

Registered number: SC239662

## HGP3 LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2014

**PARTNERSHIP  
ACCOUNTS**

COMPANIES HOUSE

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## **HGP3 LIMITED**

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**HGP3 LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

I Barrass  
P A Davies  
G R M Pigache

**COMPANY SECRETARY**

Henderson Secretarial Services Limited

**REGISTERED NUMBER**

SC239662

**REGISTERED OFFICE**

50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

## **HGP3 LIMITED**

### **DIRECTORS' REPORT For the Year Ended 31 December 2014**

The Directors present their annual report and the audited financial statements of HGP3 Limited ("the Company") for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITIES**

The Company was incorporated on 15 November 2002 and acts as general partner to PriCap 3 L.P. ("the Limited Partnership"), a limited partnership established to provide funding to private equity investment funds structured as limited partnerships. The Directors consider that the principal activities of the Company will remain unchanged for the foreseeable future.

The Directors have prepared the Directors' Report in accordance with the small companies regime and taken advantage of the small companies' exemption in not preparing a Strategic Report.

#### **RESULTS AND DIVIDENDS**

The profit for the financial year amounted to £NIL (2013 - £NIL).

The Directors do not recommend the payment of any dividends in respect of the financial year (2013: £NIL).

#### **DIRECTORS**

The Directors who were in the office during the year end and up to the date of signing the financial statements were:

I Barrass  
P A Davies  
G R M Pigache

#### **BUSINESS REVIEW**

The Company's ultimate parent undertaking is Henderson Group plc. The review of the Company's activities and business operations is not performed at the individual entity level, as the operational review is conducted at the ultimate parent level, Henderson Group plc and its subsidiaries ("the Group"). There is a proactive approach to risk management and a framework has been designed to manage the risks of its business and to ensure that the Boards of Directors at both Henderson Group plc and subsidiary levels have in place appropriate risk management practices. Accordingly, the key financial and other performance indicators together with the risk management objectives and policies have been disclosed within the Annual Report and Accounts of Henderson Group plc for the year ended 31 December 2014, which can be obtained from the registered office as provided in note 11 to these financial statements.

#### **DIRECTORS' INDEMNITY**

Henderson Group plc provides a deed of indemnity to the Directors to the extent permitted by United Kingdom law whereby Henderson Group plc is able to indemnify a director against any liability incurred in proceedings in which the Director is successful, and against the cost of successfully applying to the court to be excused for breach of duty where the director acted honestly and reasonably. The indemnity has been in force for the year to 31 December 2014 and up to the date of approval of the report and financial statements.

#### **GOING CONCERN**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**HGP3 LIMITED**

**DIRECTORS' REPORT**  
**For the Year Ended 31 December 2014**

**PROVISION OF INFORMATION TO AUDITORS**

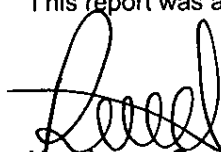
So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, of which the Auditors are unaware. Each Director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

**INDEPENDENT AUDITORS**

Following a competitive tender process by the Company's ultimate parent company, Henderson Group plc, PricewaterhouseCoopers LLP was appointed as auditors to the Company for the year ended 31 December 2014 in accordance with the provisions of the Companies Act 2006.

It is the intention of the Directors to reappoint the auditors under the deemed appointment rules of section 487 of the Companies Act 2006.

This report was approved by the Board of Directors on 12 June 2015 and signed on its behalf by:



**Henderson Secretarial Services Limited**  
Secretary

## HGP3 LIMITED

### **DIRECTORS' RESPONSIBILITIES STATEMENT** **For the Year Ended 31 December 2014**

The Directors are responsible for preparing the Directors' 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 with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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. 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.



P A Davies  
Director

## HGP3 LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HGP3 LIMITED

#### Report on the financial statements

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##### Our opinion

In our opinion HGP3 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its result 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

HGP3 Limited's financial statements, comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account 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).

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.

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#### Opinions on other matter prescribed by the Companies Act 2006

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

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#### Other matters on which we are required to report by exception

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##### 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, 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.

We have no exceptions to report arising from this responsibility.

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##### Directors' remuneration

Under the Companies Act 2006 we are required to report 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.

## HGP3 LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HGP3 LIMITED

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#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report, and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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

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##### Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out in page 4, 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 & 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.

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##### 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 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 and Financial Statements 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.



