

DHCT II LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2021



Registered In England & Wales No. 06575630
Registered Address: Thorpe Cloud, Hollybush Ride, Windlesham, England, GU20 6PQ

DHCT II Limited

Annual Report and Financial Statements for the year ended 31 December 2021

CONTENTS

	<u>Page(s)</u>
Directors' Report	3 – 5
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 – 15

DHCT II Limited

Directors' Report

The Directors present their Report to the member together with the Financial Statements for the year to 31 December 2021.

Business review

The principal activity of DHCT II Limited (the "Company") is, and will continue to be, to act as General Partner of the Limited Partnership forming Doughty Hanson & Co Technology II LP (in dissolution) (the "Fund").

As at 31 December 2021, the Fund still retained holdings in three portfolio companies which are being managed by Doughty Hanson & Co Managers Limited in its role as liquidating trustee. The Fund continues to seek opportunities to realise these holdings as part of completing the orderly winding up of the Fund.

It is the intention of the Company that as soon as the Fund has been fully wound up the Company will be dissolved by way of strike off or solvent liquidation. Due to this intention to wind up as soon as possible these Financial Statements have been prepared on a basis other than going concern.

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

Strategic Report

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

Results and dividends

The results for the year are set out in the profit and loss account on page 6. No dividends were proposed or paid during the financial year (2020: £nil). Given the nature of the Company's business, the Directors are satisfied with the financial position of the Company.

Liability insurance

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

Directors

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

R. P. Hanson
G. D. Stening
J. M. Bradshaw
P. R. Kruppa (resigned 8 October)

DHCT II Limited

Directors' Report (continued)

Principal risks and uncertainties

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

Legal and regulatory risk

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

Operational risk

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

Risks arising from coronavirus

The global outbreak of the coronavirus ("COVID-19") in Q1 2020 continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets due to quarantines and restrictions on movement, although such restrictions have currently all been removed in the United Kingdom. The invasion by Russia of Ukraine has also adversely impacted global commercial activity and contributed to volatility in financial markets. As a result of both situations, there has been disruption in global supply chains, adversely impacting a number of industries, as well as giving rise to general concern and uncertainty. Covid-19 and the invasion of the Ukraine could have a continued adverse impact on economic and market conditions and trigger a period of slower global economic growth. The rapid development and fluidity of both situations preclude any prediction as to the ultimate adverse impact, although the introduction of vaccine programs in 2021 is clearly encouraging in respect of Covid-19.

The Group reviewed its continuity and contingency planning in October 2021. Staff have been continuing to work a mixture of in the office and at home, and this arrangement continues to work satisfactorily.

DHCT II Limited

Directors' Report (continued)

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

On behalf of the Board:



G. D. Stening
Director
22 September 2022

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

DHCT II Limited
Registered In England & Wales No. 06575630

Profit and Loss Account

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover			
Income from Limited Partnership	2	~	398
Administrative expenses		~	<u>(398)</u>
Operating profit		<u>—</u>	<u>—</u>
Profit before taxation	3	-	-
Taxation	6	<u>—</u>	<u>—</u>
Profit for the financial year		<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.

DHCT II Limited
Registered In England & Wales No. 06575630

Balance Sheet as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	7	-	-
Current assets			
Debtors	8	-	-
Cash at bank and in hand		-	-
Creditors: amounts falling due within one year	9	-	-
Net current assets		-	-
Total assets less current liabilities		-	-
Net assets		-	-
Capital and reserves			
Called-up share capital	10	-	-
Profit and loss account		-	-
Total shareholder's funds		-	-

For the year ending 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

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

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The Financial Statements on pages 6 to 15 were approved by the board of Directors on 22 September 2022 and were signed on its behalf by:



