

**Strategic Report,  
Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2020  
for  
MATHENGINE LIMITED**

**MATHENGINE LIMITED**

**Contents of the Financial Statements  
for the year ended 31 December 2020**

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**MATHENGINE LIMITED**

**Company Information  
for the year ended 31 December 2020**

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**Directors:**

D J N Nabarro  
C R Woodbine Parish

**Registered office:**

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

**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 LIMITED

## Strategic Report for the year ended 31 December 2020

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We have pleasure in publishing our Company's latest Strategic Report, the Report of the Directors and the Financial Statements for the year ended 31st December 2020 on our MathEngine Limited ("MathEngine") web-site, at [www.mathenginelimited.com](http://www.mathenginelimited.com).

You will also find on our updated web-site, notice of the first and twenty-third (1st and 23rd) MathEngine AGM to be held at the Company's registered office at Sterling House, 19-23 High Street, Kidlington, Oxford OX5 2DH at Noon (12.00) on Monday 20th September 2021, a downloadable and printable Attendance Card, and a Form of Proxy in respect of the forthcoming AGM.

### **Review of business and key financial indicators**

#### Value of the Company's portfolio

During the twelve months period to 31st December 2020, the value of our Company's assets decreased by five point four per cent (-5.4%) to £727,693 and at the year-end, we held cash amounting to 3.5% of our net assets, so that on a per share basis, MathEngine's Ordinary Shares at that date had an approximate net asset value of 3.31 pence per share.

However, during the subsequent two quarters and three weeks to 20th July 2021, the value of our portfolio increased significantly by 27.3% to £926,433 or approximately 4.21 pence per share.

#### Investments

We continue to hold a very significant (33% of our portfolio) investment in Vena Solutions, whose value at the latest indicative bid price had increased since we originally invested in the company in Q3 2014 by a satisfying 7.7 x's.

Our other significant investment, in the Australian management-led, Polish coking (metallurgical) coal company, Balamara Resources, has to date, despite management's best efforts, been beset by bureaucratic delays in granting a mining licence to commence operations at its Nowa Ruda site in western Poland.

However, the newly appointed non-executive director, Philipp von Bernstorff, has done an outstanding job in sponsoring negotiations directly with the relevant Ministry in Warsaw, and with all the relevant boxes now ticked, we expect to hear news of the grant of the mining licence in the very near future.

I would add that, coking coal, which is required for the production of steel, the core element for the construction industry, is, unlike dirty thermal coal, defined by the EU as a strategic asset, and because of scarcity and declining global production, the price of coking coal has soared in recent months, so we continue to be optimistic that our faith will be rewarded.

#### Recent performance

The recent strong performance of our portfolio has been assisted inter alia by (a) a sharp 80% increase this year in the carrying value of our residual shareholding in Vena Solutions, the Canadian planning software business, (b) a more than 90% increase in the value of our shareholding in Darktrace PLC, the newly listed AI and cyber intelligence company, (c) the repayment in full in cash plus all interest at 10% plus, of a £200,000 loan we made last year, and (d) the sudden revival in the fortunes of Cashmere Iron, an Australian iron ore company, where we have a small shareholding we had previously virtually written off.

#### Portfolio policy

MathEngine has no debt and with significant cash in hand, currently circa 17% of our net assets, we continue to seek other interesting and potentially profitable investment opportunities for our Company.

## MATHENGINE LIMITED

### Strategic Report for the year ended 31 December 2020

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#### **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.

#### **Section 172(1) statement**

Under Section 172 of the Companies Act 2006, the Directors have a duty to promote the success of the Company over the long term for the benefit of shareholders as a whole, having regard to a range of other key stakeholders and interests.

The Board is responsible for the overall direction of the company. It is responsible for the company's long-term success. It sets the company's strategy and monitors the performance of the company to ensure that it is prepared for the challenges and opportunities of the future.

In performance of these duties, the Board is focused on the sustainability of the company in the long term. The Board recognises the need for the company to have effective engagement with, and encourage participation from, all key stakeholders to promote these long-term interests.

