

ARMSTRONG VENTURES PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

Company Number: 5628362

ARMSTRONG VENTURES PLC
REPORT AND FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2015

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ARMSTRONG VENTURES PLC

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2015

Directors	Sean Nicolson Peter Read
Secretary	Sean Nicolson
Registered Office	18 Buckingham Gate London SW1E 6LB
Company number	5628362
Registrar and transfer office	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA
Auditors	haysmacintyre 26 Red Lion Square London WC1R 4AG
Nominated adviser	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
Broker	Peterhouse Corporate Finance Limited 3 rd Floor New Liverpool House 15-17 Eldon Street London EC2M 7LD

ARMSTRONG VENTURES PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

I am pleased to welcome you to my first report as Chairman of Armstrong Ventures plc (the Company) for the year ended 31 December 2015.

Financial Review

The year under review has two distinct periods. The first period ended on 17 July 2015. Prior to that date the Company had very limited cash resources and had spent some time seeking investment opportunities in the resources and energy sectors. At the general meeting held on 17 July 2015 shareholders approved resolutions in respect of the issue of 19,402,916,660 ordinary shares to raise £2.33 million before expenses and the Company's investing policy was changed to focus on opportunities in the media, technology and healthcare sectors. On 17 July 2015 Peter Read and I joined the board and Manish Kotecha and Peter Redmond resigned on that date. On 20 August 2015 Haresh Kanabar resigned as a director.

During the year under review the Company operated as an investing company reviewing investment opportunities in line with the Company's policies in force during the year. As such, the Company did not have any operating businesses. The Company recorded a loss of £322,186 and a loss per share of 0.003p. This compares to a corresponding loss last year of £184,079 (a loss per share of 0.008p).

Investment Strategy

The board believes that the Company's new investing focus allied with an appropriate level of cash resources will offer a realistic opportunity to identify and invest in businesses with the potential to appreciate in value in the short to medium term and to enhance shareholder value. Since Peter Read and I were appointed to the board, we have taken active steps to seek out such investment propositions.

The board is seeking to invest in businesses in the media, technology and healthcare sectors which have some or all of the following characteristics:

- strong management with a proven track record;
- ready for investment without the need for material re-structuring by the Company;
- generating positive cash flows or likely to do so in the short term;
- by the injection of new finances or specialist management, the Company can enhance the prospects and therefore the future value of the investment;
- the potential to deliver significant returns for the Company.

Whilst the board will be principally focused on making an investment in private businesses, investments in listed businesses will also be considered if this presents, in the board's judgement, a clear opportunity for investment growth. With the board's experience, the Company intends to be an active investor in situations where the Company can make a clear contribution to the progress and development of the investment.

The directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of appropriate investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence on prospective targets and their management teams. The board will also consider appointing additional directors with relevant experience if required.

There will be no limit on the number of projects in which the Company may invest. The Company's financial resources may be invested in a number of propositions or in just one investment, which may be treated as a reverse takeover under Rule 14 of the AIM Rules for Companies. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets. The Company may invest through debt and similar instruments.

ARMSTRONG VENTURES PLC

CHAIRMAN'S STATEMENT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

The board's primary objective is to secure for the shareholders the best possible value consistent with achieving, over time, both capital growth and income for shareholders.

MelodyVR

On 13 January 2016 (which falls outside the period under review), the Company invested £212,500 in MelodyVR Ltd (MelodyVR) by means of secured convertible loan notes (Loan Notes). On 30 March 2016 the Company invested a further £57,500 in MelodyVR by means of additional Loan Notes.

MelodyVR was established in early 2015 to create virtual reality content by capturing live music performances. Virtual reality (VR) is a term used to describe a three dimensional environment which can be explored and interacted with by a user. VR content created by MelodyVR will be viewed using VR headsets that are currently being developed by a number of technology companies including Oculus (owned by Facebook), HTC, Google, Sony and Samsung, providing users with an immersive 360 degree experience.

