



**DOUGHTY HANSON & CO. INVESTMENTS LIMITED**

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

**31 DECEMBER 2019**



Registered in England & Wales No. 06674290  
Registered address 36 Broadway, London, SW1H 0BH

# **Doughty Hanson & Co. Investments Limited**

## **Annual Report and Financial Statements for the year ended 31 December 2019**

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# **Doughty Hanson & Co. Investments Limited**

## **Directors' Report**

The Directors present their Report to the member together with the audited Financial Statements for the year ended 31 December 2019.

### **Business review**

The principal activity of Doughty Hanson & Co. Investments Limited (the "Company") is and will continue to be to hold investments on behalf of the DHC Limited Group for a variety of short and long term investment purposes.

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 9. The Directors do not recommend the payment of a dividend for the year (2018: £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 signing the Financial Statements were as follows:

R. P. Hanson	
P. R. Kruppa	(appointed 28 February 2020)
G. D. Stening	
J. M. Bradshaw	
B. M. Dooley	(resigned 28 February 2020)

# **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 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 Company continues to review its exchange rate management policy to ensure it is appropriate.

#### **Legal and regulatory risk**

The DHC Limited Group operates in the UK. The regulatory environment is 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. The impact of the global outbreak has been rapidly evolving and many countries, including the United Kingdom, have reacted by instituting quarantines and restrictions on movement. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, as well as giving rise to general concern and uncertainty. The outbreak 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 this situation precludes any prediction as to the ultimate adverse impact of COVID-19.

The Group reviewed its continuity and contingency planning in February and March 2020. Following the worsening of the outlook in the UK in March 2020, staff have been working remotely from home, and this arrangement is working satisfactorily. The Directors expect the Company to be in a position to continue operations throughout this period of uncertainty and to continue as a going concern.

# **Doughty Hanson & Co. Investments Limited**

## **Directors' Report (continued)**

### **Statement of Directors' responsibilities in respect of the Financial Statements**

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

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

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

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

### **Directors' confirmations**

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

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

On behalf of the Board:



P. R. Kruppa  
Director  
31 July 2020

Registered Office:  
36 Broadway  
London  
SW1H 0BH

# ***Independent auditors' report to the member of Doughty Hanson & Co. Investments Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Doughty Hanson & Co. Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss 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 Balance Sheet as at 31 December 2019; the Profit and Loss Account, the Cash Flow Statement, the Statement 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.

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### **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 company 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.

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### **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 where:

- 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 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 company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# ***Independent auditors' report to the member of Doughty Hanson & Co. Investments Limited***

## **Report on the audit of the financial statements (continued)**

### **Reporting on other information (continued)**

With respect to the 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.

#### ***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements set out on page 5, 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 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 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.

#### ***Use of this report***

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.

# ***Independent auditors' report to the member of Doughty Hanson & Co. Investments Limited***

## **Report on the audit of the financial statements (continued)**

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### **Other required reporting**

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#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

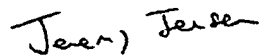
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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#### **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.



Jeremy Jensen (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
31 July 2020



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

**Profit and Loss Account**

**For the year ended 31 December 2019**

	Note	2019 £'000	2018 restated £'000
<b>Turnover</b>			
Other income	2	14	-
Fair value adjustments on fixed asset investments	3	208	(1,104)
Administrative expenses		-	(36)
Loss on disposal of fixed asset investments	3	<u>(24)</u>	<u>(314)</u>
<b>Operating profit / (loss)</b>		<b>198</b>	<b>(1,454)</b>
Interest receivable on other investments	6	107	(1,383)
Interest payable on intercompany loans	6	<u>(9,329)</u>	<u>(613)</u>
<b>Loss before taxation</b>	3	<b>(9,024)</b>	<b>(3,450)</b>
Tax on loss	7	—	—
<b>Loss for the financial year</b>		<b><u>(9,024)</u></b>	<b><u>(3,450)</u></b>

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

Details of the 2018 restatement can be found in Note 16 of the Financial Statements.

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

**Balance Sheet as at 31 December 2019**

	Note	2019 £'000	2018 restated £'000
<b>Fixed assets</b>			
Investments	8	<u>2,121</u>	<u>1,907</u>
<b>Current assets</b>			
Debtors	9	3,429	50,150
Cash and cash equivalents		<u>-</u>	<u>-</u>
		3,429	50,150
<b>Creditors: amounts falling due within one year</b>	10	-	(37,483)
<b>Net current assets</b>		<u>3,429</u>	<u>12,667</u>
<b>Total assets less current liabilities</b>		<u>5,550</u>	<u>14,574</u>
<b>Net assets</b>		<u>5,550</u>	<u>14,574</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Financing loan		-	11,637
Profit and loss account		<u>5,550</u>	<u>2,937</u>
<b>Total shareholder's funds</b>		<u>5,550</u>	<u>14,574</u>

Details of the 2018 restatement can be found in Note 16 of the Financial Statements.

