DOUGHTY HANSON & CO IV LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2015

Registered in England and Wales No. 04645557

Doughty Hanson & Co IV Limited

Annual Report and Financial Statements for the year ended 31 December 2015

Contents

Doughty Hanson & Co IV Limited

Strategic Report

Business review

The principal activity of the Parent Company Doughty Hanson & Co IV Limited is, and will continue to be, to act as General Partner of the four Limited Partnerships forming Doughty Hanson & Co IV (the "Fund"). The principal activity of Doughty Hanson & Co IV Bridgeco Limited, a subsidiary undertaking consolidated in these Financial Statements, is to provide bridging finance for use in investments made by the Fund.

Despite the challenges presented by the current financial and economic outlook, the performance of the Company and the funds that it operates have remained resilient. Doughty Hanson & Co.'s Annual Review, published in March 2016 and available via www.doughtyhanson.com, outlines activities throughout the various portfolios of investments and again emphasises the focus on developing long-term sustainable businesses and assets.

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.

Performance and position

The results for the year are set out in the profit and loss account on page 9. The Group's profit for the financial year is £406. (2014 restated: £392,175). No dividend was paid or proposed.

The Company's net assets at 31 December 2015 are £20,636,000 (2014 restated: £20,636,000). The Directors are satisfied with the position of the Company.

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 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.

On behalf of the Board:

R. N. Lund
Director
29 April 2016

Registered Office:
45 Pall Mall
London
SW1Y 5JG

Doughty Hanson & Co IV Limited

Directors' Report

The Directors present their Annual Report to the member together with the audited consolidated Financial Statements for the year ended 31 December 2015.

Liability insurance

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

Directors

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

R. P. Hanson
S. C. Marquardt (resigned 22 December 2015)
R. N. Lund
G. D. Stening

Risk Management

The Company's risk management objectives are detailed in the Strategic Report, pages 3 and 4.

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.

Doughty Hanson & Co IV Limited

Directors' Report (continued)

Statement of Directors' Responsibilities (continued)

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. They 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.

Disclosure of Information to Auditors

So far as each Director is aware, there is no relevant audit information of which the Group and 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 Group and Company's auditors are aware of that information.

On behalf of the Board:

R. N. Lund
Director
29 April 2016
Registered Office:
45 Pall Mall
London
SW1Y 5JG

Doughty Hanson & Co IV Limited

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

Report on the Financial Statements

Our opinion
In our opinion, Doughty Hanson & Co IV Limited's Group Financial Statements and Parent Company Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's result 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 Consolidated and Parent Company Balance Sheet as at 31 December 2015;
- the Consolidated Profit and Loss Account for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated and Parent Company 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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.

Doughty Hanson & Co IV Limited

Independent Auditors' Report to the member of Doughty Hanson & Co IV Limited (continued)

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the Directors
As explained more fully in the Directors' Responsibilities Statement 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 Group's and the Parent 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.

Andrew G Hill (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 April 2016

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Consolidated Profit and Loss Account

For the year ended 31 December 2015

	Note	2015 £'000	2014 Restated £'000
Turnover			
Income from Limited Partnerships	2	**1,424**	1,953
Fair value adjustments on investments		**(352)**	(93)
Administrative expenses		**(1,072)**	(1,468)
Operating profit	3	-	392
Interest receivable and similar income		**100**	136
Interest payable and similar charges		**(100)**	(136)
Profit on ordinary activities before taxation		-	392
Taxation	7	-	-
Profit for the financial year		-	392

The Group has no recognised comprehensive income other than that shown above. All comprehensive income is attributable to the parent.

In accordance with the exemption allowed by section 408 of the Companies Act 2006, the Parent Company has not prepared its own Profit and Loss Account.

The Profit and Loss account of the Parent Company has not been included in these Financial Statements. Of the profit for the year, a profit of £406 (2014 restated: £392,175) is dealt with in the Financial Statements of the Parent Company.

