

MML II Limited

Annual Report & Audited Financial Statements for the year ended 31 December 2019

Registered in England No. 05945979

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Strategic Report

Business review

MML II Limited is an investment holding company. It directly holds an investment in Montagu Management Limited and indirectly holds investments in Montagu Holdings Limited and Montagu Equity Limited. Their registered office address is 2 More London Riverside, London, SE1 2AP.

Montagu Equity Limited is a corporate Member in Montagu Private Equity LLP and receives profit allocations from this partnership. These profit allocations give Montagu Equity Limited the ability to pay dividends up through its parent company to MML II Limited.

During 2019, MML II Limited received dividend income of £Nil (2018: £Nil).

Results for the year

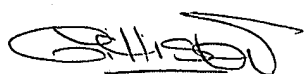
In 2019 MML II Limited made a loss after tax of £5,000 (2018: a loss after tax of £3,630,000). As at 31 December 2019, the company had net assets of £1,664,000 (2018: £1,669,000).

The full results of the company for the year are set out in the statement of comprehensive income on page 7.

Risks and uncertainties

On 11 March 2020, the World Health Organisation characterised Covid-19 as a pandemic. The responses to this virus from the various Governments in Europe and around the World has been changing on an almost daily basis. The directors recognise that the effects of the pandemic and specifically the measures and restrictions on movements and activities being implemented by the European Governments may have a significant economic impact on the locations and industries in which the company invests and operates. Given the speed of change and unprecedented nature of the challenges faced it is not possible to quantify the effect on the company at this time.

By order of the board.



G. Hislop
Director

Registered Office
2 More London Riverside
London
SE1 2AP
31 March 2020
Registered No. 05945979

Directors' Report

The Directors present their Report to the members together with the audited financial statements for the year ended 31 December 2019 which were approved by them on 31 March 2020.

Principal activities and business review

The principal activity of the company is to act as an investment holding company.

Results and dividends

The results for the year are set out in the statement of comprehensive income on page 7.

Dividends of £Nil (2018: £Nil) were paid by the company during the year.

Liability Insurance

The Company has professional indemnity insurance in place in respect of the duties of the Directors.

Directors

The directors of the Company who held office during the year were as follows.

C.M.Masterson
G.Hislop
C.J.Gatenby
M.P.Dunfoy

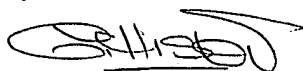
Independent auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board.



G. Hislop
Director
Registered Office
2 More London Riverside
London
SE1 2AP
31 March 2020
Registered No. 05945979

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of MML II Limited

Opinion

We have audited the financial statements of MML II Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of MML II Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of MML II Limited (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Jonathan Martin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square

London
E14 5GL

1 April 2020

Statement of Comprehensive Income For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	2	-	-
Operating costs	3	(4)	(3,689)
Operating loss		(4)	(3,689)
Interest receivable and similar income		-	102
Interest payable and similar expenses	4	-	(30)
Loss before taxation		(4)	(3,617)
Tax on loss	5	(1)	(13)
Loss after taxation		(5)	(3,630)

All results relate to continuing operations.

There were no other items of comprehensive income for the year and therefore the loss for the year is also the total comprehensive income for the year.

There is no difference between the amounts stated above and their historical cost equivalents, in respect of profit / (loss) before taxation.

The notes on pages 10 to 15 form part of these financial statements.

Balance Sheet

At 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	6	1,693	1,693
		<u>1,693</u>	<u>1,693</u>
Current assets			
Debtors	7	18	17
Cash and cash equivalents	8	3	3
		<u>21</u>	<u>20</u>
Creditors: amounts falling due within one year	9	<u>(50)</u>	<u>(44)</u>
Net current liabilities		(29)	(24)
Total assets less current liabilities		1,664	1,669
Creditors: amounts falling due after one year	9	<u>-</u>	<u>-</u>
Net assets		<u>1,664</u>	<u>1,669</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		<u>1,663</u>	<u>1,668</u>
Shareholder's funds		<u>1,664</u>	<u>1,669</u>

The notes on pages 10 to 15 form part of these financial statements.

The financial statements on pages 7 to 15 were approved by the board of directors on 31 March 2020 and were signed on its behalf by:



G. Hislop
Director

Registered No. 05945979

Statement of Changes in Equity

For the year ended 31 December 2019

	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
As at 1 January 2018	1	5,298	5,299
Loss for the year	-	(3,630)	(3,630)
As at 31 December 2018	1	1,668	1,669
As at 1 January 2019	1	1,668	1,669
Loss for the year	-	(5)	(5)
As at 31 December 2019	1	1,663	1,664

The notes on pages 10 to 15 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1. Accounting Policies

a. Basis of accounting

MML II Limited (the "Company") is a limited company incorporated in the United Kingdom. The address of the registered office is 2 More London Riverside, London, SE1 2AP.

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The financial statements are prepared on the historic cost basis. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £'000.

