

Registration number 03904195

Vela Technologies PLC

Annual Report and Financial Statements 2020



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chairman's statement

for the year ended 31 March 2020

During the financial year, Vela was presented with a number of opportunities including a prospective corporate transaction which unfortunately was a victim of the restrictive Covid19 lock down earlier this year.

At the beginning of the financial year the company raised £400,000 with a warrant attached for every 4 placing shares subscribed for by investors. The funds enabled Vela to invest a further £91,341 in to Portr, the baggage handling group in which the company was already a minority shareholder, and to redeem certain outstanding convertible unsecured loan notes.

In May 2019, Argo Blockchain announced a strategic alliance with HIVE Blockchain Technologies Ltd ("HIVE") to create the world's largest purpose-built business-to-business mining service provider aimed at large-scale enterprise with a conditionally agreed share swap arrangement, by which Argo would receive 16,321,281 HIVE common shares, representing 5% of the existing outstanding share capital in exchange for 44,062,500 ordinary shares in Argo, representing 15% of Argo's existing issued share capital.

During February 2020, the company successfully renegotiated the terms of its then outstanding £550,000 bond supported by the security trustee and principal bondholders. Vela was able to extend the repayment date on the bonds by 6 months to August 2020 whilst it continued discussions at that time with a view to effecting a corporate transaction, which would result in a substantial investment or an acquisition to utilise Vela as a reverse takeover vehicle. As noted above this transaction did not proceed due to the impact of COVID-19.

The outlook altered as we entered the new financial year with the Covid-19 tsunami which engulfed several companies. Vela was not immune and our investments in Portr and Vibe bore the brunt of lock down. Portr was severely impacted by the lack of air travel whilst Vibe suffered through the closure of entertainment venues both indoors and out. As outlined below the Company disposed of certain of its investments following the period end, including Portr and Vibe.

But let us end on a happy note!

Following the period end, a number of changes have taken place. As announced in July 2020 and August 2020, the Company disposed of certain of its assets and investments and completed two share capital reorganisations. As part of this transaction, Vela facilitated the conversion of £550,000 bonds into equity, completed a fundraise of £1.0 million via Peterhouse Capital and appointed James Normand as Executive director. As part of the transaction Antony Laiker resigned from the board of Vela. On completion of the transaction the Company retained its interests in five investments (being North Peak Resources, WeShop, BlockchainK2 Corp, Revolve Performance and Disruptive Tech Limited) and had net cash resources of c.£890,000. Subsequent to the completion of the transaction, Vela has received a further c.£860,000 of cash as a result of warrant exercises undertaken by certain of the placees from the aforementioned £1.0 million placing, which has further bolstered the company's balance sheet.

As a result of these changes, the company and its shareholders can look forward to a much brighter future. We continue to implement our investing policy of identifying and making a range of investments within the technology field and remain open to various investment opportunities.

strategic report

for the year ended 31 March 2020

Business review

At the period end, the Company held £9k of cash (31 March 2019: £23k) and continued to keep administration costs to a minimum so that the Company has sufficient resources to cover its ongoing running costs and has maximum funds that can be dedicated to further investments.

Subsequent to the period end, the Company completed a placing to raise gross proceeds of £1.0 million, approved by shareholders in August 2020. Additional funds totalling £860k (before expenses) were received in September 2020 through the issue of shares following the exercise of warrants. These funds have provided the Company with additional capital in order to make additional investments and cover running costs. Further details regarding the shares issued after the period end are provided in note 18 to the financial statements.

The Company's overall total comprehensive income for the year was a loss of £1,412k (2019: £1,554k loss). This loss primarily arose due to fair value losses on the Company's investment portfolio.

The valuation of the investment portfolio at 31 March 2020 was £1,196k (2019: £2,101k), a decrease of £905k on the prior year. During the year, Vela invested £91k in Portr Limited. Further details of these investment additions are given in note 8 to the financial statements. The Company also recorded a reduction in the estimated fair value of the investment portfolio of £979k in the period. As appropriate we update shareholders regularly on investee company performance through the dissemination of regulatory announcements as information becomes available, and further detailed information can be found on our website.

Further details and key points of the investments made and the Company's investee companies are detailed in the Chairman's statement and note 8 to the financial statements.

The Company has no employees and has a Board of one male executive director and one male non-executive director.

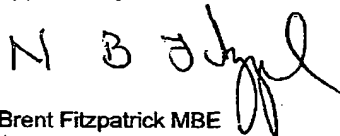
Principal risks and uncertainties

The preservation of its cash balances and management of the capital remain key risks for the Company, ensuring that investments are commensurate with the level of risk.

The Company is committed to maintaining its minimal operational costs.

Further information about the Company's principal risks are detailed in note 14, specifically in the currency risk, credit risk, liquidity risk and capital risk management sections.

Approved by the Board of directors and signed on behalf of the Board on 28 September 2020.



Brent Fitzpatrick MBE
Non-Executive Chairman

directors and advisers

Brent Fitzpatrick MBE

Non-Executive Chairman

Mr Fitzpatrick has over 20 years' experience as a corporate finance consultant. In the last 15 years he has been instrumental in advising a number of companies on their acquisitions, funding and subsequent flotations. Mr Fitzpatrick was previously Chairman of Global Marine Energy PLC, a listed oil services Company. He is currently Chairman of Aboyne-Clyde Rubber Estates of Ceylon Limited. He is a member of the Audit Committee Institute. In the Queen's Birthday Honours List 2012, Mr Fitzpatrick was awarded an MBE.

James Normand

Executive Director (appointed 26 August 2020)

Mr Normand qualified as a Chartered Accountant in 1978, having trained with Spicer and Pegler (now part of Deloitte). Following a secondment to 3i plc, Mr Normand specialised for the next 15 years in the provision of advice to management buy-out and buy-in teams and on private company acquisitions, disposals and capital raisings.

Since 2002, Mr Normand has filled management and finance officer roles for a number of different commercial and charitable organisations, mostly on a part-time basis. From 2009 to 2016, he was the full-time finance director of Pathfinder Minerals Plc, an AIM-listed mining exploration company.

He is currently non-executive chairman of All Active Asset Capital Limited, an AIM-quoted investing company, and of Global Resources Investment Trust plc, a premium-listed company on the London Stock Exchange.

In an unremunerated extra-curricular capacity, Mr Normand is active in the governance of the Church of England, being Chair of the London Diocesan Synod's House of Laity and Chair of the Finance and HR Committees of the Bishop of London's Council (and a director of the London Diocesan Fund).

Directors

Brent Fitzpatrick MBE

Non-Executive Chairman

James Normand

Executive Director

directors and advisers

Registered office

15 Victoria Mews
Mill Field Road
Cottingley Business Park
Bingley
West Yorkshire
BD16 1PY

Nominated adviser and joint broker

Allenby Capital Limited
5 St Helen's Place
London
EC3A 6AB

Auditors

Murray Harcourt Limited
6 Queen Street
Leeds
LS1 2TW

Company secretary

E K Wilson

Registrars

Neville Registrars
Neville House
Steelpark Road
Halesowen
B62 8HD

Solicitors

Hewitsons LLP
Kildare House
3 Dorset Rise
London EC4Y 8EN

Joint Broker

Peterhouse Capital Limited
80 Cheapside
London
EC2V 6EE

Accountants

Bailey Wilson
15 Victoria Mews
Mill Field Road
Cottingley Business Park
Bingley
West Yorkshire
BD16 1PY

Bankers

Barclays Bank plc
27 Soho Square
London W1D 3QR

corporate governance

for the year ended 31 March 2020

The Directors recognise the importance of good corporate governance and are committed to business integrity, high ethical values and professionalism in all its activities. AIM quoted companies are required to comply with a recognised Corporate Governance Code. To this end the Directors have adopted the Quoted Companies Alliance Corporate Governance Code ("QCA Code"), which the Board believes to be the most appropriate corporate governance code given the Company's size and stage of development. Further details of the company's approach to the principles in the QCA Code can be found on the company's website.

The QCA Code is a practical, outcome-oriented approach to corporate governance that is tailored for small and mid-size quoted companies in the UK and which provides the Company with the framework and effective oversight to help ensure that a strong level of governance is maintained.