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Consolidated Balance Sheet as at 31 December 2015

	Note	2015	2014 Restated
		£'000	£'000
Fixed assets			
Investments	8	773	1,125
Current assets			
Debtors	9	19,920	25,147
Cash and cash equivalents		-	-
		19,920	25,147
Current liabilities			
Creditors: amounts falling due within one year	10	(57)	(5,636)
Net current assets		19,863	19,511
Total assets less current liabilities		20,636	20,636
Provisions for liabilities and charges	11	-	-
Net assets		20,636	20,636
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		20,636	20,636
Total shareholders' funds attributable to the owners of the parent		20,636	20,636

The Financial Statements on pages 9 to 24 were approved by the board of Directors on 29 April 2016 and were signed on its behalf by:

R. N. Lund
Director

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Parent Company Balance Sheet as at 31 December 2015

	Note	2015	2014 Restated
		£'000	£'000
Fixed assets			
Investments	8	773	1,125
Current assets			
Debtors	9	**19,920**	19,574
Cash and cash equivalents		-	-
		19,920	19,574
Current liabilities			
Creditors: amounts falling due within one year	10	(57)	(63)
Net current assets		**19,863**	19,511
Total assets less current liabilities		**20,636**	20,636
Provisions for liabilities and charges	11	-	-
Net assets		**20,636**	20,636
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		**20,636**	20,636
Total shareholders' funds		**20,636**	20,636

The Financial Statements on pages 9 to 24 were approved by the board of Directors on 29 April 2016 and were signed on its behalf by:

R. N. Lund
Director

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Consolidated Cash Flow Statement for the year ended 31 December 2015

	2015 £'000	2014 £'000
Profit for the financial year	-	392
Taxation	-	-
Interest receivable and similar income	(100)	(136)
Interest payable and similar charges	100	136
Operating profit for the financial year	-	392
Adjustments for:		
Decrease / (Increase) in debtors	5,226	(145)
Decrease in creditors, accruals and deferred income	(5,578)	(340)
Decrease in fair value of fixed asset investments	352	93
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	-	-

There are no cash movements in relation to the arrangement of bridging finance by Doughty Hanson and Co IV Bridgeco Limited, all interest payments are made by Doughty Hanson and Co IV. (see note 1). All other payments are made by a fellow subsidiary undertaking and settled via an intercompany payable. All other receipts are also received by a fellow subsidiary undertaking and settled via an intercompany receivable.

Doughty Hanson & Co IV Limited
Registered in England and Wales No. 04645557

Statement of Changes in Equity

For the year ended 31 December 2015

Group	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
As at 1 January 2014 restated	-	20,244	20,244
Profit for the financial year restated and total comprehensive income	-	392	392
As at 31 December 2014 restated	-	**20,636**	20,636
Profit for the financial year and total comprehensive income	-	-	-
As at 31 December 2015	-	**20,636**	20,636

Company	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
As at 1 January 2014 restated	-	20,244	20,244
Profit and total comprehensive income for the financial year restated	-	392	392
As at 31 December 2014 restated	-	**20,636**	20,636
Profit and total comprehensive income for the financial year	-	-	-
As at 31 December 2015	-	**20,636**	20,636

Doughty Hanson & Co IV Limited

Notes to the Financial Statements for the year ended 31 December 2015

1 **Accounting policies**

General information

The principal activity of the Parent Company Doughty Hanson & Co IV Limited is, and will continue to be, to act as General Partner of the four Limited Partnerships forming Doughty Hanson & Co IV (the "Fund"). The principal activity of Doughty Hanson & Co IV Bridgeco Limited, a subsidiary undertaking consolidated in these Financial Statements, is to provide bridging finance for use in investments made by the Fund.

The Company is incorporated in England & Wales, registration number 04645557.

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.

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Parent Company and of its subsidiary undertaking Doughty Hanson & Co IV Bridgeco Limited. The consolidation is prepared using the acquisition method of accounting.

Fixed asset investments

Investments are valued at fair value less provision, if appropriate, for impairment. 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.

