70,365 | 70,365 |
| Profit and total comprehensive income for the financial year (as restated) | - | 1,285 | 1,285 |
| As at 31 December 2017 (as restated) | - | 71,650 | 71,650 |
| Profit and total comprehensive income for the financial year | - | 895 | 895 |
| As at 31 December 2018 | - | 72,545 | 72,545 |

| Parent Company | Called up share capital | Profit and loss account | Total shareholder's funds |
|--|------------------------------------|------------------------------------|--|
| | £'000 | £'000 | £'000 |
| As at 1 January 2017 | - | 70,358 | 70,358 |
| Profit and total comprehensive income for the financial year (as restated) | - | 1,293 | 1,293 |
| As at 31 December 2017 (as restated) | - | 71,651 | 71,651 |
| Profit and total comprehensive income for the financial year | - | 892 | 892 |
| As at 31 December 2018 | - | 72,543 | 72,543 |

Details regarding the 2017 restatement can be found in note 1 of the Financial Statements.

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

1 Accounting policies

General information

The principal activity of the Parent Company Doughty Hanson & Co V Limited (the "Company" and the "Parent Company") is, and will continue to be, to act as General Partner of the two Limited Partnerships forming Doughty Hanson & Co V (the "Fund"). The principal activity of Doughty Hanson & Co V Bridgeco Limited, a subsidiary undertaking consolidated in these Financial Statements, has been to provide bridging finance for use in investments made by the Fund. It will no longer be used for this purpose and become dormant. The principal activity of DHC (DLP) Limited, a subsidiary undertaking consolidated in these Financial Statements, is to be the Designated Limited Partner in both Doughty Hanson & Co V LP No. 2 and Doughty Hanson & Co Technology II LP.

The Parent Company is a private company limited by shares and is incorporated in England & Wales, registration number 06003237.

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.

Prior year adjustment

The Directors have made amendments to the 2017 comparative figures included in these Financial Statements to reflect a material provision for a liability in relation to retention arrangements for employees of the DHC Limited Group, which were put in place in 2015, and an adjustment to the fair value of investments.

This liability will be funded by proceeds from investments (see note 7). These amendments have the following impact on the Financial Statements:

Consolidated and Parent Company Profit & Loss Statement

For the year ending 31 December 2017, fair value adjustments on investments have been increased by £125,000 and administrative expenses have increased by £1,211,000 resulting in profit for the financial year being decreased by £1,086,000 from £2,371,000 to £1,285,000.

Consolidated and Parent Company Balance Sheet

As at 31 December 2017, Investments have been increased by £125,000, provisions for liabilities and charges have been increased by £1,211,000, and the profit and loss account has been reduced by £1,086,000.

Consolidated and Parent Company Cash Flow Statement

For the year ending 31 December 2017, decrease in fair value of fixed asset investments has been decreased by £125,000 and increase in provisions has been increased by £1,211,000.

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 Parent Company's business.

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Parent Company and of its subsidiary undertakings, Doughty Hanson & Co V Bridgeco Limited, and DHC (DLP) Limited. The consolidation is prepared using the acquisition method of accounting.

Fixed asset investments

Investments are valued at fair value less provision, if appropriate, for impairment. Changes in fair value are recognised in profit or loss. Fair value is determined with reference to the International Private Equity and Venture Capital Valuation Guidelines. This valuation methodology is consistent with that which is used by the respective Limited Partnerships and is presented to investors.

Limited Partnerships and Investments

As at 31 December 2018, the Parent Company managed two 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 are made with the express intention of capital appreciation.

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

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

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 2018. 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 Parent Company acts as General Partner. This timing difference gives rise to a deferred tax liability.

Deferred income

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

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 Parent 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.

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.

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.

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

1 Accounting policies (continued)

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.

Loans

The principal activity of Doughty Hanson & Co V Bridgeco Limited, a subsidiary undertaking consolidated in these Financial Statements, has been to arrange and provide bridging finance for use in investments undertaken by the Fund. It will no longer be used for this purpose and become dormant. Where the purpose of the loan is to cover a timing difference between required funding and actual drawdown from Limited Partners of the Fund, the liability is presented in the Financial Statements of the Fund. The liability and corresponding debtor is recognised on the balance sheet of the Fund, not the Group, as it is a short term loan that the Group will never have to repay. It will be repaid by the Limited Partners of the Fund. Where the loan is used for another purpose within the Fund the liability and corresponding debtor from the Fund is recognised on the Company's balance sheet. On all loans relating to bridging finance taken out by the Fund, interest receivable is presented in the profit and loss account.

