

M & L Capital Management Limited

Registration Number : 04089418

Annual report and financial statements

For the year ended 31 July 2017

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M & L Capital Management Limited
Annual report and financial statements for the year ended 31 July 2017

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M & L Capital Management Limited
Company information

Directors	M Sheppard R Morgan
Company secretary	P Thomas
Company Registration Number	04089418
Registered Office	12a Princes Gate Mews London England SW7 2PS
Independent Auditor	CLB Coopers Audit Services Ship Canal House 98 King Street Manchester M2 4WU

M & L Capital Management Limited

Strategic report for the year ended 31 July 2017

The Directors present their Strategic Report and audited financial statements for the year ended 31 July 2017.

The purpose of the Strategic Report is to provide a business review of M & L Capital Management Limited ("the Company") by:

- analysing development and performance using appropriate key performance indicators ("KPIs");
- outlining the principal risks and uncertainties affecting the Company;
- describing how the Company manages these risks;
- explaining the future business plan of the Company; and
- outlining the main trends and factors likely to affect the future development, performance and position of the Company

Corporate Information

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") (FCA Firms Registration Number ("FRN"): 672181). The Company is registered in England & Wales under Company Number 04089418.

Principal Activity

The principal activity of the Company is to provide fund management services to both closed ended and open ended funds.

Performance and key performance indicators

The Company tracks its performance against four key financial, operational and commercial metrics that the directors judge to be the best indicators of the success of the Company. These key performance indicators are detailed below:

1. Turnover

Turnover is earned from contracts entered into and is derived from the performance of the funds under management. As funds under management increase so should turnover hence absolute performance is key.

2. Operating profit

Operating profit before investments activities for the year was £86,492 (2016: £9,129).

3. Funds under management

As detailed in point 1 above the most direct driver of financial returns will be the quantum of the funds under the Company's management.

The Company will work hard to achieve good investment performance on this fund and to market it to institutional investors in order to grow AUM.

4. Net asset growth

Net assets growth is particularly important as any increase in net assets is likely to increase the Company's financial resources for regulatory purposes. The Company's resources remain in excess of its capital requirement as stipulated by the FCA.

Some of the Company's excess capital may also from time to time be invested in liquid transferable securities, as an alternative to holding cash, including securities held in funds under the Company's management.

Net assets as at 31st July 2017 amounted to £347,107 (2016: £97,228), an increase of 257 per cent.

Going concern

After making enquires, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

M & L Capital Management Limited

Strategic report for the year ended 31 July 2017

Principle risks and uncertainties associated with the company

The Company is exposed to a range of economic, market, operational, liquidity and general financial risks, as detailed below:

Market downturn risk

The main impact on the Company of an acute market downturn would be that assets under management would reduce (both from a drop in the value of portfolio holdings and from possible redemptions in M&L Global Growth fund) and hence turnover would diminish which would have a direct impact on the profits of the Company.

As the Company's activities are predominantly focused on the Stock Market, a slowdown in economic growth leading to falling share prices would have an adverse impact on the Company's results.

A proportion of the Company's overall costs are variable rather than fixed. This gives an essential element of protection in market down-turns.

The Company controls include the segregation of duties when authorising and processing transactions, reconciliations, cross-checks and rotation of staff roles. Responsibility for specific controls is allocated to members of staff, with appropriate seniority and experience.

The Company has a business continuity and disaster recovery plan, which is regularly reviewed.

Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. The business faces a range of operational risks including (but not limited to): human error, financial crime & fraud, regulatory risk, reputational risk, failure of outsourced service providers, failure of IT & systems, cyber security risk and key man risk. The Company seeks to mitigate operational risk to acceptable residual levels in accordance with its risk appetite policy, by maintaining its control environment, which is managed through the Company's operational risk management framework. It is understood that a significant operational loss, systems break down or cyber security breach could affect the company's reputation and/or lead to an impairment of the value of its business so the Company seeks to invest in systems and controls to mitigate these risks.

Liquidity risk

Liquidity risk is the risk that the business will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate reserves of cash and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In respect of trade payables, the amounts due are all normally payable between 0 and 30 days.

The regulatory assessment of liquidity risk also addresses prepayments and other non-trading book assets such as accrued income. The Company satisfies all relevant requirements in this area.

