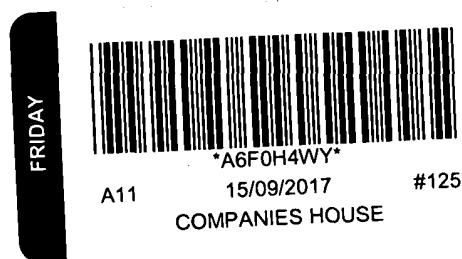


DOUGHTY HANSON & CO. INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2016



Registered in England & Wales No. 06674290
Registered address 45 Pall Mall, London, SW1Y 5JG

Doughty Hanson & Co. Investments Limited

Annual Report and Financial Statements for the year ended 31 December 2016

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Doughty Hanson & Co. Investments Limited

Directors' Report

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

Business review

The principal activity of the Company is to hold investments in Doughty Hanson & Co Funds' portfolio companies on behalf of the DHC Limited Group for a variety of short and long term investment purposes.

Despite the challenges presented by the current financial and economic outlook, the Directors expect the performance of the Company to remain resilient.

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 2014 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).

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 signing the Financial Statements were as follows:

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

Doughty Hanson & Co. Investments Limited

Directors' Report (continued)

Principal risks and uncertainties

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

Financial risk

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

Exchange risk arises due to currency differences between the income and expense base. Forward foreign exchange contracts are used to gain medium term certainty over the majority of the amounts that are forecast to be received as income in order to mitigate the exchange risk. The level of this risk has been considered to fall within acceptable parameters to date, but the Company continues to review its exchange rate management policy to ensure it is appropriate.

Legal and regulatory risk

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

Operational risk

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

Doughty Hanson & Co. Investments 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. Investments Limited

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

Report on the Financial Statements

Our opinion

In our opinion, Doughty Hanson & Co. Investments 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 profit 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 Cash Flow Statement 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. Investments Limited

Independent Auditors' Report to the member of Doughty Hanson & Co. Investments 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 5, 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.

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. Investments Limited
Registered in England & Wales No. 06674290

Profit and Loss Account

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover			
Other income	2	252	200
Fair value adjustments on fixed asset investments	3	1,775	(729)
Administrative expenses		(40)	(33)
Profit / (Loss) on disposal of fixed asset investments	3	<u>254</u>	<u>(721)</u>
Operating profit / (loss)		2,241	(1,283)
Interest receivable and similar income	6	3,618	(84)
Interest payable and similar charges	6	<u>(3,392)</u>	<u>(3,695)</u>
Profit / (Loss) on ordinary activities before taxation	3	2,467	(5,062)
Taxation	7	—	—
Profit / (Loss) for the financial year		<u>2,467</u>	<u>(5,062)</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. Investments Limited
Registered in England & Wales No. 06674290

Balance Sheet as at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments	8	<u>15,222</u>	<u>13,191</u>
Current assets			
Debtors	9	37,954	53,413
Cash and cash equivalents		<u>-</u>	<u>-</u>
		37,954	53,413
Creditors: amounts falling due within one year	10	<u>(39,693)</u>	<u>(55,544)</u>
Net current liabilities		<u>(1,739)</u>	<u>(2,131)</u>
Total assets less current liabilities		<u>13,483</u>	<u>11,060</u>
Net assets		<u>13,483</u>	<u>11,060</u>
Capital and reserves			
Called up share capital	12	-	-
Financing loan		14,592	14,636
Profit and loss account		<u>(1,109)</u>	<u>(3,576)</u>
Total shareholders' funds		<u>13,483</u>	<u>11,060</u>

The Financial Statements on pages 8 to 20 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. Investments Limited
Registered in England & Wales No. 06674290

Cash Flow Statement

For the year ended 31 December 2016

Notes	2016 £'000	2015 £'000
Profit / (Loss) for the financial year	2,467	(5,062)
Taxation	-	-
Interest receivable and similar income	(3,618)	84
Interest payable and similar charges	3,392	3,695
Operating profit / (loss) for the financial year	2,241	(1,283)
Adjustments for:		
(Profit) / Loss on disposal of fixed asset investments	(254)	721
Decrease / (Increase) in debtors	19,342	(8,957)
(Decrease) / Increase in creditors, accruals and deferred income	(19,104)	8,352
(Increase) / Decrease in fair value of fixed asset investments	<u>(2,225)</u>	<u>1,167</u>
Net cash flow from operating activities	—	—
Net cash flow from investing activities	—	—
Net cash flow 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	—	—

Payments for fixed asset investments and expenses are made by a fellow subsidiary undertaking and settled via an intercompany payable which includes both non-operating and operating items. Receipts for fixed asset investments and dividend income are also received by a fellow subsidiary undertaking and settled via an intercompany receivable.

