

# **MMC GP London Limited**

## **Report And Financial Statements**

*31 March 2017*

Rees Pollock  
Chartered Accountants

TUESDAY



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COMPANIES HOUSE

MMC GP London Limited

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**COMPANY INFORMATION**

<b>Directors</b>	B F Macfarlane J E Coker
<b>Registered number</b>	08224716
<b>Registered office</b>	2 Kensington Square London W8 5EP
<b>Independent auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Bankers</b>	Silicon Valley Bank 41 Lothbury London EC2R 7HF

**DIRECTORS' REPORT**

For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

**Directors**

The directors who served during the year were:

B F Macfarlane  
J E Coker

**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 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

**Disclosure of information to auditors**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

**Auditors**

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

MMC GP London Limited

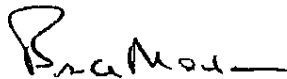
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**DIRECTORS' REPORT (CONTINUED)**  
For the Year Ended 31 March 2017

**Small companies note**

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

This report was approved by the board on 7 December 2017 and signed on its behalf.



B F Macfarlane  
Director

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MMC GP LIMITED**

We have audited the financial statements of MMC GP Limited for the year ended 31 March 2017, set out on pages 4 to 8. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 auditors' 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.

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

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

### **Opinion on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

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

### **Matters on which we are required to report by exception**

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Peter Scott (senior statutory auditor)  
for and on behalf of  
**Rees Pollock**

7 December 2017

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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended 31 March 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
Turnover	3	202,622	314,309
Administrative expenses		(202,622)	(314,309)
<b>Profit before tax</b>		-	-
Tax on profit		-	-
<b>Profit for the financial year</b>		-	-

The notes on pages 6 to 8 form part of these financial statements.

**BALANCE SHEET**  
As at 31 March 2017

	Note	2017 £	2016 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	100	100
<b>Total assets less current liabilities</b>		<u>100</u>	<u>100</u>
<b>Capital and reserves</b>			
Called up share capital	7	<u>100</u>	<u>100</u>
		<u>100</u>	<u>100</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 December 2017.

  
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**B F Macfarlane**  
Director

The notes on pages 6 to 8 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2017**

**1. General information**

The Company is a private company limited by shares, incorporated in the UK and registered at 2 Kensington Square, London, W8 5EP.

The principal activity of the company during the year was that of a General Partner to the MMC London Fund LP.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company has adopted FRS 102 with effect from 1 April 2015, being the beginning of the comparative financial period. There were no changes to the reported financial position or financial performance of the company on the first-time adoption of FRS 102.

**2.2 Revenue**

The turnover shown in the profit and loss account represents the company's first charge on income from the MMC London Fund LP for the year to the extent that it is deemed recoverable.

**2.3 Financial instruments**

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The company does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The company only has short term receivables and payables. Its net current asset position is a reasonable measure of its liquidity at any given time.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2017**

**2. Accounting policies (continued)**

**2.4 Taxation**

Tax is recognised in the statement of comprehensive income, except that a charge 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 directly 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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3. Turnover**

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

**4. Auditors' remuneration**

Auditor's remuneration is borne by MMC Ventures Limited, the company's parent company.

**5. Employees**

The company has no employees other than the directors, who did not receive any remuneration (2016 - £nil).

**6. Debtors**

	2017 £	2016 £
Amounts owed by group undertakings	100	100

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NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 March 2017

7. Share capital

	2017 £	2016 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

8. Controlling party

The immediate parent company and ultimate parent undertaking is MMC Ventures Limited, a company incorporated in the United Kingdom.