#### **Engagement with employees**

The company has no paid employees on the payroll and so there was no requirement to conduct an employee engagement survey during the year.

#### **Engagement with suppliers, customers and others**

We ensure that all suppliers are paid in accordance with the terms agreed and work to ensure that our investors have a clear understanding of our strategy, performance and objectives.

The Board is committed to communicating with shareholders and other stakeholders in a clear and open manner and seeks to ensure effective engagement through the AGM and the company's website.

#### **Statement of corporate governance arrangements**

The Board is committed to maintaining high standards of governance and I am pleased to confirm that your Company is fully compliant with the Principles and Provisions of the Code for the year ended 31 December 2020. As a Board, we remain committed to applying the highest standards of corporate governance, recognising that robust governance and culture underpin business success.

#### **Change of director**

During the year we were delighted to welcome the redoubtable and very experienced Robin Woodbine Parish as a non-executive director of MathEngine Limited, and I record my gratitude to him for his sound and knowledgeable counsel.

#### **Change of accountant**

We also welcome George Style, our new auditor, who has replaced his father Rodney as a partner at Haines Watts Oxford, Chartered Accountants, who handle our audit work.

Over many years we benefitted from Rodney's good and valuable advice, and we now look forward to working with George and his team.

**MATHEngine LIMITED**

**Strategic Report  
for the year ended 31 December 2020**

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**Shareholders communication**

In the interests of carefully husbanding our resources for the benefit of our shareholders, we continue to communicate via our detailed and disclosing [www.mathengine.com](http://www.mathengine.com) web-site, which we endeavour to keep both informative and up to date.

**Our registrars**

We continue to receive good service from our registrars, Link Asset Services, and any Shareholder having a query re. their shareholding in MathEngine PLC should write to or e-mail Aydin Djemal at Link ([aydin.djemal@linkgroup.co.uk](mailto:aydin.djemal@linkgroup.co.uk)) as follows:

Mr. Aydin Djemal  
Link Asset Services Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**On behalf of the board:**

.....  
D J N Nabarro - Director

Date: .....

## MATHENGINE LIMITED

### Report of the Directors for the year ended 31 December 2020

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The directors present their report with the financial statements of the company for the year ended 31 December 2020.

#### **Change of name**

The company passed a special resolution on 23 September 2020 changing its name from Mathengine PLC to Mathengine Limited.

#### **Principal activity**

The principal activity of the Company in the year under review was that of an investment company aiming to achieve capital appreciation over a long-term perspective.

#### **Dividends**

No dividends will be distributed for the year ended 31 December 2020.

#### **Future developments**

The Company has no debt and the board will continue to seek other interesting and potentially profitable investment opportunities for the Company.

#### **Directors**

D J N Nabarro has held office during the whole of the period from 1 January 2020 to the date of this report.

Other changes in directors holding office are as follows:

W G Wells - resigned 13 July 2020

C R Woodbine Parish - appointed 13 July 2020

#### **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 LIMITED**

**Report of the Directors  
for the year ended 31 December 2020**

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**Auditors**

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**

.....  
D J N Nabarro - Director

Date: .....



## **Report of the Independent Auditors to the Members of Mathengine Limited**

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### **Opinion**

We have audited the financial statements of Mathengine Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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**

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

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

**Report of the Independent Auditors to the Members of  
Mathengine Limited**

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

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

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 Statement of Directors' Responsibilities set out on page five, 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 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.

## **Report of the Independent Auditors to the Members of Mathengine Limited**

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### **Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our experience and through discussion with the management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102), GDPR and relevant tax legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override of internal controls, including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of  
Mathengine Limited**

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**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 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.

George 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: .....

