

Company Registration Number: 03703848

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**M&M INVESTMENT COMPANY PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 January 2020**

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# M&M INVESTMENT COMPANY PLC

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## **M&M INVESTMENT COMPANY PLC**

### **Officers and Advisors**

<b>Directors:</b>	M. Sheppard P. Sheppard
<b>Secretary:</b>	P. Sheppard
<b>Auditor:</b>	Baldwins Audit Services Ship Canal House 98 King Street Manchester M2 4WU
<b>Bankers:</b>	National Westminster Bank Plc 19 Market Street Manchester M1 1WR
<b>Registered Office:</b>	12a Princes Gate Mews London SW7 2PS
<b>Portfolio Manager:</b>	M & L Capital Management Limited 12a Princes Gate Mews London SW7 2PS

# M&M INVESTMENT COMPANY PLC

## Strategic Report

The Directors present their Strategic Report and financial statements for the year ended 31 January 2020.

The purpose of the Strategic Report is to provide a business review of the Company by:

- analysing performance using appropriate key performance indicators (“KPIs”);
- outlining the principal risks affecting the Company;
- describing how the Company manages these risks;
- explaining the future business plans of the Company;
- providing information about persons with whom the Company has contractual or other arrangements which are essential to the business of the Company; and
- outlining the main trends and factors likely to affect the future performance and position of the Company’s business.

### Corporate information

M&M Investment Company Plc is a public limited company incorporated and domiciled in the United Kingdom, with company registration number 03703848.

The Company is not listed on any public stock exchange.

### Principal activity

The principal activity of the Company comprises the holding of equity focused investment funds, property investments and private equity investments.

### Performance and key performance indicators

The Company tracks its performance against three key financial metrics that the Board judges to be the best indicators of the success of the Company.

#### 1. *Net asset growth*

The Company’s net assets as at 31 January 2020 amounted to £122.0m compared with £110.5m as at 31 January 2019, an increase of 10.4 per cent (2019: 20.2 per cent increase). The increase is due primarily to the increased value of the Company’s flagship fund Manchester & London Investment Trust plc.

#### 2. *Operational cost management*

The Company’s operating expenses for the year ended amounted to £0.6m (2019: £0.8m). This reduction is mainly attributable to fund research fees that have not been incurred this year from the Company’s Singapore Management Company that was voluntarily liquidated in November 2019.

#### 3. *Net earnings*

The Company’s net profit after taxation for the year was £8.1m (2019: £5.7m). This is an increase of 42.1 per cent, even after accounting for a £8.4m provision against the Company’s deferred taxation position.

### Investment record for the last ten years

Year ended	Total Return £’000	Total Assets Less Liabilities £’000	Net Asset Value Per Share £
31 January 2020	8,143	122,032	1,765
31 January 2019	5,692	110,472	1,647
31 January 2018	14,926	91,913	1,555
31 January 2017 (six month period)	3,908	71,185	1,290
31 July 2016	10,193	66,678	1,224
31 July 2015	2,649	52,705	1,038
31 July 2014	(4,074)	48,702	975
31 July 2013	1,258	47,050	953
31 July 2012	(10,505)	45,792	928
31 July 2011	8,091	56,283	1,140

## **M&M INVESTMENT COMPANY PLC**

### **Strategic Report (continued)**

#### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **Principal risks and uncertainties associated with the Company**

The Company holds investments primarily in equity focused investment funds, property investments and private equity investments. The Company may also invest in derivatives, money market instruments and currency instruments including equity swaps, futures, forwards and options.

Potential risks associated with investments held may include:

- exposure to the volatility of financial markets;
- the market value of, and income derived from, such investments can fluctuate;
- there may not be a liquid market for their shares as even a share traded on a market does not guarantee its liquidity, so such shares may be difficult to realise at quoted market prices;
- future cash flows of an investment will fluctuate because of changes in foreign exchange rates; and
- any change in the tax treatment of capital gains or dividends paid, or income received by the Company, may reduce the returns received by shareholders.

The Company is exposed to a range of economic and market risks, liquidity, interest rate, exchange rate and general financial risks.

Whilst the use of borrowing by the Company should generally enhance the net asset value of the ordinary shares when the value of the Company's underlying assets is rising, it will have the opposite effect when the underlying asset values are falling. Furthermore, should a fall in the underlying assets valuations result in the Company breaching any of the financial covenants applicable to borrowing, the Company may be required to repay such borrowing in whole or in part together with any attendant costs. In order to repay such borrowings, the Company may have to sell assets at less than their market values.

#### **Risk management**

The Company manages the risks inherent in its investments by investing in a range of underlying and varying extents of leverage in relation to the Directors' assessment of overall market conditions.

#### **Social, ethical and environmental policy**

As an Investment Holding Company there are no direct social, environmental or community responsibilities. Its ethical policy is focused on ensuring that the Company's resources are properly managed and invested within the guidelines approved by the Board.

The Directors ensure that investments are made in companies that it considers to be well managed and subject to appropriate corporate governance. A well-managed company is considered to be one that complies with all the relevant legislation and that meets the environmental, social, community and ethical requirements of the country in which it operates.

The management of the listed investment portfolio is undertaken by M & L Capital Management Limited which has a defined social, ethical and environmental policy detailed on its web site, [www.mlcapman.com](http://www.mlcapman.com). The ethos of this specific policy is followed by the Company as well when considering investments.

#### **Brexit**

The Company's investment portfolio is diversified across a range of geographies and hence any impact of Brexit, whether positive or negative, is likely to be immaterial. Within the Company's holdings in investment funds, the investment portfolios are weighted towards global multinationals which means that should Brexit have a positive effect on UK companies it is possible that the portfolio would underperform its benchmark.

**M&M INVESTMENT COMPANY PLC**

**Strategic Report (continued)**

**Future development**

The Board is constantly reviewing the investment portfolio of the Company, in order to maximise returns.

By order of the Board

A handwritten signature in black ink that reads "P A Sheppard". The signature is written in a cursive style with a large initial 'P' and 'A'.

P. Sheppard  
Company Secretary

28 February 2020

## **M&M INVESTMENT COMPANY PLC**

### **Report of the Directors**

The Directors present their report and financial statements for the year ended 31 January 2020.

#### **Investment objective**

The investment objective of the Company is to achieve capital appreciation and a reasonable level of income.