Limited Partnerships and Investments

As at 31 December 2015, the Company managed four private equity Limited Partnerships in which it has a small participating interest, and for which it acts as the General Partner. Investments held through the Limited Partnerships are made with the express intention of capital appreciation.

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

1 **Accounting policies** (continued)

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the Financial Statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in Financial Statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax is measured at the enacted tax rate for the year ended 31 December 2016. This is due to uncertainty over when timing differences will reverse. Deferred tax assets and liabilities recognised have not been discounted.

Income recognition

Partnership income is recognised as earned in accordance with the Limited Partnership Agreements from the date of signing the individual Limited Partnership Agreements.

Preferential drawings

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. 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 Company 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.

1 **Accounting policies** (continued)

Financial assets (continued)

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.

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.

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.

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.

1 **Accounting policies** (continued)

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.

Loans

The principal activity of the subsidiary undertaking Doughty Hanson & Co IV Bridgeco Limited is to arrange and provide bridging finance for use in investments undertaken by Doughty Hanson & Co IV (the "Fund"). Where the purpose of the loan is to cover a timing difference between required funding and actual drawdown from Limited Partners of the Fund, the liability is presented in the Financial Statements of Doughty Hanson & Co IV, in accordance with FRS 102. The liability and corresponding debtor is recognised on the balance sheet of the Fund, not the Group, as it is a short term loan that the Group will never have to repay. It will be repaid by the Limited Partners of the Fund. Where the loan is used for another purpose within Doughty Hanson & Co IV the liability and corresponding debtor from Doughty Hanson & Co IV is recognised on the subsidiary undertaking Doughty Hanson & Co IV Bridgeco Limited's balance sheet. On all loans relating to bridging finance taken out by Doughty Hanson & Co IV, interest receivable and interest payable are presented in the profit and loss account.

2 **Turnover**

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

Income from Limited Partnerships represents preferential drawings and carried interest from the four Limited Partnerships constituting Doughty Hanson & Co IV.

	2015	**2014**
	£'000	**£'000**
Income from Limited Partnerships	**1,424**	1,953

3 **Profit on ordinary activities before taxation**

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

	2015	**2014 Restated**
	£'000	**£'000**
Services provided by the Company's auditor:		
Fees payable for the audit of the Parent Company and Consolidated Financial Statements	**15**	14
Fees payable for the audit of the Subsidiaries pursuant to legislation	**1**	1
Fees payable for other services – tax advisory	**1**	1
Management fee charged by Doughty Hanson & Co Managers Limited	**1,056**	1,452
Financial assets measured at fair value through profit & loss		
Changes in fair value of fixed asset investments	**352**	93

4 Employee information

There were no employees of the Company during the year (2014: nil). Services are provided to the Company by Doughty Hanson & Co Managers Limited, a fellow subsidiary.

5 Directors' emoluments

	2015 £'000	2014 £'000
Directors' emoluments (excluding pension contributions)	72	85
Pension contributions	3	6
	75	91

As at 31 December 2015 retirement benefits are accruing under defined contribution schemes for 2 Directors (2014: 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.

6 Net interest and similar income

	2015 £'000	2014 £'000
Interest receivable and similar income		
Financial assets measured at amortised cost		
Interest on arrangement of bridging finance	100	136
Total interest received and similar income	100	136
Interest payable and similar charges		
Financial liabilities measured at amortised cost		
Interest on arrangement of bridging finance	100	136
Total interest payable and similar charges	100	136

7 **Taxation**

	2015 £'000	2014 £'000
Current tax:		
UK Corporation tax	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax (note 11):		
Current year losses	-	-
Short term timing differences	-	-
Effect of foreign exchange movements	-	-
Effect of change in tax rate	-	-
Unutilised tax losses	-	-
Adjustments in respect of prior years	-	-
Total deferred tax	-	-
Tax charge for the year	-	-

Reconciliation of tax charge

The tax assessed for the year differs from the standard rate of United Kingdom corporation tax of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 Restated £'000
Profit on ordinary activities before tax	-	392
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%).	-	84
Permanent differences	**(203)**	(33)
Unutilised losses not recognised	**131**	-
Group relief surrendered / (claimed)	-	(71)
Short term timing differences not recognised	**72**	20
Tax charge for the year	-	-

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Group's profits for this accounting period are taxed at an effective rate of 20.25%.