**MATHEngine LIMITED**

**Income Statement**

**for the year ended 31 December 2020**

|   | Notes | 31/12/20<br>£          | 31/12/19<br>£       |
|---|-------|------------------------|---------------------|
| <b>Turnover</b>                             |       | -                      | -                   |
| Administrative expenses                     |       | <u>(15,656)</u>        | <u>(21,989)</u>     |
|   |       | <b>(15,656)</b>        | <b>(21,989)</b>     |
| Other operating income                      |       | <u>-</u>               | <u>560</u>          |
| <b>Operating loss</b>                       | 4     | <b>(15,656)</b>        | <b>(21,429)</b>     |
| Profit/loss on sale of invest               | 5     | <u>7,958</u>           | <u>15,008</u>       |
|   |       | <b>(7,698)</b>         | <b>(6,421)</b>      |
| Income from fixed asset investments         |       | 29                     | -                   |
| Interest receivable and similar income      |       | <u>49,738</u>          | <u>40,019</u>       |
|   |       | <b>42,069</b>          | <b>33,598</b>       |
| Gain/loss on revaluation of assets          |       | <u>(69,405)</u>        | <u>(27,986)</u>     |
| <b>(Loss)/profit before taxation</b>        |       | <b>(27,336)</b>        | <b>5,612</b>        |
| Tax on (loss)/profit                        | 6     | <u>(14,469)</u>        | <u>3,856</u>        |
| <b>(Loss)/profit for the financial year</b> |       | <u><b>(41,805)</b></u> | <u><b>9,468</b></u> |

The notes form part of these financial statements

MATHENGINE LIMITED

Other Comprehensive Income

for the year ended 31 December 2020

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|   | Notes | 31/12/20<br>£     | 31/12/19<br>£ |
|---|-------|-------------------|---------------|
| <b>(Loss)/profit for the year</b>                                 |       | <b>(41,805)</b>   | 9,468         |
| <b>Other comprehensive income</b>                                 |       |                   |               |
| Profit and Loss   |       | -                 | 32            |
| Revaluation reserve   |       | -                 | (32)          |
| Cancellation of share premium account                             |       | 12,274,479        | -             |
| Cancellation of deferred shares                                   |       | 2,162,248         | -             |
| Income tax relating to components of other comprehensive income   |       | -                 | -             |
|   |       | <hr/>             | <hr/>         |
| <b>Other comprehensive income for the year, net of income tax</b> |       | <b>14,436,727</b> | -             |
|   |       | <hr/>             | <hr/>         |
| <b>Total comprehensive income for the year</b>                    |       | <b>14,394,922</b> | 9,468         |
|   |       | <hr/> <hr/>       | <hr/> <hr/>   |

The notes form part of these financial statements

**Balance Sheet**  
**31 December 2020**

|  | Notes | £              | 31/12/20<br>£  | £       | 31/12/19<br>£ |
|--|-------|----------------|----------------|---------|---------------|
| <b>Fixed assets</b>                          |       |                |                |         |               |
| Investments                                  | 7     |                | <b>399,702</b> |         | 331,451       |
| <b>Current assets</b>                        |       |                |                |         |               |
| Debtors                                      | 8     | <b>338,658</b> |                | 388,793 |               |
| Cash at bank                                 |       | <b>25,146</b>  |                | 121,623 |               |
|  |       | <b>363,804</b> |                | 510,416 |               |
| <b>Creditors</b>                             |       |                |                |         |               |
| Amounts falling due within one year          | 9     | <b>10,760</b>  |                | 58,869  |               |
| <b>Net current assets</b>                    |       |                | <b>353,044</b> |         | 451,547       |
| <b>Total assets less current liabilities</b> |       |                | <b>752,746</b> |         | 782,998       |
| <b>Provisions for liabilities</b>            | 10    |                | <b>25,053</b>  |         | 13,500        |
| <b>Net assets</b>                            |       |                | <b>727,693</b> |         | 769,498       |
| <b>Capital and reserves</b>                  |       |                |                |         |               |
| Called up share capital                      | 11    |                | <b>219,893</b> |         | 2,382,141     |
| Share premium                                | 12    |                | -              |         | 12,274,479    |
| Retained earnings                            | 12    |                | <b>507,800</b> |         | (13,887,122)  |
| <b>Shareholders' funds</b>                   |       |                | <b>727,693</b> |         | 769,498       |