G. D. Stening
Director

DHCT II Limited
Registered In England & Wales No. 06575630

Cash Flow Statement

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit for the financial year	-	-
Tax on profit on ordinary activities	—	—
Operating profit for the financial year	-	-
Adjustments for:		
Decrease in debtors	-	-
Waiver of amounts due from fellow subsidiary undertaking	-	-
Decrease in creditors, accruals and deferred income	—	—
Cash flows from operating activities	—	—
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	—	—

DHCT II Limited
Registered In England & Wales No. 06575630

Statement of Changes in Equity

For the year ended 31 December 2021

	Called up share capital	Profit and loss account	Total Shareholder's funds
	£'000	£'000	£'000
As at 1 January 2020	-	-	-
Profit for the financial year	-	-	-
As at 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>
Result for the financial year	-	-	-
As at 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>

DHCT II Limited

Notes to the Financial Statements for the year ended 31 December 2021

1 Accounting policies

General information

The principal activity of the Company is, and will continue to be, to act as General Partner of the Limited Partnership forming Doughty Hanson & Co Technology II LP (in dissolution) (the "Fund").

The Company is incorporated in England & Wales, registration number 06575630.

Statement of compliance

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

Basis of accounting

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

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

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

Going Concern

As at 31 December 2021, the Fund still retained holdings in three portfolio companies which are being managed by Doughty Hanson & Co Managers Limited in its role as liquidating trustee. The Fund continues to seek opportunities to realise these holdings as part of completing the orderly winding up of the Fund.

It is the intention of the Company that as soon as the Fund has been fully wound up the Company will be dissolved by way of strike off or solvent liquidation. Due to this intention to wind up as soon as possible these Financial Statements have been prepared on a basis other than going concern.

Fixed asset investments

Investments are measured at fair value.

Limited Partnerships and Investments

As at 31 December 2021, the Company acts as the General Partner for a private equity Limited Partnership in which the Company has a small participating interest. Investments held through the Limited Partnership are made with the express intention of capital appreciation.

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

As at 31 December 2021, the Company has no liabilities and does not anticipate any future obligations.

DHCT II Limited

Notes to the Financial Statements for the year ended 31 December 2021

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.

Income recognition

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

Preferential drawings

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

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.

2 Turnover

All turnover is generated in the UK through management of alternative investment funds. Income from Limited Partnership represents preferential drawings from the Limited Partnership constituting the Fund.

	2021 £'000	2020 £'000
Income from Limited Partnership	=	<u>398</u>

DHCT II Limited

Notes to the Financial Statements for the year ended 31 December 2021

3 Profit on ordinary activities before taxation

	2021	2020
	£'000	£'000

Profit on ordinary activities before taxation is stated after charging:

Services provided by the Company's auditors:

Fees payable for the audit	-	16
Fees payable for other services – tax advisory	-	1
Management fee charged by Doughty Hanson & Co Managers Limited	-	398

In 2021 the Audit and Tax Fees for the Company were borne by Doughty Hanson & Co Managers Limited.

4 Employee information

There were no employees of the Company during the year (2020: nil). Services are provided to the Company by Doughty Hanson & Co Managers Limited, a fellow subsidiary.

5 Directors' emoluments

	2021	2020
	£'000	£'000

Directors' emoluments (excluding pension contributions)	40	24
Pension contributions	-	-
	<u>40</u>	<u>24</u>

As at 31 December 2021 retirement benefits are accruing under defined contribution schemes for no Directors (2020: 1 Director).

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/or a number of fellow subsidiaries and for disclosure purposes an apportionment of Directors' emoluments is made to the Company based on services provided.

DHCT II Limited

Notes to the Financial Statements for the year ended 31 December 2021

6 Taxation

	2021 £'000	2020 £'000
Tax charge included in profit and loss		
Current tax:		
UK Corporation tax	—	—
Total current tax	—	—
Deferred tax (note 10):		
Current year losses	-	-
Short term timing differences	-	-
Prior year adjustment	-	-
Effect of change in tax rate	-	-
Effect of foreign exchange movements	—	—
Total deferred tax	—	—
Tax credit on profit on ordinary activities	—	—

Reconciliation of tax charge

Tax assessed for the year is the same as the standard rate of United Kingdom corporation tax of 19% (2020: 19%). The differences are explained below.