All of the Company's cash deposits are repayable to the Company on demand.

Risk management

The Company's risk management processes are designed to be adequate for the purpose of monitoring and reacting to changes in the risk areas to which it is exposed. This takes into account all the activities undertaken by the Company and its current financial state of affairs.

In assessing the risks within the Company, the Directors take an active role in planning strategies in response to the current market environment and perceived likely developments.

The Company has identified operational risk as its most significant area of risk. However, the level of operational risk is judged to be acceptable due to the conservative approach adopted by both the management and staff of the Company and the training, systems and controls put in place by the management to mitigate such risks.

M & L Capital Management Limited

Strategic report for the year ended 31 July 2017

Social, ethical and environmental policy

As a fund management company there are no direct social, environmental or community responsibilities. Its ethical policy is focused on ensuring that client funds are properly managed and invested.

Investment Managers ensure that investments are made in companies that it considers to be well managed and subject to appropriate corporate governance. A well-managed company is considered to be one that complies with all the relevant legislation and that meets the environmental, social, community and ethical requirements of the country in which it operates. It is important to recognise that local laws and requirements of some markets do not necessarily equate with those of developed countries.

The Company's ultimate objective, however, is to maximise the returns for its clients. Accordingly the Investment Managers will seek to favour investments that pursue best practice in governance, but this must not be able to detriment of the return on funds under management.

The funds the Company manages currently have no direct equity exposure to the Oil & Gas sector. Neither of the Directors own a combustion engine car.

The full social, ethical and environmental policy of the company can be found on its website at <http://www.mlcapman.com/esg/>.

Future development

The Directors expect no material changes to the business of the company in the near future.

This report was approved by the board and signed on its behalf


R Morgan
Director

Date: 13th October 2017

M & L Capital Management Limited
Directors' report for the year ended 31 July 2017

The Directors present their report and audited financial statements for the year ended 31 July 2017.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the directors' report and the financial statement 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 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'. Under Company law the directors must not approve the Financial Statement 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 for the Company's financial statements 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 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.

Directors

The Directors who served during the year were:

M Sheppard
R Morgan

Disclosure of information to auditor

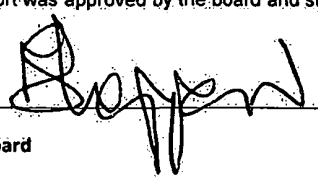
Each of the persons who are Directors at the time when this director's report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, CLB Coopers, tendered its resignation and was replaced by CLB Coopers Audit Services, who will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


M Sheppard
Director

Date: 13th October 2017

M & L Capital Management Limited

Independent auditor's report to the directors, as a body of M & L Capital Management Limited

Opinion

We have audited the Financial Statements of M & L Capital Management Limited (the 'company') for the year ended 31st July 2017, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

M & L Capital Management Limited

Independent auditor's report to the directors, as a body of M & L Capital Management Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 return; or
- contain 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.

Respective responsibilities of Directors and Auditor


As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statement and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Graham Rigby (senior statutory auditor)

Date: 13th October 2017

for and on behalf of
CLB Coopers Audit Services
Statutory Auditors

Ship Canal House
98 King Street
Manchester
M2 4WU

M & L Capital Management Limited**Statement of Comprehensive Income for the year ended 31 July 2017**

	Notes	2017 £	2016 £
Turnover	2	771,555	372,548
Cost of sales		(83,477)	(86,942)
Gross Profit		688,078	285,606
Other operating income	3	-	44,947
Administrative expenses		(601,586)	(321,424)
Operating profit	4	86,492	9,129
Income from fixed assets investments	7	1,969	4,336
Net movement in fair value of investments	8	20,964	(12,919)
Profit before tax		109,425	546
Tax on profit	9	(19,152)	(70)
Profit after tax		90,273	476

The notes on pages 12 to 20 form part of these financial statements.

