

Company Registration No. 3334206 (England and Wales)

**MATHENGINE PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

# MATHENGINE PLC

## COMPANY INFORMATION

---

<b>Directors</b>	D J N Nabarro K R Smith
<b>Secretary</b>	K R Smith
<b>Company number</b>	3334206
<b>Registered office</b>	Sterling House 19/23 High Street Kidlington Oxfordshire OX5 2DH
<b>Auditors</b>	HW, Chartered Accountants Sterling House 19/23 High Street Kidlington Oxfordshire OX5 2DH
<b>Bankers</b>	Barclays Bank plc PO Box 333, 54 Cornmarket Street Oxford OX1 3HS
<b>Registrars</b>	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

---

# MATHENGINE PLC

## CONTENTS

---

	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10 - 15

---

# MATHENGINE PLC

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 30 JUNE 2009*

---

The directors present their report and financial statements for the year ended 30 June 2009.

#### **Principal activities and review of the business**

The Company's principal activity is now that of an investment company.

During the year to 30th June 2009, the value of the Company's assets after reserving for tax, decreased from £673,228 as at 30th June 2008 to £373,228 at the 30th June 2009, a decrease of some 44% over the period.

This performance compares to a decrease in the FTSE All Share index over the same period of some 24%.

The Company's assets are managed on a total return basis and your directors follow an investment policy of focussing on a small number of relatively large investments.

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.

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.

#### **Results and dividends**

The results for the year are set out on page 5.

Despite the profits, the Directors do not recommend the payment of a dividend as there are insufficient distributable reserves to be able to pay a dividend.

#### **Directors**

The following directors have held office since 1 July 2008:

D J N Nabarro  
K R Smith

#### **Creditor payment policy**

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
  - ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts;
- and
- pay in accordance with the Company's contractual and other legal obligations.

On average, trade creditors at the year end represented 0 (2008- 0) days' purchases.

#### **Auditors**

In accordance with section 385 of the Companies Act 2006, a resolution proposing that HW, Chartered Accountants be reappointed as auditors of the Company will be put to the Annual General Meeting.

# MATHENGINE PLC

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2009**

---

### **Statement of directors' responsibilities**

The directors are responsible for preparing 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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records that 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 of disclosure to auditors**

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

D J N Nabarro

**Director**

12 October 2009

# MATHENGINE PLC

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF MATHENGINE PLC

---

We have audited the financial statements of MathEngine plc on pages 5 to 15 for the year ended 30 June 2009. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# MATHENGINE PLC

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF MATHENGINE PLC

---

### Opinion

In our opinion:

-

- have been properly prepared in accordance with the Companies Act 2006.
- the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended; and
- the information given in the directors' report is consistent with the financial statements.

**Rodney Style (Senior Statutory Auditor)**  
for and on behalf of HW, Chartered Accountants

14 October 2009

**Chartered Accountants**  
**Statutory Auditor**

Sterling House  
19/23 High Street  
Kidlington  
Oxfordshire  
OX5 2DH

# MATHENGINE PLC

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2009

---

	Notes	2009 £	2008 £
Administrative expenses		(28,653)	(36,087)
<b>Operating loss</b>	<b>2</b>	(28,653)	(36,087)
Investment income	<b>3</b>	62,422	(94,939)
Other interest receivable and similar income	<b>3</b>	2,979	6,948
Amounts written back/(off) investments	<b>4</b>	(22,981)	(2,924)
Interest payable and similar charges	<b>5</b>	(3)	(39)
<b>Profit/(loss) on ordinary activities before taxation</b>		13,764	(127,041)
Tax on profit/(loss) on ordinary activities	<b>6</b>	(3,850)	17,949
<b>Profit/(loss) for the year</b>	<b>11</b>	9,914	(109,092)

---

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# MATHENGINE PLC

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

*FOR THE YEAR ENDED 30 JUNE 2009*

---

	Notes	2009 £	2008 £
<b>Profit/(loss) for the financial year</b>		9,914	(109,092)
Unrealised (deficit)/surplus on trade investment		(304,372)	230,200
<b>Total recognised gains and losses relating to the year</b>		<u>(294,458)</u>	<u>121,108</u>

# MATHENGINE PLC

## BALANCE SHEET

AS AT 30 JUNE 2009

---

	Notes	2009		2008	
		£	£	£	£
<b>Fixed assets</b>					
Investments	7		241,536		556,624
<b>Current assets</b>					
Debtors	8		-		17,807
Cash at bank and in hand			148,154		109,512
			<u>148,154</u>		<u>127,319</u>
<b>Creditors: amounts falling due within one year</b>	9		<u>(10,920)</u>		<u>(10,715)</u>
<b>Net current assets</b>			137,234		116,604
<b>Total assets less current liabilities</b>			<u>378,770</u>		<u>673,228</u>
<b>Capital and reserves</b>					
Called up share capital	10		1,970,081		1,970,081
Share premium account	11		12,618,693		12,618,693
Revaluation reserve	11		63,527		367,899
Profit and loss account	11		<u>(14,273,531)</u>		<u>(14,283,445)</u>
<b>Shareholders' funds</b>	12		<u>378,770</u>		<u>673,228</u>