Richard McGuire (Senior Statutory Auditor)  
for and on behalf of PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants and Statutory Auditors

Date: 15 June 2015



# HGP3 LIMITED

## PROFIT AND LOSS ACCOUNT For the Year Ended 31 December 2014

	Note	2014 £	2013 £
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	-
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account, accordingly a Statement of Total Recognised Gains and Losses is not required.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 9 to 11 form part of these financial statements.

**HGP3 LIMITED**  
Registered number: SC239662

**BALANCE SHEET**  
as at 31 December 2014

	Notes	2014 £	2013 £
<b>CURRENT ASSETS</b>			
Debtors	5	2,086	2,086
<b>NET ASSETS</b>		<u>2,086</u>	<u>2,086</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	1	1
Profit and loss account	7	2,085	2,085
<b>TOTAL SHAREHOLDERS' FUNDS</b>	8	<u>2,086</u>	<u>2,086</u>

The financial statements were approved and authorised for issue by the Board of Directors on 12 June 2015 and were signed on its behalf by:



**P A Davies**  
Director

The notes on pages 9 to 11 form part of these financial statements.

## **HGP3 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2014**

#### **1. ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice. The financial statements have been prepared on a going concern basis.

Accounting policies have been applied consistently.

##### **1.2 TAXATION**

Current tax is provided on the Company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in respect of all timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. However, deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **1.3 CONSOLIDATED FINANCIAL STATEMENTS**

The financial statements and related notes are in respect of the Company only. The Company acts as a general partner to the Limited Partnership. As a general partner, the Company is able to exercise a dominant influence over the Limited Partnership. The Limited Partnership is not treated as a subsidiary undertaking as rights of the Company are exercised on behalf of the investors in the Limited Partnership and being fiduciary in nature, these rights can be disregarded when determining whether a parent subsidiary relationship exists.

#### **2. AUDITORS' REMUNERATION**

Auditors' remuneration of £2,865 (2013: £5,000) in respect of the audit of the Company's financial statements is borne by a fellow Group undertaking.

#### **3. EMPLOYEES**

The Company has no employees. Employees' contracts of employment are with Henderson Administration Limited, a Group undertaking, and staff costs are disclosed in that company's financial statements.

#### **4. DIRECTORS' REMUNERATION**

The Directors of the Company were employed and remunerated as directors and executives of the Group in respect of their services to the Group as a whole. The Directors believe that it is not practicable to apportion part of their remuneration to the services as Directors of the Company.

# HGP3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2014

### 5. DEBTORS

	2014 £	2013 £
Amount owed by Group undertakings	<u>2,086</u>	<u>2,086</u>

### 6. CALLED UP SHARE CAPITAL

	2014 £	2013 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1 (2013: 1) Ordinary share of £1	<u>1</u>	<u>1</u>

### 7. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2014 and 31 December 2014	<u>2,085</u>

### 8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Total shareholders' funds at 1 January 2014 and 31 December 2014	<u>2,086</u>	<u>2,086</u>

### 9. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures', relating to transactions between 100 per cent controlled subsidiaries, by not disclosing information on related party transactions with entities that are part of the Group, or investees of the Group qualifying as related parties.

### 10. CASH FLOW STATEMENT

The Company has taken advantage of the exemption in FRS 1 'Cash Flow Statements' from the requirement to prepare a cash flow statement, on the basis that it is a Group undertaking where 90% or more of the voting rights are controlled within the Group, which prepares publicly available financial statements.

## **HGP3 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2014**

#### **11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate parent undertaking is Henderson Equity Partners Limited, a company incorporated in England, and the ultimate parent undertaking is Henderson Group Plc, a company incorporated in Jersey which is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the Group's Annual Report and Accounts for the year ended 31 December 2014 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey JE1 0BD or its website, [www.henderson.com](http://www.henderson.com).

#### **12. POST BALANCE SHEET EVENTS**

The Board of Directors has not received, as at 12 June 2015 being the date the financial statements were approved, any information concerning significant conditions in existence at the balance sheet date, which have not been reflected in the financial statements as presented.

Registered number SL004811

**PRICAP 3 L.P.**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2014**

**PRICAP 3 L.P.**

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**Report and financial statements for the year ended 31 December 2014**

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**PRICAP 3 L.P.**

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**Partnership information**

**Partners**

HGP3 Limited - General Partner  
Phoenix Life Assurance Limited

**Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

**Registered office**

50 Lothian Road  
Festival Square  
Edinburgh EH3 9WJ



## **Report of the General Partner**

### **Principal activity and establishment**

PriCap 3 L.P. ("the Partnership") was formed on 16 December 2002 as a limited partnership between:

(a) HGP3 Limited ("the General Partner"), a company incorporated in Scotland on 15 November 2002, as General Partner; and

(b) Phoenix Life Assurance Limited, a company incorporated in England as the sole limited partner ("the Limited Partner").

