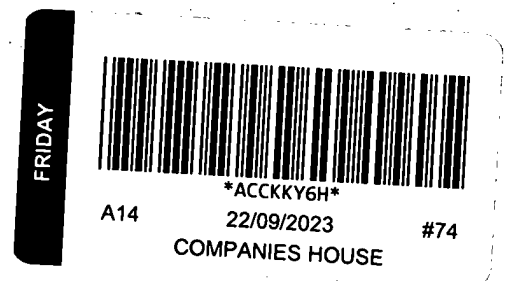


Registered number: 03946009

MMC VENTURES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



MMC VENTURES LIMITED
COMPANY INFORMATION

Directors

B F Macfarlane
A W Morgan
S J Menashy
O O W Richards

Registered number

03946009

Registered office

3rd Floor
24 High Holborn
London
WC1V 6AZ

Independent auditor

Blick Rothenberg Audit LLP
Chartered Accountants & Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Bankers

Bank of Scotland
St. James's Gate
14-16 Cockspur Street
London
SW1Y 5BL

Silicon Valley Bank
14-18 Finsbury Square
London
EC2A 1BR

MMC VENTURES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activities of the company are facilitating and managing venture capital investment in growth companies.

Results and dividends

The profit for the year, after taxation, amounted to £3,089,048 (2021 - £1,227,713).

The directors have not declared or paid a dividend during the year (2021 - £1,100,000).

Directors

The directors who served during the year were:

B F Macfarlane
A W Morgan
S J Menashy
O O W Richards

Directors' responsibilities statement

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 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;
- 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 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.

Engagement with suppliers, customers and others

Information on engagement with suppliers, customers and other are included in the Strategic Report.

MMC VENTURES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

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 auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Blick Rothenberg Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 April 2023 and signed on its behalf.

Bruce Macfarlane

B F Macfarlane
Director

MMC VENTURES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

MMC Ventures is a leading venture capital manager and one of the most active early stage investors in the UK. The company focuses its investments on technology-enabled businesses in sectors where the UK is a world leader and consequently has a deep pool of local talent and expertise available. These include consumer internet, business software and services; digital media and financial services.

Business review

MMC has circa £640m under management through a combination of retail investor funds, institutional limited partnerships and a syndicate of wealthy, experienced business angel investors, all of which co-invest on a deal-by-deal basis. The Company continues to win awards for the excellence of its EIS offering, which takes the form of an always-open managed account service. MMC made 17 new investments in 2022 (11 in 2021) and also provided follow-on capital to existing portfolio companies for a total of £78.4m invested.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks, the most critical of which are competition, employee retention and inflow of new investor funds.

Financial key performance indicators

The company's directors are of the opinion that the KPIs most relevant to the business are the funds raised, invested and their performance. During the year £89m was raised in capital commitments from investors which the director's considered satisfactory. MICAP, an independent alternative investment research company, listed the MMC EIS Fund as having the strongest exit record across the 53 EIS funds listed on their MICAP Fund Finder. Other KPIs relevant to the business are:

- Average debtor days as at 31 December 2022 of 9.4 days (2021: 16.2 days)
- Current ratio as at 31 December 2022 of 3.9x (2021: 2.3x)

Directors' statement of compliance with duty to promote the success of the Company

The Company operates a relatively flat operating structure, enabling employees to be closely involved with their function as well as the wider organisation. As part of this structure, procedures exist for employee communication, consultation, training and personal development. The Directors are committed that MMC continues to have a positive impact on the community and environment.

This was evidenced in 2020 by being awarded certification as a B Corporation (or B Corp). Certified B Corps are businesses that meet the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose.

The Company continues to invest from the MMC Greater London Fund which was launched in May 2019 in partnership with the Mayor of London. The Fund backs companies that make a difference to London's economy and the lives of the people living here. That includes our city environment and infrastructure; digital health and care; important economic sectors like financial and business services; our world-leading cultural, creative and media sectors; and the connected home, office and workplace.