The financial statements were approved by the Board of Directors and authorised for issue on ..... and were signed on its behalf by:

.....  
D J N Nabarro - Director

**MATHENGINE LIMITED**

**Statement of Changes in Equity  
for the year ended 31 December 2020**

|                                    | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Share<br/>premium<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|------------------------------------|--|------------------------------------|--------------------------------|-------------------------------|
| <b>Balance at 1 January 2019</b>   | 2,422,003                                    | (13,896,590)                       | 12,249,614                     | 775,027                       |
| <b>Changes in equity</b>           |  |                                    |                                |                               |
| Issue of share capital             | (39,862)                                     | -                                  | 24,865                         | (14,997)                      |
| Total comprehensive income         | -  | 9,468                              | -                              | 9,468                         |
| <b>Balance at 31 December 2019</b> | <u>2,382,141</u>                             | <u>(13,887,122)</u>                | <u>12,274,479</u>              | <u>769,498</u>                |
| <b>Changes in equity</b>           |  |                                    |                                |                               |
| Issue of share capital             | (2,162,248)                                  | -                                  | (12,274,479)                   | (14,436,727)                  |
| Total comprehensive income         | -  | 14,394,922                         | -                              | 14,394,922                    |
| <b>Balance at 31 December 2020</b> | <u><u>219,893</u></u>                        | <u><u>507,800</u></u>              | <u><u>-</u></u>                | <u><u>727,693</u></u>         |

The notes form part of these financial statements



**MATHEngine LIMITED**

**Cash Flow Statement  
for the year ended 31 December 2020**

|   | Notes | 31/12/20<br>£        | 31/12/19<br>£         |
|---|-------|----------------------|-----------------------|
| <b>Cash flows from operating activities</b>             |       |                      |                       |
| Cash generated from operations                          | 1     | 45,772               | (394,684)             |
| Tax paid  |       | (54,360)             | -                     |
| Net cash from operating activities                      |       | <u>(8,588)</u>       | <u>(394,684)</u>      |
| <b>Cash flows from investing activities</b>             |       |                      |                       |
| Purchase of fixed asset investments                     |       | (200,813)            | (200,824)             |
| Sale of fixed asset investments                         |       | 63,157               | 639,537               |
| Interest received                                       |       | 49,738               | 40,019                |
| Dividends received                                      |       | 29                   | -                     |
| Net cash from investing activities                      |       | <u>(87,889)</u>      | <u>478,732</u>        |
| <b>Cash flows from financing activities</b>             |       |                      |                       |
| Amount introduced by directors                          |       | -                    | 5,001                 |
| Share buyback   |       | -                    | (14,996)              |
| Net cash from financing activities                      |       | <u>-</u>             | <u>(9,995)</u>        |
| <b>(Decrease)/increase in cash and cash equivalents</b> |       | <b>(96,477)</b>      | <b>74,053</b>         |
| <b>Cash and cash equivalents at beginning of year</b>   | 2     | <b>121,623</b>       | <b>47,570</b>         |
| <b>Cash and cash equivalents at end of year</b>         | 2     | <b><u>25,146</u></b> | <b><u>121,623</u></b> |

The notes form part of these financial statements

**MATHEngine LIMITED**

**Notes to the Cash Flow Statement  
for the year ended 31 December 2020**

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

|  | <b>31/12/20</b>      | <b>31/12/19</b>         |
|--|----------------------|-------------------------|
|  | £                    | £                       |
| (Loss)/profit before taxation                  | (27,336)             | 5,612                   |
| Loss on revaluation of fixed assets            | 69,405               | 12,639                  |
| Finance income                                 | (49,767)             | (40,019)                |
|  | <u>(7,698)</u>       | <u>(21,768)</u>         |
| Decrease/(increase) in trade and other debtors | 50,135               | (373,516)               |
| Increase in trade and other creditors          | 3,335                | 600                     |
|  | <u>45,772</u>        | <u>(394,684)</u>        |
| <b>Cash generated from operations</b>          | <b><u>45,772</u></b> | <b><u>(394,684)</u></b> |