In the statements that follow, we explain our approach to corporate governance, how the Board and its committees operate, and how we seek to comply with the QCA Code's 10 principles.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

The Company's vision is to actively invest in fast growth technology companies and build a diverse investment portfolio. Vela's strategy is focused around its Investing Policy, which provides clear criteria that the Company considers when considering investment opportunities.

The Company will seek investment opportunities which can be developed through the investment of capital or where part of or all of the consideration could be satisfied by the issue of new Ordinary Shares or other securities in the Company. This includes identifying and investing in inaccessible pre-IPO companies.

The Company's Investing Policy is set out in the Report of the Directors and on the Company's website. The Company's strategy is also communicated in the Chairman's Statement and in the Strategic Report.

Key challenges in the execution of Vela's strategy include:

- Maintaining access, through the Company's network, to investment opportunities that fit the Company's criteria;
- Access to capital resources to enable cash to be deployed to support both the Company's existing investment portfolio and new investment opportunities; and
- Identifying investment opportunities, in accordance with the Company's investing policy, that also have attractive valuation parameters for incoming investors such as Vela.

The Company will use effective internal control systems to identify risks and implement appropriate processes to monitor, manage and mitigate known risks. The Board is committed to the maintenance of high standards of corporate governance and seeks to implement best practice as appropriate for smaller listed companies by reference to the provisions of the QCA Code.

The key risks and challenges to the Company are also detailed in the Strategic Report and in note 14 to the financial statements.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board is conscious of the need to protect and balance the interests of minority shareholders with those of major shareholders. The Board encourages two-way and open communication with its existing shareholders and potential new investors. The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. It therefore holds regular meetings with its major shareholders to discuss objectives.

The Company communicates with its shareholders primarily through regulatory announcements. These contain the contact details of the Company's Executive Director and the Nominated Adviser. In addition, copies of the Annual Report and Accounts are issued to all shareholders who have requested them and copies are available on the Company's investor website www.velatechplc.com. The Company's interim results are also made available on the Company's website. The Company also makes use of its investor website and social media to provide non-regulatory information, including on its portfolio companies, to shareholders and other interested parties.

corporate governance

for the year ended 31 March 2020

The Board has historically presented at investor events and has engaged with shareholders through this activity. In this way the Company ensures that the views of shareholders are communicated fully to the Board.

Shareholders may also contact the Company in writing via email at info@velatechplc.com. Enquiries that are received will be considered by the Board. The Company may be required to exercise discretion as to which shareholder questions shall be responded to, and the information used to answer questions will be information that is freely available in the public domain. As the Company is small, it does not have a dedicated investor relations department. James Normand, Executive Director, is available to answer investor relations queries and a contacts section is also available on the website for queries to be addressed to the Company.

The Company's AGM is used to communicate with investors and they are encouraged to participate. The Chairman is available to answer questions at the AGM and the Executive Director also makes himself available after the meeting for further discussions with shareholders.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company is aware of its corporate and social responsibilities and the need to maintain effective working relationships across a range of stakeholders. These include partners, investee companies, regulatory authorities and professional advisers.

The Company takes due account of any impact that its investee companies and their activities may have on the environment or employees. Through maintaining a dialogue with stakeholders, the Company is able to obtain feedback on the activities of its investee companies and act accordingly.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for reviewing and evaluating risk including investment performance, currency and credit risk, budgets, cash flow and market volatility, and meets regularly to do so. The Board meets regularly to review ongoing performance, discuss budgets and potential investments, and any other new developments. The Board is also responsible for maintaining a sound system of internal controls to safeguard both the shareholders' investments and the Company's assets.

A summary of the principal risks and uncertainties facing the Company is outlined in the Strategic Report and note 14 to the financial statements.

The Board does not currently maintain a risk register but will monitor and assess the need to put one in place going forward.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Company sits within the category of an SME and as such relies on the input of its directors supported by its professional advisers.

The Board currently comprises two directors. Brent Fitzpatrick, the non-executive Chairman, is responsible for the running of the Board and both he and Antony Laiker, the Executive Director during the period, were responsible for implementing the Company's strategy. With effect from 26 August 2020, James Normand has taken over the role of Executive Director. Brent Fitzpatrick is considered by the Board to be independent. Under the terms of his contract with the Company, Brent Fitzpatrick is contractually committed to dedicating a minimum of 15 days per annum to the Company and is available on an ad-hoc basis to the Company over and above his minimum contractual time commitment. During the period, Antony Laiker, Executive Director (and as one of the largest shareholders in Vela), committed a considerable amount of his time to the Company, which included meeting with existing investee companies and proposed investment opportunities. Each Board member commits sufficient time to fulfil their duties and obligations to the Board and the Company. The Board is supported by its professional advisors and an outsourced finance function.

corporate governance

for the year ended 31 March 2020

The Board is satisfied that it has a suitable balance between independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively, and all Directors are encouraged to use their independent judgement to challenge any business matters.

The Directors receive regular and timely information on the Company's operational and financial performance. All Directors have direct access to the advice and services of the Company's professional advisers in the furtherance of the duties, if necessary, at the Company's expense.

The directors retire by rotation and stand for re-election at the AGM.

Details of the directors' meeting attendance during the period is summarised below:

Director	Board meetings
Antony Jon Laiker (stepped down 26 August 2020)	12
Brent Fitzpatrick MBE	12

Principle 6: Ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities

The Board considers the Directors are of sufficient competence and calibre to add strength and objectivities to its activities and bring considerable experience, both financial and operational. The Directors believe that their collective business experience in the areas of investment assist them in the identification and evaluation of suitable opportunities and will enable the Company to achieve its investing objectives. The ability of individual members and the Board as a whole to deliver the Company strategy is reviewed regularly.

Directors service contracts or letters of appointment make provision for a director to seek personal advice in furtherance of his or her duties and responsibilities. The Directors keep their skillsets up to date through maintaining a dialogue with the Company's investee companies and through their general engagement with the sectors in which the Company invests.

Further details on the Directors are given on page 3.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board carries out an evaluation of its performance on a yearly basis. Performance criteria include: contribution; strategy; sector experience; financial stewardship; and public company requirements. These are related to the Company's needs and projected needs at the time of each annual review. The directors consider that the size of the Company does not justify the use of third parties to evaluate the performance of the Board on an annual basis.

The effectiveness of each individual Director is benchmarked to directors at similar companies. Should the size of the Company increase, the Board will consider whether it is appropriate to put in place a more prescribed evaluation process.

Succession planning is currently undertaken on an informal basis by the Board in consultation with its advisers. The Board is satisfied that this is appropriate for this stage and size of the Company's development. The Board has seen changes post year end with the resignation of Antony Laiker and the appointment of James Normand and is committed to making a further appointment before the end of 2020.

The directors retire by rotation and stand for re-election at the AGM.

corporate governance

for the year ended 31 March 2020

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Company conducts its business in a socially responsible manner, acting with integrity and professionalism. The Board is aware of the activities in which its investee companies are engaged and the impact those activities have on the communities which they serve. A large part of the Group's activities is centred upon what needs to be an open and respectful dialogue with investee companies. This dialogue enables the board to ensure the culture of the investee companies is consistent with that of the Company itself. The importance of sound ethical values is vital to the ability of the Company to successfully achieve its corporate objectives.

When seeking new investment opportunities, the Company will consider the potential investee company's ethical values and behaviours.

Principle 9: Maintain Governance structures and processes that are fit for purpose and support decision-making by the Board

The Board currently comprises two directors and the Board as a whole has overall responsibility for promoting the success of the Company. The Executive Director has day-to-day responsibility for the operation of the Company and engagement with shareholders. The Non-Executive director is responsible for bringing independent and objective judgement to Board decisions. Whilst there is no formal schedule of matters specifically reserved for approval by the Board, the following would be considered by all members of the board:

- Formulating business strategy
- Determining policies and values
- Investing decisions
- Fundraising decisions
- Management appointments

The Company is a small investing company that takes minority stakes in a range of businesses and the Company itself has minimal operational / trading activity. As such the Board concluded that, at this time, a Board comprising Antony Laiker (up to 26 August 2020) and James Normand (from 26 August 2020) (the Executive Director) and Brent Fitzpatrick (the Non-Executive Chairman) is suitable for its purposes, size and complexity. The Board monitors its structure on an ongoing basis to ensure it is effective. Notwithstanding the Company announced on 31 July 2020 the intention to appoint a further director to the board by 31 December 2020.