MelodyVR has developed its own technology for the recording and live streaming of music performances. MelodyVR plans to make live and recorded music content available to users via its own app and third party VR platforms. It is intended that the MelodyVR app will be deployed across Oculus Rift, Android, iOS, Samsung Gear VR, HTC Vive, Playstation VR and other platforms.

MelodyVR has entered into a number of exclusivity agreements with some of the major music festival and event promoters facilitating the filming and live broadcast of music events in a virtual reality format. It is intended that the MelodyVR app will be launched in 2016.

The Loan Notes bear interest at a rate of 10% per annum and are repayable on or before 31 March 2017. The Loan Notes may be converted at the option of Armstrong into equity shares in MelodyVR on 31 March 2017 or earlier upon the sale or listing of MelodyVR or upon the raising of equity finance by MelodyVR.

The Company's investment in MelodyVR is relatively small in proportion to the Company's cash resources. If the Loan Notes are converted the Company would have a minority interest in MelodyVR. However, the anticipated launches in 2016 of VR headsets by a number of major manufacturers, means that MelodyVR premium music service could develop very rapidly. In such circumstances, the Company would consider converting its Loan Notes into an equity holding in MelodyVR. In addition, as MelodyVR grows, the Company would also consider making further debt and equity investments.

Outlook

The Company is now well positioned to move forward and will continue pursuing an investment strategy that seeks to generate value for shareholders through considered investments in high performance, ambitious businesses offering high growth opportunities in the media, technology and healthcare sectors. The board of Armstrong is excited by the opportunities offered by companies such as MelodyVR that provide content to be used on the VR headsets being launched by a number of major technology companies in 2016. The board continues to explore VR and other investment opportunities.

Sean Nicolson
Chairman
1 April 2016

ARMSTRONG VENTURES PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their Strategic Report on the Company for the year ended 31 December 2015.

RESULTS

The Company made a loss after taxation of £322,186 (2014: loss £184,079).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Armstrong Ventures plc is an investing company (under rule 15 of the AIM Rules for Companies) and the directors intend to utilise the Company's cash resources in line with the investing policy in the the media, technology and healthcare sectors.

During the year the directors reviewed a number of investment opportunities, in line with the Company's investing policy. Following the end of the year under review, the Company made its first investment in MelodyVR Ltd details of which are set out in the Chairman's Statement above.

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

	2015	2014
Gross financial assets – investments and cash	£2,401,021	£564,759
Net asset value – fully diluted per share	0.010p	0.015p
Closing share price	0.0128p	0.03p
Market capitalisation	£2,988,999	£1,100,000

KEY RISKS AND UNCERTAINTIES

Currently the principal risk is that the Company is unable to find sufficient suitable investments to ensure compliance with the requirements of its continued listing on AIM.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 15 to these financial statements.

GOING CONCERN

As disclosed in Note 2, after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Sean Nicolson
Chairman
1 April 2016

ARMSTRONG VENTURES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company's investing policy is to invest in the media, technology and healthcare sectors. The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings. Once a target has been identified, additional funds may need to be raised by the Company to fund a proposed investment.

Proposed investments to be made by the Company may be in either quoted or unquoted securities. They may be in companies, partnerships, joint ventures; or direct interests in projects and can be at any stage of development. The Company's equity interest in a proposed investment may range from a minority position to 100% ownership.

RESULTS AND DIVIDENDS

The results for the year are shown in the Strategic Report. The directors do not propose to declare a dividend (2014: Nil).

DIRECTORS

The directors of the Company during the year together with their interests in the equity of the Company are set out below:

	Number of ordinary shares		Number of share options and warrants	
	2015	2014	2015	2014
Manish Kotecha (resigned 17 July 2015)		-		63,033,173
Haresh Kanabar (resigned 20 August 2015)		26,007,802		147,077,405
Peter Redmond (resigned 17 July 2015)		47,619,048		-
		<u> </u>		<u> </u>
Sean Nicolson (appointed 17 July 2015)	570,520,833*		503,175,686*	
Peter Read (appointed 17 July 2015)	166,666,666		503,175,686	
	<u> </u>		<u> </u>	

* Sean Nicolson's interests in the equity of the Company include 83,333,333 ordinary shares and 20,833,333 warrants legally and beneficially owned by Mr Nicolson's wife.