Approved by the Board and authorised for issue on 12 October 2009

D J N Nabarro  
Director

# MATHENGINE PLC

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

---

	£	2009 £	£	2008 £
<b>Net cash outflow from operating activities</b>		(28,576)		(39,634)
<b>Returns on investments and servicing of finance</b>				
Interest received	2,979		6,948	
Interest paid	(3)		(39)	
Dividends received	10,000		-	
	<hr/>		<hr/>	
<b>Net cash inflow for returns on investments and servicing of finance</b>		12,976		6,909
<b>Taxation</b>		17,307		(24,523)
<b>Financial investment</b>				
Payments to acquire investments	(12,265)		(120,245)	
Receipts from sales of investments	52,422		(1,160)	
	<hr/>		<hr/>	
<b>Net cash (outflow)/inflow for capital expenditure</b>		40,157		(121,405)
		<hr/>		<hr/>
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		41,864		(178,653)
		<hr/>		<hr/>
<b>(Decrease)/increase in cash in the year</b>		41,864		(178,653)
		<hr/> <hr/>		<hr/> <hr/>

---

# MATHENGINE PLC

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

<b>1</b>	<b>Reconciliation of operating loss to net cash outflow from operating activities</b>				<b>2009</b>	<b>2008</b>
					£	£
	Operating loss				(28,653)	(36,087)
	Decrease/(increase) in debtors				500	(240)
	Decrease in creditors within one year				(423)	(3,307)
	<b>Net cash outflow from operating activities</b>				<u>(28,576)</u>	<u>(39,634)</u>
<b>2</b>	<b>Analysis of net funds</b>	<b>1 July 2008</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>		<b>30 June 2009</b>
		£	£	£		£
	Net cash:					
	Cash at bank and in hand	109,512	38,642	-		148,154
	Bank overdrafts	(3,222)	3,222	-		-
		<u>106,290</u>	<u>41,864</u>	<u>-</u>		<u>148,154</u>
	<b>Net funds</b>	<u>106,290</u>	<u>41,864</u>	<u>-</u>		<u>148,154</u>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net funds</b>				<b>2009</b>	<b>2008</b>
					£	£
	Increase/(decrease) in cash in the year				41,864	(178,653)
	<b>Movement in net funds in the year</b>				<u>41,864</u>	<u>(178,653)</u>
	Opening net funds				106,290	284,943
	<b>Closing net funds</b>				<u>148,154</u>	<u>106,290</u>

# MATHENGINE PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of fixed asset investments.

#### 1.2 Investments

Fixed asset investments are stated at current market value.

#### 1.3 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

<b>2 Operating loss</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging:		
Loss on foreign exchange transactions	3,054	-
Fees payable to the company's auditor for the audit of the company's annual accounts	4,000	4,000
Accountancy & Taxtion	6,243	7,691
and after crediting:		
Profit on foreign exchange transactions	-	(3,021)
	<u>          </u>	<u>          </u>
<b>3 Investment income</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Income from fixed asset investments	62,422	(94,939)
Bank interest	2,012	1,583
Other interest	967	5,365
	<u>          </u>	<u>          </u>
	<u>65,401</u>	<u>(87,991)</u>

# MATHENGINE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

4	<b>Amounts written off investments</b>	<b>2009</b>	<b>2008</b>
		£	£
	Amounts written off fixed asset investments:		
	- temporary diminution in value	22,981	2,924
		<u>22,981</u>	<u>2,924</u>
5	<b>Interest payable</b>	<b>2009</b>	<b>2008</b>
		£	£
	On bank loans and overdrafts	3	4
	On overdue tax	-	35
		<u>3</u>	<u>39</u>
		<u>3</u>	<u>39</u>
6	<b>Taxation</b>	<b>2009</b>	<b>2008</b>
		£	£
	<b>Domestic current year tax</b>		
	U.K. corporation tax	3,850	(17,307)
	Adjustment for prior years	-	(642)
		<u>3,850</u>	<u>(17,949)</u>
	<b>Current tax charge</b>	<u>3,850</u>	<u>(17,949)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	13,764	(127,041)
		<u>13,764</u>	<u>(127,041)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 20.25%)	2,890	(25,726)
		<u>2,890</u>	<u>(25,726)</u>
	Effects of:		
	Non deductible expenses	2,135	2,102
	Prior period losses utilised	(6,032)	(1,352)
	Losses carried forward	-	5,817
	Prior year adjustment	-	(642)
	Temporary diminution in value of investments	4,826	592
	Other tax adjustments	31	1,260
		<u>960</u>	<u>7,777</u>
	<b>Current tax charge</b>	<u>3,850</u>	<u>(17,949)</u>