The Board is confident that its processes and culture are appropriate for the Company's size and complexity but is aware that it must continue to review its practices as the Company evolves and grows.

Due to the size of the Board, the Company has elected to not maintain a separate remuneration committee and, as such, the Board as a whole undertakes the functions of such a committee. The Board as a whole will instead review the scale and structure of Directors' fees, taking into account the interests of shareholders and the performance of the Company.

Due to the size of the Board, the Company does not maintain an audit committee and, as such, the Board as a whole undertakes the functions of such a committee including reviewing the independence and objectivity of the external auditor. This includes reviewing the nature and extent of non-audit services supplied by the external auditor to the Company, seeking to balance objectivity and value for money.

The Company is non-compliant with the QCA Code by virtue of not having separate audit or remuneration committees.

The Company proposes to keep its systems and controls under review to ensure compliance with best practice having regard to its size and resources available.

The Articles of Association require each director to seek re-election after no more than three years in office. In practice both the Executive Director and the Non-Executive Director are put up for re-election by rotation at the AGM each year.

corporate governance

for the year ended 31 March 2020

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company encourages two-way communication with all its shareholders and aims to respond quickly to all correspondence where relevant. The Board is committed to maintaining good communication and having constructive dialogue with its shareholders.

The Board recognises the Annual General Meeting as an important opportunity to meet all shareholders, in particular private shareholders, and the Board members make themselves available post the Annual General Meeting to listen, on an informal basis, to the views of shareholders. The Company also discloses relevant information on how it is governed and has performed through its regulatory announcements (including its annual report), copies of which are available on the Company's website (www.velatechplc.com), and via its website which is regularly updated.

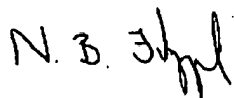
In addition, James Normand, Executive Director, is available to answer investor relations queries and a contact section is available on the website for queries to be addressed to the Company.

The historical accounts and other corporate governance-related material, including notice of general meetings over the last five years can be found at: <http://www.velatechplc.com/investor-relations/publications/>

Due to the size and stage of the Company, it does not have an audit committee or a remuneration committee, and therefore has not included an audit committee report or remuneration committee report in the annual report and accounts for the year ended 31 March 2020. Following the conclusion of the restructuring transaction in August 2020 the Board intend to introduce the appropriate committees as soon as practicable.

The Company announces, and posts on the Company's website, the outcome of all resolutions tabled at general meetings (including annual general meetings). If a significant proportion of independent votes were to be cast against a resolution at any general meeting the Board's policy would be to engage with dissenting shareholders concerned in order to understand the reasons behind the voting results.

Following this process the Board may make an appropriate public statement regarding any different action it has taken, or will take, as a result of the vote.



Brent Fitzpatrick MBE
Non-Executive Chairman

report on remuneration

for the year ended 31 March 2020

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate interest to shareholders and is committed to following current best practice. The Company operates within a competitive environment and its performance depends on the individual contributions of the Directors and employees. It believes in rewarding vision and innovation. The Board has decided to present this remuneration report for shareholder approval.

Policy on Executive Directors' remuneration

The policy of the Board is to provide an executive remuneration package designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this but to avoid paying more than is necessary. The remuneration should also reflect the Directors' responsibilities and include incentives to deliver the Company's objectives. The notice period for termination of the Executive Director's service contract is 6 months.

Due to the size of the Board, the Company has to date elected not to have a separate remuneration committee. Instead the Board has as a whole review the scale and structure of Directors' fees, taking into account the interests of shareholders and the performance of the Company. Following the conclusion of the restructuring transaction in August 2020 the Board intend to put in place a remuneration committee as soon as practicable.

Main elements of executive remuneration

There are three proposed elements of the Executive Director's remuneration package:

- i. fees;
- ii. annual bonus payments; and
- iii. share-based payments.

Fees

The Executive Director's basic salary is reviewed by the Board. In deciding upon appropriate levels of remuneration, the Board believes that the Company should offer average levels of base pay reflecting individual responsibilities compared to similar jobs in comparable companies, as well as internal factors such as performance.

Annual bonus payments

The Board establishes the objectives which must be met for a bonus to be paid. A performance related award scheme incorporating audited earnings per share, share price performance and Company profitability has been established which recognises the success of the business for which the Executive Director is responsible. Bonus payments are non-pensionable.

Share-based payment

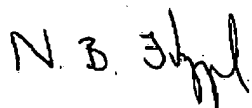
The Board establishes the objectives which must be met for a share-based payment to be paid. An award scheme has been established which recognises the success of the business for which the Executive Director is responsible. All share-based entitlements for the Directors are disclosed in note 5 to the financial statements.

Non-Executive Directors

The Board as a whole determines the remuneration of the Non-Executive Director. The Non-Executive Director does not have a contract of service but a letter of appointment.

Details of Directors' remuneration

This report should be read in conjunction with note 5 to the financial statements, which also forms part of this report. Full details of all elements of the remuneration package of each Director are given in note 5 to the financial statements, together with details of Directors' share interests.



Brent Fitzpatrick MBE
Non-Executive Chairman

report of the directors

for the year ended 31 March 2020

The Directors present their report together with the financial statements for the year ended 31 March 2020.

General information

The Company is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM, a market operated by the London Stock Exchange.

Results and dividends

The results of the Company are set out in the Statement of Comprehensive Income. The Directors do not recommend payment of a dividend for the year ended 31 March 2020.

Directors

The Directors of the Company and their interests in the shares of the Company at the start of the period, or when appointed, and at the end of the period, or on resignation, are set out in note 5 to the financial statements.

In accordance with the terms of the Company's Articles of Association, both Brent Fitzpatrick and James Normand will retire and will offer themselves for re-election at the forthcoming AGM.

The Directors who served during the period under review are:

Brent Fitzpatrick
Antony Laiker (resigned 26 August 2020)

The following director was appointed after the end of the period under review:

James Normand (appointed 26 August 2020)

Financial risk management objectives and policies

The Directors constantly monitor the financial risks and uncertainties facing the Company with particular reference to the exposure to price, currency, credit, liquidity and cash flow risk. They are confident that suitable policies are in place and that all material financial risks have been considered. More detail is given in note 14 to the financial statements.

Substantial shareholders

At 31 March 2020 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares, save for the Directors whose interests are disclosed in note 5 to the financial statements:

	Shareholding	%
JIM Nominees Ltd*	653,216,879	37.35
Antony Laiker*	265,985,301	15.20
Hargreaves Lansdown (Nominees) Limited	225,470,060	12.89
HSBC Client Holdings Nominee (UK) Limited	105,353,944	6.02
HSDL Nominees Limited	89,195,003	5.10
Interactive Investor Services Nominees Limited	83,314,353	4.76

*Included within JIM Nominees Ltd are substantial shareholdings held as at 31 March 2020 by Kevin Sinclair (318,115,666 – 18.19 %) and Scott Fletcher (304,929,997 – 17.44%). Antony Laiker holds a further 39,123,000 shares included in JIM Nominees Ltd therefore, his total shareholding as at 31 March 2020 was 305,108,301 representing 17.75% of the total shares in issue at 31 March 2020.

report of the directors

for the year ended 31 March 2020

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 1. In addition, note 14 to the financial statements includes the Company's objectives, policies and processes for managing its capital, details of its financial risk management objectives, financial instruments and its exposures to credit risk and liquidity risks.

As set out in the Investing Policy on page 13, the Company has continued to progress as a long-term investment company seeking to invest in early stage and pre-IPO businesses. As a result of this, the Company has reported a loss for the current year and continues to maintain minimal running costs ensuring that such losses are kept to a minimum. Furthermore, the Company is reporting negative operating cash flows. The Directors are continuing to manage cash balances effectively, ensuring that funds are available to meet running costs. As detailed in note 18, the Company raised additional funds in August 2020 and, at the same time, entered into an agreement to redeem bonds totalling £550,000 through conversion of the bond principal into ordinary shares. Further funds were received in September 2020 following the exercise of warrants. The above has enabled the Company to recapitalise and ensure that sufficient cash reserves exist to cover running costs and future investment activities for the foreseeable future.

