MXC Holdings Limited

Directors' Report and
Financial Statements
For the year ended
31 August 2019

Registered number 07039551

Company information

Directors	A C Weaver J Collighan
Company number	07039551
Registered office	The Walbrook Building 25 Walbrook London EC4N 8AF
Business address	25 Victoria Street London SW1H 0EX
Bankers	HSBC Bank plc 69 Pall Mall London SW1Y 5EY

Contents

Directors' report

The directors present their report and the unaudited financial statements of the company for the year ended 31 August 2019. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006, and as such, no Strategic Report has been prepared.

Principal activities

The company's principal activity is that of an investment company. During the current and previous year the company has also recharged services to other group companies.

Business review

After accounting for a net gain on the movement in the fair value of its investments of £5,403,000 (2018: loss of £2,389,000), the company generated a profit after taxation for the year of £5,391,000 (2018: loss of £2,068,000). During the year the company paid an interim dividend of £nil (2018: £2,193,000).

Future developments

The directors expect the company to continue with the same trading activities. The company is currently trading in line with the directors' expectations.

Directors

The directors who served during the year are listed below. All directors served throughout the year.

AC Weaver
J Colligha

The company has agreed to indemnify the directors against third party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the board

J Colligha

J Colligha
Director

2 December 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of profit or loss
for the year ended 31 August 2019

	Note	**Year ended 31 August 2019 £000**	Year ended 31 August 2018 £000
Turnover	3	**-**	84
Movement in the fair value of investments	8	**5,403**	(2,389)
Gross profit/(loss)		**5,403**	(2,305)
Other income	4	**-**	29
Net administrative income/(expenses)		**44**	(95)
Operating profit/(loss)		**5,447**	(2,371)
Interest payable and similar charges	6	**(47)**	(53)
Profit/(loss) on ordinary activities before taxation	3	**5,400**	(2,424)
Tax (charge)/credit on loss on ordinary activities	7	**(9)**	356
Profit/(loss) and total comprehensive income for the financial year		**5,391**	(2,068)

The notes on pages 9 to 18 form an integral part of these financial statements.

Balance sheet
as at 31 August 2019

	Note	2019 £000	2018 £000
Fixed assets			
Other investments	8	**18,779**	13,376
Current assets			
Debtors due within one year	9	**4,148**	4,250
Cash at bank and in hand		**9**	269
		4,157	4,519
Creditors: amounts falling due within one year	10	**(268)**	(418)
Net current assets		**3,889**	4,101
Total assets less current liabilities		**22,668**	17,477
Creditors: amounts falling due after more than one year	11	**(419)**	(619)
Net assets		**22,249**	16,858
Capital and reserves			
Share capital	12	**-**	-
Share premium	13	**1,057**	1,057
Profit and loss account	13	**21,192**	15,801
Shareholders' funds		**22,249**	16,858

The notes on pages 9 to 18 form an integral part of these financial statements.

For the year ending 31 August 2019, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the Board on 2 December and signed on its behalf by

J Collighan

J Collighan
Director

Company registration number: 07039551

Statement of changes in equity
as at 31 August 2019

	Share capital £000	Share premium £000	Merger relief reserve £000	Profit and loss account £000	Total £000
Balance at 1 September 2017	-	1,057	-	20,062	21,119
Loss for the year and total comprehensive income	-	-	-	(2,068)	(2,068)
Equity dividends paid	-	-	-	(2,193)	(2,193)
Balance at 31 August 2018	**-**	**1,057**	**-**	**15,801**	**16,858**
Loss for the year and total comprehensive income	-	-	-	5,391	5,391
Balance at 31 August 2019	**-**	**1,057**	**-**	**21,192**	**22,249**

The notes on pages 9 to 18 form an integral part of these financial statements.

Notes to the financial statements

1 Company information

MXC Holdings Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is The Walbrook Building, 25 Walbrook, London, EC4N 8AF and the principal place of business is the United Kingdom.

2 Accounting policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£000).

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Parent company

The company is a wholly owned subsidiary of MXC Capital Limited, its ultimate parent company, which prepares publicly available consolidated financial statements in accordance with IFRS. This company is included in the consolidated financial statements of MXC Capital Limited for the year ended 31 August 2019. These accounts are available from Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

Notes to the financial statements

2 Accounting policies (continued)

2.4 Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- a statement of cash flows and related notes;
- the requirement to produce a balance sheet at the beginning of the earliest comparative period;
- the requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group;
- presentation of comparative reconciliations for property, plant and equipment and investments;
- disclosure of key management personnel compensation;
- capital management disclosures;
- presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- the effect of future accounting standards not adopted;
- certain share based payment disclosures;
- disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value); and
- fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value).