2 Turnover

All turnover, relating to the Parent Company, is generated in the UK through management of alternative investment funds.

Income from Limited Partnerships represents preferential drawings from the two Limited Partnerships constituting the Fund.

| | 2018 £'000 | 2017 £'000 |
|----------------------------------|---------------|---------------|
| Income from Limited Partnerships | <u>3,576</u> | <u>4,969</u> |

Turnover, relating to Doughty Hanson & Co V Bridgeco Limited, is reported as interest receivable on bridging finance used in investments undertaken by the Fund.

During the year there were outstanding loans relating to ASCO a portfolio company of the Fund, these loans were repaid on 10 May 2018.

All loans provided by Doughty Hanson & Co V Bridgeco Limited were secured by the undrawn commitments of the Fund. Furthermore the Fund acted as a principal guarantor to the bank that provided financing to the company.

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

3 Profit before taxation

Profit before taxation is stated after charging / (crediting):

| | 2018 £'000 | 2017 restated £'000 |
|--|---------------|---------------------------|
| Services provided by the Parent Company's auditors: | | |
| Fees payable for the audit of the Parent Company and Consolidated Financial Statements | 16 | 16 |
| Fees payable for other services - tax advisory | 1 | 1 |
| Management fee charged by Doughty Hanson & Co Managers Limited | 2,678 | 3,880 |
| Financial assets measured at fair value through profit & loss | | |
| Changes in fair value of fixed asset investments | 150 | (1,204) |

4 Employee information

There were no employees of the Parent Company during the year (2017: nil). Services are provided to the Parent Company by Doughty Hanson & Co Managers Limited, a fellow subsidiary of DHC Limited. Employees of Doughty Hanson & Co Managers Limited have been awarded retention incentive arrangements by the Parent Company that take the form of bonuses.

| | 2018 £'000 | 2017 restated £'000 |
|---------|---------------|---------------------------|
| Bonuses | (152) | 1,211 |
| | <u>(152)</u> | <u>1,211</u> |

5 Directors' emoluments

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Directors' emoluments (excluding pension contributions) | 44 | 53 |
| Pension contributions | 1 | 1 |
| | <u>45</u> | <u>54</u> |

As at 31 December 2018 retirement benefits are accruing under defined contribution schemes for no Directors (2017: 1 Director).

The emoluments of the Directors are paid by the ultimate parent company, DHC Limited, or a fellow subsidiary which makes no recharge to the Group. 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 Group based on services provided.

6 Net interest and similar income

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Interest received and similar income | | |
| Financial assets measured at amortised cost | | |
| Interest on arrangement of bridging finance | 409 | 572 |
| Total interest receivable and similar income | <u>409</u> | <u>572</u> |
| Interest payable and similar charges | | |
| Financial liabilities measured at amortised cost | | |
| Interest on arrangement of bridging finance | (409) | (572) |
| Total interest payable and similar charges | <u>(409)</u> | <u>(572)</u> |

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

7 Taxation

| | 2018 £'000 | 2017 restated £'000 |
|---|---------------|---------------------------|
| Current tax: | | |
| UK Corporation tax | - | - |
| Adjustments in respect of prior years | - | - |
| Total current tax | - | - |
| Deferred tax: | | |
| Total deferred tax | - | - |
| Tax on profit | - | - |
| Reconciliation of tax charge | | |
| Tax assessed for the year is the same as (2017: differs from) the standard rate of United Kingdom corporation tax of 19% (2017: 19.25%). The differences are explained below: | | |
| Profit before tax | 895 | 1,285 |
| Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2017 – 19.25%) | 170 | 247 |
| Timing differences not recognised | (2,234) | 2,724 |
| (Utilised) / unutilised losses not recognised | - | (718) |
| Permanent differences | 1,874 | (2,253) |
| Current year unutilised losses | 190 | - |
| Group relief surrendered | - | - |
| 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 Parent Company's profits for the year are taxed at a rate of 19% (2017: effective rate of 19.25%). The relevant deferred tax balances have been measured at a rate of 19%, being the effective rate for the year ended 31 December 2019.