#### **Investment policy**

##### ***Asset allocation and risk diversification***

The Company's investment objective is sought to be achieved through a policy of actively investing in equity focused investment funds, UK and overseas equities, fixed interest securities, property related investments and private equity investments. The Company seeks to predominantly invest in companies whose shares are admitted to trading on a regulated market or are Undertakings for the Collective Investment of Transferable Securities ("UCITs") funds. However, it may invest in equities and fixed interest securities of companies whose capital is not admitted to trading on a regulated market. The Company may also own a number of private company investments and direct and indirect property investments.

The Company intends to maintain a focused portfolio.

The Company may invest in derivatives, money market instruments and currency instruments including equity swaps, futures, forwards and options.

#### ***Gearing***

The Company may borrow to leverage returns when it considers it to be in shareholders' interests to do so.

#### **Business review**

The profit attributable to the shareholders after taxation was £8,143,000 (2019: £5,692,000).

At the balance sheet date net assets attributable to the shareholders amounted to £122,032,000 (2019: £110,472,000).

Midas Investment Management Limited ("Midas"), one of the Company's private equity investments, sold its business to Tilney Investment Services Limited on 31 July 2017. Following the sale, the company remained a non-trading subsidiary and application for its voluntary wound up was made to the Registrar. The company was struck off on 4 February 2020 and fully dissolved on 11 February 2020.

M&L Capital Management Singapore Pte. Ltd, one of the Company's private equity investments, was placed in Voluntary Liquidation. This action was taken as the Company wound up all operations in Singapore. The liquidation process was completed on 26 November 2019.

M&L Property & Assets Plc, one of the Company's investment funds, was placed into voluntary liquidation during the period. As part of this process, the Company received £1.3m as a final distribution relating to its 52.1 per cent holding. The Company previously had the M&L Property & Assets Plc value in its financial statements at £1.5m.

M&L Global Digital & Technology (formerly M&L Capital Management Global Growth ICAV), one of the Company's investment funds, was fully divested during the period. This fund is now in the process of being liquidated on a voluntary basis.

Easyshare Limited and Mosley Street Securities Ltd, all dormant subsidiaries of the Company, were dissolved during the period with final dissolution date 11 February 2020.

M&M Paddington Ltd (formerly Midas European Property Ltd), a dormant subsidiary of the Company is currently being liquidated.

#### **Dividend**

No dividend was paid for the year ended 31 January 2020 (year ended 31 January 2019: £Nil).

## **M&M INVESTMENT COMPANY PLC**

### **Report of the Directors (continued)**

#### **Share Issue and buy back**

During the year the Company issued 2,312 new "A" ordinary shares at an average share price of £1,663 per share (2019: 7,955 new "A" ordinary shares at £1,617 per share). 241 "A" ordinary shares at £1,780 per share were bought back and cancelled during the period.

#### **Directors**

The Directors who served during the period were as follows:

M. Sheppard

P. Sheppard – Appointed 11 April 2019

D. Rodrigues – Resigned 11 April 2019

#### **Management of financial risk**

The main risk arising from the Company's investments is financial market volatility risk. There is also exposure to interest rate risk and currency risk. The management of these risks by the Directors is explained in note 18 to the financial statements.

#### **Political donations**

During the period, the Company made political donations of £50,000 (2019: £Nil) and political expenditure of £2,000 (2019: £Nil) to the Conservative Party. The expenditure incurred was for a dinner with Boris Johnson whilst he was campaigning to become the leader of the Conservative Party. These payments are political expenditure under the Companies Act 2006.

#### **Subsequent events**

There have been no events since the period end that are material enough to require disclosure.

#### **Directors' responsibilities in relation to the Company's auditor**

The Directors who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and they have taken all the steps that ought to have been taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

#### **Auditor**

The auditor, Baldwins Audit Services will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

By order of the Board



P. Sheppard  
Director

28 February 2020



## **M&M INVESTMENT COMPANY PLC**

### **Directors' Responsibilities in Relation to the Annual Report and the Financial Statements**

The Directors are responsible for preparing the Annual Report and 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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 the affairs of the Company and its profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- properly select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable;
- present information including accounting policies in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- state that the financial statements have been prepared in accordance with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- make an assessment of the ability of the Company to continue on a going concern basis.

The Directors are responsible for keeping adequate accounting records that 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.

The Directors confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.



P. Sheppard  
On behalf of the Board

28 February 2020

## **M&M INVESTMENT COMPANY PLC**

### **Independent Auditor's Report to the Shareholders of M&M Investment Company Plc**

#### **Opinion**

We have audited the financial statements of M&M Investment Company Plc (the 'Company') for the year ended 31 January 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## M&M INVESTMENT COMPANY PLC

### Independent Auditor's Report to the Shareholders of M&M Investment Company Plc (continued)

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

*Baldwins Audit Services*

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

28 February 2020

**Statutory Auditor**

Ship Canal House  
98 King Street  
Manchester  
M2 4WU

## M&M INVESTMENT COMPANY PLC

### Statement of Comprehensive Income For the year ended 31 January

	Note	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
<b>Investment Income</b>							
Dividend – Ordinary		3,232	-	3,232	2,329	-	2,329
Bank Interest		4	-	4	2	-	2
		<u>3,236</u>	<u>-</u>	<u>3,236</u>	<u>2,331</u>	<u>-</u>	<u>2,331</u>
<b>Gains on Investment Activity</b>							
Profit on investments	4	-	13,825	13,825	-	4,331	4,331
Losses on valuation of property		-	-	-	-	(207)	(207)
Foreign exchange (losses)/gains		-	(3)	(3)	-	44	44
		<u>-</u>	<u>13,822</u>	<u>13,822</u>	<u>-</u>	<u>4,168</u>	<u>4,168</u>
<b>Other Income</b>							
Property rent and service charge		71	-	71	71	-	71
Management charges		59	-	59	4	-	4
Other income		40	-	40	-	-	-
		<u>170</u>	<u>-</u>	<u>170</u>	<u>75</u>	<u>-</u>	<u>75</u>
<b>Total Income</b>		<u><b>3,406</b></u>	<u><b>13,822</b></u>	<u><b>17,228</b></u>	<u><b>2,406</b></u>	<u><b>4,168</b></u>	<u><b>6,574</b></u>
<b>Expenses</b>							
Other operating expenses	3	(576)	-	(576)	(838)	-	(838)
<b>Return on ordinary activities before finance costs</b>		<b>2,830</b>	<b>13,822</b>	<b>16,652</b>	<b>1,568</b>	<b>4,168</b>	<b>5,736</b>
Finance costs	5	(94)	-	(94)	(44)	-	(44)
<b>Return on ordinary activities before tax</b>		<b>2,736</b>	<b>13,822</b>	<b>16,558</b>	<b>1,524</b>	<b>4,168</b>	<b>5,692</b>
Tax expense	7	(39)	(8,376)	(8,415)	-	-	-
<b>Return on ordinary activities after tax</b>		<u><b>2,697</b></u>	<u><b>5,446</b></u>	<u><b>8,143</b></u>	<u><b>1,524</b></u>	<u><b>4,168</b></u>	<u><b>5,692</b></u>