**MMC London Fund LP**  
**Report And Financial Statements**  
*31 March 2017*

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MMC LONDON FUND LP  
FOR THE YEAR  
END 31 MARCH 2017  
0822 4716

Rees Pollock  
Chartered Accountants



COMPANIES HOUSE

**BALANCE SHEET**  
As at 31 March 2017

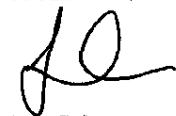
	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments		15,518,401	14,120,516
		<u>15,518,401</u>	<u>14,120,516</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	154,497	119,028
Cash at bank and in hand		315,067	2,831
		<u>469,564</u>	<u>121,859</u>
Creditors: amounts falling due within one year	7	(125,241)	(13,740)
<b>Net current assets</b>		<u>344,323</u>	<u>108,119</u>
<b>Total assets less current liabilities</b>		<u>15,862,724</u>	<u>14,228,635</u>
<b>Creditors: amounts falling due after more than one year</b>			
Limited Partner loan account		13,052,702	12,957,381
<b>Capital and reserves</b>			
Capital contribution account		1,691	1,691
Profit and loss account		2,808,331	1,269,563
		<u>15,862,724</u>	<u>14,228,635</u>

The General Partner acknowledges its responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the Partnership as at 31 March 2017 and of its profit for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Partnership.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The profit and loss account and General Partner's report has not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2017



**Jon Coker**  
Director of MMC GP London Limited

The notes on pages 7 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2017**

**1. General information**

MMC London Fund LP is a limited partnership incorporated in the UK. The Partnership's address is 3rd Floor, 2 Kensington Square, London, W8 5EP. The principal activities are documented in the General Partner's Report.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 ("FRS 102").

The entity transitioned from United Kingdom Generally Accepted Accounting Practice to Financial Reporting Standard 102 as at 1 April 2015. Information on the impact of first-time adoption of FRS 102 is given in note 10.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Partnership's accounting policies (see note 3).

**2.2 Valuation of investments**

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

All investments in portfolio companies are held as a means to benefit from increases in their marketable value and not as a medium through which the business of the company is carried out. Accordingly they are not accounted for as associates.

**2.3 Other financial instruments**

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The Partnership does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The Partnership's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The Partnership only has short term receivables and payables. Its net current asset position is a reasonable measure of its liquidity at any given time given that the loan contributions can only be repaid from net income and capital proceeds from the realisation of investments.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 March 2017

**2. Accounting policies (continued)**

**2.4 General Partner's share**

General Partner's Share is payable to the General Partner as a first charge on net income or capital gains of the Partnership and before the Prioritised Return to the Preferred Partner. In the event that in any accounting period there are insufficient net income or capital gains out of which to pay the annual amount provided for in the Partnership Agreement the shortfall is advanced to the General Partner by the Partnership as an interest free loan. This loan is repayable out of future net income and capital gains of the Partnership against which General Partner's Share is charged.

**2.5 Distributions of capital proceeds and income between Limited Partners**

As set out in the Partnership Agreement, after payment to the General Partner of the General Partner's Share and meeting the Fund Expenses, all cash available for distribution shall be distributed in the following order of priority. The timing of distributions is at the General Partner's discretion:

- i. first, to the Limited Partner until it has been repaid its outstanding loans;
- ii. second, as to 83% to the Limited Partner and 17% to the Carried Interest Partner.

**2.6 Partners' loan accounts**

The Limited Partner has contributed loans to the Partnership. These loans are repayable in priority to all profit distributions to the Limited Partner. The timing of repayment of the loans is at the General Partner's discretion. The Partner's loan contributions have been recognised as long-term liabilities in accordance with FRS 102. Loan contributions are recognised at nominal value as the difference between nominal value and fair value is not considered material.

**2.7 Foreign currency translation**

**Functional and presentation currency**

The Partnership'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 Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended 31 March 2017

#### 2. Accounting policies (continued)

##### 2.8 Taxation

The Partnership is domiciled in England, United Kingdom. Under the current laws, there is no income, estate, corporation, capital gains or other taxes payable by the Partnership. Any other tax liability arising on the activities of the Partnership itself will be borne by the individual partners.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the Partnership's financial statements requires management to make significant accounting judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its significant accounting judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying value of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

##### Valuation of investments

Fixed asset investments are included in the balance sheet at a value determined in accordance with the "International Private Equity and Venture Capital Valuations Guidelines" endorsed by the British Venture Capital Association.

Investments are initially valued on acquisition at the cost of the investment. The investment cost is considered to provide the best indication of fair value for an initial period after the investment has been made. Subsequently, investments are valued at their fair value using methodologies set out in the guidelines, which may include: earnings multiple; the price at which third party capital has recently been raised; or other relevant factors.