The Group has experienced tax timing differences that would result in a deferred tax asset of £6,941,387 (2017 restated: £6,512,128) at the balance sheet date. However this deferred tax asset has not been recognised as future UK taxable profits cannot be assured.

8 Investments

| | Group | | Parent Company | |
|-------------------------------------|--------------|------------------|----------------|------------------|
| | 2018 | 2017 restated | 2018 | 2017 restated |
| | £'000 | £'000 | £'000 | £'000 |
| Investments in Limited Partnerships | 7 | 8 | - | - |
| Other Investments | 1,069 | 1,221 | - | - |
| | <u>1,076</u> | <u>1,229</u> | <u>-</u> | <u>-</u> |

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

8 Investments (continued)

Reconciliation of movements

| | Group | | Parent Company | |
|----------------------------|-----------|-------------------|----------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | restated £'000 | £'000 | restated £'000 |
| Investments at cost | | | | |
| 1 January | 18 | 19 | 10 | 10 |
| Additions | 2 | - | - | - |
| Disposals | (2) | (1) | - | - |
| 31 December | 18 | 18 | 10 | 10 |
| Adjustment to fair value | 1,058 | 1,211 | 1,059 | 1,211 |
| Fair value | | | | |
| 31 December | 1,076 | 1,229 | 1,069 | 1,221 |

| | Group | | Parent Company | |
|---------------------------------|--------------|-------------------|----------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | restated £'000 | £'000 | restated £'000 |
| Adjustment to fair value | | | | |
| 1 January | 1,211 | 5 | 1,211 | - |
| Net adjustments | (150) | 1,204 | (152) | 1,211 |
| On disposals | (3) | 2 | - | - |
| 31 December | 1,058 | 1,211 | 1,059 | 1,211 |

Investments in Limited Partnerships relate to capital and loan account contributions to Doughty Hanson & Co V LP No. 2 and Doughty Hanson & Co Technology II LP through DHC (DLP) Limited, a subsidiary undertaking, which is the Designated Limited Partner of both Limited Partnerships.

Other investments represents a holding in M&C Guernsey Limited, the Special Limited Partner in the Fund.

The accounts of the following subsidiaries, which are wholly owned, are included in the consolidated Financial Statements. The details of the subsidiaries are as follows:

DHC (DLP) Limited

This company is registered in England, registration number 06013702, and acts as the Designated Limited Partner in both Doughty Hanson & Co V LP No. 2 and Doughty Hanson & Co Technology II LP No. 2. The registered address is 36 Broadway, London, SW1H 0BH.

Doughty Hanson & Co V Bridgeco Limited

This company is registered in England, registration number 6019290, and arranges borrowing facilities on behalf of the two Limited Partnerships forming Doughty Hanson & Co V. The registered address is 36 Broadway, London, SW1H 0BH.

Other Subsidiaries

The Parent Company has two wholly owned subsidiaries which act as nominees for the two Limited Partnerships constituting the Fund, whose registered addresses are 36 Broadway, London, SW1H 0BH. In accordance with the Companies Act 2006 Section 405 exemption, these subsidiaries are not consolidated as they are considered immaterial. These subsidiaries are as follows:

Doughty Hanson & Co V Nominees One Limited, a company incorporated in England and Wales.

Doughty Hanson & Co V Nominees Two Limited, a company incorporated in England and Wales.

The above nominee companies hold, as nominee, interests in portfolio companies for the beneficial ownership of the Limited Partnerships of the Fund.

Investments held by the Fund are not included in the Parent Company Financial Statements since there are severe long term restrictions over the rights of the General Partner in relation to the Limited Partnerships.