# MATHENGINE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

### 7 Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 July 2008	389,398	170,151	559,549
Additions	73,440	12,265	85,705
Revaluation	(232,662)	(71,711)	(304,373)
Disposals	-	(73,440)	(73,440)
At 30 June 2009	230,176	37,265	267,441
<b>Provisions for diminution in value</b>			
At 1 July 2008	2,924	-	2,924
Charge for the year	8,977	14,004	22,981
At 30 June 2009	11,901	14,004	25,905
<b>Net book value</b>			
At 30 June 2009	218,275	23,261	241,536
At 30 June 2008	386,473	170,151	556,624
	Market value £	Directors' valuation £	Total £
At 30 June 2009	218,275	23,261	241,536
At 30 June 2008	386,474	170,151	556,625

The original cost of the fixed asset investments was £203,265.

### 8 Debtors

	2009 £	2008 £
Corporation tax	-	17,307
Prepayments and accrued income	-	500
	-	17,807

# MATHENGINE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2009*

---

<b>9 Creditors: amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	3,222
Corporation tax	3,850	-
Accruals and deferred income	7,070	7,493
	<hr/>	<hr/>
	10,920	10,715
	<hr/> <hr/>	<hr/> <hr/>

# MATHENGINE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

---

10 Share capital	2009	2008
	£	£
<b>Authorised</b>		
127,016,904 Ordinary shares of 1p each	1,270,169	1,270,169
172,983,096 Deferred shares of 1p each	1,729,831	1,729,831
	<u>3,000,000</u>	<u>3,000,000</u>
<b>Allotted, called up and fully paid</b>		
24,024,980 Ordinary shares of 1p each	240,250	240,250
172,983,096 Deferred shares of 1p each	1,729,831	1,729,831
	<u>1,970,081</u>	<u>1,970,081</u>

During the year to 30 June 2006 the authorised share capital of the Company was reduced to £1,922,035 by the cancellation of 180,779,656 existing ordinary shares of 10 pence each. It was resolved that each of the existing ordinary issued 10 pence shares of Mathengine Plc were split into one ordinary share of 1 penny par value and nine deferred shares of 1 penny par value each.

An ordinary resolution was then passed increasing the authorised share capital of the Company from £1,922,035 to £3,000,000 by the creation of 107,796,560 additional ordinary shares of 1 penny each, such shares to rank pari passu in all respects with the existing issued ordinary shares in the capital of the Company.

The authorised share capital of the Company is now £3,000,000 divided into 127,016,904 ordinary shares of 1 penny each and 172,983,096 deferred shares of 1 penny each.

The Company issued 4,804,636 new ordinary 1 penny shares at a price of 1.4 pence per new ordinary share during the year to 30 June 2006.

### Rights of the Deferred ordinary Shares

As regards income, the Deferred Shares shall carry no right to receive any dividend or other distribution.

As regards capital, on a return of capital in a liquidation, but not otherwise, the holders of the Deferred Shares shall be entitled to receive the nominal amount of their respective holdings of Deferred Shares but only after the holder of each Ordinary Share shall have received the amount paid up or credited as paid up on such Ordinary Share together with a payment of £1,000,000 per Ordinary Share and the holders of the Deferred Shares shall not be entitled to any further participation in the assets or profits of the Company.

As regards voting, the holders of the Deferred Shares shall have no right to receive share certificates in respect of their holdings of Deferred Shares or to receive notice of, or to attend, speak or vote at, any general meeting of the Company by virtue of their holdings of Deferred Shares.

# MATHENGINE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

### 11 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2008	12,618,693	367,899	(14,283,445)
Profit for the year	-	-	9,914
Revaluation during the year	-	(304,372)	-
Balance at 30 June 2009	<u>12,618,693</u>	<u>63,527</u>	<u>(14,273,531)</u>

No tax has been provided in respect of the amounts allocated to the Revaluation Reserve.

### 12 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit/(Loss) for the financial year	9,914	(109,092)
Other recognised gains and losses	(304,372)	230,200
Net (depletion in)/addition to shareholders' funds	<u>(294,458)</u>	<u>121,108</u>
Opening shareholders' funds	673,228	552,120
Closing shareholders' funds	<u>378,770</u>	<u>673,228</u>

### 13 Employees

#### Number of employees

There were no employees during the year apart from the directors.

### 14 Control

There is no controlling party.