

**Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 31 December 2016
for
MATHENGINE PLC**

MATHENGINE PLC

**Contents of the Financial Statements
for the year ended 31 December 2016**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13
Reconciliation of Equity	19
Reconciliation of Loss	21
Profit and Loss Account	22

MATHENGINE PLC

**Company Information
for the year ended 31 December 2016**

Directors:

D J N Nabarro
W G Wells

Registered office:

No. 1 The Yard
Burraton Square
Poundbury
Dorset
DT1 3GR

Registered number:

03334206 (England and Wales)

Auditors:

Haines Watts
Chartered Accountants and Statutory Auditor
Sterling House
19/23 High Street
Kidlington
Oxfordshire
OX5 2DH

MATHEngine PLC

**Strategic Report
for the year ended 31 December 2016**

The directors present their strategic report for the year ended 31 December 2016.

Review of business and key financial indicators

Value of the Company's portfolio

During the year to 31st December 2016, the value of the Company's assets increased to £549,104, a seventy-five, point seven per cent (75.7%) improvement on the previous year's net asset value figure of £312,523 as restated under the newly introduced FRS (Financial Reporting Standard) 102.

Furthermore, I am pleased to report that, after a long delay, the £150,000 that was contractually due to MathEngine, plus significant interest was all safely received between December 2016 and May 2017 and so that sum has been duly written back into your Company's accounts.

Company website

I am also pleased to report that your Company's website is now up and running at www.mathengineplc.com and all information about MathEngine can be sourced there.

Portfolio policy, development and performance

As stated in last year's Report and Accounts, your Company's prime investment is in Vena Solutions, the Canadian corporate performance management software company. During the most recent year, Vena continued to make excellent progress and full details about Vena can be found on our MathEngine web-site as above.

During the year, Vena raised circa C\$20m from the Silicon Valley based Centana Growth Partners at a pre-money valuation for the company of C\$75m or C\$2.92 per share, a 39% premium to our original investment price level.

Interested MathEngine shareholders can also look at Vena's web-site at www.venasolutions.com.

Principal risks and uncertainties


The Company's internal controls are designed to meet its particular needs and the financial risks to which it is exposed.

In this context, the controls can only provide reasonable, not absolute, assurance against material errors, losses or fraud by third parties.

The directors take an active role in assessing the potential financial risks in all areas of the business by reviewing the investments regularly and also through day to day management control.

The Company's principle financial assets are investments and cash which are monitored daily.

On behalf of the board:


D J N Nabarro - Director

Date: 26 June 2017

MATHENGINE PLC

Report of the Directors for the year ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

Principal activity

The principal activity of the company in the year under review was that of an investment company with a long term perspective.

Dividends

No dividends will be distributed for the year ended 31 December 2016.

Future developments

Our investment approach is now focused more on technology and we will be looking to invest in potentially profitable opportunities in this sector in the year ahead.

Directors

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

D J N Nabarro
W G Wells

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.


MATHENGINE PLC

Report of the Directors for the year ended 31 December 2016

Auditors

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting to be held at 10.00 a.m. on Monday 31st July 2017 at the Company's offices in Poundbury.

On behalf of the board:



D J N Nabarro – Director

Date: 26th June 2017

**Report of the Independent Auditors to the Members of
MathEngine plc**

We have audited the financial statements of MathEngine plc for the year ended 31 December 2016 on pages seven to twenty one. The financial reporting framework that has been applied in their preparation is 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'.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
MathEngine plc**

Matters on which we are required to report by exception

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

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



Rodney Style ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
Sterling House
19/23 High Street
Kidlington
Oxfordshire
OX5 2DH

Date: 29/6/17.....

