

# **DOUGHTY HANSON & CO V LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 DECEMBER 2017**



Registered in England and Wales No. 06003237  
Registered address 45 Pall Mall, London, SW1Y 5JG

# **Doughty Hanson & Co V Limited**

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

### **Contents**

	<u>Page(s)</u>
Strategic Report	3 - 4
Directors' Report	5 - 6
Independent Auditors' Report	7 - 9
Consolidated Profit and Loss Account	10
Consolidated Balance Sheet	11
Parent Company Balance Sheet	12
Consolidated Cash Flow Statement	13
Statements of Changes in Equity	14
Notes to the Financial Statements	15 - 26

# Doughty Hanson & Co V Limited

## Strategic Report

### Business review

The principal activity of the Parent Company Doughty Hanson & Co V Limited 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, is to provide bridging finance for use in investments made by the Fund. 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.

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](http://www.dhpep.com), outlines activities throughout the portfolio of investments and again 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 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 £2,371,000 (2016: £3,367,000).

No dividend was paid or proposed.

The Group's net assets at 31 December 2017 are £72,736,000 (2016: £70,365,000). The Directors are satisfied with the 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:

A handwritten signature in black ink, appearing to be 'R. N. Lund', with a long, wavy horizontal line extending to the right.

R. N. Lund  
Director  
22 March 2018

Registered Office:  
45 Pall Mall  
London  
SW1Y 5JG

# **Doughty Hanson & Co V Limited**

## **Directors' Report**

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

### **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  
G. D. Stening

### **Risk Management**

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

# Doughty Hanson & Co V 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 year. Under that law, the Directors have prepared the Financial Statements in accordance applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 of the profit or loss of the Group 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 and the Group 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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.

### Statement of Disclosure of Information to Auditors

So far as each Director is aware, there is no relevant audit information of which the Group'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

# **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 2017 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 Balance Sheet and Parent Company Balance Sheet as at 31 December 2017; the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement and the 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**

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 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.

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.

#### **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.

# **Doughty Hanson & Co V Limited**

## **Independent Auditors' Report to the members of Doughty Hanson & Co V 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 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 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 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 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.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.



# **Doughty Hanson & Co V Limited**

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

### **Use of this report**

This report, including the opinions, has been prepared for and only for the parent 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.

### **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 G Hill (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
22 March 2018

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

**Consolidated Profit and Loss Account**

**For the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Continuing Operations</b>			
<b>Turnover</b>			
Income from Limited Partnerships	2	4,969	13,098
Fair value adjustments on investments		1,079	(4)
Administrative expenses		<u>(3,677)</u>	<u>(9,727)</u>
<b>Operating profit</b>		<b>2,371</b>	<b>3,367</b>
Interest payable and similar charges	6	(572)	(574)
Interest receivable and similar income	6	<u>572</u>	<u>574</u>
<b>Profit before taxation</b>	<b>3</b>	<b>2,371</b>	<b>3,367</b>
Taxation	7	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		<u><b>2,371</b></u>	<u><b>3,367</b></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 prepared its own Profit and Loss account.

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

**Consolidated Balance Sheet as at 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Investments	8	<u>1,104</u>	<u>25</u>
<b>Current assets</b>			
Debtors	9	95,833	94,226
Cash and cash equivalents		<u>-</u>	<u>-</u>
		95,833	94,226
<b>Creditors: amounts falling due within one year</b>	10	<u>(24,201)</u>	<u>(23,886)</u>
<b>Net current assets</b>		<u>71,632</u>	<u>70,340</u>
<b>Total assets less current liabilities</b>		72,736	70,365
<b>Provisions for liabilities</b>		<u>-</u>	<u>-</u>
<b>Net assets</b>		<u><u>72,736</u></u>	<u><u>70,365</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account		<u>72,736</u>	<u>70,365</u>
<b>Total shareholders' funds</b>		<u><u>72,736</u></u>	<u><u>70,365</u></u>

The Financial Statements on pages 10 to 26 were approved by the board of Directors on 22 March 2018 and were signed on its behalf by:



R. N. Lund  
Director

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

**Parent Company Balance Sheet as at 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Investments	8	<u>1,096</u>	<u>10</u>
<b>Current assets</b>			
Debtors	9	71,835	70,534
Cash and cash equivalents		<u>-</u>	<u>-</u>
		71,835	70,534
<b>Creditors: amounts falling due within one year</b>	10	<u>(194)</u>	<u>(186)</u>
<b>Net current assets</b>		<u>71,641</u>	<u>70,348</u>
<b>Total assets less current liabilities</b>		72,737	70,358
<b>Provisions for liabilities</b>		<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>72,737</u>	<u>70,358</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account		<u>72,737</u>	<u>70,358</u>
<b>Total shareholders' funds</b>		<u>72,737</u>	<u>70,358</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 £2,379,000 (2016: £3,370,000) is dealt with in the Financial Statements of the Parent Company.

The Financial Statements on pages 10 to 26 were approved by the board of Directors on 22 March 2018 and were signed on its behalf by:



R. N. Lund  
Director

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

**Consolidated Cash Flow Statement**

**For the year ended 31 December 2017**

Note	2017 £'000	2016 £'000
<b>Profit for the financial year</b>	<b>2,371</b>	<b>3,367</b>
Taxation	-	-
Interest receivable and similar income	(572)	(574)
Interest payable and similar charges	<u>572</u>	<u>574</u>
<b>Operating profit for the financial year</b>	<b>2,371</b>	<b>3,367</b>
Adjustments for:		
Increase in debtors	(1,607)	(4,330)
Increase in creditors, accruals and deferred income	315	959
(Decrease) / increase in fair value of fixed asset investments	(1,079)	4
Loss on disposal of fixed asset investments	<u>-</u>	<u>-</u>
<b>Net cash from operating activities</b>	<u>-</u>	<u>-</u>
<b>Net cash from investing activities</b>	<u>-</u>	<u>-</u>
<b>Net cash from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>-</u>	<u>-</u>

There are no cash movements in relation to the arrangement of bridging finance, all interest payments are made by 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.

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

**Statements of Changes in Equity**

**For the year ended 31 December 2017**

<b>Group</b>	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total shareholders' funds £'000</b>
<b>As at 1 January 2016</b>	-	66,998	66,998
Profit for the financial year	<u>-</u>	<u>3,367</u>	<u>3,367</u>
<b>As at 31 December 2016</b>	-	70,365	70,365
Profit for the financial year	<u>-</u>	<u>2,371</u>	<u>2,371</u>
<b>As at 31 December 2017</b>	<u>-</u>	<u>72,736</u>	<u>72,736</u>

  

<b>Company</b>	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total shareholders' funds £'000</b>
<b>As at 1 January 2016</b>	-	66,988	66,988
Profit for the financial year	<u>-</u>	<u>3,370</u>	<u>3,370</u>
<b>As at 31 December 2016</b>	-	70,358	70,358
Profit for the financial year	<u>-</u>	<u>2,379</u>	<u>2,379</u>
<b>As at 31 December 2017</b>	<u>-</u>	<u>72,737</u>	<u>72,737</u>

# Doughty Hanson & Co V Limited

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

### 1 Accounting policies

#### General information

The principal activity of the Parent Company Doughty Hanson & Co V Limited 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, is to provide bridging finance for use in investments made by the Fund. 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 Company is a private company limited by shares and is incorporated in England & Wales, registration number

#### 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.

#### 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 estimated using an earnings multiple valuation model. A key assumption used in the model is the price earnings multiple which is determined by reference to the price earnings multiple of similar quoted companies. This valuation methodology is consistent with that which is used by the respective Funds and is presented to investors.

#### Limited Partnerships and Investments

As at 31 December 2017, 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 companies 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 2017**

### **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 2017. 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 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.



# Doughty Hanson & Co V Limited

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

### 1 Accounting policies (continued)

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.

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.

# Doughty Hanson & Co V Limited

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

### 1 Accounting policies (continued)

#### Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### Fair value of investments

The fair value of investments in Special Limited Partners "SLP" is derived from the SLP's calculated interest in Doughty Hanson & Co IV at the balance sheet date. The valuation of Doughty Hanson & Co IV is estimated using an earnings multiple valuation model. A key assumption used in the model is the price earnings multiple which is determined by reference to the price earnings multiple of similar quoted companies. This valuation methodology is consistent with that which is used by the respective Funds and is presented to investors.