The Partnership was registered as a limited partnership in Scotland under the Limited Partnerships Act 1907 and in accordance with the limited partnership agreement ("the Partnership Agreement"). The registered number of the Partnership is SL004811.

The purpose of the Partnership is to act as an intermediary investment holding vehicle for the purpose of providing funding to a range of private equity investment vehicles. The Partnership does not hold any direct exposure to the investments made on its behalf. However, it gains a beneficial interest in the underlying investments by investing in HHG Private Capital Portfolio No.1 L.P. ("HHG PCP"). HHG PCP holds an interest in two separate derivative agreements that provide a return that is aligned to the return generated by a series of underlying private equity funds, but without subjecting HHG PCP to any of the other risks and rewards that would be derived from holding a direct interest in the funds.

Total commitments from the Limited Partner amounted to £125,000,000. The General Partner has not committed any capital to the Partnership.

The General Partner has taken advantage of the small companies' exemption in not preparing a Strategic Report.

### **Business review**

At 31 December 2014, £75,984,212 (2013: £75,984,212) of the total commitment of the Limited Partner had been drawn down.

The net assets of the Partnership have decreased by £2,097,157 from the prior year. This is due predominantly to a combination of two factors:

(i) Investment proceeds arising from the realisation of underlying investments in HHG PCP totalling £2,025,703. This surplus capital was utilised to make net distributions totalling £2,019,703 from the Partnership to the Limited Partner.

(ii) The revaluation of the remainder of the investments at the year end resulting in a net capital loss of £67,304.

The net operating loss of the Partnership is £5,747.

## **Report of the General Partner (continued)**

### **Financial results**

The financial statements of the Partnership have been set out on pages 10 to 20. The loss for the year ended 31 December 2014 was £77,454 (2013: profit of £58,834).

### **Future development**

It is the General Partner's expectation to terminate the Partnership in the next twelve months.

### **Principal risks and uncertainties**

The General Partner is responsible for the risk management of the Partnership from a strategic, business and process risk perspective. The General Partner is a subsidiary of Henderson Group Plc (a company listed on the London Stock Exchange) and follows the risk framework of this entity. This framework ensures the strategic and operational risks of the Partnership are managed effectively. The General Partner has assessed the currency risk, price risk, credit risk and liquidity risk exposure of the Partnership based on the underlying activity performed by the Partnership. Due to the nature of the investment held by the Partnership, it has limited exposure to interest bearing assets and liabilities and accordingly the General Partner does not provide any further analysis in these financial statements.

#### **Currency risk**

The Partnership does not hold investments denominated in currencies other than Pounds Sterling, the functional currency of the Partnership. The Partnership is therefore not directly exposed to currency risk.

Through its investment in HHG Private Capital Portfolio No.1 L.P., the Partnership has indirect exposure to investments that are denominated in currencies other than Pounds Sterling. The Partnership is therefore exposed indirectly to currency risk, as the value of its investments, will fluctuate relative to changes in exchange rates in relation to the underlying investment portfolio. The Partnership's policy is not to enter into any currency hedging transactions to mitigate this risk as the underlying investments are held for medium term capital appreciation, with the overall capital return for the Limited Partner being measured net of any currency exposure.

#### **Market price risk**

Through its investment in HHG Private Capital Portfolio No.1 L.P., the Partnership has exposure to derivatives which are indirectly exposed to a diverse investment portfolio, consisting of quoted and unquoted investments, which are susceptible to market price risk arising from uncertainties relating to future asset prices and wider economic conditions. The Partnership's market price risk is managed through the diversification of the underlying assets in which the Partnership holds an indirect beneficial interest.

#### **Credit risk**

The Partnership takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Partnership's credit risk concentration arises from the outstanding loan commitments due from its limited partners and cash held on deposit.

Loan commitments are made under the Partnership Agreement. This agreement is signed by all parties so that all members of the Partnership are aware of their commitments. The General Partner communicates regularly with all the members of the Partnership to make them aware of the likely future capital requirements and provide explanations for investment performance in order to manage the risk of default.