SUBSTANTIAL INTERESTS

The Company is aware that at 31 March 2016, the following held in excess of 3% of the issued ordinary share capital of the Company:

	Number of Ordinary shares	Percentage of Issued share capital
Barnard Nominees Limited	1,691,000,000	7.30%
M Patel	1,683,333,333	7.26%
J Healey	1,666,666,666	7.19%
Nano Cap Fund	1,000,000,000	4.32%
J M Finn Nominees Limited	833,333,333	3.60%
Teltech Investments Limited	833,333,333	3.60%
T Juneja	833,333,333	3.60%
C Akers	730,000,000	3.15%
R Corsie	700,000,000	3.02%

ARMSTRONG VENTURES PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

CORPORATE GOVERNANCE

As an AIM quoted company, the Company does not have to comply with the UK Corporate Governance Code published by the Financial Reporting Council in 2012. However, the board embraces the principles of good corporate governance and has continued to apply high standards of governance by having regard to the UK Corporate Governance Code and the Corporate Governance Policy and Voting Guidelines for Smaller Companies published by the Pension and Lifetime Savings Association (PLSA) in 2012 insofar as such code and policy are considered by the board to be appropriate to a company of Armstrong's size and market capitalisation.

BOARD OF DIRECTORS

The company supports the concept of an effective board leading and controlling the Company. The board is responsible for approving the Company's policy and strategy. All directors have access to advice from the company secretary and independent professionals at the Company's expense. Training is available for new directors and other directors as necessary.

The board currently comprises two directors. Matters which would ordinarily be delegated to board committees, such as the audit, remuneration and nomination committees are dealt with and approved by the board as a whole.

INTERNAL CONTROL

The directors acknowledge they are responsible for the Company's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Company failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has well established procedures which are considered adequate given the size of the business.

REMUNERATION

The remuneration of the directors has been fixed by the board as a whole. The board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the company which reflects current market rates.

Details of directors' fees and of payments made for professional services rendered are set out in Note 5 and details of share options and warrants granted to directors are set out in Note 12 to the financial statements.

POST YEAR END EVENTS

On 13 January 2016 (which falls outside the period under review), the Company invested £212,500 in MelodyVR Ltd by means of secured convertible loan notes followed by a further loan note investment of £57,500 on 30 March 2016.

There have been no other material events since the reporting date.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the AIM Rules for Companies of the London Stock Exchange to prepare company financial statements in accordance with International Reporting Standards (IFRSs) as adopted by the European Union (EU) and to prepare the company financial statements in accordance with IFRSs as adopted by the EU.

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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

ARMSTRONG VENTURES PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- 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.

In the case of each person who was a director at the time this report was approved:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware: and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from other jurisdictions.

AUDITORS

On 19 November 2015 Welbeck Associates resigned as the Company's auditors.

At the annual general meeting held on 18 December 2015 haysmacintyre was appointed as the Company's auditors.

ON BEHALF OF THE BOARD

Sean Nicolson
Director
1 April 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARMSTRONG VENTURES PLC

We have audited the financial statements of Armstrong Ventures plc for the year ended 31 December 2015 which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash flows, and the related notes. The financial reporting framework that has been applied in their preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2015 and of the company's loss for the year the ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Ian Cliffe
Senior Statutory Auditor
for and on behalf of haysmacintyre
Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

1 April 2016

ARMSTRONG VENTURES PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Continuing operations:		-	-
Administrative expenses		(326,788)	(184,079)
OPERATING LOSS		<u>(326,788)</u>	<u>(184,079)</u>
Finance income	4	4,602	-
LOSS FOR THE YEAR BEFORE TAXATION		<u>(322,186)</u>	<u>(184,079)</u>
Taxation	6	-	-
NET LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(322,186)</u>	<u>(184,079)</u>
LOSS PER SHARE – basic and diluted from continuing operations	7	<u>(0.003)p</u>	<u>(0.008)p</u>

The accompanying accounting policies and notes are an integral part of these financial statements.