M & L Capital Management Limited
Statement of Financial Position as at 31 July 2017

Registration Number : 04089418

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	10		9,814		2,149
Investments	11				221,958
			<u>9,814</u>		<u>224,107</u>
Current Assets					
Debtors: amounts falling due within one year	12	164,287		245,881	
Cash at bank and in hand	13	<u>237,148</u>		<u>19,727</u>	
		<u>401,435</u>		<u>265,608</u>	
Creditors					
Amounts falling due within one year	14	<u>(64,142)</u>		<u>(392,487)</u>	
Net Current Assets			<u>337,293</u>		<u>(126,879)</u>
Total assets less current liabilities			<u>347,107</u>		<u>97,228</u>
Net assets			<u>347,107</u>		<u>97,228</u>
Capital and reserves					
Called up share capital	17	240,173		130,100	
Share premium account		49,533			
Profit and loss account	18	<u>57,401</u>		<u>(32,872)</u>	
		<u>347,107</u>		<u>97,228</u>	

The financial statements were approved for issue by the board and were signed on its behalf by:


M. Sheppard
Director

Date: 13th October 2017

The notes on pages 12 to 20 form part of these financial statements.

M & L Capital Management Limited
Statement of Changes in Equity for the year ended 31 July 2017

	Share Capital £	Share Premium Account £	Profit & Loss Account £	Total £
As at 1 August 2015	130,100	-	(33,348)	96,752
Comprehensive Income				
Profit for the year	-	-	476	476
As at 31 July 2016	<u>130,100</u>	<u>-</u>	<u>(32,872)</u>	<u>97,228</u>
As at 1 August 2016	130,100	-	(32,872)	97,228
Issue of Share Capital	110,073	49,533	-	159,606
Comprehensive Income				
Profit for the year	-	-	90,273	90,273
As at 31 July 2017	<u>240,173</u>	<u>49,533</u>	<u>57,401</u>	<u>347,107</u>

The notes on pages 12 to 20 form part of these financial statements.

M & L Capital Management Limited
Statement of cash flows for the year ended 31 July 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	90,273	476
Adjustments for:		
Depreciation of tangible assets	3,077	1,190
Income from fixed asset investments	(1,969)	(4,336)
Deferred taxation	8,908	70
Decrease in debtors	6,099	16,030
Increase in creditors	24,104	1,124
Unrealised loss / (gain) on fixed asset investments	8,288	(8,288)
Realised (gain) / loss on sale of fixed asset investments	(29,252)	21,207
Net cash generated from operating activities	<u>109,528</u>	<u>27,473</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(10,742)	(1,844)
Purchase of fixed asset investments	(10,126)	(405,932)
Sale of fixed asset investments	9,645	171,055
Income from fixed asset investments	1,969	4,336
Unrealised (gain) on fixed asset investments	(8,288)	-
Net cash generated from operating activities	<u>(17,542)</u>	<u>(232,385)</u>
Cash flows from financing activities		
Amounts forwarded (to) / by related parties	435	224,639
Amounts received from share issue	125,000	-
Net cash generated from financing activities	<u>125,435</u>	<u>224,639</u>
Net increase in cash and cash equivalents	217,421	19,727
Cash and cash equivalents at the start of the year	<u>19,727</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>237,148</u>	<u>19,727</u>
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	237,148	19,727
	<u>237,148</u>	<u>19,727</u>

The notes on pages 12 to 20 form part of these financial statements.

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 Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

1.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of Services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contracts at the end of the reporting period can be measured reliably; and
- the cost incurred and the cost to complete the contract can be measured reliably.

1.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	33% Straight Line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account

1.4 Investment

Investments classified as fixed assets are long term investments held with a view to capital appreciation. They are held at their current market value and any unrealised gains or losses are recognised in the profit and loss account in the period to which they relate. Realised gains or losses are recognised in the profit or loss as they arise.

For investments that are actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

1 Accounting Policies (continued)

1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction cost and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice or not more than 24 hours.

1.7 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit and loss account.

1.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised cost using the effective interest method.

