

Company Registration No. 04089418 (England and Wales)

**M & L CAPITAL MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2019**



# **M & L CAPITAL MANAGEMENT LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	R Morgan M Sheppard
<b>Secretary</b>	P Thomas
<b>Company number</b>	04089418
<b>Registered office</b>	12a Princes Gate Mews London England SW7 2PS
<b>Auditor</b>	Baldwins Audit Services 5th Floor Ship Canal House 98 King Street Manchester M2 4WU

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# **M & L CAPITAL MANAGEMENT LIMITED**

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# M & L CAPITAL MANAGEMENT LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JULY 2019

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The directors present the strategic report for the year ended 31 July 2019.

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

- Analysing the company's 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 plans of the company; and
- Outlining the main trends and factors likely to affect the future development, performance and position of the company's business.

#### Corporate information

The company is authorised and regulated by the Financial Conduct Authority (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 end and open-ended funds.

#### Regulatory Developments

The company remains classified as a Collective Portfolio Management Investment firm (CPMI) by the FCA for regulatory purposes.

The company continues to update its business processes in order to ensure it evolves with an ever-advancing industry. These processes are reviewed extensively by the company's external compliance consultants and the Directors are confident that the company meets all its regulatory requirements, including Mifid II and the levels of financial resources required under the AIFMD.

#### 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:

- **Turnover:** Turnover is earned from the management and portfolio management of the funds under management. As funds under management increase so should turnover hence absolute performance is key.

Turnover for the year was £1,356,787 (2018: £1,360,644), a relatively constant performance compared to 2018.

- **Operating Profit:** Cost management is key to ensure that Operating Profits are maximised.

Operating profit before investment activities for the reporting period was £315,297 (2018: £422,274). This reduction was due to increased operating costs, driven primarily by increased investment in research and systems and the full year impact of costs required to comply with Mifid II.

# M & L CAPITAL MANAGEMENT LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2019

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- **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 remains focused on the investment performance of its funds, which is key to maintaining AUM. The company has also been active in promoting its funds and has undertaken a number of placings for Manchester & London Investment Trust, growing the AUM of the fund.

- **Net asset growth:** Net asset 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 required by the Financial Conduct Authority.

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 31 July 2019 amounted to £924,411 (2018: £592,440), an increase of 56 per cent.

#### Going concern

After making enquiries, 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.

#### Principal risks and uncertainties associated with the company

The company is exposed to a range of economic, market, operational, liquidity and general financial risks.

#### Market downturn

The main impact on the company of an acute market downturn would be that assets under management would fall and hence revenues would also fall, which would have a direct impact on the profits of the company.

#### 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. There is a whole range of operational risks including reputational risks, and the company seeks to mitigate operational risk to acceptable residual levels in accordance with its risk policy, by maintaining its control environment, which is managed through the company's operational risk management framework. It is understood that a significant but non-catastrophic operational loss could affect its reputation, possibly leading to impairment of its business and organisation.

The company continues to employ the services of Dr Numaan Ahmed as a dedicated Risk and Compliance Officer. Dr Ahmed has 9 years' experience in Risk and Compliance, is authorised by the FCA and is independent from the portfolio management activities of the firm.

As the company's activities are predominantly focused on the Stock Market, 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's controls include the segregation of duties when authorising and processing transactions, reconciliations, cross-checks and rotation of operational roles. Responsibility for specific controls is allocated to operatives with appropriate seniority and experience.

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

# **M & L CAPITAL MANAGEMENT LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2019**

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### **Principal risks and uncertainties**

#### **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 liquidity risk also addresses prepayments and other non-trading book assets such as accrued income. All of the company's cash deposits are repayable 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 changes in the market environment and oversee the company's internal control processes.

The company has identified operational risk as its most significant risk. The level of risk in this field is judged to be acceptable because of the conservative approach to risk by the management and staff of the company.

#### **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.

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 risk adjusted investment returns for its clients and shareholders. Accordingly, the Investment Managers will seek to favour companies that pursue best practice in governance, but this must not be to the detriment of the return on client funds.