**Report of the General Partner (continued)**

**Liquidity risk**

The liquidity risk for the Partnership arises as a result of the inability of its investments to be realised quickly as investments are made (via underlying investment vehicles) in unquoted companies or investment vehicles that are held for medium term capital appreciation. Hence, existing assets cannot be easily utilised to manage working capital requests and other financial commitments.

Liquidity risk is mitigated through the management of partners' capital to meet any short term liquidity needs. All administrative expenses and other financial commitments of the Partnership are relatively stable in nature and hence, liquidity needs can be accurately forecasted by the General Partner.

**Partners' commitments**

The Limited Partner has agreed to make a capital contribution of £1,250 to the Partnership and to make a loan commitment to the Partnership of £124,998,750. No financial commitment has been made by the General Partner.

**Amounts attributable to the General Partner**

In accordance with the Partnership Agreement, the General Partner is entitled to a fixed annual priority profit share amounting to £1,000 for its services as General Partner. The priority profit share is payable as a first charge on net income in each period. Where there is a deficit of net income, the amount payable is deducted as a first charge on the realised capital gains of the Partnership. Where insufficient income and realised capital gains exist for the settlement of the General Partner's entitlement, the General Partner is entitled to take a drawing out of the Partnership in the form of an interest free loan. The loan is not required to be repaid and will be settled via the allocation of the future realised profits of the Partnership. The General Partner has agreed to waive its right to the priority profit share from 1 January 2013 onwards.

**Taxation**

As a limited partnership, the taxation payable on profits is the liability of the partners and accordingly no charge for taxation appears in the financial statements.

**Going concern**

The Partnership's activities, its financial position, financial risk management objectives and its exposures to price, credit, currency and liquidity risk are set out above.

At the consent of the Limited Partner, the life of the Partnership was extended for an additional one year period to 24 December 2015, in accordance with the Limited Partnership Agreement. However, it is the General Partner's intention, with the Partner's consent, for the Partnership to distribute its assets to the Partner in the coming year, and to then subsequently terminate. Accordingly, the General Partner has prepared the Annual Report and Financial Statements on a basis other than going concern.

PRICAP 3 L.P.

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**Report of the General Partner (continued)**

**Auditors**

Ernst & Young LLP has not been reappointed as auditor. The General Partner has appointed PricewaterhouseCoopers LLP as the Partnership's auditor beginning the year ending 31 December 2014.

By Order of the General Partner:



PA Davies

For and on behalf of the General Partner

2 April 2015

## STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The General Partner is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law as applied to qualifying partnerships, the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable it to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the directors of the General Partner at the date the Report of the General Partner is approved:

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

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRICAP 3 L.P.**

**Report on the financial statements**

***Our opinion***

In our opinion, Pricap 3 L.P.'s financial statements (the "financial statements"):

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

***Emphasis of matter - Basis of preparation***

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of accounting. It is the General Partner's intention to distribute the remaining investments owned by the Partnership and to terminate the Partnership within the next twelve months. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. Adjustments were made in the financial statements to reduce assets to their realisable values, to provide for liquidation costs arising from the decision and to reclassify fixed assets as current assets.

***What we have audited***

Pricap 3 L.P.'s financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended;
- the Cash Flow Statement 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).

In applying the financial reporting framework, the General Partner has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

**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, 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.

We have no exceptions to report arising from this responsibility.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRICAP 3 L.P.**

### ***General Partner's remuneration***

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of the General Partner's remuneration specified by law are not made. 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 General Partner was 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.

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

#### ***Our responsibilities and those of the members***

As explained more fully in the Statement of General Partner's Responsibilities in respect of the financial statements set out on page 6, the General Partner is 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 opinion, has been prepared for and only for the Members of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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 qualifying partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the General Partner; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the General Partner's 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRICAP 3 L.P.**

*What an audit of financial statements involves (continued)*

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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.

*Richard McGuire*

Richard McGuire (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
7 April 2015



**PRICAP 3 L.P.**

**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2014

	Note	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Interest receivable and similar income		1	3
Administrative expenses	2	<u>(10,151)</u>	<u>(4,406)</u>
<b>OPERATING LOSS</b>		<u>(10,150)</u>	<u>(4,403)</u>
Realised gain on investment		1,365,689	-
Unrealised (loss)/gain on investment		<u>(1,432,993)</u>	<u>63,237</u>
<b>NET CAPITAL (LOSS)/PROFIT</b>		<u>(67,304)</u>	<u>63,237</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>(77,454)</u></u>	<u><u>58,834</u></u>
<b>ALLOCATION TO:</b>			
Limited Partner		<u>(77,454)</u>	<u>58,834</u>
		<u><u>(77,454)</u></u>	<u><u>58,834</u></u>

All results derive from discontinuing operations.