1.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

M & L Capital Management Limited

Notes to the financial statements for the year ended 31 July 2017

1 Accounting Policies (continued)

1.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or direct in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that;

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	449,875	309,044
Rest of Europe	321,680	63,504
	<u>771,555</u>	<u>372,548</u>

3 Other operating income

	2017 £	2016 £
Consultancy fees	-	44,947
	<u>-</u>	<u>44,947</u>

4 Operating profit

The operating profit is stated after charging / (crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	3,077	1,190
Exchange differences	(5,728)	(8,298)
Auditors fees	<u>7,000</u>	<u>7,500</u>

M & L Capital Management Limited
Notes to the financial statements for the year ended 31 July 2017

5 Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	326,846	189,489
National Insurance costs	43,514	24,284
Pension costs	-	-
	<u>370,360</u>	<u>213,773</u>

The average number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Directors	<u>2</u>	<u>2</u>

6 Directors' Remuneration

	2017 £	2016 £
Directors' emoluments	<u>325,000</u>	<u>189,489</u>

7 Income from investments

	2017 £	2016 £
Dividends received from fixed asset investments	<u>1,969</u>	<u>4,336</u>

8 Net movement on fair value investments

	2017 £	2016 £
Realised gain / (loss) on disposal of fixed asset investments	29,252	(21,207)
Unrealised gain / (loss) on fixed asset investments	(8,288)	8,288
	<u>20,964</u>	<u>(12,919)</u>

M & L Capital Management Limited

Notes to the financial statements for the year ended 31 July 2017

9 Taxation

	2017 £	2016 £
UK Corporation Tax	10,244	-
Deferred Tax	8,908	70
	<u>19,152</u>	<u>70</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: lower than) the standard rate of Corporation Tax in the UK of 19.67% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activity before tax	<u>109,425</u>	<u>546</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.67% (2016: 20%)	21,519	109
Effects of:		
Income not taxable for tax purposes	(6,140)	(867)
Expenses not deductible for tax purposes	2,151	-
Adjust closing deferred tax balance to expected average rate of utilisation	1,622	828
	<u>19,152</u>	<u>70</u>

Factors that may affect future tax charges

At the year-end the Company had trading losses carried forward of £nil (2016: £42,034)

M & L Capital Management Limited

Notes to the financial statements for the year ended 31 July 2017

10 Tangible fixed assets

	Office Equipment £	Total £
Cost or valuation		
At 1 August 2016	4,076	4,076
Additions	10,742	10,742
At 31 July 2017	<u>14,818</u>	<u>14,818</u>
Depreciation		
At 1 August 2016	1,927	1,927
Charge for the year on owned assets	3,077	3,077
At 31 July 2017	<u>5,004</u>	<u>5,004</u>
Net Book Value		
At 31 July 2017	<u>9,814</u>	<u>9,814</u>
At 31 July 2016	<u>2,149</u>	<u>2,149</u>

11 Fixed asset investments

	Fixed asset investments £	Total £
Cost or valuation		
At 1 August 2016	221,958	221,958
Additions	10,126	10,126
Disposals	(232,084)	(232,084)
At 31 July 2017	<u>-</u>	<u>-</u>
Net Book Value		
At 31 July 2017	<u>-</u>	<u>-</u>
At 31 July 2016	<u>221,958</u>	<u>221,958</u>

M & L Capital Management Limited

Notes to the financial statements for the year ended 31 July 2017

12 Debtors

	2017 £	2016 £
Amounts owed by group undertaking	150,692	217,279
Other debtors	480	99
Prepayments and accrued income	14,574	21,054
Deferred taxation	(1,459)	7,449
	<u>164,287</u>	<u>245,881</u>

13 Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>237,148</u>	<u>19,727</u>

14 Creditors; Amounts falling due within one year

	2017 £	2016 £
Trade creditors	18,182	18,375
Amounts owed to group undertakings	15,063	367,512
Other creditors	7,897	-
Corporation Tax	10,244	-
Accruals and deferred income	12,756	6,600
	<u>64,142</u>	<u>392,487</u>

15 Financial Instruments

	2017 £	2016 £
Financial assets		
Financial assets that are equity instruments measured at cost less impairment	-	221,958
Financial assets that are debt instruments measured at amortised cost	151,172	217,378
	<u>151,172</u>	<u>439,336</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(51,386)	(385,887)
	<u>-</u>	<u>-</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Financial assets that are equity instruments are measured at fair value through profit and loss comprise fixed asset investments.

Financial liabilities measured at amortised cost comprise trade creditors, corporation tax, other creditors and amounts owed to group undertakings.