The Financial Statements on pages 9 to 22 were approved by the board of Directors on 27 July 2020 and were signed on its behalf by:



P. R. Kruppa  
Director

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

**Cash Flow Statement**

**For the year ended 31 December 2019**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>restated £'000</b>
<b>Loss for the financial year</b>	<b>(9,024)</b>	<b>(3,450)</b>
Taxation	-	-
Interest receivable and similar income	<b>(107)</b>	<b>1,383</b>
Interest payable and similar charges	<b><u>9,329</u></b>	<b><u>613</u></b>
<b>Operating profit / (loss) for the financial year</b>	<b>198</b>	<b>(1,454)</b>
Adjustments for:		
Loss on disposal of fixed asset investments	<b>24</b>	<b>314</b>
(Increase) / Decrease in debtors	<b>46,828</b>	<b>(6,012)</b>
(Decrease) / Increase in creditors, accruals and deferred income	<b>(46,842)</b>	<b>6,048</b>
(Increase) / Decrease in fair value of fixed asset investments	<b><u>(208)</u></b>	<b><u>1,104</u></b>
<b>Net cash flow from operating activities</b>	<b>—</b>	<b>—</b>
<b>Net cash flow from investing activities</b>	<b>—</b>	<b>—</b>
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>—</b>	<b>—</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>—</b>	<b>—</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>—</b>	<b>—</b>

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.

Details of the 2018 restatement can be found in Note 16 of the Financial Statements.

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

**Statement of Changes in Equity**

**For the year ended 31 December 2019**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Financing loan £'000</b>	<b>Total shareholder's funds £'000</b>
<b>As at 1 January 2018 (restated)</b>	-	6,387	11,637	18,024
Loss for the financial year (restated)	<u>-</u>	<u>(3,450)</u>	<u>-</u>	<u>(3,450)</u>
<b>As at 31 December 2018 (as restated)</b>	-	2,937	11,637	14,574
Reclassification of Financing Loan following assignment of intercompany loan	-	11,637	(11,637)	-
Loss for the financial year	<u>-</u>	<u>(9,024)</u>	<u>-</u>	<u>(9,024)</u>
<b>As at 31 December 2019</b>	<u>-</u>	<u>5,550</u>	<u>-</u>	<u>5,550</u>

Please refer to Note 13 regarding the intercompany loan assignment. Details of the 2018 restatement can be found in Note 16 of the Financial Statements.

# **Doughty Hanson & Co. Investments Limited**

## **Notes to the Financial Statements for the year ended 31 December 2019**

### **1 Accounting policies**

#### **General information**

The principal activity of the Company is to hold investments on behalf of the DHC Limited Group for a variety of short and long term investment purposes.

The Company is a private company limited by shares and 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.

#### **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 with reference to the International Private Equity and Venture Capital Valuation Guidelines. This valuation methodology is consistent with that which is used by the respective Doughty Hanson & Co 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 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 2019. 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 2019

### 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 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 a 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 publicly 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 2019

### 1 Accounting policies (continued)

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.

#### Fair value of investments

The fair value of investments is estimated with reference to the International Private Equity and Venture Capital Valuation Guidelines. This valuation methodology is consistent with that which is used by the respective Doughty Hanson & Co Funds and is presented to investors.

### 2 Turnover

#### Other income

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.

	2019 £'000	2018 £'000
Dividends from other investments	<u>14</u>	<u>=</u>

# Doughty Hanson & Co. Investments Limited

## Notes to the Financial Statements for the year ended 31 December 2019

### 3 Loss before taxation

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

	2019 £'000	2018 £'000
Services provided by the Company's auditors:		
Fees payable for the audit of the company's Financial Statements	16	15
Fees payable for other services – tax advisory	1	1

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

Loss / (profit) on disposal of fixed asset investments	24	314
Changes in fair value of fixed asset investments	(208)	1,104

In 2019 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 (2018: nil).