There are no recognised gains or losses other than those included in the profits and losses above and, therefore, no Statement of Total Recognised Gains and Losses has been presented.

There is no material difference between the (loss)/profit for the financial year and the historic cost equivalent.

The notes on pages 13 to 20 form an integral part of these financial statements.

**PRICAP 3 L.P.**

Registered number SL004811

**BALANCE SHEET**

As at 31 December 2014

	Note	31 December 2014 £	31 December 2013 £
<b>FIXED ASSETS</b>		-	5,105,108
<b>CURRENT ASSETS</b>			
Investments	3	3,012,101	-
Debtors	4	184	737
Cash at bank		11,347	6,126
<b>CREDITORS: Amounts falling due within one year</b>	5	<u>(13,438)</u>	<u>(4,620)</u>
<b>NET CURRENT ASSETS</b>		3,010,194	2,243
<b>NET ASSETS</b>		<u>3,010,194</u>	<u>5,107,351</u>
<b>REPRESENTED BY:</b>			
<b>Loan due to Partner</b>			
Partners' capital classified as a liability	7	-	715,253
<b>Equity</b>			
Capital contribution account	7	1,250	1,250
Income account	7	(52,147)	(41,997)
Capital account	7	3,072,091	4,443,845
Drawings account	7	(11,000)	(11,000)
<b>TOTAL PARTNERS' FUNDS</b>	6,7	<u>3,010,194</u>	<u>5,107,351</u>

The notes on pages 13 to 20 form an integral part of these financial statements.

Approved by:



PA Davies

For and on behalf of the General Partner

2 April 2015

**PRICAP 3 L.P.**

**CASH FLOW STATEMENT**

**For the year ended 31 December 2014**

	Note	31 December 2014 £	31 December 2013 £
<b>Net cash outflow from operating activities</b>	8	(779)	(4,677)
<b>Financial investment</b>			
Receipts from investments realised		2,025,703	4,865,148
<b>Financing</b>			
Loan commitments repaid	6	(715,253)	(4,855,148)
Other distributions	7	(1,304,450)	-
<b>Increase in cash</b>		<u>5,221</u>	<u>5,323</u>
		<b>31 December 2014 £</b>	<b>31 December 2013 £</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 January		6,126	803
Increase in cash		5,221	5,323
<b>Net funds at 31 December</b>		<u>11,347</u>	<u>6,126</u>

The notes on pages 13 to 20 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### *Basis of accounting*

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the requirements of the Companies Act 2006 as applied by the Partnerships (Accounts) Regulations 2008.

The financial statements are prepared under the historical cost basis modified for the revaluation of investments.

It is the intention of the General Partner to distribute the remaining investments owned by the Partnership and to terminate the Partnership within the next twelve months. Based on that decision, the Annual Report and Financial Statements have been prepared on a basis other than going concern which has resulted in the following changes:

- Investments are stated in the Partnership's balance sheet within current assets, at fair value less expected selling costs, as at the reporting date; and
- Liquidation costs are provided for, where there are reliable estimates (see note 2).

#### *Valuation of investments*

The valuation of the investment is derived by taking the Partnership's share of the net assets of HHG Private Capital Portfolio No.1 LP, as calculated in its financial statements, in accordance with the principles set out in the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines.

Investments are included in the Annual Report and Financial Statements at net realisable value. Net realisable value reflects the General Partner's best estimate of the proceeds expected to be achieved from the sale of the investments reflecting market conditions at the balance sheet date.

For the year ended 31 December 2014 investments are stated in the Partnership's balance sheet within current assets, at fair value less expected selling costs, as at the reporting date.

#### *Significant influence in investments*

The Partnership holds a significant proportion of the overall capital of the partnership in which it invests, but does not hold the majority of the voting rights nor is it able to exercise dominant influence. Therefore consolidation of the investment is not required. In addition, although the Partnership may be able to exercise significant influence over the investee partnership by virtue of the proportion of capital it holds, the Partnership is able to take advantage of the exemption offered by FRS 9 for entities that operate in the venture capital industry and not account for the investment using the equity accounting methodology required for associate undertakings.