Based on the considerations above, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they adopt the going concern basis in preparing the annual report and financial statements.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Insofar as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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 financial statements may differ from legislation in other jurisdictions.

report of the directors

for the year ended 31 March 2020

Investing Policy

The Company's investing policy is set out below:

The Directors believe that companies have become increasingly reliant on emergent technologies, hi-tech engineering and scientific advances to drive growth. These technologies are applicable across a wide range of sectors including anything from Oil & Gas E&P, internet-based business to Aviation. The Directors believe that an opportunity exists to acquire and consolidate holdings in Small and Medium sized Enterprises (SME's) operating in these sectors, with the intention of creating value for Shareholders. Initially, the Company's focus will be searching for companies which are based in the UK or Europe where there may be a number of opportunities to acquire interests in undervalued or pre-commercialisation technologies which, when applied, produce cost savings or revenue enhancement for customers. Early acquisition of these innovative technologies should provide maximum returns for Shareholders.

The Company has its head offices based in England with the UK being at the forefront of global technology, engineering and scientific advances. The Company intends the main focus of the investment policy to be on the implementation of solutions to enhance businesses' profitability, as well as to aid growth in new markets. This will include both pre-commercialisation and established commercial technologies. The Directors will however ensure that any investments meet strict due diligence criteria and the primary focus will be on companies post viability testing phase, to mitigate risk associated with early stage investment. This will not preclude the Company from considering investments in suitable projects in other regions and sectors where the Directors believe that there are high-growth opportunities.

The Directors see technology as having considerable growth potential for the foreseeable future and many of the prospects they have identified are in this sector. The Directors will focus on early stage investments and believe that any investment target will have at least one of four key components: a strong management team; an innovative product proposal; revenue enhancing or cost saving capabilities; and high growth potential. It is anticipated that the main driver of success for the Company will be its focus, during the investment screening process, on the management involved in the potential investee companies and the potential value creation that the team of people is capable of realising. The Company intends to be an active investor. Accordingly, where the Directors feel that an investee company would benefit from their skills and expertise, they may look to seek representation on the board of the investee company.

In the first instance, the new capital available to the Company will be used to locate, evaluate and select the investment opportunities which would offer the greatest potential return for Shareholders in the long term. Once the Directors have identified the most attractive investments, the Company may require further funds in order to take up these opportunities. It is the intention of the Directors to undertake further fundraising, if such an opportunity should arise. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate. Investments may be made in all types of assets falling within the remit of the Investing Policy and there will be no investment restrictions.

The Directors may consider it appropriate to take an equity interest in any proposed investment which may range from a minority position to 100 per cent. ownership. Proposed investments may be made in either quoted or unquoted companies and structured as a direct acquisition, joint venture or as a direct interest in a project.

The Company will seek investment opportunities which can be developed through the investment of capital or where part of or all of the consideration could be satisfied by the issue of new Ordinary Shares or other securities in the Company. The opportunities would generally have some or all of the following characteristics, namely:

- a majority of their revenue or expected revenues derived from technology, hi-tech engineering or scientific advances and strongly positioned to benefit from the sector's growth;
- a trading history which reflects past profitability or potential for significant capital growth going forward; and
- where all or part of the consideration could be satisfied by the issuance of new Ordinary Shares or other securities in the Company.

report of the directors

for the year ended 31 March 2020

The Directors believe that their collective business experience in the areas of investment will assist them in the identification and evaluation of suitable opportunities and will enable the Company to achieve its investing objectives.

New investments will be held for the medium to longer term, although shorter term disposal of any investments cannot be ruled out. There will be no limit on the number of projects into which the Company may invest and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets.

The Directors believe that the status of the Company as an Investing Company enables it to fund investments or acquisitions using a mixture of cash, equity and/or debt and intend to actively monitor these investments.

The Company will identify and assess potential investment targets and where it believes further investigation is required, intends to appoint appropriately qualified advisers to assist. The Company will not have a separate investment manager.

The Company intends to deliver Shareholder returns principally through capital growth rather than capital distribution via dividends.

Post balance sheet events

Disposal of investment in Rosslyn Data Technologies

Between 17 April 2020 and 27 April 2020 the Company disposed of a total of 1,100,000 ordinary shares in Rosslyn Data Technologies plc at prices between 3.8 pence per share and 3.95 pence per share and with an average price of 3.86 pence per share generating proceeds of £42,503 for the Company. Following the Disposal, Vela no longer held any shares in Rosslyn Data.

Disposal of certain investments and recapitalisation

On 31 July 2020, the Company announced a series of proposals, the principal items being the disposal of certain investments, two share capital reorganisations, a bond conversion and a share placing to raise £1.0 million. These proposals were approved by shareholders and bondholders and executed in August 2020. Further details regarding these transactions is provided below:

- *Disposal of certain investments*

The Directors took the decision to dispose of its investments in Portr, Argo Blockchain, Vibe Group Holdings, Stream TV, Advanced Laser Imaging and Nektan to a newly formed company ("NewCo") for consideration totalling £855,000 payable after ten years. When the proceeds are recognised in next year's financial statements, they will be recorded at a discounted amount, reflecting the deferred payment term. The NewCo was incorporated on 24 July 2020 and its entire issued share capital was held by existing shareholders of Vela, such that the Vela shareholders as at the respective record date of the transaction had the same proportionate beneficial interest in NewCo as they had in Vela. These investments had a carrying value of £555,000 in the financial statements at 31 March 2020.

- *Conversion of £550,000 outstanding bonds to new ordinary shares*

The Company announced that it had insufficient cash resources to settle its outstanding bonds amounting to £550,000 on the scheduled repayment date of 17 August 2020. Furthermore, the security trustee of the bonds was not in a position where it was able to further extend the repayment date for the Bonds. Accordingly, it was proposed and later agreed that the outstanding bonds be converted to new ordinary shares.

- *Share placing*

The Company announced it had conditionally raised £1.0 million via the placing of 4,166,666,875 ordinary shares in the Company at a price of 0.024 pence per share. In addition, 4,166,666,875 warrants to subscribe for new Ordinary Shares at a price of 0.06 pence per share were granted to the subscribers in the Placing on a *pro rata* basis to the size of their subscriptions in the Placing. Broker Warrants were also issued to cover certain fees incurred in connection with the placing.

report of the directors

for the year ended 31 March 2020

To facilitate the above transactions, the Company also undertook a capital reorganisation involving the subdivision of shares, further details of which can be seen in the Company's RNS announcement on 31 July 2020.

Grant of Options

On 26 August 2020, the Company announced that James Normand, a newly appointed director, had been granted 180,000,000 options to subscribe for ordinary shares of 0.01p each in the Company. The options have an exercise price of 0.024p and are exercisable for a period of ten years from the date of the grant. Half the options become exercisable 12 months after grant, subject to the Company's closing mid-market share price being at least 0.048p per Ordinary Share for 30 consecutive business days, and the remaining half become exercisable 24 months after grant, subject to the Company's closing mid-market share price being at least 0.072p per Ordinary Share for 30 consecutive business days.

In addition, Brent Fitzpatrick, Non-Executive Chairman of the Company, was granted 90,000,000 options to subscribe for Ordinary Shares in the Company. The options have an exercise price of 0.024p and are exercisable for a period of ten years from the date of the grant. Half the options become exercisable 12 months after grant, subject to the Company's closing mid-market share price being at least 0.048p per Ordinary Share for 30 consecutive business days, and the remaining half become exercisable 24 months after grant, subject to the Company's closing mid-market share price being at least 0.072p per Ordinary Share for 30 consecutive business days. Following this grant of options, Brent Fitzpatrick now holds a total of 104,562,427 share options equivalent to 1.46 per cent. of the issued share capital of the Company.

Following the grant of the options detailed above and the issuance of the Placing Warrants and the Broker Warrants (to cover certain fees incurred in connection with the placing) the Company had, as at 26 August 2020, a total of 299,124,854 share options outstanding representing approximately 4.17% of the Company's issued share capital and a total of 4,481,822,692 warrants outstanding representing approximately 62.49% of the Company's issued share capital.