MATHENGINE PLC

Income Statement
for the year ended 31 December 2016

	Notes	Year ended 31/12/16 £	Period 1/7/14 to 31/12/15 £
Turnover		-	-
Administrative expenses		(20,977)	(42,659)
		(20,977)	(42,659)
Other operating income		-	5,500
Operating loss	4	(20,977)	(37,159)
Profit/loss on sale of invest	5	5,721	(10,359)
		(15,256)	(47,518)
Income from fixed asset investments		1,125	3,455
Interest receivable and similar income		11,114	116
		(3,017)	(43,947)
Gain/loss on revaluation of assets		265,278	(137,355)
		262,261	(181,302)
Interest payable and similar expenses	6	(67)	-
Profit/(loss) before taxation		262,194	(181,302)
Tax on profit/(loss)	7	(25,613)	41,366
Profit/(loss) for the financial year		236,581	(139,936)

The notes form part of these financial statements

MATHENGINE PLC

Other Comprehensive Income
for the year ended 31 December 2016

		Period 1/7/14 to 31/12/15 £
	Year ended 31/12/16 £	
Notes		
Profit/(loss) for the year	236,581	(139,936)
Other comprehensive income		
Profit and Loss	13,490	210,539
Revaluation reserve	(13,490)	(260,039)
Income tax relating to components of other comprehensive income	-	-
	<u> </u>	<u> </u>
Other comprehensive income For the year, net of income tax	-	(49,500)
	<u> </u>	<u> </u>
Total comprehensive income for the year	<u>236,581</u>	<u>(189,436)</u>

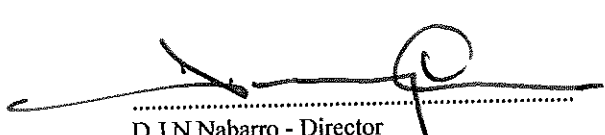
The notes form part of these financial statements

MATHENGINE PLC (REGISTERED NUMBER: 03334206)

Balance Sheet
31 December 2016

	Notes	£	31/12/16 £	£	31/12/15 £
Fixed assets					
Investments	8		621,490		326,653
Current assets					
Debtors	9	11,072		-	
Cash at bank		1,932		13,827	
		13,004		13,827	
Creditors					
Amounts falling due within one year	10	58,890		25,957	
Net current liabilities			(45,886)		(12,130)
Total assets less current liabilities			575,604		314,523
Provisions for liabilities	11		26,500		2,000
Net assets			549,104		312,523
Capital and reserves					
Called up share capital	12		2,422,003		2,422,003
Share premium	13		12,249,614		12,249,614
Retained earnings	13		(14,122,513)		(14,359,094)
Shareholders' funds			549,104		312,523

The financial statements were approved by the Board of Directors on 26 June 2017 and were signed on its behalf by:


D J N Nabarro - Director

The notes form part of these financial statements

MATHENGINE PLC

Statement of Changes in Equity
for the year ended 31 December 2016

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £	Total equity £
Balance at 1 July 2014	2,422,003	(14,479,197)	12,249,614	260,039	452,459
Changes in equity					
Total comprehensive income	-	120,103	-	(260,039)	(139,936)
Balance at 31 December 2015	2,422,003	(14,359,094)	12,249,614	-	312,523
Changes in equity					
Total comprehensive income	-	236,581	-	-	236,581
Balance at 31 December 2016	2,422,003	(14,122,513)	12,249,614	-	549,104

The notes form part of these financial statements

MATHENGINE PLC

Cash Flow Statement
for the year ended 31 December 2016

		Year ended 31/12/16 £	Period 1/7/14 to 31/12/15 £
Cash flows from operating activities			
Cash generated from operations	1	(13,329)	(29,518)
Interest paid		(67)	-
Tax paid		(6,180)	-
Net cash from operating activities		<u>(19,576)</u>	<u>(29,518)</u>
Cash flows from investing activities			
Purchase of fixed asset investments		(83,214)	(381,874)
Sale of fixed asset investments		53,656	392,960
Interest received		11,114	116
Dividends received		1,125	3,455
Net cash from investing activities		<u>(17,319)</u>	<u>14,657</u>
Cash flows from financing activities			
Amount introduced by directors		25,000	823
Net cash from financing activities		<u>25,000</u>	<u>823</u>
Decrease in cash and cash equivalents		<u>(11,895)</u>	<u>(14,038)</u>
Cash and cash equivalents at beginning of year	2	13,827	27,865
Cash and cash equivalents at end of year	2	<u>1,932</u>	<u>13,827</u>