The funds the company manages currently have no 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 constantly review the structure and the investment strategy of the company to effectively implement procedures and policies that will steer the company to future growth and profitability.

On behalf of the board



R Morgan

**Director**

16 September 2019

# **M & L CAPITAL MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JULY 2019**

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The directors present their annual report and financial statements for the year ended 31 July 2019.

#### **Principal activities**

The principal activity of the company continued to be that of the provision of fund management services to both closed ended and open ended funds.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Morgan  
M Sheppard

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services (previously trading as CLB Coopers Audit Services) be reappointed as auditor of the company will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.

# **M & L CAPITAL MANAGEMENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2019**

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### **Statement of disclosure to auditor**

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 company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M Sheppard  
**Director**  
16 September 2019

A handwritten signature in black ink, appearing to read 'Sheppard', is written over the printed name of the director.



# **M & L CAPITAL MANAGEMENT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDER OF M & L CAPITAL MANAGEMENT LIMITED**

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#### **Opinion**

We have audited the financial statements of M & L Capital Management Limited (the 'company') for the year ended 31 July 2019 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows 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 United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 (CONTINUED)**

### **TO THE SHAREHOLDER OF M & L CAPITAL MANAGEMENT LIMITED**

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#### **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 and 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 returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's shareholder 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 shareholder 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 shareholder, for our audit work, for this report, or for the opinions we have formed.

*Baldwins Audit Services*

**Graham Rigby (Senior Statutory Auditor)**  
for and on behalf of Baldwins Audit Services

16 September 2019

5th Floor  
Ship Canal House  
98 King Street  
Manchester  
M2 4WU

# M & L CAPITAL MANAGEMENT LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS (INCLUDING A PROFIT AND LOSS ACCOUNT)

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>2</b>	1,356,787	1,360,644
Cost of sales		(254,606)	(193,532)
<b>Gross profit</b>		<u>1,102,181</u>	<u>1,167,112</u>
Administrative expenses		(799,750)	(744,838)
Other operating income		12,866	-
<b>Operating profit</b>	<b>3</b>	<u>315,297</u>	<u>422,274</u>
Income from fixed asset investments		1,512	206
Net movement on investments		63,268	5,918
<b>Profit before taxation</b>		<u>380,077</u>	<u>428,398</u>
Tax on profit	<b>6</b>	(48,106)	(43,550)
<b>Profit for the financial year</b>		<u>331,971</u>	<u>384,848</u>
Retained earnings brought forward		302,734	57,401
Dividends	<b>7</b>	-	(139,515)
<b>Retained earnings carried forward</b>		<u><u>634,705</u></u>	<u><u>302,734</u></u>

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

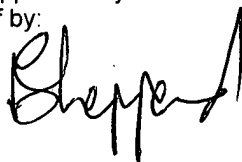
# M & L CAPITAL MANAGEMENT LIMITED

## BALANCE SHEET

AS AT 31 JULY 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	8		4,256		9,142
<b>Current assets</b>					
Debtors	10	183,573		208,984	
Investments		563,422		246,611	
Cash at bank and in hand		323,774		271,655	
		1,070,769		727,250	
<b>Creditors: amounts falling due within one year</b>	11	(150,201)		(142,570)	
<b>Net current assets</b>			920,568		584,680
<b>Total assets less current liabilities</b>			924,824		593,822
<b>Provisions for liabilities</b>	12		(413)		(1,382)
<b>Net assets</b>			924,411		592,440
<b>Capital and reserves</b>					
Called up share capital	14	240,173		240,173	
Share premium account		49,533		49,533	
Profit and loss reserves		634,705		302,734	
<b>Total equity</b>			924,411		592,440

The financial statements were approved by the board of directors and authorised for issue on 16 September 2019 and are signed on its behalf by:



M Sheppard  
Director

Company Registration No. 04089418

# M & L CAPITAL MANAGEMENT LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	18	317,813		450,643	
Income taxes paid		(53,871)		-	
<b>Net cash inflow from operating activities</b>		263,942		450,643	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,076)		(4,833)	
Proceeds on disposal of tangible fixed assets		1,000		-	
Purchase of fixed asset investments		(459,066)		(368,490)	
Proceeds on disposal of fixed asset investments		209,498		127,462	
Interest received		1,512		206	
<b>Net cash used in investing activities</b>		(250,132)		(245,655)	
<b>Financing activities</b>					
Net movement on amounts owed to/from related parties		38,309		(170,481)	
<b>Net cash generated from/(used in) financing activities</b>		38,309		(170,481)	
<b>Net increase in cash and cash equivalents</b>		52,119		34,507	
Cash and cash equivalents at beginning of year		271,655		237,148	
<b>Cash and cash equivalents at end of year</b>		323,774		271,655	

# **M & L CAPITAL MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2019**

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### **1 Accounting policies**

#### **Company information**

M & L Capital Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is 12a Princes Gate Mews, London, England, SW7 2PS.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed asset investments at fair value. The principal accounting policies adopted are set out below.

#### **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. Fee income which is contingent upon market performance conditions is recognised upon receipt. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

#### **1.3 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	33% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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.

#### **1.4 Investments**

Investments 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 and loss as they arise.

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

# M & L CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

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### 1 Accounting policies

(Continued)

#### 1.5 Debtors

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

#### 1.6 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of 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 end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

#### 1.8 Creditors

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

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# **M & L CAPITAL MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.10 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.



# M & L CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

### 2 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	1,155,962	748,266
Rest of Europe	200,825	612,378
	<u>1,356,787</u>	<u>1,360,644</u>

The turnover and the profit before tax are attributable to the principal activity of the company.

### 3 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Auditor's remuneration	7,000	7,000
Depreciation of tangible fixed assets	6,892	5,505
Loss on disposal of tangible fixed assets	70	-
	<u>13,962</u>	<u>12,505</u>

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2019	2018
Number	Number
<u>4</u>	<u>3</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	432,338	394,286
Social security costs	54,519	33,987
Pension costs	824	-
	<u>487,681</u>	<u>428,273</u>

# M & L CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	314,138	262,783
Company pension contributions to defined contribution schemes	824	-
	<u>314,962</u>	<u>262,783</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>225,000</u>	<u>200,000</u>

### 6 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	49,075	48,749
Adjustments in respect of prior periods	-	(5,122)
Total current tax	<u>49,075</u>	<u>43,627</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(969)	(77)
Total tax charge	<u>48,106</u>	<u>43,550</u>

# M & L CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 6 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	380,077	428,398
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	72,215	81,396
Tax effect of expenses that are not deductible in determining taxable profit	767	-
Tax effect of income not taxable in determining taxable profit	(14,465)	(1,124)
Group relief	(9,616)	(31,608)
Under/(over) provided in prior years	(813)	(5,122)
Difference in tax rates	18	8
Taxation charge for the year	48,106	43,550

### 7 Dividends

	2019 £	2018 £
Equity dividends	-	139,515

# M & L CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 8 Tangible fixed assets

	Office equipment £
<b>Cost</b>	
At 1 August 2018	19,651
Additions	3,076
Disposals	(1,475)
At 31 July 2019	21,252
<b>Depreciation and impairment</b>	
At 1 August 2018	10,509
Depreciation charged in the year	6,892
Eliminated in respect of disposals	(405)
At 31 July 2019	16,996
<b>Carrying amount</b>	
At 31 July 2019	4,256
At 31 July 2018	9,142

### 9 Current asset investments

	2019 £	2018 £
Listed investments	563,422	246,611

#### Movement in current asset investments

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 August 2018	246,611
Additions	459,066
Valuation changes	76,797
Disposals	(219,052)
At 31 July 2019	563,422
<b>Carrying amount</b>	
At 31 July 2019	563,422
At 31 July 2018	246,611