All items in the above statement derive from continuing operations.

The notes on pages 15 to 33 form part of these financial statements

## M&M INVESTMENT COMPANY PLC

### Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 February 2018</b>	59	18,408	22,145	35,382	15,919	91,913
<b>Changes in equity for the year ended 31 January 2019</b>						
Total comprehensive profit	-	-	-	-	5,692	5,692
Ordinary shares issued	8	12,859	-	-	-	12,867
Ordinary shares bought back	-	-	-	-	-	-
Transfer of capital profit	-	-	2,994	1,174	(4,168)	-
<b>Balance at 31 January 2019</b>	<u>67</u>	<u>31,267</u>	<u>25,139</u>	<u>36,556</u>	<u>17,443</u>	<u>110,472</u>
<b>Changes in equity for the year ended 31 January 2020</b>						
Total comprehensive income	-	-	-	(8,376)	16,519	8,143
Ordinary shares issued	3	3,843	-	-	-	3,846
Ordinary shares bought back	(1)	-	-	-	(428)	(429)
Transfer of capital profits	-	-	3,707	10,115	(13,822)	-
<b>Balance at 31 January 2020</b>	<u>69</u>	<u>35,110</u>	<u>28,846</u>	<u>38,295</u>	<u>19,712</u>	<u>122,032</u>

The notes on pages 15 to 33 form part of these financial statements

# M&M INVESTMENT COMPANY PLC

## Statement of Financial Position At 31 January

	Note	2020 £'000	2019 £'000
<b>Fixed Assets</b>			
Property, plant and equipment	8	3,753	3,759
<b>Non-current assets</b>			
Investments – Funds	9	104,984	85,267
Investments – Property	9	577	1,130
Investments – Private Equity	9	3,213	3,807
Investment – Listed	9	2,987	-
Investments – Unlisted	9	7,650	8,229
		<u>119,411</u>	<u>98,433</u>
<b>Current assets</b>			
Trade and other receivables	11	5,380	5,365
Cash and cash equivalents	12	4,847	6,221
		<u>10,227</u>	<u>11,586</u>
<b>Current liabilities</b>			
Trade and other payables	13	(388)	(430)
Bank loan	14	(281)	(281)
		<u>(669)</u>	<u>(711)</u>
<b>Net current assets</b>		<u>9,558</u>	<u>10,875</u>
<b>Non-current liabilities</b>			
Bank loan	14	(2,250)	(2,531)
Deferred taxation	15	(8,440)	(64)
		<u>(10,690)</u>	<u>(2,595)</u>
<b>Net assets</b>		<u>122,032</u>	<u>110,472</u>
<b>Equity attributable to equity holders</b>			
Called up share capital	16	69	67
Share premium account		35,110	31,267
Other reserves:			
Capital reserve – realised		28,846	25,139
Capital reserve – unrealised	17	38,295	36,556
Retained earnings		19,712	17,443
		<u>122,032</u>	<u>110,472</u>
<b>Equity interests</b>			
'A' ordinary shares		122,030	110,470
'B' ordinary shares		-	-
'C' ordinary shares		2	2
		<u>122,032</u>	<u>110,472</u>

These financial statements were approved by the Board on 28 February 2020 and signed on their behalf by:

P. Sheppard  
Director



The notes on pages 15 to 33 form part of these financial statements

## M&M INVESTMENT COMPANY PLC

### Statement of Cash Flows For the Year Ended 31 January

	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>		
Return on ordinary activities before tax	16,558	5,692
Profit on investments included in the above	(13,825)	(4,123)
Interest received	(4)	(1)
Interest paid	94	44
Increase in trade and other receivables	(283)	(1,344)
(Decrease)/increase in trade and other payables	(7)	25
Net cash generated from operating activities	<u>2,533</u>	<u>293</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-	(17)
Purchase of direct listed investments	(2,918)	(376)
Sale of direct listed investments	-	386
Purchase of fund investments	(33,699)	(28,269)
Sale of fund investments	30,186	14,383
Sale of private trading company investments	32	2,225
Purchase of unlisted investments	(100)	-
Sale of unlisted investment	75	-
Acquisition of own shares	(429)	-
Net movement on connected party loans	(529)	2,901
Net cash used in investing activities	<u>(7,382)</u>	<u>(8,767)</u>
<b>Cash flow from financing activities</b>		
Issue of ordinary shares	3,846	12,867
Bank loan drawn down	-	2,813
Bank loan repayment	(281)	(1,485)
Interest received	4	1
Interest paid	(94)	(43)
Net cash from financing activities	<u>3,475</u>	<u>14,153</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,374)</b>	<b>5,679</b>
Cash and cash equivalents at beginning of period	<u>6,221</u>	<u>542</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>4,847</u></b>	<b><u>6,221</u></b>

The notes on pages 15 to 33 form part of these financial statements

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements For the year ended 31 January 2020

#### 1. Accounting policies

A summary of the Company's principal accounting policies is set out below. These accounting policies have been applied consistently to all periods presented in these financial statements. At the balance sheet date, the Company was incorporated as a public limited company. The Company is domiciled in the United Kingdom.

##### a) Basis of preparation

As permitted by IFRS 10 consolidated accounts have not been prepared as the Company is an investment entity, which holds a number of investments upon which it is primarily attempting to maximise gains.

In accordance with European Union ("EU") regulations, these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the EU effective at 31 January 2020.