ARMSTRONG VENTURES PLC**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Share Premium £	Share option Reserve £	Retained Losses £	Total Equity £
Balance at 1 January 2014	818,360	4,262,258	-	(4,694,814)	385,804
Loss for the year and total comprehensive loss for the year	-	-	-	(184,079)	(184,079)
Share issue	157,143	172,857	-	-	330,000
Share issue costs	-	(9,915)	-	-	(9,915)
Grant of share options	-	-	30,550	-	30,550
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	975,503	4,425,200	30,550	(4,878,893)	552,360
Loss for the year and total comprehensive loss for the year	-	-	-	(322,186)	(322,186)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	975,503	4,425,200	30,550	(5,210,079)	221,174
Share issue	1,950,250	392,042	-	-	2,342,292
Share issue costs	-	(293,850)	-	-	(293,850)
Options lapsed	-	-	(30,550)	30,550	-
Grant of share options/warrants	-	-	110,762	-	110,762
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	<u>2,925,753</u>	<u>4,523,392</u>	<u>110,762</u>	<u>(5,170,529)</u>	<u>2,389,378</u>

The accompanying accounting policies and notes are an integral part of these financial statements.

ARMSTRONG VENTURES PLC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
NON-CURRENT ASSETS			
Available for sale investments		-	-
		-	-
CURRENT ASSETS			
Trade and other receivables	8	5,024	19,315
Cash and cash equivalents	9	2,401,021	564,759
TOTAL ASSETS		<u>2,406,045</u>	<u>584,074</u>
CURRENT LIABILITIES			
Trade and other payables	10	16,667	31,714
NET ASSETS		<u>2,389,378</u>	<u>552,360</u>
EQUITY			
Share capital	11	2,925,753	975,503
Share premium account	11	4,523,392	4,425,200
Share option reserve		110,762	30,550
Retained earnings		(5,170,529)	(4,878,893)
TOTAL EQUITY		<u>2,389,378</u>	<u>552,360</u>

These financial statements were approved by the board of directors on 1 April 2016 and were signed on its behalf by:

Sean Nicolson
Director

Company number: 5628362

The accompanying accounting policies and notes are an integral part of these financial statements.

ARMSTRONG VENTURES PLC**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(322,186)	(184,079)
Adjustments for:			
Share based payment charge		110,762	30,550
		<u> </u>	<u> </u>
OPERATING CASHFLOW BEFORE WORKING CAPITAL CHANGES		(211,424)	(153,529)
Decrease/(Increase) in trade and other receivables		14,290	(16,946)
(Decrease)/Increase in trade and other payables		(15,046)	1,800
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(212,180)	(168,675)
		<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		2,342,292	330,000
Share issue costs		(293,850)	(9,915)
		<u> </u>	<u> </u>
NET CASH INFLOW FROM FINANCING ACTIVITIES		2,048,442	320,085
		<u> </u>	<u> </u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,836,262	151,401
Cash and cash equivalents brought forward		564,759	413,349
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	9	2,401,021	564,759
		<u> </u>	<u> </u>

The accompanying accounting policies and notes are an integral part of these financial statements.

ARMSTRONG VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

Armstrong Ventures plc is a public limited company incorporated in England and Wales. The shares of the Company are quoted on the AIM stock exchange. The Company's principal activities are described in the Directors' Report.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements are presented in pounds sterling (£) which is the functional currency of the company.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Company are presented below under 'Statement of Compliance'.

Going Concern

The directors have prepared cash flow forecasts through to 31 December 2017 which assume no significant investment activity is undertaken unless sufficient funding is in place. The expenses of the Company's continuing operations are minimal and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

Critical Accounting Estimates and Judgements

The preparation of financial statement in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

The estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to:

Share based payments

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

Fair value of unquoted investments

Unquoted investments are valued in accordance with the techniques set out in the accounting policy note available for sale investments.

2. ACCOUNTING POLICIES (continued)

Statement of compliance

The financial statements comply with IFRSs as adopted by the European Union. At the date of authorisation of these financial statements the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective. The company does not plan to adopt these standards early.