**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 2020**

|                           | <b>31/12/20</b> | <b>1/1/20</b>  |
|---------------------------|-----------------|----------------|
|                           | £               | £              |
| Cash and cash equivalents | <u>25,146</u>   | <u>121,623</u> |

**Year ended 31 December 2019**

|                           | 31/12/19       | 1/1/19        |
|---------------------------|----------------|---------------|
|                           | £              | £             |
| Cash and cash equivalents | <u>121,623</u> | <u>47,570</u> |

**3. Analysis of changes in net funds**

|                 | <b>At 1/1/20</b>      | <b>Cash flow</b>       | <b>At 31/12/20</b>   |
|-----------------|-----------------------|------------------------|----------------------|
|                 | £                     | £                      | £                    |
| <b>Net cash</b> |                       |                        |                      |
| Cash at bank    | <u>121,623</u>        | <u>(96,477)</u>        | <u>25,146</u>        |
|                 | <u>121,623</u>        | <u>(96,477)</u>        | <u>25,146</u>        |
| <b>Total</b>    | <b><u>121,623</u></b> | <b><u>(96,477)</u></b> | <b><u>25,146</u></b> |

The notes form part of these financial statements

## MATHENGINE LIMITED

### Notes to the Financial Statements for the year ended 31 December 2020

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#### 1. Statutory information

On 23 September 2020 Mathengine Plc was re-registered under the Companies Act 2006 as a private company and is now incorporated under the name of Mathengine Limited and is limited by shares and 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.

##### **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.

##### **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**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered a period of twelve months from the date of approval of the financial statements, including any potential impact of the Covid-19 virus on trading. Having taken account of all available information about the future, including the company's most recent trading results, budgets and cash flow forecasts, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**MATHEngine LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2020**

**3. Employees and directors**

|                    | <b>31/12/20</b>   | <b>31/12/19</b>   |
|--------------------|-------------------|-------------------|
|                    | £                 | £                 |
| Wages and salaries | -                 | 5,000             |
|                    | <u>          </u> | <u>          </u> |

The average number of employees during the year was as follows:

|           | <b>31/12/20</b>    | <b>31/12/19</b>    |
|-----------|--------------------|--------------------|
| Directors | <u>          2</u> | <u>          2</u> |

Gillian Hedger is MathEngines's Company Secretary and both collates information for you for the annual audit and also from time-to-time liaises with Aydin Djemal at Link Asset Services, who are our registrars, but Cato Strategic remunerates her entirely.

|                         | <b>31/12/20</b>   | <b>31/12/19</b>   |
|-------------------------|-------------------|-------------------|
|                         | £                 | £                 |
| Directors' remuneration | -                 | 5,000             |
|                         | <u>          </u> | <u>          </u> |

**4. Operating loss**

The operating loss is stated after charging:

|                              | <b>31/12/20</b>   | <b>31/12/19</b>   |
|------------------------------|-------------------|-------------------|
|                              | £                 | £                 |
| Auditors' remuneration       | 4,500             | 4,000             |
| Foreign exchange differences | 795               | -                 |
|                              | <u>          </u> | <u>          </u> |

**5. Exceptional items**

|                               | <b>31/12/20</b>        | <b>31/12/19</b>         |
|-------------------------------|------------------------|-------------------------|
|                               | £                      | £                       |
| Profit/loss on sale of invest | <u>          7,958</u> | <u>          15,008</u> |

**6. Taxation**

**Analysis of the tax charge/(credit)**

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

|                            | <b>31/12/20</b>         | <b>31/12/19</b>           |
|----------------------------|-------------------------|---------------------------|
|                            | £                       | £                         |
| Current tax:               |                         |                           |
| UK corporation tax         | -                       | 51,444                    |
| Prior year under provision | <u>          2,916</u>  | <u>          -</u>        |
| Total current tax          | <u>          2,916</u>  | <u>          51,444</u>   |
| Deferred tax               | <u>          11,553</u> | <u>          (55,300)</u> |
| Tax on (loss)/profit       | <u>          14,469</u> | <u>          (3,856)</u>  |