The financial statements have been prepared on the historical cost basis except where IFRS require an alternative treatment. The principal variations from the historical cost basis relate to certain financial instruments (IAS 32 and 39) and investment properties.

The financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company's principal accounting policies are set out below and have been applied consistently to all periods presented in these financial statements.

##### b) Presentation of statement of comprehensive income

The statement of comprehensive income reflects the total income of the Company, including both realised and unrealised gains on investments.

##### c) Property, plant and equipment

All property, plant and equipment, other than investment and freehold property, is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

Where a property is being developed for continued use, the property remains within fixed assets and any development expenditure is capitalised.

Freehold property is not depreciated and is held at valuation.

Property, plant and equipment are written off using the straight-line method over their expected useful economic lives as follows:

Fixtures & fittings	-	33% per annum
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## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 1 Accounting policies (continued)

##### d) Investment properties

Investment properties are held for long term yields, or capital appreciation, or for both.

Investment properties are measured initially at cost. After initial recognition, investment properties are measured and carried at fair value.

The fair value of the investment properties reflects market conditions at the balance sheet date. Changes in fair values are recorded in the statement of comprehensive income as investment properties fair value adjustments.

On disposal of an investment property, or when it is permanently withdrawn from use and future economic benefits no longer are expected from the property concerned, it shall be derecognised. The difference between the net disposal proceeds and the carrying value is recognised in the statement of comprehensive income in the period of the retirement or disposal.

##### e) Valuation of investments

Investments are held at fair value and changes in fair value are passed through profit or loss fair value being the consideration provided and excluding transaction or other dealing costs associated with the investment.

Gains or losses on investments designated as at fair value through profit or loss are recognised as a capital item in the Income Statement.

Valuation methodologies are as follows:

- Listed investments - at market share price;
- Funds - investments in Funds where the underlying investments are liquid, and the Company has the necessary votes to pass an ordinary resolution – at the aggregate of the market values of the underlying readily realisable and distributable investments within the vehicle less liabilities;
- Private Equity and Unlisted investments – at Directors' valuation using comparable multiple valuation techniques or net assets value, where there are no readily quoted prices available.
- Investment properties, including Direct Property whose primary assets are investment properties ("Indirect Property") and in respect of which the Company has the necessary voting rights to pass an ordinary resolution – at net asset value of the company holding the underlying property.

All purchases and sales of investments are recognised on the trade date i.e. the date that the Company commits to purchase or sell an asset.

##### f) Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with a transaction will flow to the Company and the revenue can be reliably measured.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established, normally the ex-dividend date. Special dividends that represent a return of capital are credited to capital reserves.

##### g) Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with a transaction will flow to the Company and the revenue can be reliably measured.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established, normally the ex-dividend date. Special dividends that represent a return of capital are credited to capital reserves.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 1 Accounting policies (continued)

##### h) Expenses

All expenses are accounted for on the accruals basis.

##### i) Tax charge

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting period.

##### j) Deferred Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for taxable temporary differences where, in the opinion of the directors, the temporary difference is expected to be realised, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are not discounted.

##### k) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank, short-term deposits with an original maturity of three months or less and cash held in highly liquid cash investment accounts.

##### l) Foreign currencies

In preparing the financial statements, transactions in currencies other than pounds sterling are recorded at the actual rate of exchange prevailing on the dates of the transactions. At each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period.

Foreign exchange gains and losses arising from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities in foreign currencies are recognised in the statement of comprehensive income.

##### m) Finance costs

Finance costs are accrued at the effective interest rate.

Finance costs of debt, insofar as they relate to the financing of the Company's investments or to financing activities aimed at maintaining or enhancing the value of the Company's investments, are allocated through profit or loss.

##### n) Dividends payable to shareholders

No equity dividend is accrued unless the shareholders' right to receive payment is established in the period.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 1 Accounting policies (continued)

##### o) Operating leases

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

##### p) New standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date of adoption for annual periods beginning on or after the effective date shown:

<i>Accounting Standards</i>	<i>Effective date</i>
IFRS 3 Business combinations	1 January 2020
IFRS 9 Financial instruments	1 January 2020
IAS 1 Presentation of financial statements	1 January 2020
IAS 8 Accounting policies, changes in accounting estimates and errors	1 January 2020
IAS 39 Financial instruments: Recognition and measurement	1 January 2020
IFRS 7 Financial instruments: Disclosures	1 January 2020
IFRS 17 Insurance contracts	1 January 2021

The Directors have chosen not to early adopt the above standards and interpretations and do not anticipate that they would have a material impact on the Company's financial statements in the period of initial application. The Company will apply all new accounting standards in the first accounting period to which they apply.

#### 2. Profit on investments at fair value through profit or loss – capital reserve

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Net increase in unrealised appreciation in investments	<b>10,115</b>	1,174
Capital profit	<b>10,115</b>	1,174
Realised profit on sale of investments	<b>4,432</b>	4,185
Capital dividend received	-	-
Write down of connected loan	<b>(722)</b>	(1,235)
Transaction costs and other (expenses)/income transferred to capital reserve	<b>(3)</b>	44
Capital profit – realised	<b>3,707</b>	2,994
	<b>13,822</b>	4,168

#### 3. Operating profit

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Return on ordinary activities before tax is stated after charging:		
Auditors remuneration	<b>25</b>	25
For services relating to taxation	<b>5</b>	5

Operating expenses include irrecoverable VAT, where appropriate.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 4. Profit on investments

	2020 £'000	2019 £'000
Capital profit – unrealised	10,115	1,381
Capital profit – realised	3,710	2,950
	<u>13,825</u>	<u>4,331</u>

#### 5. Finance costs

	2020 £'000	2019 £'000
Bank loan interest	94	44
	<u>94</u>	<u>44</u>

#### 6. Staff costs

	2020 £'000	2019 £'000
Staff costs including Directors:		
Wages and salaries	178	118
Social security costs	9	7
	<u>187</u>	<u>125</u>

	No.	No.
Average number of employees, including Directors:		
Management	2	2
Administrative	2	1
	<u>4</u>	<u>3</u>

	£'000	£'000
<b>Directors emoluments</b>		
Aggregate emoluments	<u>69</u>	<u>41</u>
Benefits in kind	<u>-</u>	<u>-</u>