IFRS 9 Financial Instruments

- IFRS 15 Revenue from Contracts with Customers
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 19 (amendments) Defined Benefit Plans: Employee Contributions
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IFRS 10 and IAS 28 (amendments) Sale or Contributions of Assets between an Investor and its Associate of Joint Venture
- Annual improvements to IFRSs: 2010-2012 Amendments to: IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets
- Annual improvements to IFRSs: 2011-2013 Amendments to IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property.
- Annual Improvements to IFRSs: 2012-2104 Cycle Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting.

Share based payments

All share based payments are accounted for in accordance with IFRS 2 – Share-based payments. The Company issues equity-settled share based payments in the form of warrants to certain directors and employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

Taxation

Current taxation is the taxation currently payable on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Company controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

2. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statements, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial assets

The Company's financial assets comprise available for sale investments, and cash and cash equivalents.

Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Available for sale investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments classified as available for sale are measured at subsequent reporting dates at fair value. Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date and it therefore an estimate and as such requires the use of judgement. Where possible fair value is based upon observable market prices, such as listed equity markets or reported merger and acquisition transactions. Alternative bases of valuation may include contracted proceeds or best estimate thereof, implied valuation from further investment and long-term cash flows discounted at a rate which is tested against market data. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

The Company determines the fair value of its investments based on the following hierarchy:

- Level 1 Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis.
- Level 2 If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable markets data including recent arm's length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.
- Level 3 Valuations in this level are those with inputs that are not based on observable market data.

2. ACCOUNTING POLICIES (continued)

Impairment of investments

Investments are assessed for indicators of impairment at each balance sheet date. Investments are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the investment, the estimated future cash flows of the investment have been affected.

For quoted and unquoted investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Financial liabilities

The Company's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instruments.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Dividends

Dividend distributions payable to equity shareholders are included in current financial liabilities when the dividends are approved in general meeting prior to the statement of financial position date.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Retained losses represents retained losses.

3. SEGMENTAL INFORMATION

The Company is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in the media, technology and healthcare sectors.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

ARMSTRONG VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

4. AUDITOR'S REMUNERATION	2015	2014
	£	£
During the year the Company obtained the following services from the Company's auditors:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10,000	10,000
Fees payable to the Company's auditors for other services:		
Tax services	1,180	500
	<u>11,180</u>	<u>10,500</u>

5. DIRECTORS' REMUNERATION	2015	2014
	£	£
The company has no employees and the key management of the Company are the directors. The amount paid to the directors, is as follows:		
Short-term employee benefits	121,516	54,000
Share based payment costs	110,762	30,550
	<u>232,278</u>	<u>84,550</u>

Details of directors' employee benefits expense are as follows:

Director	Fees	Total	Total
	£	2015	2014
		£	£
Sean Nicolson	11,458	11,458	-
Peter Read	11,458	11,458	-
Haresh Kanabar	35,600	35,600	24,000
Manish Kotecha	29,000	29,000	24,000
Peter Redmond	34,000	34,000	6,000
	<u>121,516</u>	<u>121,516</u>	<u>54,000</u>

6. TAXATION	2015	2014
	£	£
Current tax on income for the period	<u>-</u>	<u>-</u>

ARMSTRONG VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

6. TAXATION (continued)

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average rate applicable as follows:

	2015	2014
	£	£
Factors affecting the tax charge		
Loss before tax	(322,186)	(184,079)
Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 20% (2014: 20%)	(64,437)	(36,816)
Deferred tax not recognised	42,285	35,516
Non-deductible expenses	22,152	1,300
Total tax	-	-

No deferred tax asset has been recognised as directors cannot be certain that future profits will be sufficient for this asset to be realised. As at 31 December 2015 the Company has tax losses carried forward of approximately £1,384,000 (2014: £1,173,000).