Exercise of warrants and issue of equity

On 16 September 2020, the Company announced the issue of 1,434,967,250 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £860,980 for the Company.

The warrants were issued as part of the placing of new Ordinary Shares completed in conjunction with, *inter alia*, the disposal of certain of Vela's assets and share capital reorganisations in August 2020.

Auditors

Murray Harcourt Limited were re-appointed and their re-appointment will be proposed at the AGM in accordance with Section 489(1) of the Companies Act 2006.

Strategic Report

In accordance with section 414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has prepared a Strategic Report, which includes information that would have been included in the Directors' Report.

On behalf of the Board



Brent Fitzpatrick MBE

Non-Executive Chairman

28 September 2020

independent auditor's report

for the year ended 31 March 2020

Opinion

We have audited the financial statements of Vela Technologies plc (the 'company') for the year ended 31 March 2020 which comprise the accounting policies, the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis.

However, it is not possible to predict with certainty the potential impact of future developments in both the company's trading environment or in the broader economy. Because of this, the above statements should not be interpreted as a guarantee that the company will continue to operate as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Management override of internal controls Under ISA (UK) 240 it is presumed that the risk of management override of internal controls is present in all entities. Additionally, the financial statements include balances that are subject to significant judgement and estimation uncertainty.	 Our audit work included, but was not restricted to: • reviewing the accounting estimates, judgements and decisions made by management; • performing testing of journal entries; and • reviewing the company's accounting records for evidence of any unusual significant transactions.

independent auditor's report

for the year ended 31 March 2020

Key audit matter	How our audit addressed the key audit matter
Investment activities The company is investing in pre-growth companies and investments represent a significant portion of the total assets of the company as at 31 March 2020. The main risks included the accurate recording of investment activity during the year, valuation of investments held at the year-end and classification of those investments. Determining the fair value of unquoted investments involves a significant level of management judgement and there is therefore an increased risk of material errors in valuation of these investments.	Our audit work included, but was not restricted to: • confirmation of the existence of investments through a combination of obtaining third-party confirmation from the company's investment custodians, obtaining direct confirmation from investee companies or agreement to other supporting documentation, such as share certificates; • agreement of valuations of listed investments to quoted prices as at 31 March 2020; • in relation to valuations of unquoted investments in the year, ensuring that these were based on information which is considered to be a reliable estimate in accordance with the company's accounting policy and the accounting standards. Whilst noting that in some instances the level of information available on investee company performance and prospects is limited, we were satisfied that management utilised that information in order to reach a reasonable estimate of the year end valuation.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define materiality as the magnitude of misstatements in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We determined materiality for the financial statements as a whole to be £50,000, which was based on gross assets of the company, representing 4.1% of the balance. This benchmark is considered the most appropriate because, for an investment holding company, the value of investments, which represents the most significant portion of gross assets, is the key performance indicator.

On the basis of our risk assessment, our judgement was that performance materiality for the financial statements should be 70% of materiality, amounting to £35,000.

We report to the Board of Directors all identified unadjusted errors in excess of £1,500. Errors below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

independent auditor's report

for the year ended 31 March 2020

An overview of the scope of our audit

As part of planning our audit approach, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the company's activities, the accounting processes and controls and the sectors in which it operates. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement. During the audit, we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit procedures included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identified during the audit.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

independent auditor's report

for the year ended 31 March 2020

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Murray Harcourt Limited

Steven Williams FCA
Senior Statutory Auditor
for and on behalf of Murray Harcourt Limited
Statutory Auditor, Chartered Accountants
6 Queen Street
Leeds
LS1 2TW

Date: 28 September 2020

accounting policies

for the year ended 31 March 2020

1a Presentation of financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006, and under the historical cost convention, as modified by the revaluation of certain financial assets held at fair value. All values presented in the financial statements are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Changes in accounting policy

There are no new standards or amendments to standards which are mandatory for the first time for the financial year ended 31 March 2020 which have a significant impact on the Company.

At the date of authorisation of these financial statements the Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

1b Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and the Strategic report on pages 1 and 2. The financial position of the Company, its cash flows and liquidity position are described in the Chairman's statement and the Strategic report on pages 1 and 2. In addition, the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of financial instruments and exposures to credit and liquidity risks are included in note 14 to the financial statements.

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they adopt the going concern basis in preparing the annual report and financial statements. Further information is also provided on page 12.

1c Summary of significant accounting policies

Taxation

Current tax is the tax currently payable based on taxable profit for the period.

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 goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. 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.

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 balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are recognised in other comprehensive income in which case the related deferred tax is also charged or credited directly to other comprehensive income.

Financial instruments

A financial instrument refers to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and is recognised on the Company's balance sheet when the Company becomes a party to the contractual terms of the instrument. Financial instruments include investments, cash and deposits, trade receivables and payables, loans and borrowings and equity securities.

accounting policies

for the year ended 31 March 2020

Investments

Purchases of investments are initially recognised at cost at the date of the transaction, being the fair value of the consideration.

Investments are subsequently valued at fair value, unless cost is deemed to be a reasonable approximation to fair value, in which case cost is applied. Note 14 sets out the estimation basis on which fair value is derived.

The investments are managed by the Board and their performance is reviewed internally.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and, subsequently, measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and changes to debtor payment patterns are considered indicators that the trade receivable may be impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade and other payables

Trade and other payables are not interest-bearing and are stated at their fair value on initial recognition. They are then measured at amortised cost.

Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks that are readily convertible into known amounts of cash and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct costs.

Equity

Equity comprises the following:

Share capital	–	represents the nominal value of equity shares
Share premium	–	represents the excess over the nominal value of the fair value of consideration for shares issued
Share option reserve	–	represents the cumulative charges for share based payments
Retained earnings	–	represents the accumulated retained profits

accounting policies

for the year ended 31 March 2020

Foreign currencies

The presentational currency is sterling. The Company's functional currency is sterling.

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Gains and losses arising on retranslation of monetary assets and liabilities are included in net profit or loss for the period.

Segmental reporting

An operating segment is a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company);
- whose operating results are reviewed regularly by the Company's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Company comprises a single operating segment being an investment Company operating solely within the United Kingdom. Further information on the segment is disclosed in note 1 to the financial statements.

Share-based payments

Share-based payments that are within the scope of IFRS 2 Share-based Payment have been recognised in the financial statements in accordance with that standard. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and, in accordance with IFRS 2, excludes the impact of non-market vesting conditions.

Equity-settled share-based payments are recognised as an expense in the income statement in accordance with IFRS 2 with a corresponding credit to equity. If a service period or other non-market vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

No adjustment is made to any expense recognised in prior periods of share options ultimately exercised that are different from the number that actually vested. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium. Fair values of share options or awards, measured at the date of the grant of the option or award, are determined using a Black Scholes model methodology.

1d Accounting estimates and judgements

Significant judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Investments- Use of fair value or cost

Investments have been valued in accordance with the accounting policy set out in section 1c. The Directors have used their judgement in determining whether to value certain unquoted investments at cost as an estimate of fair value. The use of cost as an estimate of fair value is acceptable under IFRS 9 when there is insufficient more recent information available to measure fair value, but that cost is still deemed an appropriate estimate of fair value. This cost basis was not applied in respect of any investments at 31 March 2020, since in the view of the Directors, cost was not deemed a sufficiently reliable approximation of fair value.