Part of the Fund has been set aside to invest in technologies that reduce harmful emissions and tonnage sent to landfill, including Circular Economy business models. The Company engages regularly with its customers by way of monthly newsletters and quarterly investor reports as well as regular "At Homes" where investors can engage with investee companies.

This report was approved by the board on 24 April 2023.

Bruce Macfarlane

B F Macfarlane
Director

MMC VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMC VENTURES LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of MMC Ventures Limited (the 'Company') for the year ended 31 December 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 December 2022 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

MMC VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMC VENTURES LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 set out 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of management concerning the Company's policies with regards identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the Company's policies detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the Company's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Company operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act 2006, the Financial Services and Markets Act 2000 and applicable tax legislation.

MMC VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MMC VENTURES LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

One particular focus area was the risk of fraud through management override of controls. Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the Company for evidence of any large or unusual activity which may be indicative of fraud; enquiring of management in relation to any potential litigation and claims; and testing the appropriateness of journal entries and other adjustments.

Another focus area was non-compliance with the rules of the Financial Conduct Authority ('the FCA'). The Company was authorised and regulated by the FCA throughout the period. Our procedures to respond to risks identified included the following: reviewing correspondence between the Company and the FCA, performing analytical review to detect receipts of client money and remaining alert to the possibility of accidental receipt of client monies; and discussion of regulatory matters with the appointed officers of the Company.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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.



Peter Trundle (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

25 April 2023

MMC VENTURES LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	15,768,776	7,861,058
Administrative expenses		(12,235,914)	(5,747,484)
Operating profit	5	3,532,862	2,113,574
Realised gains/(loss) on disposal of investments		203,634	-
Interest receivable and similar income		151,180	18,218
Profit before tax		3,887,676	2,131,792
Tax on profit	8	(798,628)	(904,079)
Profit for the financial year		3,089,048	1,227,713

There were no recognised gains and losses for 2022, or 2021 other than those included in the statement of comprehensive income.

The notes on pages 11 to 22 form part of these financial statements.

MMC VENTURES LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	117,910	160,959
Investments	10	113,166	81,965
		<u>231,076</u>	<u>242,924</u>
Current assets			
Debtors	11	2,261,897	2,288,040
Current asset investments	12	6,542,693	500,849
Cash at bank and in hand		1,122,985	3,597,044
		<u>9,927,575</u>	<u>6,385,933</u>
Creditors: amounts falling due within one year	13	(3,298,227)	(3,037,749)
Net current assets		<u>6,629,348</u>	<u>3,348,184</u>
Total assets less current liabilities		<u>6,860,424</u>	<u>3,591,108</u>
Provisions for liabilities			
Deferred tax	14	(905,249)	(724,981)
		<u>(905,249)</u>	<u>(724,981)</u>
Net assets		<u>5,955,175</u>	<u>2,866,127</u>
Capital and reserves			
Called up share capital	15	1,100,000	1,100,000
Profit and loss account		4,855,175	1,766,127
		<u>5,955,175</u>	<u>2,866,127</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 April 2023.

Bruce Macfarlane

B F Macfarlane
Director

The notes on pages 11 to 22 form part of these financial statements.

MMC VENTURES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	825,000	1,638,414	2,463,414
Profit for the year	-	1,227,713	1,227,713
Dividends: Equity capital	-	(1,100,000)	(1,100,000)
Shares issued during the year	275,000	-	275,000
At 1 January 2022	1,100,000	1,766,127	2,866,127
Profit for the year	-	3,089,048	3,089,048
At 31 December 2022	1,100,000	4,855,175	5,955,175

The notes on pages 11 to 22 form part of these financial statements.