#### *Income recognition from investments*

In accordance with the terms of the partnership agreement of HHG Private Capital Portfolio No. 1 L.P., all distributions received by the Partnership must be utilised to repay the loan capital invested by the Partnership, until such time as the loan contribution of the Partnership to HHG Private Capital Portfolio No. 1 L.P. has been repaid. As a result, these returns on capital from HHG Private Capital Portfolio No. 1 L.P. are treated as a repayment of the loan principal, and hence, do not give rise to any realised capital gain to the Partnership. Realised gains are recognised once the loan has been fully repaid.

Unrealised gains and losses on investments represent the movements in the fair value of the Partnership's investment in HHG Private Capital Portfolio No. 1 L.P. during the year. Unrealised gains or losses are recognised in the profit and loss account.

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**NOTES TO THE FINANCIAL STATEMENTS**
**1. ACCOUNTING POLICIES (continued)***Interest income*

Interest income receivable from cash held at bank is recognised on an accruals basis.

*Taxation*

No provision for taxation is made in these financial statements. The Partnership is not a taxable entity. Partners will be responsible for their own taxation liability according to their own circumstances.

*Partner allocations*

All net income, net loss, capital gain or capital loss accruing to the Partnership from investments shall, after making deductions necessary under the Partnership Agreement, including amounts attributable to the General Partner, be allocated to the Limited Partner.

*Amounts attributable to the General Partner*

In accordance with the Partnership Agreement, the General Partner is entitled to a fixed annual priority profit share amounting to £1,000 for its services as General Partner. The priority profit share is payable as a first charge on net income in each period. Where there is a deficit of net income, the amount payable is deducted as a first charge on the realised capital gains of the Partnership. Where insufficient income and capital gains exist for the settlement of the General Partner's entitlement, the General Partner is entitled to take a drawing out of the Partnership in the form of an interest free loan. The loan is not required to be repaid and will be settled on the allocation of future realised profits or net income of the Partnership. The General Partner has agreed to waive its right to the priority profit share from 1 January 2013 onwards.

*Treatment of loan capital and distributions*

Upon distribution of surplus capital to the limited partners, the Partnership Agreement stipulates that the repayment of the loan capital of the limited partners ranks above the distribution of surplus capital gains or income. All distributions must be utilised to satisfy the repayment of the Partner's loan contributions. As the loan contributions represent a contractual obligation of the Partnership to repay loan capital prior to the distribution of surplus income or capital gains, this element of capital is separately classified as debt within the financial statements.

*Liquidation costs*

Estimated liquidation costs of the Partnership have been provided for.

**2. ADMINISTRATIVE EXPENSES**

	2014 £	2013 £
Services provided by the Partnership's auditors		
- Fees payable for the audit	3,202	3,900
Other expenses	1,949	506
Liquidation costs	5,000	-
	10,151	4,406

During the year no fees were paid to the auditors in relation to non-audit services (2013: £nil).

## NOTES TO THE FINANCIAL STATEMENTS

## 3. INVESTMENT

	2014 £	2013 £
Opening cost	661,264	5,526,412
Disposals	(660,014)	(4,865,148)
Closing cost	<u>1,250</u>	<u>661,264</u>
Cumulative unrealised gains	3,010,851	4,443,844
Closing fair value	<u><u>3,012,101</u></u>	<u><u>5,105,108</u></u>

The General Partner believes that the carrying value of the investments is supported by its underlying net assets.

	Cost 2014 £	Cumulative unrealised gain £	Fair value 2014 £	Fair value 2013 £
Investment in HHG Private Capital Portfolio No.1 L.P.	<u>1,250</u>	<u>3,010,851</u>	<u>3,012,101</u>	<u>5,105,108</u>

## 4. DEBTORS

	2014 £	2013 £
Amounts due from Manager	<u>184</u>	<u>737</u>

## 5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Audit fee accrual	7,102	3,900
Other accruals	1,336	720
Liquidation cost provision	5,000	-
	<u>13,438</u>	<u>4,620</u>

All amounts disclosed above are payable on demand. The fair value of each of the balances approximates to the carrying value disclosed above.