Recognition of deferred tax assets

The Directors have also used their judgement in not recognising deferred tax assets as explained in note 6 to the financial statements.

accounting policies

for the year ended 31 March 2020

Estimates

Fair value of investments

The fair value of certain investment holdings has been determined, by the Directors, using estimation techniques. Further details regarding the carrying value of these investments and the methods used to ascertain fair values is provided in note 14.

statement of comprehensive income

for the year ended 31 March 2020

		31 March 2020 £'000	31 March 2019 £'000
	Notes		
Revenue	1	-	-
Administrative expenses			
– other administrative expenses		(344)	(234)
– fair value movements on investments		(979)	(1,193)
Total administrative expenses		(1,323)	(1,427)
Operating loss	2	(1,323)	(1,427)
Finance expense	4	(89)	(127)
Loss before tax		(1,412)	(1,554)
Income tax	6	-	-
Loss		(1,412)	(1,554)
Other comprehensive income		-	-
Total comprehensive income		(1,412)	(1,554)
Attributable to:			
Equity holders of the Company		(1,412)	(1,554)
Earnings / (loss) per share			
Basic and diluted loss per share (pence)	7	(0.09)	(0.19)

balance sheet

as at 31 March 2020

		31 March 2020 £'000	31 March 2019 £'000
	Notes		
Non-current assets			
Investments	8	1,196	2,101
Current assets			
Trade and other receivables	9	13	13
Cash and cash equivalents	13	9	23
Total current assets		22	36
Total assets		1,218	2,137
Equity and liabilities			
Equity			
Called up share capital	12	1,749	837
Share premium account		1,715	1,715
Share option reserve		130	130
Retained earnings		(2,980)	(1,568)
Total equity		614	1,114
Current liabilities			
Trade and other payables	10	54	27
Loans and borrowings	11	550	996
Total current liabilities		604	1,023
Non current liabilities			
Loans and borrowings	11	-	-
Total non current liabilities		-	-
Total equity and liabilities		1,218	2,137

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 28 September 2020 by:

N. B. Fitzpatrick

Brent Fitzpatrick MBE
Non-Executive Chairman

Company registration number: 03904195

cash flow statement

for the year ended 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Operating activities			
Loss before tax		(1,412)	(1,554)
Profit on disposal of available-for-sale assets		-	-
Fair value movements on investments		979	1,193
Finance expenses		89	127
Increase/(decrease) in payables		29	(1)
Total cash flow from operating activities		(315)	(235)
Investing activities			
Consideration for disposal of investments		17	-
Consideration for purchase of investments		(91)	(533)
Total cash flow from investing activities		(74)	(533)
Financing activities			
Interest paid		(55)	(56)
Repayment of loan notes		(240)	-
Proceeds from the issue of ordinary share capital		670	-
Total cash flow from financing activities		375	(56)
Net decrease in cash and cash equivalents		(14)	(824)
Cash and cash equivalents at start of year		23	847
Cash and cash equivalents at the end of the year	13	9	23
Cash and cash equivalents comprise:			
Cash and cash in bank		9	23
Cash and cash equivalents at end of year	13	9	23

statement of changes in equity

for the year ended 31 March 2020

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Available -for-sale Reserve £'000	Share Option Reserve £'000	Total Equity £'000
Balance at 1 April 2019	837	1,715	(1,568)	-	130	1,114
Transactions with owners						
Issue of share capital	912	-	-	-	-	912
Transactions with owners	912	-	-	-	-	912
Loss for the year	-	-	(1,412)	-	-	(1,412)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	(1,412)	-	-	(1,412)
Balance at 31 March 2020	1,749	1,715	(2,980)	-	130	614
Balance at 1 April 2018	837	1,715	(1,033)	1,019	130	2,668
Change in accounting policy due to adoption of IFRS 9	-	-	1,019	(1,019)	-	-
Transactions with owners						
Issue of share capital	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Loss for the year	-	-	(1,554)	-	-	(1,554)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	(1,554)	-	-	(1,554)
Balance at 31 March 2019	837	1,715	(1,568)	-	130	1,114

notes to the financial statements

for the year ended 31 March 2020

1 Revenue and segmental information

The Company is an investing company and as such there is only one identifiable operating segment, being the holding and support of investments. Furthermore, the Company operates in a single geographic segment being the United Kingdom. The results and balances and cash flows of the segment are as presented in the primary statements.

2 Loss from operations

Loss from operations is stated after charging/(crediting):

	31 March 2020 £'000	31 March 2019 £'000
Auditor's remuneration for auditing of accounts	12	10
Auditor's remuneration for non-audit services	1	1
Fair value movements on investments	979	1,193

3 Staff costs

The average number of persons engaged by the Company (including Directors) during the period was as follows:

	31 March 2020	31 March 2019
Directors and senior management	2	2
Total	2	2

The aggregate amounts charged by these persons were as follows:

	31 March 2020 £'000	31 March 2019 £'000
Aggregate wages and salaries	116	110
	116	110

The amounts noted above relate to amounts invoiced by the Company's directors. Further details of directors' remuneration is provided in note 5.

4 Finance expense

	31 March 2020 £'000	31 March 2019 £'000
Loan note interest	-	36
Bond interest	89	91
Total finance expense	89	127

Included in finance expenses is £34k (2019 - £41k) in respect of the amortisation of loan issue costs.

notes to the financial statements

for the year ended 31 March 2020

5 Directors and senior management

Directors' remuneration

	31 March 2020				
	Salary	Fees	Pension	Equity	Total
	£'000	£'000	£'000	£'000	£'000
N B Fitzpatrick	-	52	-	-	52
A Laiker (resigned 26 August 2020)	-	64	-	-	64
	-	116	-	-	116

	31 March 2019				
	Salary	Fees	Pension	Equity	Total
	£'000	£'000	£'000	£'000	£'000
N B Fitzpatrick	-	46	-	-	46
A Laiker (resigned 26 August 2020)	-	64	-	-	64
	-	110	-	-	110

Directors' and senior management's interests in shares

The Directors who held office at 31 March 2020 held the following shares:

	31 March 2020	31 March 2019
N B Fitzpatrick	1,500,000	1,500,000
A Laiker (resigned 26 August 2020)	305,108,301	35,190,000

The total share-based payment costs in respect of options granted are:

	31 March 2020	31 March 2019
	£'000	£'000
Directors	-	-

As at 31 March 2020, the total number of outstanding options held by the Directors over ordinary shares was 29,124,854, representing 3.5 per cent of the Company's issued share capital. Each Director held 14,562,427 options as at 31 March 2020.

Further details regarding the options issued are provided in note 16.

6 Tax

There was no charge to current or deferred taxation in the current or prior period.

A deferred tax asset relating to losses carried forward has not been recognised due to uncertainty over the existence of future taxable profits against which the losses can be used. The Company has unused tax losses of approximately £6.1m (2019: £5m).

notes to the financial statements

for the year ended 31 March 2020

6 Tax (continued)

Tax reconciliation

	31 March 2020 £'000	31 March 2019 £'000
Loss before tax	(1,412)	(1,554)
Tax at 19% on loss before tax	(268)	(295)
Effects of:		
Unrelieved losses carried forward	268	295
Total tax (credit)/expense	-	-

7 Loss per share

Loss per share has been calculated on a loss after tax of £1,412,000 (2019: £1,554,000) and the weighted number of average shares in issue for the year of 1,534,283,948 (2019: 836,973,115).

The loss and weighted average number of shares used in the calculations is set out below:

	31 March 2020	31 March 2019
Loss (£'000)	(1,412)	(1,554)
Loss per share (pence)	(0.09)	(0.19)

notes to the financial statements

for the year ended 31 March 2020

8 Investments

	31 March 2020 £'000	31 March 2019 £'000
Opening balance	2,101	2,761
Additions during the year	91	533
Disposals during the year	(17)	-
Movement in fair value charged to profit or loss	(979)	(1,193)
Closing balance	1,196	2,101

Investments are held at fair value through profit and loss using a three-level hierarchy for estimating fair value.

Note 14 provides details of the three-level hierarchy used.

No investments were held at cost as an approximation of fair value, at 31 March 2020.

Additions and disposals during the year:

Further investment in Portr Limited

On 12 August 2019, the Company completed a subscription for 91,341 shares in Portr Limited, equating to an investment of £91,341. Following completion of the investment, the Company held approximately 3.6% of Portr Limited's share capital.

Disposal in Rosslyn Data Technologies plc

On 19 February 2020, the Company sold 311,111 shares in Rosslyn Data Technologies plc for a consideration of £16,488. Following the year end in August 2020, the company disposed of certain investments held at 31 March 2020. Details are provided in note 18.

9 Trade and other receivables

	31 March 2020 £'000	31 March 2019 £'000
Other receivables	13	13
	13	13

10 Trade and other payables

	31 March 2020 £'000	31 March 2019 £'000
Trade payables	28	4
Accruals and deferred income	26	23
	54	27

notes to the financial statements

for the year ended 31 March 2020

11 Loans and borrowings

Loans due within one year	31 March 2020 £'000	31 March 2019 £'000
Convertible loan notes	-	480
Bonds	550	516
	550	996

In April 2019, the Company entered into an agreement with Scott Fletcher to vary the terms of his £200,000 of loan notes, such that the principal and accrued interest were converted into new ordinary shares at a conversion price of 0.10 pence per share, equivalent to the placing price. This resulted in 240,985,301 new shares being issued in full settlement of his loan notes.