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

9 Debtors

| | Group | | Parent Company | |
|--|---------------|---------------|----------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Amounts owed by fellow subsidiary undertakings | 72,325 | 71,812 | 72,323 | 71,812 |
| Short term loan | - | 23,998 | - | - |
| Amounts owed by related undertaking | <u>268</u> | <u>23</u> | <u>268</u> | <u>23</u> |
| | <u>72,593</u> | <u>95,833</u> | <u>72,591</u> | <u>71,835</u> |

As at 31 December 2018, a short term loan of £nil (2017: £23,997,967) was outstanding in relation to ASCO, a portfolio company of the Fund. This loan was drawn down in order to provide short-term financing for ASCO in anticipation of a full refinancing or exit of the portfolio company and was repaid on 10 May 2018. Interest was chargeable on this loan at EURIBOR +2.25% from 31 October 2017 (previous to this at EURIBOR +2% from 29 April 2016, previous to this at EURIBOR +1.85%) on a 3 month interest period.

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

10 Creditors: amounts falling due within one year

| | Group | | Parent Company | |
|-----------------------------------|---------------|---------------|----------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Trade creditors | - | 2 | - | 2 |
| Accrual and deferred income | 58 | 192 | 58 | 192 |
| Short term loan | - | 23,998 | - | - |
| Amount owed to group undertakings | <u>7</u> | <u>9</u> | <u>-</u> | <u>-</u> |
| | <u>65</u> | <u>24,201</u> | <u>58</u> | <u>194</u> |

As at 31 December 2018, a short term loan of £nil (2017: £23,997,967) was outstanding in relation to ASCO, a portfolio company in the Fund. This loan was drawn down in order to provide short-term financing for ASCO in anticipation of a full refinancing or exit of the portfolio company and was repaid on 10 May 2018. Interest was chargeable on this loan at EURIBOR +2.25% from 31 October 2017 (previous to this at EURIBOR +2% from 29 April 2016, previous to this at EURIBOR +1.85%) on a 3 month interest period.

11 Provisions for liabilities

| | 2018 £'000 | 2017 restated £'000 |
|---------------------------------|---------------|---------------------------|
| Employee retention arrangements | <u>1,059</u> | <u>1,211</u> |
| | <u>1,059</u> | <u>1,211</u> |

Services are provided to the Company by Doughty Hanson & Co Managers Limited, a fellow subsidiary of DHC Limited. Employees of Doughty Hanson & Co Managers Limited have been awarded retention incentive arrangements by the Company that take the form of bonuses.

12 Called up share capital

| | Parent Company | |
|--------------------------------|----------------|------------|
| | 2018 £ | 2017 £ |
| 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> |

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

13 Ultimate parent company

The 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 36 Broadway, London, SW1H 0BH. DHC Limited and all of its subsidiary companies, other than overseas operating companies, are subject to UK Corporation Tax. Overseas operating companies are subject to taxation in Germany, USA and Italy. The financial statements of DHC Limited are not publically available.

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

14 Related Parties

The Parent Company is the General Partner in the two Limited Partnerships constituting the Fund. This entitles the Parent Company to a share of income and capital distributions made in accordance with the Limited Partnership agreements. During the year, the Group received £3,575,601 by way of preferential drawings (2017: £4,968,747).

The Parent Company settles expenses on behalf of the Fund and recharges these to the Fund. During the year £432,579 (2017: £388,311) was recharged in relation to such expenses. At 31 December 2018 £267,697 (2017: £23,064) was due from the Fund.

A management fee of £2,677,993 (2017: £3,880,075) is payable by the Parent Company to Doughty Hanson & Co Managers Limited ("DHCM") in respect of the provision of investment management services provided by DHCM relating to the Fund. This fee is not specifically settled but rather becomes part of the ongoing inter company trading balance between the two group entities on which no interest is payable. At 31 December 2018 a balance of £72,323,023 (2017: £71,811,585) is due from DHCM to the Parent Company.

The principal activity of Doughty Hanson & Co V Bridgeco Limited, a subsidiary undertaking, is to arrange and provide bridging finance for use in investments undertaken by the Fund. Bridging finance arranged for the Fund was guaranteed and repaid by the Fund. Doughty Hanson & Co V Bridgeco Limited received no fees for its services in the year (2017: £nil). Interest payable of £408,732 (2017: £571,726) in relation to these loans was receivable in full from the Fund.

