

# **DOUGHTY HANSON & CO V BRIDGECO LIMITED**

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

**31 DECEMBER 2016**



Registered In England & Wales No. 06019290  
Registered address 45 Pall Mall, London, SW1Y 5JG

# **DOUGHTY HANSON & CO V BRIDGECO LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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# **DOUGHTY HANSON & CO V BRIDGECO LIMITED**

## **Directors' Report**

The Directors present their Report to the members together with the audited Financial Statements for the year ended 31 December 2016.

### **Business review**

The principal activity of the Company is to arrange and provide bridging finance for use in investments undertaken by the two limited partnerships forming Doughty Hanson & Co V ("the Fund").

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.

### **Strategic Report**

In August 2013 the Department for Business, Innovation & Skills published new narrative reporting regulations amending the Companies Act 2006 requiring entities that do not qualify as small, to include a 'Strategic Report' to replace the Business Review element of the Directors' Report. The Company qualifies as a small company in accordance with the Companies Act 2006 and as such a 'Strategic Report' has not been included within these Financial Statements.

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 8. The Directors do not recommend the payment of a dividend for the year (2015: £nil). The Directors are satisfied with the position of the Company.

### **Liability insurance**

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

### **Directors**

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

R. P. Hanson  
R. N. Lund  
G. D. Stening

# DOUGHTY HANSON & CO V BRIDGECO 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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

### Disclosure of Information to Auditors

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

On behalf of the Board:



R. N. Lund  
Director  
23 March 2017

Registered Office:  
45 Pall Mall  
London  
SW1Y 5JG

# **DOUGHTY HANSON & CO V BRIDGECO LIMITED**

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

### **Report on the Financial Statements**

#### **Our opinion**

In our opinion, Doughty Hanson & Co V Bridgeco Limited's Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Financial Statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

# **DOUGHTY HANSON & CO V BRIDGECO LIMITED**

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

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Entitlement to exemptions**

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

### **Responsibilities for the Financial Statements and the audit**

#### **Our responsibilities and those of the Directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of Financial Statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

## **DOUGHTY HANSON & CO V BRIDGECO LIMITED**

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Andrew G Hill (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 March 2017

**DOUGHTY HANSON & CO V BRIDGECO LIMITED**  
**Registered In England & Wales No. 06019290**

**Profit and Loss Account for the year ended 31 December 2016**

	Note	2016 £'000	2015 £'000
<b>Turnover</b>	2	574	237
Administrative expenses		<u>(574)</u>	<u>(237)</u>
<b>Result on ordinary activities before taxation</b>	3	-	-
Taxation on result on ordinary activities	5	<u>-</u>	<u>-</u>
<b>Result for the financial year</b>		<u><u>-</u></u>	<u><u>-</u></u>

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

**DOUGHTY HANSON & CO V BRIDGECO LIMITED**  
**Registered In England & Wales No. 06019290**

**Balance Sheet as at 31 December 2016**

	Note	2016 £'000	2015 £'000
<b>Current assets</b>			
Debtors	7	23,692	22,859
Creditors: amounts falling due within one year	8	(23,692)	(22,859)
<b>Net-assets</b>		=	=
<b>Capital and Reserves</b>			
Called up share capital	9	-	-
Profit and loss account		=	=
<b>Total shareholders' funds</b>		=	=

The Financial Statements on pages 8 to 14 were approved by the Board of Directors on 23 March 2017 and were signed on its behalf by:



R. N. Lund  
Director

**DOUGHTY HANSON & CO V BRIDGECO LIMITED**  
**Registered In England & Wales No. 06019290**

**Statement of Changes in Equity**

**For the year ended 31 December 2016**

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
<b>As at 1 January 2015</b>	100	-	100
Result for the financial year	—	—	—
<b>As at 31 December 2015</b>	<b>100</b>	<b>-</b>	<b>100</b>
Result for the financial year	—	—	—
<b>As at 31 December 2016</b>	<b><u>100</u></b>	<b><u>—</u></b>	<b><u>100</u></b>

# **DOUGHTY HANSON & CO V BRIDGECO LIMITED**

## **Notes to the Financial Statements for the year ended 31 December 2016**

### **1 Accounting Policies**

#### **General information**

The principal activity of the Company is to arrange and provide bridging finance for use in investments undertaken by the two limited partnerships forming Doughty Hanson & Co V ("the Fund").

The Company is incorporated in England & Wales, registration number 06019290.

#### **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.

#### **Revenue Recognition**

Fee income, which excludes value added tax, represents the value of services supplied accounted for on an accruals basis.

#### **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.

#### **Loans**

The principal activity of the Company 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 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 as turnover and interest payable is presented as administrative expenses.

# DOUGHTY HANSON & CO V BRIDGECO LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

### 2 Turnover

Turnover represents interest receivable on bridging finance for use in investments undertaken by the two limited partnerships forming Doughty Hanson & Co V.

During the year loans were outstanding relating to ASCO and LM, portfolio companies in the Fund. The loans in relation to ASCO and LM were reflected in the Balance Sheet of the Company, during the period for which they were outstanding, as they were drawn down in order to provide financing for a short-term financing requirement pending an exit or refinancing of the portfolio company.