Doughty Hanson & Co. Investments Limited
Registered in England & Wales No. 06674290

Statement of Changes in Equity

For the year ended 31 December 2016

	Called up share capital £'000	Profit and loss account £'000	Financing loan £'000	Total shareholders' funds £'000
As at 1 January 2015	-	-1,486	14,593	16,079
Revaluation of parent company loan	-	-	43	43
Loss for the financial year	-	(5,062)	-	(5,062)
As at 31 December 2015	-	(3,576)	14,636	11,060
Revaluation of parent company loan	-	-	(44)	(44)
Profit for the financial year	-	2,467	-	2,467
As at 31 December 2016	-	(1,109)	14,592	13,483

Doughty Hanson & Co. Investments 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 hold investments in Doughty Hanson & Co Funds' portfolio companies on behalf of the DHC Limited Group for a variety of short and long term investment purposes.

The Company is incorporated in England & Wales, registration number 06674290.

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.

Going concern

The Company has a letter of support from its parent company, DHC Limited, stating that it will provide financial support to the Company for the 12 month period from the date of approval of the Financial Statements. Accordingly the Directors have prepared the Financial Statements on a going concern basis.

Fixed asset investments

Investments comprise investments in unquoted equity and debt instruments which are measured at fair value. 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.

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.

Doughty Hanson & Co. Investments Limited

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

1 Accounting policies (continued)

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

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

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

Doughty Hanson & Co. Investments Limited

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

1 Accounting policies (continued)

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.

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.

i) Fair value of investments

The fair value of investments in Doughty Hanson & Co Funds 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.

2 Turnover

Turnover represents income from financial instrument investments. Income, other than dividend income, is accounted for on an accruals basis. Dividend income from investments is accounted for on an ex-dividend basis, net of any tax credit, which is not recoverable. All turnover is generated in Europe.

	2016 £'000	2015 £'000
Dividends from other investments	<u>252</u>	<u>200</u>

Doughty Hanson & Co. Investments Limited

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

3 Profit / (Loss) on ordinary activities before taxation

Profit / (Loss) on ordinary activities before taxation is stated after charging / (crediting):

	2016 £'000	2015 £'000
Services provided by the Company's auditors:		
Fees payable for the audit of the company's Financial Statements	18	27
Fees payable for other services – tax advisory	1	1
Financial assets measured at fair value through profit & loss		
(Profit) / Loss on disposal of fixed asset investments	(254)	721
Changes in fair value of fixed asset investments	(1,775)	729

4 Employee information

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

5 Directors' emoluments

	2016 £'000	2015 £'000
Directors' emoluments (excluding pension contributions)	10	14
Pension contributions	—	1
	<u>10</u>	<u>15</u>

As at 31 December 2016 retirement benefits are accruing under defined contribution schemes for 1 Director (2015: 2 Directors).

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.

Doughty Hanson & Co. Investments Limited

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

6 Interest receivable and similar income and interest payable and similar charges

	2016 £'000	2015 £'000
Interest receivable and similar income		
Financial assets measured at amortised cost		
Interest on intercompany loans	<u>-</u>	<u>289</u>
Financial assets measured at fair value through profit & loss		
Interest on other investments	1,235	282
Change in value of interest on other investments	<u>2,383</u>	<u>(655)</u>
Total interest receivable and similar income	<u>3,618</u>	<u>(84)</u>
Interest payable and similar charges		
Financial liabilities measured at amortised cost		
Interest on intercompany loans – uplift based on effective interest rate method	2,861	2,834
Interest on intercompany loans (nominal value)	<u>531</u>	<u>861</u>
Total interest expense on financial liabilities not measured at fair value through profit or loss	<u>3,392</u>	<u>3,695</u>
Total interest payable and similar charges	<u>3,392</u>	<u>3,695</u>

7 Taxation

	2016 £'000	2015 £'000
Current tax:		
UK Corporation tax	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax (note 11):		
Total deferred tax	<u>-</u>	<u>-</u>
Tax credit for the year	<u>-</u>	<u>-</u>

Doughty Hanson & Co. Investments Limited

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

7 Taxation (continued)

Reconciliation of tax charge

Tax assessed for the year is consistent with (2015: differs from) the standard rate of United Kingdom corporation tax of 20.00% (2015: 20.25%). The differences are explained below.

	2016 £'000	2015 £'000
Profit / (Loss) on ordinary activities before taxation	<u>2,467</u>	<u>(5,062)</u>
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20.00% (2015: 20.25%)	493	(1,025)
Unutilised tax losses not recognised	-	411
Adjustment relating to prior years	33	40
Permanent differences	572	574
Group relief receivable	(684)	-
Short term timing differences not recognised	<u>(414)</u>	<u>-</u>
Tax credit for the year	<u>=</u>	<u>=</u>

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 6 April 2015 and a change to 19% with effect from 6 April 2017 has been enacted.

Accordingly the Company's profits for the year are taxed at an effective rate of 20% (2015: 20.25%). The relevant deferred tax balances have been re-measured at a rate of 19.25%, being the effective rate for the year ended 31 December 2017.

The Company has experienced tax timing differences that would result in a deferred tax asset of £255,441 (2015 restated: £564,492) at the balance sheet date. However this deferred tax asset has not been recognised as due to the nature of the investments held by the Company, future taxable profits are not forecast.