The Group has experienced tax timing differences that would result in a deferred tax asset of £1,237,658 (2014 restated: £1,721,853) at the balance sheet date. However this deferred tax asset has not been recognised as future taxable profits cannot be assured.

Doughty Hanson & Co IV Limited

Notes to the Financial Statements for the year ended 31 December 2015

8 **Investments**

	Company & Group 2015 £'000	Company & Group 2014 Restated £'000
Investments	773	1,125

Reconciliation of movements	**2015 £'000**	**2014 Restated £'000**
Investments at cost		
1 January	7	7
Additions	-	-
Disposals	-	-
31 December	7	7
Adjustment to fair value	766	1,118
Fair value		
31 December	773	1,125

	2015 £'000	**2014 Restated £'000**
Adjustment to fair value		
1 January	1,118	1,211
Net adjustments	(352)	(93)
On disposals	-	-
31 December	766	1,118

Investments represents a 1.519% shareholding in Woodyard Limited, the Special Limited Partner in Doughty Hanson & Co IV.

The Financial Statements of the following subsidiary, which is wholly owned, are included in the consolidated Financial Statements. The details of the subsidiary are as follows:

Doughty Hanson & Co IV Bridgeco Limited

A company incorporated in England and Wales which arranges bridging finance for use in investments undertaken by Doughty Hanson & Co IV.

The Company owned 100% of the following subsidiary during the year. This subsidiary is not consolidated as it is considered immaterial:

Doughty Hanson IV Breskens Bridgeco Limited, a company incorporated in England and Wales. Currently this company is dormant.

The Company has four wholly owned subsidiaries which act as nominees for the four Limited Partnerships constituting Doughty Hanson & Co IV. These subsidiaries are as follows

8 Investments (continued)

Doughty Hanson & Co IV Nominees One Limited, a company incorporated in England and Wales.
Doughty Hanson & Co IV Nominees Two Limited, a company incorporated in England and Wales.
Doughty Hanson & Co IV Nominees Three Limited, a company incorporated in England and Wales.
Doughty Hanson & Co IV Nominees Four Limited, a company incorporated in England and Wales.

The above nominee companies hold, as nominee, interests in a number of companies for the beneficial ownership of the Limited Partnerships of Doughty Hanson & Co IV together with the co-investment vehicles (collectively "Fund IV").

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

9 Debtors

	Group 2015 £'000	**Company 2015 £'000**	**Group 2014 £'000**	**Company 2014 £'000**
Amounts owed by group undertakings	**19,754**	**19,754**	19,396	19,396
Short term loan	**-**	**-**	5,573	-
Amount due from related undertaking	**166**	**166**	178	178
Other debtors	**-**	**-**	-	-
	19,920	**19,920**	25,147	19,574

At 31 December 2015 a short term loan of £nil (2014: £5,573,107) was outstanding in relation to TV3, a portfolio company in Doughty Hanson & Co IV. This loan was reflected in the balance sheet of the Group as it was drawn down to cover a short term funding requirement pending a refinancing or exit of TV3. Interest was chargeable on this loan at EURIBOR +2.25% on a 1 month interest period. This loan was settled on 8 December 2015.

Amounts owed by fellow subsidiary undertakings are repayable on demand and are interest free and payable on demand.