DHC (DLP) Limited, a subsidiary undertaking, is the Designated Limited Partner in Doughty Hanson & Co V LP No. 2. DHC (DLP) Limited has commitments to participate in Doughty Hanson & Co V LP No. 2. During the year £154 (2017: £nil) has been contributed to Doughty Hanson & Co V LP No. 2. As at 31 December 2018 £nil (2017: £nil) is due to Doughty Hanson & Co V LP No. 2. As at 31 December 2018 DHC (DLP) Limited has aggregated uncalled commitments to Doughty Hanson & Co V LP No. 2 of up to £313 (2017: £1,932).

DHC (DLP) Limited is entitled to a share of income and capital distributions made from Doughty Hanson & Co V LP No. 2 in accordance with the Limited Partnership Agreement. During the year, DHC (DLP) Limited received £2,382 by the way of distributions (2017: £573).

DHC (DLP) Limited is the Designated Limited Partner in Doughty Hanson & Co Technology II LP. During the year £1,368 (2017: £nil) has been contributed to Doughty Hanson & Co Technology II LP. As at 31 December 2018 £nil (2017: £nil) is due to Doughty Hanson & Co Technology II LP. As at 31 December 2018 DHC (DLP) Limited has aggregated uncalled commitments to Doughty Hanson & Co Technology II LP of up to £908 (2017: £14).

DHC (DLP) Limited is entitled to a share of income and capital distributions made from Doughty Hanson & Co Technology II LP in accordance with the Limited Partnership Agreement. During the year, DHC (DLP) Limited received £2,882 by the way of distributions (2017: £nil) and realised net losses of £2,316 (2017: £783).

DHC (DLP) Limited's investments and expenses in relation to its role as Designated Limited Partner are funded by the respective General Partner of each Limited Partnership. As at 31 December 2018 £2,977 (2017: £749) is due from Doughty Hanson & Co V Limited. As at 31 December 2018 £7,046 (2017: £8,560) is due to DHCT II Limited. These balances are interest free and repayable on demand.

Doughty Hanson & Co V Limited

Notes to the Financial Statements for the year ended 31 December 2018

15 Financial instruments

| | Group | | Parent Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | restated £'000 | £'000 | restated £'000 |
| Financial assets measured at fair value through profit & loss | | | | |
| Investments in Limited Partnerships | 7 | 8 | - | - |
| Other Investments | <u>1,069</u> | <u>1,221</u> | <u>1,069</u> | <u>1,221</u> |
| | <u>1,076</u> | <u>1,229</u> | <u>1,069</u> | <u>1,221</u> |
| Financial assets measured at amortised cost | | | | |
| Amounts owed by fellow subsidiary undertakings | 72,325 | 71,812 | 72,323 | 71,812 |
| Short term loan | - | 23,998 | - | - |
| Amounts owed by related undertaking | <u>268</u> | <u>23</u> | <u>268</u> | <u>23</u> |
| | <u>72,593</u> | <u>95,833</u> | <u>72,591</u> | <u>71,835</u> |
| Financial liabilities measured at amortised cost | | | | |
| Trade creditors | - | 2 | - | 2 |
| Accruals | 58 | 192 | 58 | 192 |
| Short term loan | - | 23,998 | - | - |
| Amounts owed to fellow subsidiary undertakings | <u>7</u> | <u>9</u> | <u>-</u> | <u>-</u> |
| | <u>65</u> | <u>24,201</u> | <u>58</u> | <u>194</u> |

Financial assets measured at fair value through profit & loss

The fair value of investments are estimated with reference to the International Private Equity and Venture Capital Valuation Guidelines. This valuation methodology is consistent with that which is used by the respective Limited Partnerships and is presented to investors.

Investments in Limited Partnerships and Other Investments

Liquidity risk

The assets are illiquid. However this is not reflected in the investment valuations when compared with publically traded comparable companies as the investments can be held until a suitable buyer is identified.

Market risk

The assets are held in a limited number of investments and those investments may be concentrated in a particular industry or geographical region. A consequence of this concentration is that performance may be more favourable or unfavourably affected by the performance of individual investments, industries or regions.

Credit risk

Within the investee fund portfolio companies themselves levels of credit risk are dependent on the type and concentration of customers. This is managed by the executive management and further reviewed by the respective investment committees.