

DH IV.1 MANAGING GP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2019

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COMPANIES HOUSE

Registered In England & Wales No. 11273569
Registered Address: 36 Broadway, London, SW1H 0BH

DH IV.1 Managing GP Limited

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

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DH IV.1 Managing GP Limited

Directors' Report

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

Incorporation

The Company was incorporated on 23 March 2018 as DH IV.1 Managing GP Limited.

Business review

The principal activity of DH IV.1 Managing GP Limited (the "Company") is, and will continue to be, to act as General Partner of the three Limited Partnerships forming DH IV.1 (the "Fund").

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 period are set out in the profit and loss account on page 9. No dividends were proposed or paid. 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 period and at the date the Financial Statements were approved.

Directors

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

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

DH IV.1 Managing GP Limited

Directors' Report (continued)

Principal risks and uncertainties

The Company is a subsidiary in the DH Private Equity Limited group (the "Group"). The Group'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 Group 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. 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.

DH IV.1 Managing GP 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.

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
28 July 2020

Registered Office:
36 Broadway
London
SW1H 0BH

Independent auditors' report to the member of DH IV.1 Managing GP Limited

Report on the audit of the financial statements

Opinion

In our opinion, DH IV.1 Managing GP 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 profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the 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.

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.

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.

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.

Independent auditors' report to the member of DH IV.1 Managing GP Limited

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

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

With respect to the 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 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. This description forms part of our auditors' report.

Independent auditors' report to the member of DH IV.1 Managing GP Limited

Report on the audit of the financial statements (continued)

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.

Other required reporting

Companies Act 2006 exception reporting

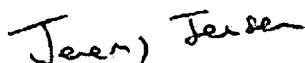
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.

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
28 July 2020

DH IV.1 Managing GP Limited

Profit and Loss Account

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Period from 23 March 2018 to 31 December 2018 £'000
Turnover			
Income from Limited Partnership	2	3,760	1,243
Fair value adjustments on fixed asset investments		197	-
Administrative expenses		<u>(3,760)</u>	<u>(1,243)</u>
Operating profit		<u>197</u>	<u>-</u>
Profit before taxation	3	197	-
Taxation	6	<u>-</u>	<u>-</u>
Profit for the financial period		<u>197</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.

DH IV.1 Managing GP Limited
Registered In England & Wales No. 11273569

Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed Assets			
Investments	7	196,504	-
Current Assets			
Debtors	8	2	2
Creditors: amounts falling due within one year		-	-
Net assets		196,506	<u>2</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		<u>196,504</u>	<u>-</u>
Total shareholder's funds		<u>196,506</u>	<u>2</u>

The Financial Statements on pages 9 to 16 were approved by the board of Directors on 27 July 2020 and were signed on its behalf by:



P. R. Kruppa
Director

DH IV.1 Managing GP Limited

Cash Flow Statement

For the year ended 31 December 2019

	Year ended 31 December 2019	Period from 23 March 2018 to 31 December 2018
	£'000	£'000
Profit for the financial year	197	-
Tax on profit on ordinary activities	-	-
Interest receivable and similar income	-	-
Operating profit for the financial year	197	-
Adjustments for:		
Increase in debtors	-	-
(Increase) in fair value of fixed asset investment	(197)	-
Cash flows from operating activities	-	-
Corporation tax paid	-	-
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	-	-

Statement of Changes in Equity

For the year ended 31 December 2019

	Called up share capital	Profit and loss account	Total Shareholder's funds
	£	£	£
At Incorporation on 23 March 2018	2	-	2
Result for the financial period	-	-	-
As at 31 December 2018	2	-	2
Profit for the financial year	-	196,504	196,504
As at 31 December 2019	2	196,504	196,506

DH IV.1 Managing GP 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, and will continue to be, to act as General Partner of the three Limited Partnerships forming DH IV.1 (the "Fund").

The Company is incorporated in England & Wales, registration number 11273569.

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 the period 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 DH IV.1 Managing GP 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.

Limited Partnerships

The investee companies held by the Fund could be considered technically to be subsidiaries of the Company. 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 Fund.