On 24 April 2019, the Company entered into an agreement to repay Antony Laiker's £200,000 loan notes, together with accrued interest. As part of the agreement, it was intended that the entire proceeds of the repayment would be used by Antony Laiker to subscribe for 240,985,301 new ordinary shares at a price of 0.10 pence per share. The share subscription was approved by shareholders on 30 August 2019 and his loan notes were settled in full.

On 1 February 2017, the Company launched the issue of secured bonds (the 'Bonds'), through UK Bond Network, to raise £550,000 for the Company. The Bonds have a coupon of 10% and an original term of three years with full repayment in cash of the principal amount of the Bonds originally due on 17 February 2020. The Bonds are secured by way of fixed and floating charges over all assets of the Company present and future.

On 13 February 2020, Jade State Wealth Limited (the 'Security Trustee') confirmed, in its capacity as Security Trustee to the Bonds, and under the powers granted to it under the terms of the Bonds, that it had no objection to granting an indulgence of six months to the Company on the repayment date, being satisfied that it was in the interests of all parties to grant this period. Other than the repayment date of the Bonds being extended to 17 August 2020, all other terms of the Bonds remained unchanged.

Following the end of the reporting period, the Bonds were converted into new ordinary shares, as detailed in note 18.

notes to the financial statements

for the year ended 31 March 2020

12 Share capital

	31 March 2020 £'000	31 March 2019 £'000
Authorised capital		
9,999,520,000 ordinary shares of 0.1 pence each	10,000	10,000
	10,000	10,000
Allotted, called up and fully paid capital		
1,748,943,717 ordinary shares of 0.1 pence each	1,749	837
	1,749	837

Allotments during the period

The Company allotted the following ordinary shares during the year:

	31 March 2020
Shares in issue at 1 April 2019	836,973,115
Shares issued during the year	911,970,602
Shares in issue at 31 March 2020	1,748,943,717
	31 March 2019
Shares in issue at 1 April 2018	836,973,115
Shares issued during the period	-
Shares in issue at 31 March 2019	836,973,115

On 2 May 2019, the Company issued 615,985,301 ordinary shares at a price of 0.10 pence per share.

On 19 August 2019, the Company issued 25,000,000 ordinary shares at a price of 0.10 pence per share.

On 2 September 2019, the Company issued 240,985,301 ordinary shares at a price of 0.10 pence per share.

On 17 March 2020, the Company issued 30,000,000 ordinary shares at a price of 0.10 pence per share.

13 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 March 2020 £'000	31 March 2019 £'000
Cash and cash in bank:		
Pound sterling	9	23
Cash and cash equivalents at end of year	9	23

notes to the financial statements

for the year ended 31 March 2020

14 Financial instruments

The Company uses various financial instruments which include cash and cash equivalents, loans and borrowings and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations and manage its working capital requirements.

The fair values of all financial instruments are considered equal to their book values. The existence of these financial instruments exposes the Company to a number of financial risks which are described in more detail below.

The main risks arising from the Company's financial instruments are currency risk, credit risk and liquidity risk. The Directors review and agree the policies for managing each of these risks and they are summarised below. The Company does not have any borrowings on which interest is charged at a variable rate. The Directors, therefore, do not consider the Company to be exposed to material interest rate risk.

Currency risk

The Company's shareholdings in Interbit and BlockchainK2 are denominated in Canadian Dollars and the investment in Stream TV is denominated in US Dollars, which gives rise to exposure to foreign currency risk. The Directors have considered the risk and do not deem it necessary to enter into any specific risk management arrangements at the present time. The Directors will continue to review the position going forward to ensure this remains appropriate in the context of the Company's risk profile.

Credit risk

This section, along with the liquidity risk and capital risk management sections below, also forms part of the Strategic Report.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	31 March 2020	31 March 2019
Classes of financial assets – carrying amounts	£'000	£'000
Financial assets measured at fair value through profit or loss	1,196	2,101
Financial assets measured at amortised cost	13	13
	1,209	2,114

The Company's management considers that all of the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

The Company's financial assets are pledged as security, as detailed in note 11.

notes to the financial statements

for the year ended 31 March 2020

14 Financial instruments (continued)

The Company is required to report the category of fair value measurements used in determining the value of its financial assets measured at fair value through profit or loss, to be disclosed by the source of its inputs, using a three-level hierarchy. There have been no transfers between Levels in the fair value hierarchy.

Quoted market prices in active markets – “Level 1”

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company has five (2019: five) investments classified in this category all of which are listed on a regulated exchange with publicly available market prices used to determine the year end value. The aggregate historic cost of the five investments is £887,919 (2019: £904,284) and the fair value as at 31 March 2020 was £197,757 (2019: £657,337).

Valued using models with significant observable market parameters – “Level 2”

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has two (2019: five) unquoted investments classified in this category. The historic cost of these investments is £276,103 (2019: £1,271,581) and the fair value as at 31 March 2020 was £563,584 (2019: £1,293,380). These investments were valued using the latest transaction prices for shares in the investee companies which were obtained through either (a) publicly available information (e.g. registrar), (b) information in respect of recent transactions which the Company was invited to participate or, where available, (c) direct liaison with the investee company.

Valued using models with significant unobservable market parameters – “Level 3”

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company has five (2019: three) unquoted investments classified in this category. The historic cost of these investments is £1,411,819 (2019: £725,000) and the fair value as at 31 March 2020 was £434,137 (2019: £150,000). One of these investments has been written down to £nil. The nature of some of the investments that the Company holds, i.e. minority shareholdings in private companies with limited publicly available information, is that significant judgement is required in estimating the value to be applied in the year end accounts. Management uses knowledge of the sector and any specific company information available to determine a valuation estimate. Shortly before the company's year end of 31 March 2020 the global Covid-19 outbreak occurred and resulted in further estimation uncertainty in relation to the carrying value of these unlisted investments. The aggregate carrying value of four of the investments in this category has been reduced by £537k in the period and a significant proportion of this reduction reflects the Company's estimate of the potential impact of the Covid-19 pandemic on the investee company as at 31 March 2020.

Liquidity risk

The Company maintains sufficient cash to meet its liquidity requirements. Management monitors rolling forecasts of the Company's liquidity on the basis of expected cash flow in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these.

Maturity analysis for financial liabilities

	31 March 2020		31 March 2019	
	Within	Later than	Within	Later than
	1 year	1 year	1 year	1 year
	£'000	£'000	£'000	£'000
At amortised cost:				
Financial liabilities at amortised cost	604	-	1,023	-
	604	-	1,023	-

notes to the financial statements

for the year ended 31 March 2020

14 Financial instruments (continued)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. This is achieved by making investments commensurate with the level of risk. The Company is performing in line with the expectations of the Directors.

The Company monitors capital on the basis of the carrying amount of equity. The Company policy is to set the amount of capital in proportion to its overall financing structure, i.e. equity and long-term loans. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or loan notes, or sell assets to reduce debt.

15 Reconciliation of net debt

	As at 1 April 2019 £'000	Cash flow £'000	Non-cash movement £'000	As at 31 March 2020 £'000
Cash and cash equivalents	23	(14)	-	9
Convertible loan notes	(480)	240	240	-
Bonds	(516)	-	(34)	(550)
	(973)	226	206	(541)

Non-cash movements on the Convertible loan notes, relates to the loan notes due to Scott Fletcher, which were converted into ordinary shares, as detailed in note 11. The loan notes held by Antony Laiker were repaid and the proceeds were immediately re-invested in new ordinary shares.

Non-cash movements on the Bonds relate to the amortisation of loan issue costs and rolled up unpaid interest.

notes to the financial statements

for the year ended 31 March 2020

16 Share-based payments

The Company rewards its Directors using equity settled share-based payments.

No new share options have been issued in the current accounting period and the total number of options outstanding at 31 March 2020 was 29,124,854 (2019: 29,124,854). None of the options issued have either lapsed or been exercised in the period.

The options have historically been valued using the Black Scholes option pricing model.