# M & L CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

### 10 Debtors

	2019	2018
	£	£
<b>Amounts falling due within one year:</b>		
Amounts owed by related undertakings	125,993	164,302
Other debtors	210	174
Prepayments and accrued income	57,370	44,508
	<u>183,573</u>	<u>208,984</u>

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

### 11 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	34,879	41,401
Corporation tax	49,075	53,871
Other taxation and social security	9,245	-
Other creditors	-	72
Accruals and deferred income	57,002	47,226
	<u>150,201</u>	<u>142,570</u>

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

### 12 Provisions for liabilities

	Notes	2019	2018
		£	£
Deferred tax liabilities	13	<u>413</u>	<u>1,382</u>

### 13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2019	2018
	£	£
<b>Balances:</b>		
Accelerated capital allowances	<u>413</u>	<u>1,382</u>

# M & L CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

<b>13</b>	<b>Deferred taxation</b>	<b>(Continued)</b>
		<b>2019</b>
	<b>Movements in the year:</b>	<b>£</b>
	Liability at 1 August 2018	1,382
	Credit to profit or loss	(969)
	Liability at 31 July 2019	<u>413</u>

<b>14</b>	<b>Share capital</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Ordinary share capital</b>		
	<b>Issued and fully paid</b>		
	240,173 Ordinary shares of £1 each	<u>240,173</u>	<u>240,173</u>

### 15 Profit and loss reserve

The profit and loss account represents accumulated trading profits, less equity dividends paid. An amount of £76,797(2018: £3,511) relates to the non-distributable element of the fair value movement.

### 16 Related party transactions

During the year the company's controlling shareholder, M&M Investment Company plc ("MMIC"), paid expenses of £409,370 (2018: £365,523) on behalf of the company. During the period MMIC charged the company £71,000 (2018: £71,000) for rent and service charges and £2,765 (2018: £5,722) for management charges. £2,290 was owed to MMIC at the balance sheet date (2018: £41,967 owed by MMIC).

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 £1,055,546 (2018: £676,125) and recharged expenses totalling £8,222 (2018: £25,837). At the balance sheet date, the company was owed £111,378 (2018: £88,122) by Manchester & London Investment Trust plc.

M&L Property & Assets plc is another investment of the company's controlling shareholder. During the reporting period, the company charged portfolio management fees to M&L Property & Assets plc of £48,436 (2018: £48,755) and recharged expenses totalling £4,107 (2018: £1,320). At the balance sheet date, the Company was owed £nil (2018: £12,699) by M&L Property & Assets Plc.

The Company is the investment manager for the M&L Global Digital & Technology Fund (formerly M&L Global Growth Fund), another investment of the company's controlling shareholder. During the reporting period, the company charged management, performance fees and expenses recharges to M&L Global Growth Fund of £193,687 (2018: £638,155). At the balance sheet date, the company was owed £16,905 (2018: £21,515) by M&L Global Digital & Technology and held liquid assets at a fair value of £325,519 (2018: £246,611) in the M&L Global Digital & Technology Fund.

During the reporting period one of the company's directors, M Sheppard, paid expenses on behalf of the company totalling £4,248 (2018: £nil). At the balance sheet date, the company owed M Sheppard £nil (2018: £62).

# M & L CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

### 17 Ultimate controlling party

The ultimate parent undertaking throughout the current and preceding year was M&M Investment Company plc, a company registered in England and Wales.

The ultimate controlling party is M B B Sheppard, by virtue of his shareholding in the ultimate holding company and his influence on the operations of the company.

### 18 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	331,971	384,848
<b>Adjustments for:</b>		
Taxation charged	48,106	43,550
Investment income	(1,512)	(206)
Loss on disposal of tangible fixed assets	70	-
Depreciation and impairment of tangible fixed assets	6,892	5,505
Loss on sale of investments	9,554	-
Net movement on fair value of investments	(76,797)	(5,918)
<b>Movements in working capital:</b>		
(Increase) in debtors	(12,898)	(29,628)
Increase in creditors	12,427	52,492
<b>Cash generated from operations</b>	<b>317,813</b>	<b>450,643</b>