MATHENGINE LIMITED

Notes to the Financial Statements - continued  
for the year ended 31 December 2020

6. Taxation - continued

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

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

|  | 31/12/20        | 31/12/19       |
|--|-----------------|----------------|
|  | £               | £              |
| (Loss)/profit before tax   | <u>(27,336)</u> | <u>5,612</u>   |
| (Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | (5,194)         | 1,066          |
| Effects of:  |                 |                |
| Expenses not deductible for tax purposes   | -               | 14             |
| Adjustments to tax charge in respect of previous periods                                       | 2,916           | -              |
| Other tax adjustments  | (8,570)         | 69,728         |
| Revaluation of investments   | 13,187          | 2,401          |
| Prior year losses used this year   | (6,476)         | (21,765)       |
| Current year losses  | 7,059           | -              |
| Deferred tax charge  | 11,553          | (55,300)       |
| Dividends received   | (6)             | -              |
| Total tax charge/(credit)  | <u>14,469</u>   | <u>(3,856)</u> |

**Tax effects relating to effects of other comprehensive income**

|                                       | Gross             | Tax      | 31/12/20          |
|---------------------------------------|-------------------|----------|-------------------|
|                                       | £                 | £        | Net               |
|                                       |                   |          | £                 |
| Profit and Loss                       |                   |          |                   |
| Revaluation reserve                   |                   |          |                   |
| Cancellation of share premium account | 12,274,479        | -        | 12,274,479        |
| Cancellation of deferred shares       | 2,162,248         | -        | 2,162,248         |
|                                       | <u>14,436,727</u> | <u>-</u> | <u>14,436,727</u> |
|                                       |                   |          |                   |
|                                       | Gross             | Tax      | 31/12/19          |
|                                       | £                 | £        | Net               |
|                                       |                   |          | £                 |
| Profit and Loss                       | 32                | -        | 32                |
| Revaluation reserve                   | (32)              | -        | (32)              |
|                                       | <u>-</u>          | <u>-</u> | <u>-</u>          |

MATHENGINE LIMITED

Notes to the Financial Statements - continued  
for the year ended 31 December 2020

7. Fixed asset investments

|                          | Listed<br>investments<br>£ | Unlisted<br>investments<br>£ | Totals<br>£    |
|--------------------------|----------------------------|------------------------------|----------------|
| <b>Cost or valuation</b> |                            |                              |                |
| At 1 January 2020        | -                          | 398,443                      | 398,443        |
| Additions                | 200,813                    | -                            | 200,813        |
| Disposals                | (62,497)                   | (770)                        | (63,267)       |
| Revaluations             | 8,248                      | 49,347                       | 57,595         |
|                          | <u>146,564</u>             | <u>447,020</u>               | <u>593,584</u> |
| <b>Provisions</b>        |                            |                              |                |
| At 1 January 2020        | -                          | 66,992                       | 66,992         |
| Provision for year       | 3,681                      | 123,319                      | 127,000        |
| Eliminated on disposal   | -                          | (110)                        | (110)          |
|                          | <u>3,681</u>               | <u>190,201</u>               | <u>193,882</u> |
| <b>Net book value</b>    |                            |                              |                |
| At 31 December 2020      | <u>142,883</u>             | <u>256,819</u>               | <u>399,702</u> |
| At 31 December 2019      | <u>-</u>                   | <u>331,451</u>               | <u>331,451</u> |

Cost or valuation at 31 December 2020 is represented by:

|                   | Listed<br>investments<br>£ | Unlisted<br>investments<br>£ | Totals<br>£    |
|-------------------|----------------------------|------------------------------|----------------|
| Valuation in 2020 | 8,248                      | 123,611                      | 131,859        |
| Cost              | 138,316                    | 323,409                      | 461,725        |
|                   | <u>146,564</u>             | <u>447,020</u>               | <u>593,584</u> |