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 7. Tax expense

	2020	2019
	£'000	£'000
<b>Current tax expense</b>		
UK corporation tax on profits for the period	39	-
<b>Deferred tax expenses</b>		
Origination and reversal of temporary differences	<u>8,376</u>	<u>-</u>
<b>Total tax charge</b>	<u><u>8,415</u></u>	<u><u>-</u></u>

The reasons for the difference between the actual tax charge for the period and the applicable rate of corporation tax applied to profits for the period are as follows:

	2020	2019
	£'000	£'000
Profit before tax	<u>16,558</u>	<u>5,692</u>
Expected tax charge - UK corporation tax rate of 19.0% (2019: 19%)	3,146	1,082
Reconciling factors:		
Income and returns on investments not subject to tax	(3,107)	(1,226)
Unrecognised deferred tax asset in respect of losses	-	144
Deferred tax charge	<u>8,376</u>	<u>-</u>
	<u><u>8,415</u></u>	<u><u>-</u></u>

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 8. Property, plant and equipment

	2020 £'000	2019 £'000
<b>Carrying amounts of:</b>		
Freehold property	3,750	3,750
Fixtures and fittings	3	9
	<u>3,753</u>	<u>3,759</u>

	Freehold Property £'000	Fixtures & fittings £'000	Total £'000
<b>Cost or valuation:</b>			
At 1 February 2018	3,943	20	3,963
Additions	-	1	1
Construction expenditure capitalised	14	-	14
At 31 January 2019	<u>3,957</u>	<u>21</u>	<u>3,978</u>
Additions	-	-	-
At 31 January 2020	<u>3,957</u>	<u>21</u>	<u>3,978</u>
<b>Depreciation or valuation changes:</b>			
At 1 February 2018	-	5	5
Revaluation deficit	207	-	207
Charge for the year	-	7	7
At 31 January 2019	<u>207</u>	<u>12</u>	<u>219</u>
Depreciation charge for the year	-	6	6
Revaluation deficit	-	-	-
At 31 January 2020	<u>207</u>	<u>18</u>	<u>225</u>
<b>Net book value:</b>			
At 31 January 2020	<u>3,750</u>	<u>3</u>	<u>3,753</u>
At 31 January 2019	<u>3,750</u>	<u>9</u>	<u>3,759</u>

Freehold property is not depreciated and is held at current valuation. The property was independently valued on 27 November 2018 by Cushman & Wakefield at a value of £3,750,000, recognising a loss on cost of £207,000. The historic cost of the property is £3,957,000.

Bank borrowings are secured on the Company's freehold property.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 9. Investments

	Direct Listed £'000	Investment Funds £'000	Investment Properties £'000
Opening book cost at 1 February 2019	-	56,720	752
Opening unrealised appreciation	-	28,547	378
Opening fair value at 1 February 2019	-	85,267	1,130
Additions at cost	2,918	33,699	-
Return on capital	-	(30,038)	-
Realised gains on disposal	-	4,368	-
(Decrease)/Increase in unrealised appreciation	69	11,688	(553)
Closing fair value at 31 January 2020	<b>2,987</b>	<b>104,984</b>	<b>577</b>
Closing book cost	2,918	64,749	752
Closing unrealised appreciation	69	40,235	(175)
Closing fair value at 31 January 2020	<b>2,987</b>	<b>104,984</b>	<b>577</b>
	<b>Private Equity Companies £'000</b>	<b>Unlisted £'000</b>	<b>Total £'000</b>
Opening book cost at 1 February 2019	294	3,839	61,605
Opening unrealised appreciation	3,513	4,390	36,828
Opening fair value at 1 February 2019	3,807	8,229	98,433
Additions at cost	-	100	36,717
Return on capital	(32)	(216)	(30,286)
Realised gains on disposal	28	36	4,432
(Decrease)/Increase in unrealised appreciation	(590)	(499)	10,115
Closing fair value at 31 January 2020	<b>3,213</b>	<b>7,650</b>	<b>119,411</b>
Closing book cost	290	3,759	72,468
Closing unrealised appreciation	2,923	3,891	46,943
Closing fair value at 31 January 2020	<b>3,213</b>	<b>7,650</b>	<b>119,411</b>

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 9 Investments (continued)

Investments comprised:

	Classification	2020 £'000	2019 £'000
Manchester & London Investment Trust Plc*	Fund	104,984	74,874
M&L Global Digital & Technology (formerly M&L Capital Management Global Growth ICAV)	Fund	-	8,899
Euroclear Plc**	Unlisted	7,060	7,329
M&L Capital Management Ltd	Private equity investment	3,213	3,732
Invesco Qqq Trust Unit Series 1	Listed	2,987	-
M&L Property & Assets Plc**	Fund	-	1,495
M&M Development Property Ltd	Property investment	577	1,130
Park Hyatt Development	Unlisted	397	397
Wimbledon Centre Court Debenture	Unlisted	104	224
M&L Capital Management Singapore Pte. Ltd	Unlisted	-	150
Midas Investment Management Limited	Private equity investment	-	75
Other investments	Various	89	128
		<b>119,411</b>	<b>98,433</b>

\*The holding in Manchester & London Investment Trust Plc is valued at net asset value, representing the aggregate of the market values of the underlying readily realisable and distributable investments within the vehicle. The shares are traded on the London Stock Exchange at a discount to net asset value.

\*\*Unlisted public limited companies.



## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 9 Investments (continued)

Details of investments in which the Company has a substantial shareholding are given below.

	Principal activity	Country of incorporation & operation	% of ordinary shares held	<sup>2</sup> Aggregate reserves £'000	<sup>2</sup> Profit & loss £'000
Manchester & London Investment Trust Plc	Investment trust	England	55.5	189,177	(876)
M&M Development Property Ltd	Property development	England	100.0	577	(317)
M & L Capital Management Limited	Fund management	England	100.0	947	514
The Barns At Piggotts Hall Ltd	Property investment	England	100.0	(249)	(27)
The Unicorn Serviced Apartments Ltd	Apartsuite operators	England	100.0	(673)	(48)
Unicorn Stow Units Ltd <sup>1*</sup>	Property Investments	England	100.0	-	-
Gall & Eke Holdings Ltd	Dormant	England	100.0	-	-
Bryport Assets Management Limited	Dormant	England	100.0	-	-
Neil Fergusson Ltd	Dormant	England	100.0	-	-
Piggotts Hall Property Management Ltd*	Dormant	England	62.5	-	-

\* held indirectly/sub level investments.