The notes form part of these financial statements

MATHENGINE PLC

**Notes to the Cash Flow Statement
for the year ended 31 December 2016**

1. Reconciliation of profit/(loss) before taxation to cash generated from operations

	Year ended 31/12/16	Period 1/7/14 to 31/12/15
	£	£
Profit/(loss) before taxation	262,194	(181,302)
(Gain)/Loss on revaluation of fixed assets	(265,278)	137,355
Interest accrued	(1)	(348)
Finance costs	67	-
Finance income	(12,239)	(3,571)
	<u>(15,257)</u>	<u>(47,866)</u>
(Increase)/decrease in trade and other debtors	(11,072)	12,348
Increase in trade and other creditors	13,000	6,000
	<u>13,000</u>	<u>6,000</u>
Cash generated from operations	<u>(13,329)</u>	<u>(29,518)</u>

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2016

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	1,932	13,827
	<u>1,932</u>	<u>13,827</u>

Period ended 31 December 2015

	31/12/15	1/7/14
	£	£
Cash and cash equivalents	13,827	27,865
	<u>13,827</u>	<u>27,865</u>

MATHEngine PLC

Notes to the Financial Statements for the year ended 31 December 2016

1. Statutory information

MathEngine plc is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Significant judgements and estimates

The preparation of the financial statements in conformity with FRS 102 requires management to use accounting estimates and exercise judgement in the process of applying the company's accounting policies. There were no areas which required significant judgement or measurement uncertainty.

Transition to frs 102

The financial statements for the year ended 31 December 2016 are the company's first financial statements that comply with FRS 102. The Company's date of transition to FRS 102 is 1 July 2014. The Company's last financial statements, prepared in accordance with previous UK GAAP, were for the 18 month period ended 31 December 2015.

The transition to FRS 102 has resulted in certain changes in the company's accounting policies to those when applying the previous UK GAAP. See below:

In accordance with the provisions of FRS 102, all changes in the fair value of investments are reported in the income statement. Under previous UK GAAP, fair value gains were taken to the revaluation reserve and fair value losses were also taken to the revaluation reserve (as long as there was a balance on the revaluation reserve).

Options/warrants - Previously under UK GAAP, positions held in options or warrants were not included in the value of investments but just required to be disclosed in the notes to the accounts. Under FRS 102, these financial instruments are now required to be measured at fair value with the changes in fair value being recognised in the income statement.

Deferred Tax - Previously under UK GAAP no deferred tax was provided on timing differences arising from the revaluation of investments. However, under FRS 102 the amount of deferred tax that it is estimated would be payable in the event that the investments were to be disposed of at their current fair value is now recognised and included as a liability on the balance sheet.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

MATHENGINE PLC

**Notes to the Financial Statements - continued
for the year ended 31 December 2016**

2. Accounting policies - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Going concern

The directors have made an assessment of the company's ability to continue as a going concern and have identified no material uncertainties that may cast a significant doubt on the ability of the company to continue as a going concern for the foreseeable future.

3. Employees and directors

There were no staff costs for the year ended 31 December 2016 nor for the period ended 31 December 2015.