The Company is exempt by virtue of s400 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The results of the Company are included in the consolidated financial statements of Montagu Private Equity LLP, the ultimate parent company.

The Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statements and related notes.

The cash flows of the company are included in the Consolidated Cash Flow Statement in the consolidated financial statements of Montagu Private Equity LLP, the ultimate parent company.

b. Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reason. The directors consider that for at least 12 months from the date of approval of these financial statements, the Company will continue in operational existence through the support of Montagu Private Equity LLP. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this position will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this agreement with Montagu Private Equity LLP, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

After reviewing the company's performance projections, the directors are satisfied that the company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. The directors have considered the impact of the emergence and spread of COVID-19 and potential implications on future partnership operations. Whilst there are significant wider market uncertainties, the directors do not believe this will significantly impact the liquidity of the company over the next 12 months. For this reason, the directors have adopted the going concern basis in preparing these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1. Accounting Policies (continued)

c. Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

d. Investments

Investments are measured at cost less impairment in the profit and loss account.

e. Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

f. Debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

g. Cash

Cash comprises cash at hand, bank balances and money market deposits.

h. Creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

i. Dividends

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Notes to the financial statements for the year ended 31 December 2019

1. Accounting Policies (continued)

j. Interest receivable and interest payable

Interest payable and similar expenses include interest payable and unwinding of the discount on provisions. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

2. Turnover

Turnover represents dividend income and distributions. Dividends are recognised in the year in which the entity's right to receive payments is established. All turnover is derived from operations within the United Kingdom.

3. Expenses and auditor's remuneration

Loss for the period is stated after charging:

	2019 £'000	2018 £'000
Audit fees	4	3

4. Interest payable and similar expenses

	2019 £'000	2018 £'000
Group interest payable and similar expenses	-	30
	-	30

5. Tax on profit / (loss)

Analysis of tax charge in period:

	2019 £'000	2018 £'000
UK Current tax (credit) / charge on income	(1)	13
Adjustments in respect of prior periods	2	-
Total current tax charge	1	13
Deferred tax	-	-
Tax on loss	1	13

Notes to the financial statements for the year ended 31 December 2019

5. Tax on profit / (loss) (continued)

Current Tax Reconciliation:

	2019 £'000	2018 £'000
Loss before taxation	(4)	(3,617)
Tax @ 19% (2018: 19%)	(1)	(687)
Adjustments in respect of prior periods	2	-
(Net deductibles)/Disallowables	-	700
Total current tax charge	1	13

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

6. Investments

	2019 £'000	2018 £'000
Balance brought forward and carried forward	1,693	1,693

The subsidiaries of the Company are:

Interest of company at 31 December 2019

Directly held:

Montagu Management Limited

100% Ordinary shares

Indirectly held:

Montagu Holdings Limited

100% Ordinary shares

Montagu Equity Limited

100% Ordinary shares

The main activity of the subsidiaries is to act as investment holding companies.

Notes to the financial statements for the year ended 31 December 2019

7. Debtors

Amounts falling due within one year:

	2019 £'000	2018 £'000
Amounts due from fellow subsidiaries	17	17
Corporation Tax	1	-
	<u>18</u>	<u>17</u>

8. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	3	3
	<u>3</u>	<u>3</u>

9. Creditors

Amounts falling due within one year:

	2019 £'000	2018 £'000
Corporation Tax	-	12
Amounts due to parent undertakings	9	5
Amounts due to fellow subsidiaries	41	27
	<u>50</u>	<u>44</u>

10. Share capital

	2019 £	2018 £
Allotted, called up and fully repaid		
Ordinary A shares of £1	850	850
Ordinary B shares of £1	150	150
	<u>1,000</u>	<u>1,000</u>

Notes to the financial statements for the year ended 31 December 2019

10. Share capital (continued)

Dividends are determined by the board of directors and are paid to shareholders in proportion to the number of shares held. All Ordinary shares carry equal voting rights.

11. Related party disclosures

The Company's immediate parent undertaking is MLLP Holdings Limited. As a wholly owned subsidiary, the Company has taken advantage of the exemption provided in FRS 102.33 from disclosing details of transactions with other entities within the group.

12. Emoluments of directors

There were no emoluments received by directors in either the current or the prior year, and no amounts have been accrued or paid to any money purchase schemes.

13. Ultimate parent company

The ultimate parent company and controlling party is Montagu Private Equity LLP. Consolidated financial statements are available from the Company Secretary at 2 More London Riverside, London SE1 2AP.

14. Post balance sheet events

On 11 March 2020, the World Health Organisation characterised Covid-19 as a pandemic. The responses to this virus from the various Governments in Europe and around the World has been changing on an almost daily basis. The directors recognise that the effects of the pandemic and specifically the measures and restrictions on movements and activities being implemented by the European Governments may have a significant economic impact on the locations and industries in which the company invests and operates. Given the speed of change and unprecedented nature of the challenges faced it is not possible to quantify the effect on the company at this time.