

DOGMER 4 LIMITED

Annual Report and Financial Statements
for the year ended 31 March 2011

Registered number 06092715



Dogmer 4 Limited

DIRECTORS

I Armitage
F C Jacob
N J Humphries

SECRETARY

A J D Hampton

TRUSTEES

J R H Kitching
L Wilding

AUDITORS

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

REGISTERED OFFICE

2 More London Riverside
London
SE1 2AP

Dogmer 4 Limited

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 March 2011

BUSINESS AND STRATEGY

Dogmer 4 Limited is a member of HgCapital LLP, a limited liability partnership. HgCapital LLP and its subsidiaries provide investment management services to the European private equity market.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The Company provides finance services to HgCapital LLP in return for which it receives a share of the LLP's profits which the directors consider to be the company's key performance indicator. The over-riding risk to the Company is therefore the loss of this relationship or a significant deterioration in HgCapital LLP's business which might prevent the Company from meeting its liabilities as they fall due. Based on the growth and success of HgCapital LLP's business, the directors are satisfied that the probability of this occurring is very low.

RISK ASSESSMENT

The Company is exposed to a variety of financial and operational risks as detailed below.

Liquidity and cash flow risk

The Company's Board actively reviews the liquidity position on a regular basis to ensure the Company is always in a position to meet its debt and commitments on a timely basis.

Interest rate risk

At the balance sheet date, the Company has a significant proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the Company's revenues and assets are subject to interest-rate risk to the extent that the cash rate falls over any given period. The Board does not consider it necessary to hedge the Company's exposure to interest rate risk with respect to its assets.

At the balance sheet date, the Company also has a material interest-bearing loan (£30 million principal outstanding) which is subject to a floating interest rate. This floating interest rate may fluctuate substantially and expose the Company to cash flow interest risks. The Board has deemed it appropriate to limit the impact of interest fluctuations over the term of the facility by entering into an amortising interest rate cap transaction.

The Board reviews this position on an ongoing basis to take into consideration any change in the Company's exposure to interest rate risk.

Credit and counterparty risk

Throughout the year the Company holds a significant portion of its assets in interest-bearing bank accounts and deposits at call with financial institutions, giving rise to a direct exposure should such an institution be unable or unwilling to repay capital and/or interest on funds provided to it. The Company's interest-bearing bank accounts and deposits at call are only held with counterparties which have credit ratings that the Board considers to be adequate, and the credit quality and financial position of such counterparties are regularly monitored. The credit quality of the above mentioned financial assets was deemed satisfactory throughout the year and as at the date of this report.

Operational risk

The business is subject also to risks associated with the tax and regulatory regimes within which its business operates. The Board engages consultants where necessary to ensure their understanding of current and impending laws and regulations is sufficient.

The Company is covered by insurance policies which are reviewed and renewed on an annual basis.

GOING CONCERN

The Company's business activities together with the factors likely to affect its future development and performance are set out above. The Company has sufficient financial resources together with an ongoing relationship with HgCapital LLP. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Dogmer 4 Limited

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN (CONTINUED)

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources and support to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

In view of the material net current liability position at the balance sheet date, the Directors have sought and received a letter of support from HgCapital LLP confirming that it intends to provide sufficient financial support to the Company for the next twelve months such that it will be able to meet its debts as and when they fall due.

RESULTS AND DIVIDEND

The profit after taxation for the year is £22,000 (2010: £133,000). An interim dividend of £4,000 was declared and paid during the year (2010: £nil). The directors do not propose the payment of a final dividend.

DIRECTORS

The names of the directors who served during the year, and up to the date of this report, are as follows:

I Armitage
R Goddard (resigned effective 31 March 2011)
N Humphries
F C Jacob

No directors' emoluments were paid during the year.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE

In accordance with a policy entered into by a related party, HgCapital LLP, the Company has maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors in their capacity as directors and officers of the Company.

AUDITORS

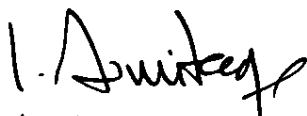
Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors. A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by



Ian Armitage
Director
19 July 2011

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOGMER 4 LIMITED

We have audited the financial statements of Dogmer 4 Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion,

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



David Barnes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
19th July 2011

Dogmer 4 Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2011

	<i>Notes</i>	<i>Year ended 31 March 2011 £'000</i>	<i>Year ended 31 March 2010 £'000</i>
Turnover			
Profit distribution	2	25,257	11,692
Operating expenses		<u>(2,595)</u>	<u>(91)</u>
Operating profit	3	22,662	11,601
Interest receivable		9	-
Interest payable		(1,810)	(27)
Investment written off	6	<u>(15,000)</u>	<u>(8,200)</u>
Profit before tax		5,861	3,374
Taxation charge	5	<u>(5,839)</u>	<u>(3,241)</u>
Profit for the year		<u>22</u>	<u>133</u>