### 5 Directors' emoluments

	2019 £'000	2018 £'000
Directors' emoluments (excluding pension contributions)	5	9
Pension contributions	—	—
	<u>5</u>	<u>9</u>

As at 31 December 2019 retirement benefits are accruing under defined contribution schemes for 1 Director (2018: 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.



# Doughty Hanson & Co. Investments Limited

## Notes to the Financial Statements for the year ended 31 December 2019

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

	2019 £'000	2018 Restated £'000
<b>Interest receivable and similar income</b>		
<b>Financial assets measured at amortised cost</b>		
Interest on intercompany loans	—	—
<b>Financial assets measured at fair value through profit &amp; loss</b>		
Interest on other investments	107	(1,335)
Change in value of interest on other investments	—	(48)
<b>Total interest receivable and similar income</b>	<b>107</b>	<b>(1,383)</b>
<b>Interest payable on intercompany loans</b>		
<b>Financial liabilities measured at amortised cost</b>		
Interest on intercompany loans – uplift based on effective interest rate method	8,847	15
Interest on intercompany loans (nominal value)	482	598
<b>Total interest on financial liabilities not measured at fair value through profit or loss</b>	<b>9,329</b>	<b>613</b>
<b>Total interest payable and similar charges</b>	<b>9,329</b>	<b>613</b>

### 7 Tax on loss

	2019 £'000	2018 £'000
<b>Current tax:</b>		
UK Corporation tax	—	—
<b>Total current tax</b>	<b>—</b>	<b>—</b>
<b>Deferred tax:</b>		
Total deferred tax	—	—
<b>Tax credit for the year</b>	<b>—</b>	<b>—</b>

# Doughty Hanson & Co. Investments Limited

## Notes to the Financial Statements for the year ended 31 December 2019

### 7 Taxation (continued)

#### Reconciliation of tax charge

Tax assessed for the year is the same as the standard rate of United Kingdom corporation tax of 19% (2018: 19%). The differences are explained below.

	2019 £'000	2018 restated £'000
Loss before taxation	<u>(9,024)</u>	<u>(3,450)</u>
Loss multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	(1,715)	(656)
Timing differences	38	38
Permanent differences	1,681	3
Group relief receivable	(4)	-
Net unutilised tax losses – not recognised	-	615
Unrecognised brought forward losses utilised	<u>-</u>	<u>-</u>
Tax credit for the year	<u><u>-</u></u>	<u><u>-</u></u>

The standard rate of Corporation Tax in the UK was 19% in 2018 and 2019. Accordingly, the Company's 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 2019.

The Company has experienced tax timing differences that would result in a deferred tax asset of £751,599 (2018: £887,906) 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

	2019 £'000	2018 £'000
<b>Investments at cost</b>		
1 January	5,711	15,015
Additions	33	944
Disposals	<u>(46)</u>	<u>(10,248)</u>
<b>31 December</b>	5,698	5,711
Adjustment to fair value	<u>(3,577)</u>	<u>(3,804)</u>
<b>Fair value</b>		
31 December	<u><u>2,121</u></u>	<u><u>1,907</u></u>

# Doughty Hanson & Co. Investments Limited

## Notes to the Financial Statements for the year ended 31 December 2019

### 8 Investments (continued)

	2019 £'000	2018 £'000
Adjustment to fair value		
1 January	(3,804)	(5,158)
Net adjustments	208	(1,104)
On disposals	<u>19</u>	<u>2,458</u>
31 December	<u>(3,577)</u>	<u>(3,804)</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

	2019 £'000	2018 £'000
Amounts owed by group undertakings	2,733	49,561
Interest receivable	<u>696</u>	<u>589</u>
	<u>3,429</u>	<u>50,150</u>

£46,795,165 of the reduction in debtors is due to the repayment by assignment of an intercompany receivable owed by fellow subsidiary undertaking Doughty Hanson & Co Managers Limited. Please refer to Note 13.

The Company has experienced tax timing differences that would result in a deferred tax asset of £751,599 (2018: £887,906) 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.

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

	2019 £'000	2018 £'000
Amounts owed to parent undertaking	-	37,466
Other creditors	-	-
Accruals and deferred income	<u>-</u>	<u>17</u>
	<u>-</u>	<u>37,483</u>

In October 2019, £46,795,165 of nominal value was repaid by assignment of an intercompany payable owed to the parent company DHC Limited. Please also refer to Note 13.

# Doughty Hanson & Co. Investments Limited

## Notes to the Financial Statements for the year ended 31 December 2019

### 11 Called up Share Capital

	2019 and 2018	
	Number	Value £
<b>Authorised</b>		
Ordinary Shares of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
<b>Allotted, called up and fully paid</b>		
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.