8 Investments

Other investments

	2016 £'000	2015 £'000
Investments at cost		
1 January	23,742	32,811
Additions	551	282
Disposals	<u>(2,745)</u>	<u>(9,351)</u>
31 December	21,548	23,742
Adjustment to fair value	<u>(6,326)</u>	<u>(10,551)</u>
Fair value		
31 December	<u>15,222</u>	<u>13,191</u>

Doughty Hanson & Co. Investments Limited

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

8 Investments (continued)

	2016 £'000	2015 £'000
Adjustment to fair value		
1 January	(10,551)	(9,382)
Net adjustments	1,775	(729)
On disposals	<u>2,450</u>	<u>(440)</u>
31 December	<u>(6,326)</u>	<u>(10,551)</u>

The Company makes investments through the Doughty Hanson & Co Co-investment schemes which operate alongside the Doughty Hanson & Co Funds. In addition to this regular investment activity the Company has also made investments in other instruments during the year.

9 Debtors

	2016 £'000	2015 £'000
Amounts owed by parent undertaking	-	19,815
Amounts owed by group undertakings	26,631	26,119
Interest receivable	11,058	7,439
Other debtors	<u>265</u>	<u>40</u>
	<u>37,954</u>	<u>53,413</u>

Of amounts owed by parent undertaking; £nil (2015: £19,157,179) is subject to interest at 1 month LIBOR plus 1% per annum and is repayable on demand, £nil (2015: £658,168) is not subject to interest and repayable on demand. Amounts owed by group undertakings are repayable on demand and are interest free. During the year amounts owed by and amounts owed to parent undertaking were offset.

10 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owing to parent undertaking	39,137	55,516
Other creditors	528	-
Accruals and deferred income	<u>28</u>	<u>28</u>
	<u>39,693</u>	<u>55,544</u>

Of amounts owing to parent undertaking, a nominal value of; £37,343,541 (2015: £57,158,888) is subject to interest at 1 month LIBOR plus 1% per annum and repayable on demand, a nominal value of £7,890,588 (2015: £7,359,761) is not subject to interest and repayable on demand. During the year amounts owed by and amounts owing to parent undertaking were offset.

In 2016 there has been a reclassification from equity (financing loan) of £44,000 (2015: £43,000 to equity (financing loan)) owed to the Parent Company DHC Limited.

Doughty Hanson & Co. Investments Limited

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

11 Deferred tax

	2016 £'000	2015 £'000
1 January	-	-
Profit and loss account	<u>-</u>	<u>-</u>
31 December	<u><u>-</u></u>	<u><u>-</u></u>

The Company has experienced tax timing differences that would result in a deferred tax asset of £255,441 (2015 restated: £564,492) at the balance sheet date. However this deferred tax asset has not been recognised as due to the nature of the investments held by the Company, future taxable profits are not forecast.

12 Called up Share Capital

	2016 and 2015	
	Number	Value £
Authorised		
Ordinary Shares of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
Ordinary Shares of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Ordinary Shares confer upon the Shareholder the right to vote at any general meeting of the Company. There are no restrictions on the distribution of dividends and the repayment of capital.

13 Ultimate parent company

The ultimate parent undertaking is DHC Limited, which is the parent undertaking of the smallest and largest group to consolidate these Financial Statements. DHC Limited is registered in the Cayman Islands and trades from 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.

Doughty Hanson & Co. Investments Limited

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

14 Related parties

The Company purchased £57,158,888 of investments from another DHC Limited Group Company in an exchange for an intercompany loan on 8 October 2008. The nominal amount owed at 31 December 2016 to the parent company, DHC Limited relating to this transaction (including rolled up interest) is £45,234,129 (2015: £64,518,649). This loan is subject to 1 month LIBOR plus 1% per annum, not compounding.

The Company had an intercompany loan outstanding due from DHC Limited which was subject to LIBOR plus 1% per annum on a 1 month interest period, not compounding. The balance at 31 December 2016 (including rolled up interest) is £nil (2015: £19,815,347). In 2016 this was offset against the intercompany loan to DHC Limited described above.

Doughty Hanson & Co Managers Limited has settled the Company's expenses and funded the Company's further investment activities and has also received proceeds on investments disposed during the year. The 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. The amount owed by Doughty Hanson & Co Managers Limited to the Company at 31 December 2016 is £26,631,418 (2015: £26,119,183).

15 Financial instruments

	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
Financial assets measured at fair value through profit & loss				
Investments	15,222		13,191	
Interest receivable	<u>11,058</u>		<u>7,439</u>	
		<u>26,280</u>		<u>20,630</u>
Financial assets that are debt instruments measured at amortised cost				
Other debtors	265		40	
Amounts due from group undertakings	<u>26,631</u>		<u>45,934</u>	
		<u>26,896</u>		<u>45,974</u>
Financial liabilities measured at amortised cost				
Amounts owed to group undertaking	39,137		55,516	
Other creditors	528		-	
Accruals and deferred income	<u>28</u>		<u>28</u>	
		<u>39,693</u>		<u>55,544</u>

Financial assets measured at fair value through profit & loss

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 is 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.