MMC VENTURES LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	3,089,048	1,227,713
Adjustments for:		
Depreciation of tangible assets	64,836	58,363
Interest receivable	(151,180)	(18,218)
Taxation charge	798,628	904,079
Decrease/(increase) in debtors	117,160	(756,192)
(Decrease)/increase in creditors	(167,419)	769,263
Corporation tax (paid)	(281,480)	(24,462)
Realised gains on disposal	(203,634)	-
Net cash generated from operating activities	3,265,959	2,160,546
Cash flows from investing activities		
Purchase of tangible fixed assets	(21,787)	(13,752)
Purchase of unlisted and other investments	(6,106,907)	(536,036)
Sale of unlisted and other investments	237,496	-
Interest received	151,180	18,218
Net cash from investing activities	(5,740,018)	(531,570)
Cash flows from financing activities		
Issue of ordinary shares	-	275,000
Dividends paid	-	(1,100,000)
Net cash used in financing activities	-	(825,000)
Net (decrease)/increase in cash and cash equivalents	(2,474,059)	803,976
Cash and cash equivalents at beginning of year	3,597,044	2,793,068
Cash and cash equivalents at the end of year	1,122,985	3,597,044
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,122,985	3,597,044
	1,122,985	3,597,044

The notes on pages 11 to 22 form part of these financial statements.

MMC VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

MMC Ventures Limited is a private limited company incorporated in England and Wales. The company's address is 3rd Floor, 24 High Holborn, London, WC1V 6AZ.

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

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

2.2 Going concern

After making enquiries and considering all relevant factors, the directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and such revenue can be reliably measured. Revenue is recognised as services are provided and includes management fees, transaction fees, performance fees and monitoring fees.

The Company is entitled to earn performance fees from a number of clients where the actual performance of the clients' assets exceeds defined benchmarks by an agreed level of outperformance. Performance fees are recognised when the quantum of the fee can be reliably estimated and it is probable that the fee will be received.

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	-	25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line

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

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

2. Accounting policies (continued)

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

2.6 Financial instruments

The Company's policy for accounting for investments is disclosed elsewhere. The Company does not trade in other financial instruments and all other such instruments arise directly from operations.

All trade and other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter trade and other 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's cash holdings comprise on demand balances only. All cash is held with banks with strong external credit ratings.

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

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.11 Related party transactions

The company is exempt under section 33 of FRS 102 from disclosing transactions or balances between wholly owned group entities.

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.

Revenue recognition of management fees

A proportion of the Company's revenues are in respect of management fees receivable from individual client investors for the provision of investment portfolio management services. Management have elected to apply a policy of recognising revenue over a period that is longer than the period in which fees become payable based on the established fee structure for the management services. This policy is based on analysis performed by management to assess the typical period during which the management services are provided.

4. Turnover

The whole of the turnover is attributable to the principal activity.

All turnover arose within the United Kingdom.

5. Operating profit

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

	2022	2021
	£	£
Depreciation of tangible fixed assets	64,836	58,363
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	14,500	9,100
Auditors' remuneration - non audit	3,725	9,450
Exchange differences	1,497	818
Operating lease rentals - land and buildings	220,332	216,878

MMC VENTURES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****6. Employees**

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

	2022 £	2021 £
Wages and salaries	9,101,064	3,650,422
Social security costs	790,731	493,271
Cost of defined contribution scheme	109,953	140,957
	<u>10,001,748</u>	<u>4,284,650</u>

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

	2022 No.	2021 No.
Office and management	<u>23</u>	<u>20</u>

7. Directors' remuneration

	2022 £	2021 as restated £
Directors' emoluments	3,611,959	1,162,272
	<u>3,611,959</u>	<u>1,162,272</u>

The highest paid director received remuneration of £1,594,094 (2021 as restated - £564,522).

MMC VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	628,202	179,098
Adjustments in respect of previous periods	(9,842)	-
Deferred tax		
Deferred tax	180,268	724,981
Taxation on profit on ordinary activities	<u>798,628</u>	<u>904,079</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>3,887,676</u>	<u>2,131,792</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	738,658	405,040
Effects of:		
Movement in unrecognised tax losses	-	(262,844)
Movement in other unrecognised timing differences	42,115	622,806
Expenses not deductible for tax purposes	19,097	17,508
Other differences leading to an increase (decrease) in the tax charge	(1,242)	(1,138)
Group relief	-	122,707
Total tax charge for the year	<u>798,628</u>	<u>904,079</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