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Notes to the financial statements for the year ended 31 July 2017

16 Deferred taxation

	2017 £	2016 £
At beginning of year	7,449	7,519
Charged to the profit or loss	(8,908)	(70)
At the end of the year	<u>(1,459)</u>	<u>7,449</u>

The deferred tax (liability) / asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(1,459)	(117)
Tax losses carried forward	-	7,566
	<u>(1,459)</u>	<u>7,449</u>

17 Share Capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
240,173 (2016: 130,100) Ordinary shares of £1 each	<u>240,173</u>	<u>130,100</u>

During the year, the company issued 110,073 Ordinary shares of £1 each, at £1.45 per share.

18 Reserves

Profit and loss

The profit and loss account represents accumulated trading profits, less equity dividends paid. An amount of £nil (2016: £8,288) relates to the non-distributable element of the fair value movement.

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Notes to the financial statements for the year ended 31 July 2017

19 Related party transactions

During the year the Company's controlling shareholder, M&M Investment Company Plc ("MMIC"), paid expenses of £468,922 (2016: £301,060) on behalf of the Company. In addition, MMIC also provided cash funding of £nil (2016: £58,978) to the Company. During the reporting period ended 31 July 2016, MMIC assumed a debt due to the Company from another of MMIC's investments, Midas Investment Management Limited, of £44,946 in lieu of the repayment of a loan due to MMIC from MLCM. There were no such transactions during this reporting period.

During the reporting period MMIC charged the Company £17,750 (2016: £nil) for rent and service charges for the office premises located at 12a Prices Gate Mews, London. On 31 July 2017, MMIC acquired an additional 110,073 ordinary shares in the Company at a premium of £49,533.

The loan account between the Company and MMIC was repaid by cash payments totalling £151,747 (2016: £nil), direct customer receipts of £277,393 (2016: £nil) and investments valued at £250,374 (2016: £Nil).

At the balance sheet date, the Company owed MMIC £15,063 (2016: £367,511).

During the reporting period, the Company was charged commission of £75 (2016: £nil) from Midas Investment Management Limited. For the reporting period ended July 2016, the Company charged fees to Midas Investment Management Limited of £44,947 and Midas Investment Management Limited made loan repayments to the Company totalling £126,892. There were no such transactions during this reporting period. There was no outstanding balance at the current or previous reporting period.

Manchester & London Investment Trust Plc is another investment of the Company's controlling shareholder. During the reporting period, the Company charged portfolio management fees to Manchester & London Investment Trust Plc of £423,787 (2016: £294,211) and recharged expenses totalling £23,070 (2016: £Nil). Manchester & London Investment Trust Plc made repayments totalling £498,751 (2016: £119,595). At the balance sheet date, the Company was owed £122,722 (2016: £174,616) by Manchester & London Investment Trust plc.

M&L Property & Assets plc is another investment of the Company's majority controlling company. During the reporting period, the Company charged portfolio management fees to M&L Property & Assets Plc of £47,905 (2016: £38,438) and recharged expenses totalling £270 (£Nil). M&L Property and Assets Plc made repayments totalling £54,842 (2016: £15,454). At the balance sheet date, the Company was owed £16,317 (2016: £22,984) by M&L Property & Assets Plc.

The Company is the investment manager for the M&L Global Growth Fund, another investment of the Company's controlling shareholder. During the reporting period, the company charged management and performance fees to M&L Global Growth Fund of £270,559 (2016: £19,680). At the balance sheet date, the Company was owed £11,654 (2016: £19,680) by M&L Global Growth Fund.

During the reporting period one of the Company's director, M Sheppard, paid expenses on behalf of the company totalling £7,897 (2016: £nil). At the balance sheet date, the Company owed M Sheppard £7,897 (2016: £nil) with respect to unpaid expenses.

M Sheppard is a beneficiary of the B S Sheppard 1991 Settlement Trust. During the reporting period, the Company was charged rental fees of £24,291 (2016: £26,880) by the B S Sheppard 1991 Settlement Trust, of which they repaid £26,576 (2016: £16,498). At the balance sheet date, the Company owed £8,097 (2016: £10,382) to the B S Sheppard 1991 Settlement Trust.

20 Controlling party

The ultimate parent undertaking throughout the current and previous year was M&M Investment Company plc, a company registered in England and Wales, by virtue of its ownership of the entire share capital of the company.

The ultimate controlling party is M Sheppard, by virtue of his majority beneficial interest in the ultimate holding company.