<sup>1</sup>Consolidated within the financial statements of M&M Development Property Ltd.

<sup>2</sup>Including draft figures where final audited accounts are not yet available.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 9 Investments (continued)

Other investments where the company is a substantial shareholder:

	Principal activity	Country of incorporation & operation	% of ordinary shares held
M&L Property & Assets Plc	Investment	Isle of Man	-

M&L Property & Assets Plc, one of the Company's investment funds, was placed into voluntary liquidation during the period. As part of this process, the Company received £1.3m as a final distribution relating to its 52.1 per cent holding. The Company previously had the M&L Property & Assets Plc value in its financial statements at £1.5m.

#### Acquisition of shares in Manchester & London Investment Trust Plc

	2020 No. of shares	2019 No. of shares
Number of shares brought forward	15,387,751	12,339,870
Acquired during the year	5,052,561	4,021,101
Disposals during the year	(2,348,875)	(973,220)
Number of shares carried forward	<u>18,091,437</u>	<u>15,387,751</u>
Total shares in issue	<u>32,610,738</u>	<u>27,606,992</u>
Holdings as at reporting period/year end	<u>55.5%</u>	<u>55.7%</u>

The cost of the Manchester & London Investment Trust Plc shares acquired during the year, including purchase expenses, was £27,185,000 (2019: £20,177,000). Proceeds received from sales amounted to £12,440,000 (2019: £4,434,000).

#### 10. Investment properties

	2020 £'000	2019 £'000
Value brought forward	1,130	5,835
(Decrease)/Increase in unrealised appreciation	(553)	1,130
Movement on loans to related investment companies	-	(5,835)
Value carried forward	<u>577</u>	<u>1,130</u>

The fair value of the investment properties reflect cost less impairment at the balance sheet date.

#### 11. Trade and other receivables

	2020 £'000	2019 £'000
Dividends receivable	1,535	1,247
Other receivables	95	100
Prepayments and accrued income	4	4
	<u>1,634</u>	<u>1,351</u>
Amounts due from related parties	<u>3,746</u>	<u>4,014</u>
	<u>5,380</u>	<u>5,365</u>

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 12. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash & cash equivalents	<u>4,847</u>	<u>6,221</u>

#### 13. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	7	-
Other payables	49	32
Accruals	<u>69</u>	<u>61</u>
	125	93
Amounts due to related parties	<u>263</u>	<u>337</u>
	<u>388</u>	<u>430</u>

#### 14. Bank loan

	2020 £'000	2019 £'000
Amounts due in < 1 year	<u>281</u>	<u>281</u>
Total current bank loan liability	<u>281</u>	<u>281</u>
Amounts due in 1-2 years	281	281
Amounts due in 2-3 years	281	281
Amounts due in 3-4 years	<u>1,688</u>	<u>1,969</u>
Total non-current bank loan liability	<u>2,250</u>	<u>2,531</u>

The loan is secured upon the Company's freehold property and attracts an interest rate of 2.5 per cent above LIBOR.

The bank loan carries the following financial and property covenants:

- Cash flow available for debt servicing to debt service liability for each 12 month period must be at least 1.1 to 1;
- Gross borrowings must not exceed 15 per cent of net tangible assets on the last day of each financial year; and
- The loan to value must not exceed 75 per cent of the value of the secured property.

There have been no breaches of the loan covenants during the period.

#### Loan guarantee

	2020 £'000
Amount due in less than 1 year from 19 September 2019	183
Amounts due in 1-2 years	183
Amounts due in 2-3 years	183
Amounts due in 3-4 years	<u>1,281</u>
Total bank loan liability	<u>1,830</u>

On 19 September 2019, the Company entered a loan guarantee with NATWEST Bank with regards to a new cash loan of £1,830,000 advanced to The Barns At Piggotts Hall Ltd, one of the Company's subsidiaries. The loan is secured against properties located at Piggotts Hall, Lower Withington. This loan attracts an interest rate of 2.5 per cent above LIBOR.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 15. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19%.

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Balance brought forward	64	64
Provision for the period	<b>8,376</b>	-
	<b>8,440</b>	64
	<b>2020</b>	2019
	<b>£'000</b>	£'000
Unrealised profit on investment	<b>44,421</b>	32,173
Tax losses available	-	(3,349)
	<b>44,421</b>	28,824
Tax rate	<b>19%</b>	19%
Provision for deferred tax on unrealised gains on investments	<b>8,440</b>	5,477

This year a provision of £8.4m for deferred tax liabilities has been recognised against the net of unrealised investment gains and available tax losses. The prior year figure of £5.5m is shown above for comparative purposes only.

At 31 January 2019 the related deferred tax liability remained unprovided due to the conditions and circumstances prevailing at the time relating to the investment holding strategy, whereby the realisation of the underlying timing difference was not reasonably foreseeable.

Deferred tax assets have been recognised within the provision against unrealised investment gains for the following:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
	<b>Losses</b>	<b>Deferred Tax</b>
Surplus management expenses	-	2,960
Non-trade deficit	-	386
Trade losses	-	3
	<b>-</b>	<b>3,349</b>
	<b>-</b>	<b>636</b>

#### 16. Called up share capital

##### Allotted and fully paid ordinary shares of £1 each

	<b>2020</b>			2019		
	<b>"A"</b>	<b>"B"</b>	<b>"C"</b>	<b>"A"</b>	<b>"B"</b>	<b>"C"</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Balance brought forward	66,922	136	1	58,967	136	1
Share issue during the period	2,312	-	-	7,955	-	-
Shares repurchased during the period	(241)	-	-	-	-	-
Balance carried forward	<b>68,993</b>	<b>136</b>	<b>1</b>	<b>66,922</b>	<b>136</b>	<b>1</b>

During the year the Company issued 2,312 (2019: 7,955) new "A" Ordinary shares for a combined value of £3,846,000 (2019: £12,866,000) and repurchased and cancelled 241 of its "A" Ordinary shares. These were acquired for a value of £429,000.