MMC VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	183,437	86,765	28,985	299,187
Additions	-	7,574	14,213	21,787
At 31 December 2022	183,437	94,339	43,198	320,974
Depreciation				
At 1 January 2022	84,912	45,370	7,946	138,228
Charge for the year on owned assets	38,450	17,664	8,722	64,836
At 31 December 2022	123,362	63,034	16,668	203,064
Net book value				
At 31 December 2022	60,075	31,305	26,530	117,910
At 31 December 2021	98,525	41,395	21,039	160,959

MMC VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Fixed asset investments

	Investments in subsidiary companies (cost) £	Unlisted investments (valuation) £	Total £
Cost or valuation			
At 1 January 2022	9	97,956	97,965
Additions	-	65,063	65,063
Disposals	-	(33,862)	(33,862)
At 31 December 2022	9	129,157	129,166
Impairment			
At 1 January 2022	-	16,000	16,000
At 31 December 2022	-	16,000	16,000
Net book value			
At 31 December 2022	9	113,157	113,166
At 31 December 2021	9	81,956	81,965

The Company holds 100% of the ordinary share capital of the following subsidiary undertakings:

MMC GP London Limited
 MMC GP London (Scotland) Limited
 MMC GP London II LLP
 MMC GP London (Scotland) II LLP
 MMC GP Scale-Up I LLP
 MMC GP Scale-Up (Scotland) I LLP
 MMC Ventures Advisors Limited
 MMC GP SPV LLP
 MMC GP SPV (Scotland) 1 LLP

The company has taken advantage of section 402 of the Companies Act 2006 to exclude the results of its subsidiary undertakings from consolidation on the grounds that their inclusion is not material for the purposes of giving a true and fair view.

MMC VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts owed by related undertakings	314,330	235,305
Other debtors	653,961	805,110
	<u>968,291</u>	<u>1,040,415</u>
Due within one year		
Trade debtors	357,221	285,219
Other debtors	14,678	37,627
Prepayments and accrued income	921,707	924,779
	<u>2,261,897</u>	<u>2,288,040</u>

12. Current asset investments

	2022 £	2021 £
Unlisted investments	<u>6,542,693</u>	<u>500,849</u>

13. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	74,061	55,752
Corporation tax	606,995	179,098
Other taxation and social security	361,160	792,696
Other creditors	-	370
Accruals and deferred income	2,256,011	2,009,833
	<u>3,298,227</u>	<u>3,037,749</u>

MMC VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Deferred taxation

	2022 £
At beginning of year	724,981
Charged to profit or loss	180,268
At end of year	905,249

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	23,652	20,596
Other timing differences	881,597	704,385
	905,249	724,981

15. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
110,000,000 (2021 - 110,000,000) Ordinary shares of £0.01 each	1,100,000	1,100,000

MMC VENTURES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****16. Share-based payments**

The company operated an Enterprise Management Incentive share option scheme. Under this scheme options are granted at discretion of management to eligible employees in accordance with the provisions of Schedule 5 of the Income Tax (Earnings & Pensions) Act 2003.

All options were exercised during the prior year and no further options have been granted under the scheme. No share based payment charge has been recognised in the current or prior year as it was immaterial.

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	-	-	1	19,800,000
Granted during the year	-	-	1	7,700,000
Exercised during the year	-	-	1	(27,500,000)
Outstanding at the end of the year	-	-	-	-

17. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	208,132	207,563
Later than 1 year and not later than 5 years	120,317	328,449
	328,449	536,012

18. Other financial commitments

At the balance sheet date the Company had committed to advance up to £Nil (2021: £219,353) to employees of the Company.

19. Related party transactions

The Company has advanced loans to directors of the Company. The loans bear interest at 2.5% per annum and are repayable within 24 months following the realisation of the relevant assets of MMC Scale-Up FP I LP and MMC SPV FP I LP. At the balance sheet date £259,026 (2021: £424,575) is due to the Company and is included in Other debtors due after one year.

MMC VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Post balance sheet events

The Company's cash holdings are held at Silicon Valley Bank UK. Subsequent to the year-end Silicon Valley Bank UK failed and was acquired by HSBC UK Bank plc. Accordingly, this is not expected to have any financial impact on the Company.