	Year ended 31/12/16	Period 1/7/14 to 31/12/15
	£	£
Directors' remuneration	-	-
	<u> </u>	<u> </u>

4. Operating profit/(loss)

The operating profit (2015 - operating loss) is stated after charging/(crediting):

	Year ended 31/12/16	Period 1/7/14 to 31/12/15
	£	£
Auditors' remuneration	3,500	9,633
Foreign exchange differences	(2,104)	2,206
	<u> </u>	<u> </u>

5. Exceptional items

	Year ended 31/12/16	Period 1/7/14 to 31/12/15
	£	£
Profit/loss on sale of invest	5,721	(10,359)
	<u> </u>	<u> </u>

MATHENGINE PLC

Notes to the Financial Statements - continued
for the year ended 31 December 2016

6. Interest payable and similar expenses

	Year ended 31/12/16 £	Period 1/7/14 to 31/12/15 £
Other interest payable	67	-

7. Taxation

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	Year ended 31/12/16 £	Period 1/7/14 to 31/12/15 £
Current tax:		
UK corporation tax	1,113	6,134
Deferred tax	24,500	(47,500)
Tax on profit/(loss)	25,613	(41,366)

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31/12/16 £	Period 1/7/14 to 31/12/15 £
Profit/(loss) before tax	262,194	(181,302)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	52,439	(36,260)
Effects of:		
Utilisation of tax losses	(12,716)	(14,958)
Other tax adjustments	(15,375)	17,833
Revaluation of investments	(23,056)	27,471
Dividends received	(225)	(691)
Current year losses carried forward	-	12,739
Deferred tax charge	24,500	(47,500)
Prior year underprovision of tax	46	-
Total tax charge/(credit)	25,613	(41,366)

MATHENGINE PLC

Notes to the Financial Statements - continued
for the year ended 31 December 2016

7. Taxation - continued

Tax effects relating to effects of other comprehensive income

	Gross	Tax	31/12/16 Net
	£	£	£
Profit and Loss	13,490	-	13,490
Revaluation reserve	(13,490)	-	(13,490)
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

	Gross	Tax	1/7/14 to 31/12/15 Net
	£	£	£
Profit and Loss	210,539	-	210,539
Revaluation reserve	(260,039)	-	(260,039)
Deferred tax provision	49,500	-	49,500
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

8. Fixed asset investments

	Listed investments	Unlisted investments	Totals
	£	£	£
Cost or valuation			
At 1 January 2016	156,968	367,046	524,014
Additions	-	83,214	83,214
Disposals	(156,968)	-	(156,968)
Revaluations	-	212,725	212,725
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2016	-	662,985	662,985
	<u> </u>	<u> </u>	<u> </u>
Provisions			
At 1 January 2016	103,312	94,049	197,361
Provision for year	-	(52,554)	(52,554)
Eliminated on disposal	(103,312)	-	(103,312)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2016	-	41,495	41,495
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 2016	-	621,490	621,490
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2015	53,656	272,997	326,653
	<u> </u>	<u> </u>	<u> </u>

MATHENGINE PLC

Notes to the Financial Statements - continued
for the year ended 31 December 2016

8. Fixed asset investments - continued

Cost or valuation at 31 December 2016 is represented by:

	Unlisted investments £
Valuation in 2014	102,999
Valuation in 2015	(93,246)
Valuation in 2016	232,561
Cost	420,671
	<u>662,985</u>

The original cost of the fixed asset investments amounts to £420,671 (2015 - £490,688).

9. Debtors: amounts falling due within one year

	31/12/16 £	31/12/15 £
Other debtors	11,072	-
	<u>11,072</u>	<u>-</u>

10. Creditors: amounts falling due within one year

	31/12/16 £	31/12/15 £
Corporation tax	1,067	6,134
Other creditors	10,000	-
Directors' current accounts	25,823	823
Accrued expenses	22,000	19,000
	<u>58,890</u>	<u>25,957</u>

11. Provisions for liabilities

	31/12/16 £	31/12/15 £
Deferred tax	26,500	2,000
	<u>26,500</u>	<u>2,000</u>

	Deferred tax £
Balance at 1 January 2016	2,000
Provided during year	24,500
	<u>26,500</u>
Balance at 31 December 2016	<u>26,500</u>

MATHENGINE PLC

Notes to the Financial Statements - continued
for the year ended 31 December 2016