All the assets of the Company, other than £136 in cash (the "B" assets), are deemed to be attributable to the "A" and "C" ordinary shares. At the end of each financial period the profit or loss attributable to the "A" and "C" assets is debited or credited to the "A" and "C" reserves and likewise the profit or loss attributable to the "B" assets is debited or credited to the "B" reserves.

Holders of "A" shares shall have the sole right to vote on matters concerning the "A" assets and holders of "B" shares the sole right to vote on matters concerning the "B" assets. "C" ordinary shares shall rank the same in all respects with the other ordinary shares in the capital of the Company (other than "B" ordinary shares) except in respect to voting rights. As regards to voting, on a resolution proposed at a general meeting on a poll, every member (whether present in person, by proxy or authorised representative) shall have 200,000 votes in respect of each "C" ordinary share held.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 17. Capital reserve – unrealised

	2020	2019
	£'000	£'000
Unrealised appreciation on investment undertakings (see note 9)	46,943	36,828
Unrealised loss on property plant and equipment (see note 8)	(207)	(207)
Deferred tax provision	(8,440)	(64)
Unrealised depreciation on currency investments	(1)	(1)
	<u>38,295</u>	<u>36,556</u>

#### 18. Financial risk management objectives and policies

The Company holds or issues financial instruments and investments in order to achieve its main objectives, being:

- a. To achieve capital appreciation;
- b. to finance its operations;
- c. to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- d. for investment purposes.

In addition, the Company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the Company's operations.

Transactions in financial instruments result in the Company assuming or transferring to another party one or more of the financial risks described below.

##### **Credit risk**

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. Trade and other receivables are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

##### **Liquidity Risk**

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

##### **Interest Rate Risk**

The Company is exposed to fair value interest rate risk on any borrowings and cash flow interest rate risk on any bank overdrafts and loans. The Company manages its cash flow so as to minimise its exposure to changes in interest rates.

#### 19. Related parties

The Company's associated undertakings are disclosed in note 9.

All loans are interest free unless otherwise stated.

M. Sheppard was a director of the Company throughout the period.

In addition to the related party information disclosed elsewhere in the annual report and financial statements, the following significant transactions between the Company and its related parties took place at terms agreed between the parties during the period.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 19. Related parties (continued)

Transactions with companies in which the company or its directors owns the entire issued shares, a controlling interest or is able to exert significant influence, other than as disclosed elsewhere in these financial statements, were as follows:

##### I. M&M Development Property Ltd.

M&M Development Property Ltd had expenses paid by the Company amounting to £145,000 (2019: £1,269,000) and made loan repayments of £200,000 (2019: £6,545,000) in the period.

The amount due from M&M Development Property Ltd as at the period end is £504,000 (2019: £559,000) included in trade and other receivables.

M&M Development Property Ltd owns two cottages in Stow on the Wold.

##### II. The Unicorn Serviced Apartments Ltd.

The Unicorn Serviced Apartments Ltd had expenses paid by the Company in the period amounting to £482,000 (2019: £515,000) and receipts from customers totalling £417,000 (2019: £527,000) were collected on behalf of The Unicorn Apartments Ltd.

The amount due from The Unicorn Serviced Apartments Ltd as at the period end, included in trade and other receivables is £Nil (2019: £656,000), net of an impairment provision made during the year of £722,000

##### III. M&L Capital Management Singapore Pte. Ltd.

- Expenses paid by the Company on behalf of M&L Capital Management Singapore Pte. Ltd in the period totalled £14,000 (2019: £683,000);
- Fund research fees charged by M&L Capital Management Singapore Pte. Ltd to M&M Investment Company Plc in the period totalled £Nil (2019: £341,000);
- Loan repayments made by M&L Capital Management Singapore Pte. Ltd amounted to £Nil (2019: £410,000);
- Customer receipts by the Company on behalf of M&L Capital Management Pte. Ltd totalled £Nil (2019: £275,000); and
- M&L Capital Management Singapore Pte Ltd made a dividend payment to the Company during the year of £Nil (2019: £101,000).

On 26 November 2019, M&L Capital Management Singapore Pte. Ltd was dissolved and is no longer active. As part of the dissolution process, a final distribution of £141,000 was paid to the Company.

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 19. Related parties (continued)

##### IV. Midas Investment Management Limited.

- Expenses paid on behalf of Midas Investment Management Limited by the Company during the period amounted to £67,000 (2019: £521,000);
- Receipts on behalf of Midas Investment Management Limited by the Company during the period amounted to £Nil (2019: £2,519,000);
- Dividend paid by Midas Investment Management Limited to the Company during the year was £18,000 (2019: £Nil);
- Loan repayments made by Midas Investment Management Limited during the period amounted to £116,000 (2019: £278,000); and
- During the period to 31 January 2019, the Company sold 65,798 of the ordinary shares held in Midas Investment Management Limited back to Midas Investment Management Limited at a value of £2,224,000. No such transaction occurred during the current period.

On 26 November 2019, Midas Investment Management Limited was dissolved with an effective date of 11 February 2020. As part of the dissolution process, a final distribution of £32,000 was paid to the Company.

##### V. M & L Capital Management Limited.

- Expenses paid by the Company in the period on behalf of M & L Capital Management Limited totalled £207,000 (2019: £613,000) and customer receipts collected by the Company in the period on behalf of M & L Capital Management Limited totalled £175,000 (£305,000);
- Loans repaid during the period by M&L Capital Management Ltd totalled £460,000 (2019: £268,000);
- During the period the Company charged rent and services for the use of 12a Princes Gate Mews to M & L Capital Management Limited of £71,000 (2019: £71,000) and also charged management fees of £2,000 (2019: £4,000); and
- Dividend paid by M&L Capital Management Limited to the Company during the year was £251,000 (2019: £140,000).

The amount due to M&L Capital Management Limited as at the period end included in trade and other payables is £49,000 (2019: £127,000 due to the Company included trade and other receivables).

##### VI. Unicorn Stow Units Ltd.

Expenses paid by the Company on behalf of Unicorn Stow Units Ltd totalled £5,000 (2019: £3,212,000) and customer receipts of £10,000 (2019: £3,281,000) were collected on behalf of Unicorn Stow Units Ltd.

During the period the Company wrote down loans totalling £Nil (2019: £1,235,000).

The amount due to the Unicorn Stow Units Ltd as at the period end, included in trade and other payables is £5,000 (2019: £Nil).

