

DH IV.1 MANAGING GP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2021



Registered In England & Wales No. 11273569
Registered Address: Thorpe Cloud, Hollybush Ride, Windlesham, England, GU20 6PQ

DH IV.1 Managing GP Limited

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

CONTENTS

	<u>Page(s)</u>
Directors' Report	3 – 5
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Statement of Changes in Equity	8
Notes to the Financial Statements	9 – 13

DH IV.1 Managing GP Limited

Directors' Report

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

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 to act as General Partner of the two Limited Partnerships forming DH IV.1 (the "Fund"). These partnerships, DH IV.1 (No. 1), LP and DH IV.1 (No. 2), LP, commenced dissolution on 31 December 2020. The Fund is waiting a final assessment of potential contingent liabilities, after which it, and the Company will be wound up. Due to the intention to wind up as soon as possible the Company's financial statements have been prepared on a basis other than going concern.

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

Strategic Report

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

Results and dividends

The results for the year are set out in the profit and loss account on page 10. 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 year and at the date the Financial Statements were approved.

Directors

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

J. M. Bradshaw
R. P. Hanson
G. D. Stening
P. R. Kruppa (resigned 8 October 2021)

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

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

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.

On behalf of the Board:



G. D. Stening
Director
22 September 2022

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

DH IV.1 Managing GP Limited

Profit and Loss Account

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover			
Income from Limited Partnerships and other income	2	-	3,599
Fair value adjustments on fixed asset investments		-	(197)
Administrative expenses		<u>-</u>	<u>(3,361)</u>
Operating profit		<u>-</u>	<u>41</u>
Profit before taxation	3	-	41
Taxation	6	<u>-</u>	<u>-</u>
Profit for the financial year		<u><u>-</u></u>	<u><u>41</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 2021

	Note	2021 £'000	2020 £'000
Fixed Assets			
Investments	7	-	-
Current Assets			
Debtors	8	238	238
Creditors: amounts falling due within one year		-	-
Net assets		238	238
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		<u>238</u>	<u>238</u>
Total shareholder's funds		<u>238</u>	<u>238</u>

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

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

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

The Financial Statements on pages 10 to 17 were approved by the board of Directors on 22 September 2022 and were signed on its behalf by:



G. D. Stening
Director

DH IV.1 Managing GP Limited

Cash Flow Statement

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit for the financial year	-	41
Tax on profit on ordinary activities	-	-
Interest receivable and similar income	<u>-</u>	<u>-</u>
Operating profit for the financial year	-	41
Adjustments for:		
Increase in debtors	-	(238)
Decrease / (increase) in fair value of fixed asset investment	<u>-</u>	<u>197</u>
Cash flows from operating activities	-	-
Corporation tax paid	<u>-</u>	<u>-</u>
Net cash from operating activities	-	-
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	<u>-</u>	<u>-</u>

Statement of Changes in Equity

For the year ended 31 December 2021

	Called up share capital £'000	Profit and loss account £'000	Total Shareholder's funds £'000
As at 1 January 2020	-	197	197
Profit for the financial year	<u>-</u>	<u>41</u>	<u>41</u>
As at 31 December 2020	<u>-</u>	<u>238</u>	<u>238</u>
Profit for the financial year	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2021	<u>-</u>	<u>238</u>	<u>238</u>

DH IV.1 Managing GP Limited

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

1 Accounting policies

General information

The principal activity of the Company is to act as General Partner of the two Limited Partnerships forming DH IV.1 (the "Fund"). These partnerships, DH IV.1 (No. 1), LP and DH IV.1 (No. 2), LP, commenced dissolution on 31 December 2020. The Fund is waiting a final assessment of potential contingent liabilities, after which it, and the Company will be wound up. Due to the intention to wind up as soon as possible the Company's financial statements have been prepared on a basis other than going concern

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 in the financial year ending 31 December 2020 could have been 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 2021

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.

	2021 £'000	2020 £'000
Income from Limited Partnerships	-	3,361
Carried Interest received from Limited Partnerships	-	238

During the year, the Company received £nil in relation to carried interest, resulting in a realised gain to fair value of £nil.

3 Profit before taxation

	2021 £'000	2020 £'000
Profit before taxation is stated after charging:		
Management fee charged by DH Private Equity Partners LLP	-	3,335

DH IV.1 Managing GP Limited

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

4 Employee information

There were no employees of the Company during the year. 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

	2021 £'000	2020 £'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		
	2021 £'000	2020 £'000
Tax expense included in profit and loss		
Profit before tax	—	197
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom of 19%	-	37
Group relief surrendered	-	204
Timing differences not recognised	-	(752)
Permanent differences	-	-
Current year unutilised losses	—	511
Tax credit for the year	—	—

The Company has experienced tax timing differences that would result in a deferred tax asset of £802,834 at the balance sheet date (2020: £840,095). 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 2021

7 Investments

	2021 £'000	2020 £'000
Investments	-	-

8 Debtors

	2021 £'000	2020 £'000
Amounts owed by fellow subsidiary undertakings	238	238

Amounts owed of £238,025 by the fellow subsidiary undertaking, DH Private Equity Partners LLP, and are interest free and payable on demand.

9 Called up share capital

	2021 £	2020 £
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 Golden Cross House, 8 Duncannon Street, London, England, WC2N 4JF.

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

11 Related Parties

The Company is the General Partner of the two Limited Partnerships constituting the Fund. This entitled 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, £nil (2020: £3,361,024) was receivable by the Company from the Fund by way of General Partner's Share. A management fee of £nil (2020: £3,335,400) was payable by the Company to DH Private Equity Partners LLP in respect of the provision of investment management services relating to the Fund.

DH IV.1 Managing GP Limited

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

11 Related Parties (continued)

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 2021 there was a balance of £238,025 (2020: £238,025) owed to the Company.