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

### 3 Result on ordinary activities before taxation

The Company's fee payable for the audit for the year ended 31 December 2016 is £1,000 (2015: £1,134). This fee is met by a fellow subsidiary undertaking, Doughty Hanson & Co Managers Limited, and is not recharged to the Company.

### 4 Employee information

There were no employees of the Company during the year (2015: nil).

### 5 Taxation

There is no taxable income in the company for the current or previous year and there will not be any for the foreseeable future.

### 6 Directors' emoluments

The emoluments of the Directors are paid by the parent company or a fellow subsidiary which makes no recharge to the Company. The Directors are also directors of the parent company and a number of fellow subsidiaries and for disclosure purposes an apportionment of Directors' emoluments is made to each company in the Group based on services provided. The services provided to the Company are deemed to be immaterial in the context of Directors' emoluments as a whole and therefore the above details include no emoluments in respect of the Directors.

### 7 Debtors

	2016 £'000	2015 £'000
Short term loan	23,692	22,859
Amount owed by group undertaking	-	-
	<u>23,692</u>	<u>22,859</u>

As at 31 December 2016, a short term loan of £23,432,897 (2015: £22,858,690) was outstanding in relation to ASCO, a portfolio company in Doughty Hanson & Co V. This loan was reflected in the balance sheet of the Company 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% from 29 April 2016 (previous to this at EURIBOR +1.85%) on a 3 month interest period. The loan expires on 29 April 2017.

# DOUGHTY HANSON & CO V BRIDGECO LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

### 7 Debtors (continued)

As at 31 December 2016, a short term loan of 258,793 (2015: £nil) was outstanding in relation to LM, a portfolio company in Doughty Hanson & Co V. This loan was reflected in the balance sheet of the Company as it was drawn down in order to provide short-term financing for LM pending exit of the portfolio company. Interest is chargeable on this loan at EURIBOR +2% on a 3 month interest period. The loan expires on 28 April 2017.

Amounts owed of £100 (2015: £100) by group undertaking, Doughty Hanson & Co V Limited are interest free and payable on demand.

### 8 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Short term loan	<u>23,692</u>	<u>22,859</u>

As at 31 December 2016, a short term loan of £23,432,897 (2015: £22,858,690) was outstanding in relation to ASCO, a portfolio company in Doughty Hanson & Co V. This loan was reflected in the balance sheet of the Company 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% from 29 April 2016 (previous to this at EURIBOR +1.85%) on a 3 month interest period. The loan expires on 29 April 2017.

As at 31 December 2016, a short term loan of £258,793 (2015: £nil) was outstanding in relation to LM, a portfolio company in Doughty Hanson & Co V. This loan was reflected in the balance sheet of the Company as it was drawn down in order to provide short-term financing for LM pending exit of the portfolio company. Interest is chargeable on this loan at EURIBOR +2% on a 3 month interest period. The loan expires on 28 April 2017.

### 9 Called up share capital

	2016 £	2015 £
<b>Authorised</b>		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and issued</b>		
1 Ordinary Share of £1 each	<u>100</u>	<u>100</u>

### 10 Cash Flow

There were no cash flows for the year ended 31 December 2016 (2015: £nil).

There are no cash movements in relation to the arrangement of bridging finance. Cash in relation to short term bridging loans, including the £23,691,690 outstanding as at 31 December 2016 (2015: £22,858,690) is settled directly between the bank and Doughty Hanson & Co V. All interest payments are made by Doughty Hanson & Co V directly to the bank (see note 1).

All other payments are made by a fellow subsidiary undertaking and settled via an intercompany payable. All other receipts are also received by a fellow subsidiary undertaking and settled via an intercompany receivable.

# DOUGHTY HANSON & CO V BRIDGECO LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

### 11 Ultimate parent company

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

The smallest group to consolidate these Financial Statements is Doughty Hanson & Co V Limited, registered in England and Wales.

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

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

### 12 Related party transactions

The principal activity of the Company is to arrange and provide finance for use in investments undertaken by the two limited partnerships forming Doughty Hanson & Co V. Any bridging finance arranged for the Fund is guaranteed and repaid by Doughty Hanson & Co V. The Company received no fees for its services in the year (2015: £nil). Interest payable of £573,569 (2015: £237,455) in relation to loans arranged during the year was matched by interest receivable in full from the Fund.

At 31 December 2016 a balance of £100 (2015: £100) was owed by Doughty Hanson & Co V Limited.

### 13 Financial Instruments

	2016 £'000	2016 £'000	2015 £'000	2015 £'000
<b>Financial assets measured at amortised cost</b>				
Amount owed by fellow subsidiary undertakings	<u>23,692</u>	<u>23,692</u>	<u>22,859</u>	<u>22,859</u>
<b>Financial liabilities measured at amortised cost</b>				
Amount due to fellow subsidiary undertakings	<u>(23,692)</u>	<u>(23,692)</u>	<u>(22,859)</u>	<u>(22,859)</u>

#### 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 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.