The amount of remuneration expense in respect of the share options granted amounts to £NIL (2019: £NIL).

Details of the options outstanding at the year end and the inputs to the option pricing model are as follows:

	Options granted 22 October 2015	Options granted 18 September 2015	Options granted 2 October 2014	Options granted 8 April 2014
Share price at grant date (pence)	0.21	0.19	0.33	1.50
Exercise price (pence)	0.21	0.15	0.33	0.85
Expected life (years)	7	7	7	7
Annualised volatility (%)	79.47	70.98	95.16	74.23
Risk-free interest rate (%)	2.0	2.0	2.0	2.0
Fair value determined (pence)	0.15	0.13	0.26	1.17
Number of options granted	6,400,000	10,489,560	4,000,000	8,235,294
Options exercisable at 31 March 2019	6,400,000	10,489,560	4,000,000	8,235,294

None of the options outstanding as at 31 March 2020 are subject to any performance criteria.

notes to the financial statements

for the year ended 31 March 2020.

17 Related party transactions

During the period the Company entered into the following related party transactions. All transactions were made on an arm's length basis.

Ocean Park Developments Limited

Brent Fitzpatrick, Non-Executive Director, is also a Director of Ocean Park Developments Limited. During the year, the Company paid £52,000 (2019: £46,000) in respect of his Directors fees to the Company. The balance due to Ocean Park Developments Limited at the year-end was £8,500 (2019: £nil).

Risk Alliance Insurance Brokers Limited

Brent Fitzpatrick, Non-Executive Director, was also a Director of Risk Alliance Group Limited during the year under review. He resigned on 26 September 2019. During the year the Company paid £5,551 (2019: £5,551) in respect of insurance fees at arm's length to Risk Alliance Limited, a wholly owned subsidiary of Risk Alliance Group Limited. The balance due to Risk Alliance Limited at the year end was £nil (2019: £nil).

Widdington Limited

Antony Laiker, Director, is also a Director of Widdington Limited. During the year the Company paid £64,000 (2019: £64,000) in respect of his Directors fees to the Company. The balance due to Widdington Limited at the year end was £9,500 (2019: £nil).

Kevin Sinclair

Kevin Sinclair, a shareholder of the Company, holds £100,000 of the bonds under the Company's 10% bond issue in February 2017. At 31 March 2020, Kevin Sinclair held 318,115,666 (18.19%) of the issued share capital of the Company through JIM Nominees Ltd and is classified as a substantial shareholder under the AIM Rules.

The Bonds were converted to ordinary shares after the year end as detailed in note 18.

Scott Fletcher

Scott Fletcher, a shareholder of the Company, holds £NIL (2019: £200,000) of the 8% convertible loan notes issued by the company in September 2016.

The loan notes were converted to 240,985,301 new ordinary shares at a subscription price of 0.10 pence per share.

Scott Fletcher held 304,929,997 Ordinary Shares at 31 March 2020 representing 17.44 per cent. of the issued share capital of the Company at that time in addition to the 8% convertible loan notes above. He is also the chairman of UK Bond Network Limited, which acted on behalf of the Company in relation to the bond issue.

Antony Laiker loan notes

Antony Laiker, Director of the Company during the period under review (stepped down 26 August 2020), holds £NIL (2019: £200,000) of the 8% convertible loan notes issued by the company in September 2016.

On 24 April 2019, the Company entered into an agreement to repay Antony Laiker's £200,000 loan notes, together with accrued interest. As part of the agreement, it was intended that the entire proceeds of the repayment would be used by Antony Laiker to subscribe for 240,985,301 new ordinary shares at a price of 0.10 pence per share. The share subscription was approved by shareholders on 30 August 2019.

Following admission of the new shares, Antony Laiker became beneficially interested in 305,108,301 Ordinary Shares, representing approximately 17.75 % of the Company's enlarged share capital.

Disposal of investment in Rosslyn Data Technologies plc

Between 17 April 2020 and 27 April 2020 the Company disposed of a total of 1,100,000 ordinary shares in Rosslyn Data Technologies plc at prices between 3.8 pence per share and 3.95 pence per share and with an average price of 3.86 pence per share generating proceeds of £42,503 for the Company. Following the Disposal, Vela no longer holds any shares in Rosslyn Data.

notes to the financial statements

for the year ended 31 March 2020

18 Events after the balance sheet date

Disposal of certain investments and recapitalisation

On 31 July 2020, the Company announced a series of proposals, the principal items being the disposal of certain investments, two share capital reorganisations, a bond conversion and a share placing. These proposals were approved and executed in August 2020. Further details regarding these transactions is provided below:

- *Disposal of certain investments*

The Directors took the decision to dispose of its investments in Portr, Argo Blockchain, Vibe Group Holdings, Stream TV, Advanced Laser Imaging and Nektan to a newly formed company ("NewCo") for consideration totalling £855,000 payable after ten years. When the proceeds are recognised in next year's financial statements, they will be recorded at a discounted amount, reflecting the deferred payment term. The NewCo was incorporated on 24 July 2020 and its entire issued share capital was held by existing shareholders of Vela, such that the Vela shareholders as at the respective record date of the transaction had the same proportionate beneficial interest in NewCo as they had in Vela. These investments had a carrying value of £555,000 in the financial statements at 31 March 2020.

- *Conversion of £550,000 outstanding bonds to new ordinary shares*

The Company announced that it had insufficient cash resources to settle its outstanding bonds amounting to £550,000 on the scheduled repayment date of 17 August 2020. Furthermore, the security trustee of the bonds was not in a position where it was able to further extend the repayment date for the Bonds. Accordingly, it was proposed and later agreed that the outstanding bonds be converted to new ordinary shares.

- *Share placing*

The Company announced it had conditionally raised £1.0 million via the placing of 4,166,666,875 ordinary shares in the Company at a price of 0.024 pence per share. In addition, 4,166,666,875 warrants to subscribe for new Ordinary Shares at a price of 0.06 pence per share were granted to the subscribers in the Placing on a *pro rata* basis to the size of their subscriptions in the Placing. Broker Warrants were also issued to cover certain fees incurred in connection with the placing.

To facilitate the above transactions, the Company also undertook capital reorganisations involving the subdivision of shares, further details of which can be seen in the Company's RNS announcement on 31 July 2020.

Grant of Options

On 26 August 2020, the Company announced that James Normand, a newly appointed director, had been granted 180,000,000 options to subscribe for ordinary shares of 0.01p each in the Company. The options have an exercise price of 0.024p and are exercisable for a period of ten years from the date of the grant. Half the options become exercisable 12 months after grant, subject to the Company's closing mid-market share price being at least 0.048p per Ordinary Share for 30 consecutive business days, and the remaining half become exercisable 24 months after grant, subject to the Company's closing mid-market share price being at least 0.072p per Ordinary Share for 30 consecutive business days.

In addition, Brent Fitzpatrick, Non-Executive Chairman of the Company, was granted 90,000,000 options to subscribe for Ordinary Shares in the Company. The options have an exercise price of 0.024p and are exercisable for a period of ten years from the date of the grant. Half the options become exercisable 12 months after grant, subject to the Company's closing mid-market share price being at least 0.048p per Ordinary Share for 30 consecutive business days, and the remaining half become exercisable 24 months after grant, subject to the Company's closing mid-market share price being at least 0.072p per Ordinary Share for 30 consecutive business days. Following this grant of options, Brent Fitzpatrick now holds a total of 104,562,427 share options equivalent to 1.46 per cent. of the issued share capital of the Company.

notes to the financial statements

for the year ended 31 March 2020

18 Events after the balance sheet date (continued)

Following the grant of the options detailed above and the issuance of the Placing Warrants and the Broker Warrants (to cover placing fees) the Company has a total of 299,124,854 share options outstanding representing approximately 4.17% of the Company's issued share capital and a total of 4,481,822,692 warrants outstanding representing approximately 62.49% of the Company's issued share capital.

Exercise of warrants and issue of equity

On 16 September 2020, the Company announced the issue of 1,434,967,250 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £860,980 for the Company.

The warrants were issued as part of the placing of new Ordinary Shares completed in conjunction with, *inter alia*, the disposal of certain of Vela's assets and share capital reorganisations in August 2020.