## 6. RECONCILIATION OF PARTNERS' FUNDS

	2014 £	2013 £
Opening partners' funds	5,107,351	9,903,665
(Loss)/profit attributable to partners	(77,454)	58,834
Loan commitments repaid	(715,253)	(4,855,148)
Other distributions	(1,304,450)	-
Closing partners' funds	<u><u>3,010,194</u></u>	<u><u>5,107,351</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

## 7. PARTNERS' FUNDS

	HGP3 Limited	Phoenix Life Assurance Limited	Total
	£	£	£
<b>Capital contribution account</b>			
Opening balance	-	1,250	1,250
<b>At 31 December 2014</b>	-	1,250	1,250
<b>Loan due to the Limited Partner</b>			
Opening balance	-	715,253	715,253
Repayments during the year	-	(715,253)	(715,253)
<b>At 31 December 2014</b>	-	-	-
<b>Income account</b>			
Opening balance	-	(41,997)	(41,997)
Operating loss in the year	-	(10,150)	(10,150)
<b>At 31 December 2014</b>	-	(52,147)	(52,147)
<b>Capital account</b>			
Opening balance	-	4,443,845	4,443,845
Change in realised gain on investments	-	1,365,689	1,365,689
Change in unrealised gain on investments	-	(1,432,993)	(1,432,993)
Distributions in the year	-	(1,304,450)	(1,304,450)
<b>At 31 December 2014</b>	-	3,072,091	3,072,091
<b>Drawings account</b>			
Opening balance	(11,000)	-	(11,000)
<b>At 31 December 2014</b>	(11,000)	-	(11,000)
<b>Total Partners' Funds</b>			
<b>At 31 December 2014</b>	(11,000)	3,021,194	3,010,194
<b>Total Partners' Funds</b>			
<b>At 1 January 2014</b>	(11,000)	5,118,351	5,107,351

## NOTES TO THE FINANCIAL STATEMENTS

## 8. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating loss	(10,150)	(4,403)
Decrease/(increase) in debtors	553	(274)
Increase in creditors	8,818	-
Net cash outflow from operating activities	<u>(779)</u>	<u>(4,677)</u>

## 9. FINANCIAL RISK MANAGEMENT

Financial assets comprise investments in an intermediary holding vehicle structured as a limited partnership that invests in derivatives which have exposure to a range of private equity funds, cash and cash equivalents. Financial liabilities comprise trade and other payables and Limited Partner's loan contributions. The main risks arising from financial instruments are currency risk, market price risk, interest rate risk, credit risk and liquidity risk. Each of the risks are discussed in detail below.

*Currency risk*

Foreign currency risk is the risk that the Partnership will sustain losses through adverse movements in currency exchange rates.

The Partnership does not hold investments denominated in currencies other than Pounds Sterling, the functional currency of the Partnership. The Partnership is therefore not directly exposed to currency risk.

Through its investment in HHG Private Capital Portfolio No.1 L.P., the Partnership has indirect exposure to investments that are denominated in currencies other than Pounds Sterling. The Partnership is therefore exposed indirectly to currency risk, as the value of its investments, will fluctuate relative to changes in exchange rates in relation to the underlying investment portfolio. The Partnership's policy is not to enter into any currency hedging transactions to mitigate this risk as the underlying investments are held for medium term capital appreciation, with the overall capital return for limited partners being measured net of any currency exposure.

The Partnership's exposure to currency risk is integrated with the exposure to market price risk (shown below). Accordingly, no separate analysis of currency risk exposure has been presented.

*Market price risk*

Market price risk is the risk that a decline in the value of the investment portfolio adversely impacts the return generated by the Partnership.

Through its investment in HHG Private Capital Portfolio No.1 L.P., the Partnership has exposure to derivatives which are indirectly exposed to a diverse investment portfolio, consisting of quoted and unquoted investments, which are susceptible to market price risk arising from uncertainties relating to future market prices and wider economic conditions. The Partnership's market price risk is managed through the diversification of the underlying assets in which the Partnership holds an indirect beneficial interest. None of the other assets of the Partnership are considered to be exposed to market price risk.



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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (continued)

*Market price risk (continued)*

The General Partner believes 10% to be a reasonable estimate for the amount by which the market may increase or decrease during the year, based on the current level of volatility observed and market expectations for the future movement. A 10% movement in the fair value of the investment portfolio would lead to an increase or decrease in both the net assets and the net result for the year of £301,210 (2013: £510,511).

*Interest rate risk*

Interest rate risk is the risk that the Partnership will sustain losses from adverse movements in interest bearing assets and liabilities. Due to the nature of the investments the Partnership has limited exposure to interest bearing assets and liabilities, the General Partner does not provide a sensitivity analysis for interest rate risk exposure in these financial statements.

*Credit risk*

Credit risk is the risk of a counterparty of the Partnership being unable to pay amounts due to the Partnership in full when due.

The Partnership is exposed to credit risk in relation to outstanding loan contributions from its Limited Partner and through cash held on deposit.