2.5 Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell, and value in use based on an internal discounted cash flow valuation. Any impairment loss is charged pro rata to the assets in the cash-generating unit.

Notes to the financial statements

2 Accounting policies (continued)

2.6 Tangible assets and depreciation

Property, plant and equipment is measured at cost less accumulated depreciation and any provision for impairment. Depreciation is provided to write down the cost to the residual value over the assets' estimated useful economic lives on a straight-line basis as follows:

Office equipment, furniture and fittings	3-5 years
Motor vehicles	4 years

2.7 Other investments

Other investments comprise equity securities. Equity securities classed as investments are designated as fair value through profit and loss ('FVTPL') on initial recognition. Gains or losses arising from revaluation of the assets at each reporting period are recognised directly in the company's profit and loss account.

2.8 Financial instruments

In accordance with IFRS 9, from 1 September 2018 the company classifies its financial assets as either those to be measured at fair value (either through profit or loss, or Other Comprehensive Income), or at amortised cost.

At the reporting date the company's financial assets measured at amortised cost comprise trade and other receivables. These are initially measured at fair value and subsequently at amortised cost, using the effective interest method.

From 1 September 2018 impairment of trade and other receivables is assessed using a forward-looking expected credit loss model, applying the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised in respect of the receivables.

The company's equity investments are designated as at fair value through profit or loss on initial recognition. Gains or losses arising from revaluation of the investments at each reporting period are recognised directly in the profit and loss account.

Accounting policies applied until 31 August 2018:

The company has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

In the previous period financial assets were classified as loans and receivables, and comprised trade and other receivables. The company assessed impairment at the end of each reporting period based on whether there was evidence that the balance was not recoverable in full arising from events that had occurred, such as financial difficulty or bankruptcy of the debtor, or there were indicators of impairment such as default or delinquency in payment. The amount of the provision was the difference between the asset's carrying amount and the present value of future cash flows.

The designation of, and accounting for, its equity investments is unchanged as a result of the adoption of IFRS 9.

Notes to the financial statements

2 Accounting policies (continued)

2.9 Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes a party to the contractual provisions of the contract. The company's financial liabilities include trade payables which are measured initially at fair value and subsequently at amortised cost using the effective interest rate method, based on management's expectations of performance.

2.10 Derecognition of financial assets and liabilities
A financial asset or liability is generally derecognised only when the contract that gives rise to it is settled, sold, cancelled or expires.

2.11 Intercompany balances
Group loans and trading balances are due on demand and are carried at the amount due/payable on an amortised cost basis.

2.12 Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and demand deposits held on call with banks.

2.13 Leases
Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Where the company has substantially all the risks and rewards of ownership of property, plant and equipment, the assets are capitalised as property, plant and equipment and depreciated over the shorter of their useful economic life and the lease term. The resulting lease obligations are included in borrowings net of finance charges. Interest costs on finance leases are charged to profit or loss so as to produce a constant periodic rate of charge on the remaining balance of the liability for each period.

2.14 Equity
Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classed as equity.

2.15 Revenue
Revenue comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the company's activities. Revenue is shown net of Value Added Tax where applicable.

Rendering of services
The company's primary source of revenue is the recharge of services to other group companies. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the services have been provided.

2.16 Operating expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Notes to the financial statements

2 Accounting policies (continued)

2.17 Taxation
The company's current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or of any other asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. Tax losses which are available to be carried forward and other income tax credits to the company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying temporary differences will be able to be offset against future taxable income.

Current and deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period of realisation based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of profit or loss except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

2.18 Operating profit
Operating profit comprises the results of the company before interest receivable and similar income, interest payable and similar charges, corporation tax and deferred tax.

2.19 Significant judgements and estimates
Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Fair value measurement of investments
The company holds investments in the form of quoted securities measured at fair value. The fair value of these investments is based on the quoted market price at the reporting period end. These values may vary from actual prices that would be achieved in an arm's length transaction at the reporting date.

Notes to the financial statements

3 Turnover and profit/(loss) on ordinary activities before taxation

The turnover and loss on ordinary activities before taxation arose wholly within the United Kingdom and are attributable to the principal activity of the company, together with the recharge of services to other group companies. All turnover in the prior financial year was generated from transactions with group undertakings.