8. Debtors: amounts falling due within one year

|               | 31/12/20<br>£  | 31/12/19<br>£  |
|---------------|----------------|----------------|
| Other debtors | <u>338,658</u> | <u>388,793</u> |

9. Creditors: amounts falling due within one year

|                             | 31/12/20<br>£ | 31/12/19<br>£ |
|-----------------------------|---------------|---------------|
| Trade creditors             | -             | 1             |
| Corporation tax             | -             | 51,444        |
| Directors' current accounts | 824           | 824           |
| Accrued expenses            | 9,936         | 6,600         |
|                             | <u>10,760</u> | <u>58,869</u> |

**MATHEngine LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2020**

**10. Provisions for liabilities**

|                             | <b>31/12/20</b>      | <b>31/12/19</b>             |
|-----------------------------|----------------------|-----------------------------|
|                             | £                    | £                           |
| Deferred tax                | <u><b>25,053</b></u> | <u>13,500</u>               |
|                             |                      | <b>Deferred tax</b>         |
|                             |                      | £                           |
| Balance at 1 January 2020   |                      | <b>13,500</b>               |
| Provided during year        |                      | <u><b>11,553</b></u>        |
| Balance at 31 December 2020 |                      | <u><u><b>25,053</b></u></u> |

**11. Called up share capital**

**Allotted, issued and fully paid:**

| <b>Number:</b>           | <b>Class:</b> | <b>Nominal value:</b> | <b>31/12/20</b>       | <b>31/12/19</b>  |
|--------------------------|---------------|-----------------------|-----------------------|------------------|
|                          |               |                       | £                     | £                |
| 21,989,309               | Ordinary      | 1p                    | <b>219,893</b>        | 219,893          |
| NIL                      | Deferred      | 1p                    | -                     | 2,162,248        |
| (31/12/19 - 216,224,820) |               |                       | <u><b>219,893</b></u> | <u>2,382,141</u> |

A Special Resolution to reduce the Company's share capital was passed on 22 December 2020 (see note 12.)

**12. Reserves**

|                            | <b>Retained earnings</b>     | <b>Share premium</b> | <b>Totals</b>                |
|----------------------------|------------------------------|----------------------|------------------------------|
|                            | £                            | £                    | £                            |
| At 1 January 2020          | <b>(13,887,122)</b>          | <b>12,274,479</b>    | <b>(1,612,643)</b>           |
| Deficit for the year       | <b>(41,805)</b>              |                      | <b>(41,805)</b>              |
| Cancellation of shares     | -                            | <b>(12,274,479)</b>  | <b>(12,274,479)</b>          |
| Reduction of share capital | <u><b>14,436,727</b></u>     | -                    | <u><b>14,436,727</b></u>     |
| At 31 December 2020        | <u><u><b>507,800</b></u></u> | <u><u>-</u></u>      | <u><u><b>507,800</b></u></u> |

A Special Resolution to reduce the Company's share capital by cancelling the 216,224,820 Deferred 1p shares (with a total nominal value of £2,162,248.20) and the share premium account of £12,274,479 using the procedure in s641-644 Companies Act 2006 was approved by the shareholders on Tuesday 22nd December 2020.

It was agreed that the amount of the reduction would be transferred to retained earnings.

**MATHEngine LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2020**

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**13. Directors' advances, credits and guarantees**

The following advances and credits to a director subsisted during the years ended 31 December 2020 and 31 December 2019:

|                                      | <b>31/12/20</b>   | <b>31/12/19</b>   |
|--------------------------------------|-------------------|-------------------|
|                                      | <b>£</b>          | <b>£</b>          |
| <b>W G Wells</b>                     |                   |                   |
| Balance outstanding at start of year | -                 | 5,000             |
| Amounts repaid                       | -                 | (5,000)           |
| Amounts written off                  | -                 | -                 |
| Amounts waived                       | -                 | -                 |
| Balance outstanding at end of year   | -                 | -                 |
|                                      | <u>          </u> | <u>          </u> |

**14. Related party disclosures**

During the year the Company advanced unsecured loans amounting to £98,700 to Cato Strategic Ltd at an interest rate of 15%. At the year end the Company was owed £104,115 by Cato Strategic Ltd. Cato Strategic Limited is a company that is 60% owned by D J N Nabarro, who is a Director of MathEngine PLC.