Loan commitments are made under the Partnership Agreement. This agreement is signed by all parties so that all members of the Partnership are aware of their commitments. The General Partner communicates regularly with all the members of the Partnership to make them aware of the likely future capital requirements and provide explanations for investment performance. There have been no defaults on the commitments to date.

Each of the underlying funds has reached the end of the investment period and are nearing the end of their respective fund lives. Therefore, further amounts are unlikely to be drawn by the underlying funds, except in order to cover operating expenses which they are to incur. This has the effect of further reducing credit risk.

Cash at bank and on deposit is held with financial institutions with strong credit ratings.

None of the financial assets of the Partnership were past due or impaired as at 31 December 2014 (2013: £nil) and no drawn loan commitments due from partners were outstanding as at 31 December 2014 (2013: £nil).

The Partnership's maximum exposure to credit risk at the balance sheet date was £11,347 (2013: £6,126) representing the amount shown as cash at bank at the balance sheet date.

*Liquidity risk*

Liquidity risk is the risk that the Partnership may be unable to meet its payment obligations as they fall due.

The investment strategy of the Partnership is to hold its investments in HHG Private Capital Portfolio No.1 L.P. for a medium to long term period for capital appreciation and receipt of income. The nature of the underlying investments to which HHG Private Capital Portfolio No.1 L.P. has exposure are also for medium term capital appreciation and hence, the ability of the underlying investments to raise liquidity for the Partnership by realising stakes in underlying investments is limited. As a result, the Partnership is subject to certain liquidity risks. The liquidity risk is mitigated through the management of partners' capital to meet any short term liquidity needs.

Creditors of £13,438 (2013: £4,620) are repayable within 30 days or on demand. Partner's loan commitments are only repayable upon termination of the Partnership and, hence, have no contracted repayment date. Loan contributions and all other creditors are non interest bearing.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. FINANCIAL RISK MANAGEMENT (continued)

*Valuation hierarchy*

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Unadjusted quoted prices for assets trading in active markets (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable from existing market data (Level 2);
- Inputs that are not based on observable market data (unobservable inputs) (Level 3).

**As at 31 December 2014**

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments in an intermediary holding vehicle for private equity funds	-	-	3,012,101	3,012,101
<b>Financial assets</b>	<b>-</b>	<b>-</b>	<b>3,012,101</b>	<b>3,012,101</b>

**As at 31 December 2013**

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments in an intermediary holding vehicle for private equity funds	-	-	5,105,108	5,105,108
<b>Financial assets</b>	<b>-</b>	<b>-</b>	<b>5,105,108</b>	<b>5,105,108</b>

The Partnership invests via an intermediary holding vehicle in derivatives that provide the Partnership with a beneficial exposure to the returns generated by a series of private equity investments that are held via limited partnerships or other fund structures. These private equity investment vehicles are typically unquoted and in turn invest in unquoted securities. The Partnership's investment portfolio is recognised in the balance sheet at fair value, in accordance with IPEVC Valuation Guidelines.

	2014 Level 3 £	2013 Level 3 £
Valuation brought forward	5,105,108	9,907,019
Disposals	(2,025,703)	(4,865,148)
Realised gain on investment	1,365,689	-
Unrealised (loss)/gain on investment	(1,432,993)	63,237
<b>Valuation carried forward</b>	<b>3,012,101</b>	<b>5,105,108</b>

**Transfers**

During the year there were no transfers between levels 1, 2 or 3.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. INVESTMENT COMMITMENTS

Future commitments on investments at 31 December 2014 were £49,028,288 (2013: £49,028,288). However, no significant amounts are deemed likely to be drawn down in future.

### 11. LIMITED PARTNERS' COMMITMENTS

Under the terms of the Partnership Agreement, at 31 December 2014 and inclusive of the above commitments, an amount of up to £49,015,788 (2013: £49,015,788) may be drawn down by the General Partner. The undrawn Limited Partners' commitment is deemed sufficient to cover the expected future commitments on investments and the future administrative costs of the Partnership. Any further significant drawdowns are deemed unlikely.

### 12. RELATED PARTY TRANSACTIONS

The priority profit share payable to the General Partner during the year was £nil (2013: £nil). The amount outstanding in respect of the priority profit share at the year end date was £nil (2013: £nil). The General Partner is entitled to an allocation of £11,000 (2013: £11,000) from the future profits of the Partnership.

Transactions with the Limited Partner during the year and the amounts due to the Limited Partner at the balance sheet date are disclosed in note 7 to the financial statements.

### 13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Partnership does not have an ultimate controlling party.