All amounts are in respect of continuing activities

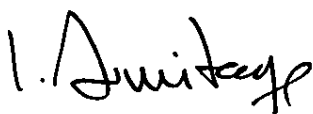
There are no recognised gains or losses other than the profit attributable to the shareholders of the Company

Dogmer 4 Limited

BALANCE SHEET at 31 March 2011

	<i>Notes</i>	<i>2011 £'000</i>	<i>2010 £'000</i>
Fixed Assets			
Investments	6	30,000	-
Current Assets			
Prepayments and accrued income		683	40
Cash at bank		814	3,247
		1,497	3,287
Creditors amounts falling due within one year	7	(9,671)	(3,104)
Net Current (Liabilities) / Assets		(8,174)	183
Creditors: amounts falling due after more than one year	8	(21,625)	-
Total Net Assets		201	183
Capital and Reserves			
Called up share capital	9	-	-
Profit and loss account	10	201	183
Shareholders' Funds		201	183

The financial statements of Dogmer 4 Limited (registered number 06092715) were approved by the Board of Directors and authorised for issue on 19th July 2011. They were signed on its behalf by



Ian Armitage
Director
19th July 2011

Dogmer 4 Limited

STATEMENT OF CASH FLOWS for the year ended 31 March 2011

	<i>Notes</i>	<i>Year ended 31 March 2011 £'000</i>	<i>Year ended 31 March 2010 £'000</i>
Net cash inflow from operating activities	<i>11</i>	22,168	11,803
Returns on investments and servicing of finance	<i>12</i>	(1,756)	(27)
Acquisitions and Disposals	<i>12</i>	(45,000)	(7,200)
Dividend paid	<i>12</i>	(4)	-
Taxation		<u>(7,841)</u>	<u>(497)</u>
Cash (outflow) / inflow before financing		(32,433)	4,079
Financing	<i>12</i>	<u>30,000</u>	<u>(1,000)</u>
(Decrease) / increase in cash	<i>12</i>	<u>(2,433)</u>	<u>3,079</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 2011

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards. Further information on the reasons for preparing the financial statements on a going concern basis is included in the Directors' Report.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Deferred taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Provision is made for deferred tax on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is more likely than not that there will be taxable profits in the future against which the asset can be offset.

Investments

Investments are stated at cost less impairment.

2. TURNOVER

Turnover represents the net profit distributions received from HgCapital LLP. Distributions are recognised at the point where the Company has an unconditional right to receive them. All profit distributions originate from the United Kingdom.

3. OPERATING PROFIT

	<i>Year ended 31 March 2011</i>	<i>Year ended 31 March 2010</i>
	<i>£'000</i>	<i>£'000</i>
Operating profit is stated after charging		
Auditors' remuneration – for audit of the Company	9	5
– taxation services (non-audit)	5	9

4. STAFF COSTS

Directors are not remunerated by Dogmer 4 Limited, nor by any related entity, in relation to their services to the Company.

The Company employs no staff, either in the current or preceding financial year, other than the directors referred to in the Directors' Report.

Dogmer 4 Limited

NOTES TO THE ACCOUNTS (CONTINUED) for the year ended 31 March 2011

5. TAX CHARGE

The company tax charge is made up as follows

	<i>Year ended 31 March 2011 £'000</i>	<i>Year ended 31 March 2010 £'000</i>
<i>Current tax charge</i>		
Corporation tax	5,111	3,213
Adjustments in respect of previous periods	728	28
Total current tax	5,839	3,241
Total tax charge	5,839	3,241

Factors affecting current tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for a large company. The differences are explained below

	<i>Year ended 31 March 2011 £'000</i>	<i>Year ended 31 March 2010 £'000</i>
Profit before taxation	5,861	3,374
Corporation tax at 28% (2010: 28%)	1,641	945

Effects of:

Adjustments in respect of previous periods	728	28
Income items taxed in prior year	(730)	(28)
Capital items not deductible for corporation tax purposes	4,200	2,296
	4,198	2,296
Corporation tax charge for the year	5,839	3,241

There is no material unprovided deferred tax

Dogmer 4 Limited

NOTES TO THE ACCOUNTS (CONTINUED) for the year ended 31 March 2011

6 INVESTMENTS

	2011 £'000	2010 £'000
At 1 April 2010	-	1,000
Additions	45,000	7,200
Amount written off	(15,000)	(8,200)
	<u>30,000</u>	<u>-</u>
At 31 March 2011		

During the year, the Company invested a £45 million capital contribution into HgCapital LLP. This is stated at the lower of cost less impairment. The investment written off represents a permanent reduction in the value of the investment following the receipt of profit distributions from HgCapital LLP.