10 Creditors: amounts falling due within one year

	Group 2015 £'000	**Company 2015 £'000**	**Group 2014 £'000**	**Company 2014 £'000**
Short Term Loan	**-**	**-**	5,573	-
Accruals and deferred income	**57**	**57**	63	63
	57	**57**	5,636	63

At 31 December 2015 a short term loan of £nil (2014: £5,573,107) was outstanding in relation to TV3, a portfolio company in Doughty Hanson & Co IV. This loan was reflected in the balance sheet of the Group as it was drawn down to cover a short term funding requirement pending a refinancing or exit of TV3. Interest was chargeable on this loan at EURIBOR +2.25% on a 1 month interest period. This loan was settled on 8 December 2015.

Doughty Hanson & Co IV Limited

Notes to the Financial Statements for the year ended 31 December 2015

11 **Provisions for liabilities**

Deferred tax	**Company & Group 2015 £'000**	**Company & Group 2014 £'000**
Balance at 1 January	-	-
Profit and loss account	-	-
Balance at 31 December	-	-

The Company has tax timing differences that would result in a deferred tax asset of £1,237,658 (2014 restated: £1,721,853) at the balance sheet date. However, this deferred tax asset has not been recognised as future taxable profits cannot be assured.

12 **Called up share capital**

	Company 2015 £	**Company 2014 £**
Authorised		
1,000 Ordinary Shares of £1 each	1,000	1,000
Allotted, called up and issued		
1 Ordinary Share of £1 each	1	1

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, Sweden and Italy. The Financial Statements of DHC Limited are not publically available. 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.

14 **Related parties**

The Company is the General Partner in the four Limited Partnerships constituting Doughty Hanson & Co IV (the "Fund"). This entitles the Company to a share of income and capital distributions made in accordance with the Limited Partnership agreements. During the year, the Company received £1,424,381 by way of preferential drawings (2014: £1,953,174)

14 Related parties (continued)

The Company settles expenses on behalf of the Fund and recharges these to the Fund. During the year £429,732 (2014: £577,074) has been recharged in relation to such expenses and at 31 December 2015 £165,773 (2014: £177,860) was due from the Fund.

A management fee for the year of £1,055,669 (2014: £1,452,052) is payable by the Company to Doughty Hanson & Co Managers Limited in respect of the provision of investment management services relating to the Fund. This balance is not specifically settled and becomes part of the ongoing intercompany trading balance between the two group entities on which no interest is payable. At 31 December 2015 a balance of £19,754,418 (2014: £19,395,704) was due from Doughty Hanson & Co Managers Limited.

15 Financial instruments

	Group 2015 £'000	Company 2015 £'000	Group 2014 restated £'000	Company 2014 restated £'000
Financial assets measured at fair value through profit & loss				
Other investments	773	773	1,125	1,125
	773	773	1,125	1,125
Financial assets measured at amortised cost				
Amounts owed by fellow subsidiary undertakings	19,754	19,754	19,396	19,396
Short term loan	-	-	5,573	-
Amount due from related undertaking	166	166	178	178
	19,920	19,920	25,147	19,574
Financial liabilities measured at amortised cost				
Accruals and deferred income	57	57	63	63
Short Term Loan	-	-	5,573	-
	57	57	5,636	63

Other investments

The fair value of investments are estimated using earnings multiple valuation models. A key assumption used in these models is the price earnings multiple which are 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.

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.

15 **Financial instruments (continued)**

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.

16 **Transition to FRS 102**

The company has adopted FRS 102 for the year ended 2014 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption – explanations

1. Fixed asset investments are now recognised at fair value with changes to fair value recognised in profit or loss. Previously fixed asset investments were held at the lower of cost and net realisable value.

Transition to FRS 102 – reconciliations

Restated Balance Sheet

	Explanation	31 December 2014 £'000	1 January 2014 £'000
Original shareholders' funds		19,518	19,033
Fair value of fixed asset investments	1	1,118	1,211
Restated shareholders' funds		20,636	20,244

Restated Profit and Loss Account for the year ended 31 December 2014

	Explanation	2014 £'000
Original profit on ordinary activities before tax		485
Fair value of fixed asset investments	1	(93)
Restated profit on ordinary activities before tax		392
Restated profit for the financial year		392