7. EARNINGS PER SHARE

The basic earnings per share is based on the loss for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2015 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2015	2014
	£	£
Loss attributable to equity holders of the Company:		
Continuing and total operations	(322,186)	(184,079)
	No. of shares	No. of shares
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	12,611,922,485	2,398,170,370
	Pence per Share	Pence per share
Loss per share		
Basic and diluted:		
Continuing and total operations	(0.003)p	(0.008)p

ARMSTRONG VENTURES PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2015**

8. TRADE AND OTHER RECEIVABLES	2015	2014
	£	£
Unpaid share subscriptions	-	10,000
Prepayments and accrued income	5,024	9,315
	<u>5,024</u>	<u>19,315</u>
	<u><u>5,024</u></u>	<u><u>19,315</u></u>

The fair value of trade and other receivables is considered by the directors not to be materially different to carrying amounts.

9. CASH AND CASH EQUIVALENTS	2015	2014
	£	£
Cash at bank	2,401,021	564,759
Cash and cash equivalents	2,401,021	564,759
	<u>2,401,021</u>	<u>564,759</u>
	<u><u>2,401,021</u></u>	<u><u>564,759</u></u>

The directors consider that the carrying amount of cash and cash equivalent represents their fair value.

10. TRADE AND OTHER PAYABLES	2015	2014
	£	£
Trade payables	1,847	8,314
Accrued charges	14,820	23,400
	<u>16,667</u>	<u>31,714</u>
	<u><u>16,667</u></u>	<u><u>31,714</u></u>

The fair value of trade and other payables is considered by the directors not to be materially different to carrying amounts.

ARMSTRONG VENTURES PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2015**

11. ISSUED SHARE CAPITAL	Number of Shares No.	Nominal Value £	Share premium £
Issued and fully paid			
At 31 December 2014:			
Ordinary shares of 0.01p each	3,672,534,360	367,254	
Deferred shares of 0.24p each	150,520,616	361,249	
Deferred shares of 0.95p each	26,000,000	247,000	
	<u>3,849,054,976</u>	<u>975,503</u>	<u>4,425,200</u>
Issue of new shares			
Ordinary shares of 0.01p each	19,502,499,995	1,950,250	392,042
Cost of issue			(293,850)
	<u>23,351,554,971</u>	<u>1,950,250</u>	<u>98,192</u>
At 31 December 2015:			
Ordinary shares of 0.01p each	23,175,034,355	2,317,504	
Deferred shares of 0.24p each	150,520,616	361,249	
Deferred shares of 0.95p each	26,000,000	247,000	
	<u>23,351,554,971</u>	<u>2,925,753</u>	<u>4,523,392</u>

The deferred shares do not confer upon the holders right to any dividends or the right to attend or vote at general meetings of the Company.

On 17 July 2015 the Company issued 19,402,916,660 ordinary shares of 0.01p each for cash at 0.012p per share, raising £2,328,250 before expenses.

On 4 December 2015 the company issued 99,583,335 ordinary shares of 0.01p each for cash at 0.014p per share under the terms of the exercise of warrants raising £13,941.

12. SHARE OPTIONS AND DIRECTOR WARRANTS**EQUITY-SETTLED SHARE OPTION SCHEME**

The company operates share-based payment arrangements to remunerate directors and key employees in the form of warrants and has previously operated a share option scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 18 February 2014, Haresh Kanabar and Manish Kotecha were granted options to subscribe for 147,077,405 and 63,033, 173 new ordinary shares, respectively, at an exercise price of 0.025p per share. The vesting conditions of such options were that the mid market closing price of the Company's ordinary shares is at or above 0.04p at close of business on five consecutive trading days. Mr Kanabar and Mr Kotecha resigned on 20 August 2015 and 17 July 2015 respectively. On the dates of their respective resignations the option vesting conditions had not been satisfied and so the options expired in accordance with their terms on the respective resignation dates.