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

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

### 13 Related parties

Doughty Hanson & Co Managers Limited ("DHCM") has settled the Company's expenses and funded the Company's further investment during the year. The balance owed 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 DHCM to the Company at 31 December 2019 is £2,732,962 (2018: £49,560,830).

In October 2019 £46,795,165 of intercompany debt owed to the Company by fellow subsidiary undertaking Doughty Hanson & Co Managers Limited, as well as £46,795,165 of intercompany debt owed by the Company to its parent company DHC Limited, were both repaid by assignment of intercompany receivables.

# Doughty Hanson & Co. Investments Limited

## Notes to the Financial Statements for the year ended 31 December 2019

### 14 Financial instruments

	2019	2018
	£'000	£'000
<b>Financial assets measured at fair value through profit &amp; loss</b>		
Investments	2,121	1,907
Interest receivable	<u>696</u>	<u>589</u>
	<u>2,817</u>	<u>2,496</u>
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Amounts due from group undertakings	<u>2,733</u>	<u>49,561</u>
	<u>2,733</u>	<u>49,561</u>
<b>Financial liabilities measured at amortised cost</b>		
Amounts owed to parent undertaking	-	37,466
Other creditors	-	-
Accruals and deferred income	<u>-</u>	<u>17</u>
	<u>-</u>	<u>37,483</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 held in a limited number of investments and those investments may be concentrated in a particular industry or geographical region. A consequence of this concentration is that performance may be more favourable or unfavourably affected by the performance of individual investments, industries or regions.

#### Credit risk

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

### 15 Subsequent events

On 30 January 2020 the World Health Organisation declared the coronavirus ("COVID-19") to be a public health emergency. As of the date of this report, the COVID-19 crisis is still ongoing and its ultimate impact on the global economy is uncertain and subject to change. We continue to monitor the situation and are in close contact with our portfolio companies. The Directors have assessed the impact on the entity if the co-investments held alongside Doughty Hanson & Co V were written down to nil as a hypothetical stress test measure. Even in this scenario, the Directors expect the Company to be in a position to continue operations throughout this period of uncertainty and to continue as a going concern. Whilst uncertain, the COVID-19 situation is not expected to have a significant impact upon the Company given the nature of its operations. The COVID-19 situation will continue to be monitored closely. It is viewed as a non-adjusting item in these Financial Statements.

# Doughty Hanson & Co. Investments Limited

## Notes to the Financial Statements for the year ended 31 December 2019

### 16 Restatement of comparative figures

In the financial statements for the year ended 31 December 2019, the prior year balances have been restated to correct the error in relation to the historic treatment of changes in the present value of the shareholder loan notes due to DHC Limited. Under FRS102 Section 11, the carrying value of the shareholder loan notes are rebased on an annual basis based on changes in estimated cash flow projections, with the adjustment being treated as interest or expense in the profit and loss account. Since the mandatory transition date to FRS102 at 1 January 2014, these adjustments have been taken through equity and recognised as part of the Financing Loan reserve, as opposed to being taken through the profit and loss account and being recognised within retained earnings. To correct these historical errors, two restatements have been required:

Restatement (1) - The opening balances within the Statement of Changes in Equity have been restated at 1 January 2018 to reflect the historic present value adjustments previously recognised within the Financing Loan reserve now being recognised within retained earnings; and

Restatement (2) - The present value adjustment recognised within the Financing Loan reserve for the year ended 31 December 2018 has been taken through the profit and loss account and recognised within retained earnings.

Please refer below for how these errors have been corrected:

#### Restatement 1

	Called up share capital	Profit and loss account	Financing loan	Total shareholder's funds
	£000	£000	£000	£000
As at 1 January 2018 - before adjustment	-	(2,570)	20,594	18,024
Restatement 1 (refer above)	-	<u>8,957</u>	<u>(8,957)</u>	-
As at 1 January 2018 - Restated	-	6,387	11,637	18,024
Loss and total comprehensive expense for the financial year	-	(6,338)	-	(6,338)
Restatement 2 (refer above)	-	<u>2,888</u>	-	<u>2,888</u>
As at 31 December 2018 - Restated	-	2,937	11,637	14,574

#### Restatement 2

Consolidated profit and loss account adjustment	2018 (unadjusted) £000	Adjusted £000	2018 (restated) £000
Interest payable and similar charges	(3,501)	2,888	(613)