The profit/(loss) on ordinary activities before taxation is stated after charging:

	2019	2018
	£000	£000
Auditor's remuneration:		
Audit of the company	**-**	5
Non-audit services – corporate tax services	**-**	3
Operating lease rentals	**-**	56
Depreciation of owned assets	**-**	2
Depreciation of assets held under finance leases	**-**	14

4 Other income

	2019	2018
	£000	£000
Profit on disposal of tangible assets	**-**	29

5 Particulars of staff

Other than the directors, who are remunerated by another group company, the company had no staff during either the current or prior period.

6 Interest payable and similar charges

	2019	2018
	£000	£000
Interest expense under finance lease obligations	**-**	1
Interest payable on other financial liabilities	**47**	52
	47	53

Notes to the financial statements

7 Tax on loss on ordinary activities

The tax charge represents:	**2019**	2018
	£000	£000
UK Corporation tax		
Current year charge at 19.0% (2018: 19.0%)	**9**	-
Adjustment in respect of prior period	-	(8)
	9	(8)
Deferred tax		
Reversal of timing differences	-	(348)
Tax charge/(credit) on profit/(loss) on ordinary activities	**9**	(356)

Tax reconciliation

Profit/(loss) on ordinary activities before taxation	**5,400**	(2,424)
Tax using the UK corporation tax rate of 19.0% (2018: 19.0%)	**1,026**	(461)
Expenses not deductible for tax purposes	**9**	13
Income not chargeable for tax purposes	-	(5)
Unrealised profits not subject to tax	**(1,026)**	-
Unrealised losses not allowable for tax purposes	-	454
Prior period adjustment	-	(8)
Deferred tax credit re temporary differences	-	(348)
Group relief	-	(1)
Total tax credit	**9**	(356)

Notes to the financial statements

7 Tax on loss on ordinary activities (continued)

	2019 £000	2018 £000
Deferred tax liability		
At 1 September	-	348
Credit to income statement	-	(348)
At 31 August	-	-

The deferred tax liability related to the unrealised profit in respect of the fair value of certain of the company's investments. The relevant investments are no longer held by the company.

8 Other investments

	Quoted company invest-ments £000
Fair value at 1 September 2018	13,376
Movement in fair value	5,403
Fair value at 31 August 2019	18,779

The investments at 31 August 2019 relate to equity securities held in the company's ultimate parent, MXC Capital Limited, an AIM quoted company. These equity securities are accounted for at fair value through profit or loss, and are presented as other investments in the balance sheet.

9 Debtors

	2019 £000	2018 £000
Due within one year:		
Amounts owed from group undertakings	**4,147**	4,242
Other debtors	**1**	8
	4,148	4,250

Notes to the financial statements

10 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**8**	4
Amounts owed to group undertakings	**-**	10
Corporation tax	**9**	-
Accruals and deferred income	**51**	211
Other financial liabilities	**200**	193
	268	418

11 Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Other financial liabilities	**419**	619

12 Share capital

The share capital of allotted, called up and fully paid ordinary shares was:

	Share capital 2019 £000	Share capital 2018 £000
19,018,182 (2018: 19,018,182) Ordinary A shares of 0.001p each	-	-
10,000,000 (2018: 10,000,000) Ordinary B shares of 0.001p each	-	-
19 (2018: 25) Preferred Ordinary shares of £1 each	-	-
	-	-

During the year the company repurchased 6 (2018: 6) Preferred Ordinary shares for an aggregate amount of £220,000 (2018: £220,000). The liability the company has in respect of these shares is shown within 'Other financial liabilities', as detailed in notes 10 and 11.

The Ordinary A shares, Ordinary B shares and Preferred Ordinary shares all rank equally for voting purposes, dividend rights and for any distribution on a winding up. None of the categories of shares are redeemable.

Notes to the financial statements

13 Reserves

Share capital – represents the nominal value of shares that have been issued.

Share premium – includes any premiums received on issue of share capital.

Profit and loss account – includes all current and prior period retained profits and losses.

14 Dividends

Declared and paid during the year:	2019 £000	2018 £000
Equity dividend on Ordinary A and Ordinary B shares:		
Interim dividend in specie	-	2,193

The holder of the Preferred Ordinary shares waived their right to receive the interim dividend.

15 Related party transactions

As permitted by FRS 101, related party transactions with wholly owned members of the MXC Capital Limited group have not been disclosed.

16 Ultimate parent company and control

The company is controlled by its immediate parent company, MXC Guernsey Limited, a company incorporated and domiciled in Guernsey. The ultimate parent undertaking is MXC Capital Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by the ultimate parent company, MXC Capital Limited. The consolidated accounts of MXC Capital Limited are available from the address stated in note 2.3 or on the group's website www.mxccapital.com.

There is no ultimate controlling party.