12. SHARE OPTIONS AND DIRECTOR WARRANTS (continued)

EQUITY-SETTLED SHARE OPTION SCHEME

The following table sets out the details of these options granted:

Option holder	Number of options at 31 December 2014	Lapsed in the year	Exercised in the year	Number of options at 31 December 2015	Exercise price	Expiry date
Haresh Kanabar	147,077,405	(147,077,405)	-	-	0.025p	20.8.2015
Manish Kotecha	63,033,173	(63,033,173)	-	-	0.025p	17.7.2015
	<u>210,110,578</u>	<u>(210,110,578)</u>	<u>-</u>	<u>-</u>		

On 31 July 2015 the Company issued 461,509,020 warrants to both Sean Nicolson and Peter Read as part of their remuneration terms (“Warrants”). The Warrants are exercisable at 0.012p per ordinary share and have an expiry date of 31 July 2020.

The fair value of these options was determined using the Black-Scholes option pricing model and was 0.01199p per option.

The significant inputs to the model in respect of the options granted were as follows:

	2015	2014
Grant date shared price	0.012p	0.025p
Exercise share price	0.012p	0.025p
No. of share options	923,018,040	210,110,578
Risk free rate	0.5%	0.5%
Expected volatility	50%	50%
Expected option life	5 years	10 years
Calculated fair value per share	0.01199p	0.01454p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2015 in respect of share options granted was £110,762.

Option holder	Number of Warrants at 31 December 2014	Issued in the year (services)	Issued in the year (share subscription)	Exercised in the year	Number of Warrants at 31 December 2015	Exercise price	Expiry date
Sean Nicolson	-	461,509,020	41,666,666	-	503,175,686	0.012p	31.7.2020
Peter Read	-	461,509,020	41,666,666	-	503,175,686	0.012p	31.7.2020
	<u>-</u>	<u>923,018,040</u>	<u>83,333,332</u>	<u>-</u>	<u>1,006,351,372</u>		

ARMSTRONG VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

12. SHARE OPTIONS AND DIRECTOR WARRANTS (continued)

As a result of the placing on 17 July 2015, the company has created and issued a total of 4,222,916,655 warrants. One warrant has been issued for every four new shares subscribed for by the placees pursuant to the placing. These warrants may be exercised at any time on or before 31 July 2018 and shall entitle the warrant holder to subscribe for one Ordinary share for each warrant held at 0.014p.

13. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

CREDIT RISK

The main credit risk relates to liquid funds held at banks. The credit risk in respect of these bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

LIQUIDITY RISK

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other payables is given in note 10. These payables are payable within a year.

CATEGORIES OF FINANCIAL INSTRUMENTS

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	2015	2014
	£	£
Financial assets:		
Cash and bank balances	2,401,021	564,759
Loans and receivables	-	10,000
Available for sale financial assets	-	-
Financial liabilities at amortised cost:		
Trade and other payables	1,847	8,314
	<u> </u>	<u> </u>

14. RELATED PARTY TRANSACTIONS

During the reporting period the Company was invoiced £35,600 for management services by Poonam & Roshni Limited, a company controlled by Haresh Kanabar, £29,000 for management services by Remkay Limited, a company controlled by Manish Kotecha, and £34,000 for management services by Catalyst Corporate Consultants Limited, a company controlled by Peter Redmond. These amounts have been included in directors' remuneration.

ARMSTRONG VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

14. RELATED PARTY TRANSACTIONS (continued)

On 31 July 2015 the Company issued 461,509,020 warrants to both Sean Nicolson and Peter Read as part of their remuneration terms (“Warrants”). The Warrants are exercisable at 0.012p per ordinary share and have an expiry date of 31 July 2020. Also issued were 41,666,666 share subscription warrants to both Sean Nicolson and Peter Read. Further details are disclosed in note 12.

15. POST YEAR END EVENTS

On 13 January 2016 the Company invested £212,500 in MelodyVR Ltd (MelodyVR) by means of secured convertible loan notes (Loan Notes). The Loan Notes bear interest at a rate of 10% per annum and are repayable on or before 31 March 2017. The Loan Notes may be converted at the option of Armstrong into equity shares in MelodyVR on 31 March 2017 or earlier upon the sale or listing of MelodyVR or upon the raising of equity finance by MelodyVR. A further loan note investment of £57,500 was made on 30 March 2016 on the same terms as the prior investment.

16. ULTIMATE CONTROLLING PARTY

The directors do not consider there to be a single ultimate controlling party.