The Company is owed capital and interest of £208,438 at 31 December 2020 by an unrelated party. Interest is now being charged at an interest rate of 10% p.a. on this loan. The loan was repaid in full on 31 May 2021.

**15. Ultimate controlling party**

There is no controlling party.



**MATHENGINE LIMITED**

**Detailed Profit and Loss Account  
for the year ended 31 December 2020**

|   |        | 31/12/20        |               | 31/12/19        |
|---|--------|-----------------|---------------|-----------------|
|   | £      | £               | £             | £               |
| <b>Income</b>                             |        | -               |               | -               |
| <b>Other income</b>                       |        |                 |               |                 |
| Sundry receipts                           | -      |                 | 560           |                 |
| Other fixed asset invest - FII            | 29     |                 | -             |                 |
| Deposit account interest                  | 19     |                 | 85            |                 |
| Other loan interest receivable            | 49,719 |                 | 39,934        |                 |
|   |        | <u>49,767</u>   | <u>39,934</u> | <u>40,579</u>   |
|   |        | <b>49,767</b>   |               | <b>40,579</b>   |
| <b>Expenditure</b>                        |        |                 |               |                 |
| Directors' salaries                       | -      |                 | 5,000         |                 |
| Office expenses                           | -      |                 | 210           |                 |
| Travelling                                | -      |                 | 2,388         |                 |
| Website and domain costs                  | 371    |                 | 175           |                 |
| Sundry expenses                           | 19     |                 | -             |                 |
| Accountancy                               | 6,832  |                 | 5,846         |                 |
| Legal and professional fees               | 3,036  |                 | 4,075         |                 |
| Auditors' remuneration                    | 4,500  |                 | 4,000         |                 |
| Foreign exchange losses                   | 795    |                 | -             |                 |
| Subscriptions                             | -      |                 | 140           |                 |
|   |        | <u>15,553</u>   | <u>21,834</u> |                 |
|   |        | <b>15,553</b>   |               | <b>21,834</b>   |
|   |        | <u>34,214</u>   |               | <u>18,745</u>   |
|   |        | <b>34,214</b>   |               | <b>18,745</b>   |
| <b>Finance costs</b>                      |        |                 |               |                 |
| Bank charges                              | 103    |                 | 132           |                 |
| Credit card                               | -      |                 | 23            |                 |
|   |        | <u>103</u>      | <u>155</u>    |                 |
|   |        | <b>103</b>      |               | <b>155</b>      |
|   |        | <u>34,111</u>   |               | <u>18,590</u>   |
|   |        | <b>34,111</b>   |               | <b>18,590</b>   |
| <b>Gain/loss on revaluation of assets</b> |        |                 |               |                 |
| Gain/loss on revaluation of assets        |        | <u>(69,405)</u> |               | <u>(27,986)</u> |
|   |        | <b>(69,405)</b> |               | <b>(27,986)</b> |
|   |        | <u>(35,294)</u> |               | <u>(9,396)</u>  |
|   |        | <b>(35,294)</b> |               | <b>(9,396)</b>  |
| <b>Exceptional items</b>                  |        |                 |               |                 |
| Profit/loss on sale of invest             |        | <u>7,958</u>    |               | <u>15,008</u>   |
|   |        | <b>7,958</b>    |               | <b>15,008</b>   |
| <b>Net (loss)/profit</b>                  |        | <u>(27,336)</u> |               | <u>5,612</u>    |
|   |        | <b>(27,336)</b> |               | <b>5,612</b>    |