#### 4. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Auditors' remuneration	8,500	9,250

#### 5. Fixed asset investments

	31 March 2016 £	Additions £	Disposals £	Change in fair value £	31 March 2017 £
Unlisted equity investments at cost	11,746,854	200,379	(2,359,565)	-	9,587,668
Fair value adjustments	2,373,662	-	1,709,392	1,847,680	5,930,733
	<u>14,120,516</u>	<u>200,379</u>	<u>(650,173)</u>	<u>1,847,681</u>	<u>15,518,402</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 March 2017

**6. Debtors**

	2017 £	2016 £
Accrued interest	154,210	118,741
Amounts owed by related undertakings	287	287
	<u>154,497</u>	<u>119,028</u>

**7. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Drawdowns in advance	112,281	-
Accruals	12,960	13,740
	<u>125,241</u>	<u>13,740</u>

**8. Creditors: Amounts falling due after more than one year**

	<b>Limited Partner loan account £</b>
Balance at 1 April 2016	12,957,382
Amounts introduced	625,631
Repayments of partner loans	(530,310)
<b>Balance at 31 March 2017</b>	<u><u>13,052,703</u></u>

**9. Capital contribution accounts**

	2017 £	2016 £
Carried Interest Partner	288	288
Limited Partner	1,403	1,403
	<u>1,691</u>	<u>1,691</u>



MMC London Fund LP

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 March 2017

10. First time adoption of FRS 102

The Partnership transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2015. The impact of the transition to FRS 102 is as follows:

		As previously stated 1 April 2015 £	Effect of transition 1 April 2015 £	FRS 102 (as restated) 1 April 2015 £	As previously stated 31 March 2016 £	Effect of transition 31 March 2016 £	FRS 102 (as restated) 31 March 2016 £
	Note						
Investments		10,767,897	-	10,767,897	14,120,516	-	14,120,516
Current assets		333,928	-	333,928	121,859	-	121,859
Creditors: amounts falling due within one year		(25,200)	-	(25,200)	(13,740)	-	(13,740)
<b>Net current assets</b>		<b>308,728</b>	<b>-</b>	<b>308,728</b>	<b>108,119</b>	<b>-</b>	<b>108,119</b>
<b>Total assets less current liabilities</b>		<b>11,076,625</b>	<b>-</b>	<b>11,076,625</b>	<b>14,228,635</b>	<b>-</b>	<b>14,228,635</b>
Creditors: amounts falling due after more than one year							
Limited Partner loan account	2	9,450,211	918,356	10,368,567	11,090,768	1,866,613	12,957,381
Capital and reserves							
Capital contribution account		1,312	-	1,312	1,691	-	1,691
Revaluation reserve	1	2,360,441	(2,360,441)	-	4,240,314	(4,240,314)	-
Profit and loss account	1,2	-	706,746	706,746	-	1,269,563	1,269,563
Shortfall on General Partner loan account	2	(735,339)	735,339	-	(1,104,138)	1,104,138	-
		<b>11,076,625</b>	<b>-</b>	<b>11,076,625</b>	<b>14,228,635</b>	<b>-</b>	<b>14,228,635</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 March 2017

**10. First time adoption of FRS 102 (continued)**

**Explanation of changes to previously reported profit and equity:**

- 1 FRS102 treatment of financial assets dictates that fair value movements are investments are shown through the profit and loss account. This represents a change in accounting policy. Previously, only permanent impairment charges were shown through the profit and loss account, with revaluation movements recognised in the revaluation reserve. Under FRS102, all fair value movements, including impairment, will be shown through the profit and loss account.
- 2 Previously, profits and losses for respective periods were automatically allocated against the Limited Partner loan accounts. Under FRS 102 profits and losses are recognised in Capital and reserves as equity, with the Limited Partner loan accounts representing the total amounts drawn down to date less any loan repayments.

**11. Auditors' information**

The Partnership's auditors, Rees Pollock (Statutory Auditors) have reported on the financial statements for the year ended 31 March 2017. Their report was unqualified and did not contain an emphasis of matter paragraph. The Senior Statutory Auditor was Peter Scott.