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued)

#### For the year ended 31 January 2020

#### 19. Related parties (continued)

##### VII. Barns At Piggotts Hall Ltd.

- Investment expenses paid by the Company on behalf of The Barns At Piggotts Hall Ltd totalled £Nil (2019: £2,619,000);
- Expenses paid by the Company on behalf of The Barns At Piggotts Hall Ltd totalled £54,000 (2019: £88,000) and customer receipts of £56,000 (2019: 35,000) were collected on behalf of The Barns At Piggotts Hall Ltd; and
- Loans repaid during the period by The Barns At Piggotts Hall Ltd totalled £1,725,000 (2019: £Nil);

The amount due from The Barns At Piggotts Hall Ltd as at the period end, included in trade and other receivables is £945,000 (2019: £2,672,000).

##### VIII. M & L Global Digital & Technology (formerly M&L Capital Management Global Growth ICAV)

	2020	2019
	No. of units	No. of units
Number of units brought forward	6,669,551	9,288,767
Acquired during the year	4,575,581	5,416,325
Disposals during the year	<u>(11,245,132)</u>	<u>(8,035,541)</u>
Number of units carried forward	<u>-</u>	<u>6,669,551</u>
Total units in issue	<u>-</u>	<u>12,064,178</u>
Holdings as at reporting period/year end	<u>-</u>	<u>55.28%</u>

#### Transactions with other related parties were as follows:

##### IX. B S Sheppard 2003 Discretionary Trust of which M. Sheppard is a trustee.

- Expenses paid in the period on behalf of the Trust by the Company totalled £5,000 (2019: £1,000);
- Receipts on behalf of the B S Sheppard 2003 Discretionary Trust during the period were £5,000 (2019: £440,000); and
- During the year to 31 January 2019 the Company issued 281 new "A" ordinary shares to the Trust for an aggregate price of £438,000. No such transaction occurred during the current period.

The amount due from the B S Sheppard 2003 Discretionary Trust as at the period end, included in trade and other receivables is £Nil (2019: £Nil).

##### X. B S Sheppard 1991 Discretionary Trust of which M. Sheppard is a trustee.

- Investment expenses paid in the period on behalf of the Trust by the Company totalled £2,076,000 (2019: £420,000); and
- Loan repaid during the period amounted to £nil (2019: £420,000);

The amount due from the B S Sheppard 1991 Discretionary Trust as at the period end, included in trade and other receivables is £2,076,000 (2019: £Nil).



## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 19. Related parties (continued)

##### XI. The Goodwin 1999 Discretionary Trust of which M. Sheppard is a trustee.

- Expenses paid in the period on behalf of the Trust by the Company totalled £11,000 (2019: £1,000); and
- Cash advances received from the Trust during the period amounted to £Nil (2019: £3,000).

Amount due from the Goodwin 1999 Discretionary Trust as at the period end included in trade and other receivables is £9,000 (2019: £2,000 due from the Company included in trade and other payables).

##### XII. Mark Sheppard Bare Trust 2017 of which M. Sheppard is a trustee.

- Expenses paid in the period on behalf of the Trust by the Company totalled £91,000 (2019: £92,000);
- Cash advances to the Company on behalf of the Trust by other related parties during the period totalled £Nil (2019: £840,000); and
- During the year the company issued 590 (2019: 1,383) new "A" ordinary shares to the Trust for an aggregate price of £974,000 (2019: £789,000).

The amount from the Mark Sheppard Bare Trust 2017 as at the period end included in trade and other receivables £83,000 (2019: £8,000 due from the Company included in trade and other payables).

##### XIII. M. Sheppard.

- Advances to M. Sheppard from the Company during the period totalled £980,000 (2019: £106,000). Amounts loaned to the Company by M. Sheppard were £589,000 (2019: £6,754,000). The maximum due to M. Sheppard during the period was £397,000 (2019: £4,865,000). No interest was charged during the period;
- During the period ended 31 January 2019, the Company issued 5,851 "A" ordinary shares to F. Sheppard, daughter of M. Sheppard at an aggregate value of £9,413,000. This was settled indirectly via related party loans from Sheppard family members. There were no such transactions during the current reporting period;
- During the period ended 31 January 2019, the Company issued 1,383 "A" ordinary shares to The Mark Sheppard Bare Trust 2017, a Trust of which the children of M. Sheppard are the beneficiaries. These shares were issued at an aggregate value of £2,172,000 and settled indirectly via related party loans from Sheppard family members. There were no such transactions during the current reporting period; and
- During the year the Company repurchased 241 of its "A" ordinary shares from M. Sheppard at an aggregate value of £429,000. There were no such transactions during the prior period.

The amount due to M. Sheppard as at the period end included in trade and other payables is £209,000 (2019: £172,000).

## M&M INVESTMENT COMPANY PLC

### Notes Forming Part of the Financial Statements (continued) For the year ended 31 January 2020

#### 19. Related parties (continued)

##### XIV. B S Sheppard & Granddaughters Nutrition Ltd.

- Expenses paid by the Company on behalf of B S Sheppard & Granddaughters Nutrition Ltd totalled £128,000 (2019: £Nil);
- During the year the company issued 1,722 (2019: 440) new "A" ordinary shares to B S Sheppard & Granddaughters Nutrition Ltd for an aggregate price of £2,872,000 (2019: £728,000);
- During the period the Company was charged rent and services for the use of Sheppard's House, Piggotts Hall from B S Sheppard & Granddaughters Nutrition Ltd of £13,000 (2019: £Nil); and
- The Company charged B S Sheppard & Granddaughters Nutrition Ltd management fees of £53,000 (2019: £Nil).

The amount due from B S Sheppard & Granddaughters Nutrition Ltd as at the period end included in trade and other receivables is £128,000 (2019: £Nil).

#### 20. Operating lease commitments

The total aggregate commitments under non-cancellable operating leases are as follows:

##### Land and buildings

	2020 £'000	2019 £'000
<b>Expiry date:</b>		
Within 1 year	-	9
Between 2 and 5 years	-	-
	<u>-</u>	<u>9</u>

#### 21. Capital commitments

At the period end the Company had no capital commitments.

#### 22. Ultimate controlling party

M&M Investment Company Plc is under the control of M. Sheppard by virtue of his direct and beneficial shareholdings in the Company.