7. CREDITORS: amounts falling due within one year

	2011 £'000	2010 £'000
Tax payable	1,082	3,075
Contractual loan repayment (note 8)	8,375	-
Other creditors	214	29
	<u>9,671</u>	<u>3,104</u>

8. LONG TERM CREDITORS: amounts falling due after more than one year

	2011 £'000	2010 £'000
At 1 April 2010	-	1,000
Loan received during year	45,000	-
Repaid during year	(15,000)	(1,000)
Included within current creditors (note 7)	(8,375)	-
	<u>21,625</u>	<u>-</u>
At 31 March 2011		

The Company entered into a £45,000,000 loan agreement on 22 April 2010. The loan was repayable in 5 instalments from 31 March 2011 until 31 March 2015. £15,000,000 has been repaid during the year. The next contractual repayment of £8,375,000, due on 31 March 2012, has been included within current liabilities per note 7.

Since the end of the financial year, a further £4,000,000 of the facility has been repaid following the receipt of profit distributions from HgCapital LLP.

The interest rate is based on LIBOR plus a margin of 4%, and is payable at the end of each loan period as agreed between the lender and borrower.

The bank facility is secured over all the assets and membership interests of Dogmer 4 Limited.

Dogmer 4 Limited

NOTES TO THE ACCOUNTS (CONTINUED) for the year ended 31 March 2011

9. SHARE CAPITAL

	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>
	<i>No</i>	<i>£'000</i>
At 31 March 2010 and 2011		
Ordinary shares, £1 each	<u>1,000</u>	<u>-</u>

1 Ordinary share of £1 was issued at the date of incorporation

10. SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>2011</i>	<i>2011</i>	<i>2011</i>	<i>2010</i>
	<i>Ordinary share capital</i>	<i>Profit and loss account</i>	<i>Total shareholder funds</i>	<i>Total shareholder funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 1 April	-	183	183	50
Profit after taxation	-	22	22	133
Dividend paid	<u>-</u>	<u>(4)</u>	<u>(4)</u>	<u>-</u>
Balance at 31 March	<u>-</u>	<u>201</u>	<u>201</u>	<u>183</u>

An interim dividend of £4,000 was declared and paid during the year

11. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<i>Year ended 31 March 2011</i>	<i>Year ended 31 March 2010</i>
	<i>£'000</i>	<i>£'000</i>
Operating profit	22,662	11,601
(Increase) / decrease in debtors	(643)	216
Increase / (decrease) in creditors	<u>149</u>	<u>(14)</u>
Net cash inflow from operating activities	<u>22,168</u>	<u>11,803</u>

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2011

12. GROSS CASH FLOWS

	<i>Year ended 31 March 2011 £'000</i>	<i>Year ended 31 March 2010 £'000</i>
Returns on Investments and Servicing of Finance		
Interest received	1	-
Interest paid	(1,757)	(27)
	<u>(1,756)</u>	<u>(27)</u>
Acquisitions and disposals		
Purchase of investment	(45,000)	(7,200)
	<u>(45,000)</u>	<u>(7,200)</u>
Dividend		
Interim dividend paid	(4)	-
	<u>(4)</u>	<u>-</u>
Financing		
Proceeds from long-term facility	45,000	-
Repayment of facility	(15,000)	(1,000)
	<u>30,000</u>	<u>(1,000)</u>
Analysis of changes in net debt		
At 1 April 2010	3,247	168
(Decrease) / increase in cash	(2,433)	3,079
Increase in borrowings	(30,000)	-
	<u>(29,186)</u>	<u>3,247</u>
At 31 March 2011		

13. RELATED PARTY TRANSACTIONS

From time to time the Company engages the services of HgCapital LLP and its wholly-owned subsidiaries (the "HgCapital group") to assist with various operational issues. These companies share certain key business interests, management, systems and processes, such that one party might be able to influence the other. The parties are therefore deemed to be related parties under FRS 8.

Expenses of £151,000 were paid to the HgCapital group during the period (2010: £75,000). The Company received profit distributions of £25,257,000 from the HgCapital group during the period (2010: £11,692,000).

At balance date, the Company was owed £682,000 (2010: £41,000) from the HgCapital group in respect of outstanding profit distributions receivable. Liabilities of £151,000 to the HgCapital group are outstanding at balance date (2010: £nil).

14. COMMITMENTS

The Company does not have any outstanding commitments at the year end.

15. PARENT UNDERTAKING

The Company's parent undertaking is the JK 07 Charitable Trust with the Trustees being the ultimate controlling parties.