	2021 £'000	2020 £'000
Profit before taxation	—	—
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	-	-
Timing differences	-	(1)
Permanent differences	-	(1)
Group relief receivable	-	-
Net unutilised tax losses – not recognised	-	2
Unrecognised brought forward losses utilised	—	—
Tax credit for the year	—	—

The standard rate of Corporation Tax in the UK has remained 19% since 6 April 2017. Accordingly, the Company's profit/losses for the year are taxed at a rate of 19%. The relevant deferred tax balances have been measured at a rate of 19%, being the effective rate for the year ended 31 December 2021.

The Company has experienced tax timing differences that would result in a deferred tax asset of £nil (2020: £1,768) at the balance sheet date.

DHCT II Limited

Notes to the Financial Statements for the year ended 31 December 2021

7 Investments

The Company owns 100% of the following subsidiary. In accordance with the Companies Act 2006 Section 405 exemption, this subsidiary is not consolidated as it is considered immaterial:

DHCT II Nominees Limited, incorporated in England & Wales. The registered address is Thorpe Cloud, Hollybush Ride, Windlesham, England, GU20 6PQ.

The above nominee company holds, as nominee, interests in a number of companies for the beneficial ownership of Doughty Hanson & Co Technology II LP (in dissolution) (the "DHCT II Fund").

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

8 Debtors

	2021 £'000	2020 £'000
Amounts due from fellow subsidiary undertakings	-	-
Amounts due from related undertaking	-	-
	<u>-</u>	<u>-</u>

9 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Accruals and deferred income	<u>-</u>	<u>-</u>

10 Called up share capital

	2021 £	2020 £
Authorised		
100 (2020: 100) Ordinary Shares of £1	<u>100</u>	<u>100</u>
Allotted, called up and issued		
100 (2020: 100) Ordinary Shares of £1	<u>100</u>	<u>100</u>

11 Ultimate parent company

The immediate and ultimate parent undertaking is DHC Limited, which is the parent undertaking of the largest group to consolidate these Financial Statements. DHC Limited is registered in the Cayman Islands and trades from Golden Cross House, 8 Duncannon Street, London, England, WC2N 4JF. DHC Limited and all of its subsidiary companies, other than overseas operating companies, are subject to UK Corporation Tax. Overseas operating subsidiaries, which are all now liquidated or in liquidation, are subject to taxation in Germany, USA, and Italy. The financial statements of DHC Limited are not publicly available.

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

Key management services are provided by DHC Limited or a fellow subsidiary undertaking; see note 4

DHCT II Limited

Notes to the Financial Statements for the year ended 31 December 2021

12 Related Parties

The Company is the General Partner in the Limited Partnership constituting the Fund. This entitles the Company to a share of income and capital distributions made in accordance with the Limited Partnership Agreement. During the year, £nil (2020: £397,605) was receivable by the Company by way of preferential drawings. At 31 December 2021 £nil (2020: £nil) was due from the Fund in relation to preferential drawings.

A management fee of £nil (2020: £399,480) is payable by the Company to Doughty Hanson & Co Managers Limited in respect of the provision of investment management services relating to the Fund. This balance is not specifically settled and becomes part of the ongoing intercompany trading balance between the two group entities on which no interest is payable. At 31 December 2021 a balance of £nil (2020: £nil) is due from Doughty Hanson & Co Managers Limited.

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

13 Financial instruments

	2021 £'000	2020 £'000
Financial assets measured at amortised cost		
Amounts due from fellow subsidiary undertakings	-	-
Amounts due from related undertaking	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Financial liabilities measured at amortised cost		
Accruals and deferred income	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>