#### Loans

The principal activity of Doughty Hanson & Co V Bridgeco Limited, a subsidiary undertaking consolidated in these Financial Statements, is to arrange and provide bridging finance for use in investments undertaken by Doughty Hanson & Co V (the "Fund"). 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 Doughty Hanson & Co V. 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 Doughty Hanson & Co V the liability and corresponding debtor from Doughty Hanson & Co V is recognised on the Company's balance sheet. On all loans relating to bridging finance taken out by Doughty Hanson & Co V, 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 Doughty Hanson & Co V.

	2017 £'000	2016 £'000
Income from Limited Partnerships	<u>4,969</u>	<u>13,098</u>

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

# Doughty Hanson & Co V Limited

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

### 2 Turnover (continued)

During the year there were outstanding loans relating to ASCO and LM, portfolio companies in the Fund. The loans relating to ASCO are reflected in the Balance Sheet of the Group as they were drawn down in order to provide a short-term financing requirement pending an exit or refinancing of the portfolio companies. The loans relating to LM were repaid on 24 April 2017.

All loans are secured by the undrawn commitments of Doughty Hanson & Co V. Furthermore Doughty Hanson & Co V acts as a principal guarantor to the bank under a Guarantee and Indemnity agreement.

### 3 Profit before taxation

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

	2017 £'000	2016 £'000
Services provided by the 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	3,880	10,111
<b>Financial assets measured at fair value through profit &amp; loss</b>		
Changes in fair value of fixed asset investments	(1,079)	4

### 4 Employee information

There were no employees of the Group during the year (2016: nil). Services are provided to the Group 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	1	1
	<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 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.

# Doughty Hanson & Co V Limited

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

### 6 Net interest and similar income

	2017 £'000	2016 £'000
<b>Interest received and similar income</b>		
<b>Financial assets measured at amortised cost</b>		
Interest on arrangement of bridging finance	<u>572</u>	<u>574</u>
Total interest receivable and similar income	<u><u>572</u></u>	<u><u>574</u></u>
<b>Interest payable and similar charges</b>		
<b>Financial liabilities measured at amortised cost</b>		
Interest on arrangement of bridging finance	<u>(572)</u>	<u>(574)</u>
Total interest payable and similar charges	<u><u>(572)</u></u>	<u><u>(574)</u></u>

### 7 Taxation

	2017 £'000	2016 £'000
<b>Current tax:</b>		
UK Corporation tax	-	-
Adjustments in respect of prior years	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>		
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit	<u><u>-</u></u>	<u><u>-</u></u>
<b>Reconciliation of tax charge</b>		

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:

Profit before tax	<u>2,371</u>	<u>3,367</u>
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19.25% (2016: 20%)	<u>456</u>	<u>673</u>
Timing differences not recognised	2,515	-
(Utilised) / unutilised losses not recognised	(718)	583
Permanent differences	(2,253)	(2,618)
Group relief surrendered	<u>-</u>	<u>1,362</u>
Tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

# Doughty Hanson & Co V Limited

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

### 7 Taxation (continued)

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 6 April 2017. Accordingly the Group'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 Group has experienced tax timing differences that would result in a deferred tax asset of £6,305,750 (2016: £7,671,798) 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		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Investments in Limited Partnerships	8	15	-	-
Other Investments	<u>1,096</u>	<u>10</u>	<u>1,096</u>	<u>10</u>
	<u>1,104</u>	<u>25</u>	<u>1,096</u>	<u>10</u>

#### Reconciliation of movements

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Investments at cost</b>				
1 January	20	20	10	10
Additions	-	-	-	-
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31 December</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>10</b>
Adjustment to fair value	<u>1,084</u>	<u>5</u>	<u>1,086</u>	<u>-</u>
<b>Fair value</b>				
31 December	<u>1,104</u>	<u>25</u>	<u>1,096</u>	<u>10</u>

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Adjustment to fair value</b>				
1 January	5	9	-	-
Net adjustments	1,079	(4)	1,086	-
On disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31 December</b>	<b>1,084</b>	<b>5</b>	<b>1,086</b>	<b>-</b>

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:

# Doughty Hanson & Co V Limited

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

### 8 Investments (continued)

#### 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 Limited Partnership No. 2 and Doughty Hanson & Co Technology II Limited Partnership No. 2. The registered address is 45 Pall Mall, London, SW1Y 5JG.