Deferred taxation

Deferred tax arises from timing 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.

DH IV.1 Managing GP Limited

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

1 Accounting policies (continued)

Income recognition

Income from the Fund is recognised as earned in accordance with the Limited Partnership Agreement from the date of signing of the Limited Partnership Agreement and represents the General Partner's Share of the Fund.

General Partner's Share

General Partner's Share received is 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 can give rise to a deferred tax asset or liability.

Deferred income

General Partner's Share received from the Fund prior to the period to which it relates is accounted for as deferred income.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

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

All turnover is generated in the UK through management of alternative investment funds.

3 Profit before taxation

	Year ended 31 December 2019 £'000	Period from 23 March 2018 to 31 December 2018 £'000
Income from Limited Partnerships	<u>3,760</u>	<u>1,243</u>
Profit before taxation is stated after charging:		
Management fee charged by DH Private Equity Partners LLP	3,760	1,243

DH IV.1 Managing GP Limited

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

The Company's fee payable for audit for the period ended 31 December 2019 is £4,500 (2018: £1,920). This fee is met by a fellow subsidiary undertaking, DH Private Equity Partners LLP and is not recharged to the Company.

4 Employee information

There were no employees of the Company during the period. Services are provided to the Company by DH Private Equity Limited, the parent company.

5 Directors' emoluments

The emoluments of the Directors are paid by the parent company or a fellow subsidiary which makes no recharge to the Company. The Directors are also directors of the parent company and/or a number of fellow subsidiaries.

6 Taxation

	Year ended 31 December 2019 £'000	Period from 23 March 2018 to 31 December 2018 £'000
Tax expense included in profit and loss		
Current tax:		
UK Corporation tax	—	—
Total current tax	—	—
Deferred tax	—	—
Tax on profit	—	—

Reconciliation of tax charge

	Year ended 31 December 2019 £'000	Period from 23 March 2018 to 31 December 2018 £'000
Profit before tax	<u>197</u>	—
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19%	37	-
Group relief surrendered	204	69
Timing differences not recognised	(752)	(236)
Current year unutilised losses	<u>511</u>	<u>167</u>
Tax credit for the year	—	—

The Company has experienced tax timing differences that would result in a deferred tax asset of £379,520 at the balance sheet date (2018: £121,657). However this deferred tax asset has not been recognised as future taxable profits cannot be assured.

DH IV.1 Managing GP Limited

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

7 Investments

	2019 £'000	2018 £'000
Investments	197	-

Investments represents a holding in DH IV.1 Carried Interest, LP, the Special Limited Partner in The Fund.

8 Debtors

	2019 £	2018 £
Amounts owed by group undertakings	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

Amounts owed of £2 by the parent company, DH Private Equity Limited, and are interest free and payable on demand.

9 Called up share capital

	2019 £	2018 £
Authorised		
2 Ordinary Shares of £1	<u>2</u>	<u>2</u>
Allotted and issued		
2 Ordinary Shares of £1	<u>2</u>	<u>2</u>

All of the share capital is owned by the parent company, DH Private Equity Limited and is unpaid. There are no restrictions on the distribution of dividends and the repayment of capital.

10 Ultimate parent company

The immediate and ultimate parent company is DH Private Equity Limited, a Company registered in England & Wales under 08212103, which trades from 36 Broadway, London SW1H 0BH.

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

DH IV.1 Managing GP Limited

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

11 Related Parties

The Company is the General Partner of the three Limited Partnerships constituting the Fund. This entitles the Company to a share of income and capital distributions made in accordance with the Limited Partnerships Agreement (the “General Partner’s Share”).

During the year, £3,760,421 (2018: £1,242,789) was receivable by the Company from the Fund by way of General Partner’s Share. A management fee of £3,760,421 (2018: £1,242,789) was payable by the Company to DH Private Equity Partners LLP in respect of the provision of investment management services relating to the Fund.

All payments/receipts are made by a fellow subsidiary undertaking in the DH Private Equity Limited Group and settled via an intercompany payable/receivable. 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 2019 there was a £nil balance.

12 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 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.