12. Called up share capital

Allotted, issued and fully paid:		Nominal	31/12/16	31/12/15
Number:	Class:	value:	£	£
25,975,467	Ordinary	1p	259,755	259,755
216,224,820	Deferred	1p	2,162,248	2,162,248
			<u>2,422,003</u>	<u>2,422,003</u>

13. Reserves

	Retained earnings £	Share premium £	Totals £
At 1 January 2016	(14,359,094)	12,249,614	(2,109,480)
Profit for the year	236,581		236,581
At 31 December 2016	<u>(14,122,513)</u>	<u>12,249,614</u>	<u>(1,872,899)</u>

14. Related party disclosures

During the year the company paid fees of £4,000 (2015 - £5,000) to Cato Strategic Limited. Cato Strategic Limited is a company that is 60% owned by D J N Nabarro, who is a Director of Mathengine Plc.

15. Ultimate controlling party

There is no controlling party.

MATHENGINE PLC

Reconciliation of Equity
1 July 2014
(Date of Transition to FRS 102)

Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Fixed assets			
Investments	474,746	-	474,746
Current assets			
Debtors	12,348	-	12,348
Cash at bank	27,865	-	27,865
	40,213	-	40,213
Creditors			
Amounts falling due within one year	(13,000)	-	(13,000)
Net current assets	27,213	-	27,213
Total assets less current liabilities	501,959	-	501,959
Creditors			
Amounts falling due after more than one year	-	(49,500)	(49,500)
Net assets	501,959	(49,500)	452,459
Capital and reserves			
Called up share capital	2,422,003	-	2,422,003
Share premium	12,249,614	-	12,249,614
Revaluation reserve	260,039	(260,039)	-
Retained earnings	(14,429,697)	210,539	(14,219,158)
Shareholders' funds	501,959	(49,500)	452,459

The notes form part of these financial statements

MATHENGINE PLC

Reconciliation of Equity - continued
31 December 2015

Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Fixed assets			
Investments	306,817	19,836	326,653
Current assets			
Cash at bank	13,827	-	13,827
Creditors			
Amounts falling due within one year	(25,957)	-	(25,957)
Net current liabilities	(12,130)	-	(12,130)
Total assets less current liabilities	294,687	19,836	314,523
Provisions for liabilities	-	(2,000)	(2,000)
Net assets	294,687	17,836	312,523
Capital and reserves			
Called up share capital	2,422,003	-	2,422,003
Share premium	12,249,614	-	12,249,614
Revaluation reserve	13,490	(13,490)	-
Retained earnings	(14,390,420)	31,326	(14,359,094)
Shareholders' funds	294,687	17,836	312,523

Notes to the reconciliation of equity

The adoption of FRS 102 has meant that a number of accounting policies have changed to comply with the new standard. As stated in the accounting policies note 2, a prior year adjustment has been necessary to restate the comparative figures. The impact has been to :

- a) Include a deferred tax provision of £2,000 at 31 December 2015.
- b) Include the devaluation of £89,509 on those investments, that had been previously revalued, in the income statement rather than recognising the devaluation through the statement of total gains and losses as was the case under UK GAAP.
- c) Include the value of warrants held of £19,836 at 31 December 2015 that previously did not have to be recognised under old UK GAAP.

MATHENGINE PLC

Reconciliation of Loss
for the period 1 July 2014 to 31 December 2015

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Turnover	-	-	-
Administrative expenses	(53,018)	10,359	(42,659)
Other operating income	5,500	-	5,500
Operating loss	(47,518)	10,359	(37,159)
Profit/loss on sale of invest	-	(10,359)	(10,359)
Income from fixed asset investments	3,455	-	3,455
Interest receivable and similar income	116	-	116
Amounts written off investments	(67,682)	67,682	-
Gain/loss on revaluation of assets	-	(137,355)	(137,355)
Loss before taxation	(111,629)	(69,673)	(181,302)
Tax on loss	(6,134)	47,500	41,366
Loss for the financial year	(117,763)	(22,173)	(139,936)

The notes form part of these financial statements