#### Doughty Hanson & Co V Bridgeco Limited

This company is registered in England, registration number 6019290, and arranges borrowing facilities on behalf of the Limited Partnerships forming Doughty Hanson & Co V. The registered address is 45 Pall Mall, London, SW1Y 5JG.

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 to both Funds.

Other investments represents a holding in M&C Guernsey Limited, the Special Limited Partner in Doughty Hanson & Co V.

The Parent Company has two wholly owned subsidiaries which act as nominees for the two Limited Partnerships constituting Doughty Hanson & Co V, whose registered addresses are 45 Pall Mall, London, SW1Y 5JG. The Parent Company owned 100% of the following subsidiaries during the year. 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 a number of companies for the beneficial ownership of the Limited Partnerships of Doughty Hanson & Co V together with the co-investment vehicles (collectively "Fund V").

Investments held by Fund V 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.

### 9 Debtors

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Amounts owed by fellow subsidiary undertakings	71,812	64,192	71,812	64,192
Short term loan	23,998	23,692	-	-
Amounts owed by related undertaking	23	6,342	23	6,342
	<u>95,833</u>	<u>94,226</u>	<u>71,835</u>	<u>70,534</u>

As at 31 December 2017, a short term loan of £23,997,967 (2016: £23,432,897) was outstanding in relation to ASCO, a portfolio company in Doughty Hanson & Co V. This loan was reflected in the balance sheet of the Group as it was drawn down in order to provide short-term financing for ASCO pending a full refinancing or exit of the portfolio company. Interest is 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

# Doughty Hanson & Co V Limited

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

### 9 Debtors (continued)

As at 31 December 2017, a short term loan of £nil (2016: £258,793) was outstanding in relation to LM, a portfolio company in Doughty Hanson & Co V. This loan was drawn down in order to provide short-term financing for LM pending exit of the portfolio company and was repaid on 24 April 2017. Interest was chargeable on this loan at EURIBOR +2% 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		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	2	2	2	2
Accruals and deferred income	192	184	192	184
Short term loan	23,998	23,692	-	-
Amount owed to group undertakings	9	8	-	-
	<u>24,201</u>	<u>23,886</u>	<u>194</u>	<u>186</u>

As at 31 December 2017, a short term loan of £23,997,967 (2016: £23,432,897) was outstanding in relation to ASCO, a portfolio company in Doughty Hanson & Co V. This loan was reflected in the balance sheet of the Group as it was drawn down in order to provide short-term financing for ASCO pending a full refinancing or exit of the portfolio company. Interest is 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

As at 31 December 2017, a short term loan of £nil (2016: £258,793) was outstanding in relation to LM, a portfolio company in Doughty Hanson & Co V. This loan was drawn down in order to provide short-term financing for LM pending exit of the portfolio company and was repaid on 24 April 2017. Interest was chargeable on this loan at EURIBOR +2% on a 3 month interest period.

### 11 Called up share capital

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

### 12 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 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 companies 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.

### 13 Related Parties

The Parent Company is the General Partner in the two Limited Partnerships constituting Doughty Hanson & Co V (the "Fund"). This entitles the Company to a share of income and capital distributions made in accordance with the Limited Partnership agreements. During the year, the Group received £4,968,747 by way of preferential drawings (2016: £13,097,682).

The Parent Company settles expenses on behalf of the Fund and recharges these to the Fund. During the year £388,311 (2016: £688,075) has been recharged in relation to such expenses. At 31 December 2017 £23,064 (2016: £219,047) was due from the Fund.

A management fee of £3,880,075 (2016: £10,110,584) is payable by the Parent 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 inter company trading balance between the two group entities on which no interest is payable. At 31 December 2017 a balance of £71,811,585 (2016: £64,191,613) is due from Doughty Hanson & Co Managers Limited.

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 Funds administered by the Doughty Hanson & Co Group. Doughty Hanson & Co V Bridgeco Limited takes out loans in respect of Doughty Hanson & Co V. These are guaranteed and repaid by the Fund. Doughty Hanson & Co V Bridgeco Limited received no fees for its services in the year (2016: £nil). Interest payable of £571,726 (2016: £573,569) in relation to these loans was receivable in full from Doughty Hanson & Co V.

DHC (DLP) Limited, a subsidiary undertaking, is the Designated Limited Partner in the Doughty Hanson & Co V Limited Partnerships. DHC (DLP) Limited has commitments to participate in Doughty Hanson & Co V. During the year £nil (2016: £nil) has been contributed to Doughty Hanson & Co V. As at 31 December 2017 £nil (2016: £nil) is due to Doughty Hanson & Co V. As at 31 December 2017 DHC (DLP) Limited has aggregated uncalled commitments to Doughty Hanson & Co V of up to £1,932 (2016: £1,857).

DHC (DLP) Limited is entitled to a share of income and capital distributions made from Doughty Hanson & Co V in accordance with the Limited Partnership Agreement. During the year, DHC (DLP) Limited received £573 by the way of distributions (2016: £nil)

DHC (DLP) Limited is the Designated Limited Partner in Doughty Hanson & Co Technology II LP. During the year £nil (2016: £157) has been contributed to Doughty Hanson & Co Technology II. As at 31 December 2017 £nil (2016: £nil) is due to Doughty Hanson & Co Technology II LP. As at 31 December 2017 DHC (DLP) Limited has aggregated uncalled commitments to Doughty Hanson & Co Technology II LP of up to £14 (2016: £1).



# Doughty Hanson & Co V Limited

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

### 13 Related Parties (continued)

DHC (DLP) Limited is entitled to a share of income and capital distributions made from Doughty Hanson & Co Technology II in accordance with the Limited Partnership Agreement. During the year, DHC (DLP) Limited received £nil by the way of distributions (2016: £nil) and realised net losses of £783 (2016: £349).

The Company's investments and expenses in relation to its role as Designated Limited Partner are funded by the respective General Partner of each fund. As at 31 December 2017 £749 (2016: £176) is due from Doughty Hanson & Co V Limited. As at 31 December 2017 £8,560 (2016: £8,560) is due to DHCT II Limited. These balances are interest free and repayable on demand.

### 14 Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Financial assets measured at fair value through profit &amp; loss</b>				
Investments in Limited Partnerships	8	15	-	-
Other investments	<u>1,096</u>	<u>10</u>	<u>1,096</u>	<u>10</u>
	<u><b>1,104</b></u>	<u><b>25</b></u>	<u><b>1,096</b></u>	<u><b>10</b></u>
<b>Financial assets measured at amortised cost</b>				
Amounts owed by fellow subsidiary undertakings	71,812	64,192	71,812	64,192
Short term loan	23,998	23,692	-	-
Amounts owed by related undertaking	<u>23</u>	<u>6,342</u>	<u>23</u>	<u>6,342</u>
	<u><b>95,833</b></u>	<u><b>94,226</b></u>	<u><b>71,835</b></u>	<u><b>70,534</b></u>
<b>Financial liabilities measured at amortised cost</b>				
Trade creditors	2	2	2	2
Accruals	192	184	192	184
Short term loan	23,998	23,692	-	-
Amount owed to fellow subsidiary undertakings	<u>9</u>	<u>8</u>	<u>-</u>	<u>-</u>
	<u><b>24,201</b></u>	<u><b>23,886</b></u>	<u><b>194</b></u>	<u><b>186</b></u>

#### Financial assets measured at fair value through profit & loss

The fair value of investments are estimated using earnings multiple valuation models. A key assumption used in these models is the price earnings multiple which is determined by reference to the price earnings multiple of similar quoted companies. This valuation methodology is consistent with that which is used by the respective Funds 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.

# **Doughty Hanson & Co V Limited**

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

### **14 Financial instruments (continued)**

#### **Investments in limited partnerships and other investments (continued)**

##### **Market risk**

The assets are spread across a number of different markets and sectors; hence diversification reduces the market risk in the investment portfolio. Levels of leverage in the investment portfolio companies are relatively conservative in order that market risk is not excessively magnified for the instruments held by the Company.

##### **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 review by the respective investment committees.