

**Vela Technologies PLC**  
Annual Report and Financial Statements 2022

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# chairman's statement

for the year ended 31 March 2022

I am pleased to present the Chairman's statement for the year ended 31 March 2022.

As shareholders will be aware, the period covered by these accounts was overshadowed by two significant events. First, the on / off Covid-19 restrictions which dominated much of the financial year, and second the invasion of Ukraine at the end of the financial year.

On top of this the macroeconomic headwinds were getting stronger with supply chain interruptions, the prospect of a substantial rise in interest rates coupled with the anticipation of a steep rise in inflation. These have weighed on stock markets in the last quarter of the period covered by these accounts, particularly impacting smaller companies and therefore had an impact on Vela's listed investment portfolio.

Despite these negatives, during the final quarter EnSilica was reaching the final phase of its listing on AIM, with the IPO completing soon after the end of the financial year. This resulted in Vela receiving shares worth £882,394 at the IPO price, compared to the original investment of £750,000 in convertible loan notes at the beginning of 2022.

As announced on 18 August 2022, the Board of Vela received a further update from St George Street Capital (SGSC) regarding ongoing progress with commercialisation talks for AZD1656 and also the positive news that the results from the ARCADIA Phase 2 clinical trial had been published in the Lancet eClinicalMedicine. The Board of Vela continues to seek further representations from SGSC regarding the commercialisation and trials of AZD1656. Vela holds an economic interest in the commercialisation of AZD1656, details of which were included in the announcement published by Vela on 20 October 2020.

Set against this, the overall value of a number of Vela's listed investments are languishing. There have been some positive signs emanating from a few investee companies (including, EnSilica Plc, Northcoders Group plc, Skillcast Group plc and Cornerstone FS PLC), who have all produced upbeat news, which we anticipate will continue.

Just before the year end Vela acquired a 28.82% stake in Igraine Plc. Upon this acquisition, Vela became the largest single shareholder in Igraine.

During the year we welcomed Emma Wilson to the board. Emma is a Chartered Accountant and her experience and support has already proved extremely valuable to the Company.

Post the year end, Antony Laiker re-joined the board as a non-executive director. As a significant shareholder and with extensive experience and background in the small-cap market, as well as knowledge of Vela from previously being on the board as an executive director, he will have an important role as Vela seeks to create shareholder value.

Turning to the financials, Vela reported a loss of £1,078,202 compared to a profit of £379,775 in the previous comparable period. Almost all of this difference, from an accounting perspective, reflects a £685,000 reduction in fair value of investments in the year being reported on, compared to a similar level of upwards fair value adjustment in the previous financial year. Net assets increased to £7,378,151 compared to £7,201,812 at 31 March 2021 and cash fell from £2,147,000 at the beginning of the period to £958,000 at the balance sheet date, reflecting investments made (net of disposals) during the period of £1,318,776 and administrative expenses in the period.

Subsequent to the year end, on 2 September 2022, Vela announced a strategic update to shareholders in which, the board outlined the reinstatement of the previous strategic plans from 2019 in which Vela would be seeking other larger corporate transactions but would not divert from its current investing policy.

The board will continue to update shareholders, in line with regulatory guidelines, via its quarterly investment updates and regulatory announcements.

The directors would like to thank shareholders for their continued support.

Brent Fitzpatrick MBE  
Non-Executive Chairman

# strategic report

for the year ended 31 March 2022

## Business review

At the period end the Company held cash of £958,000 (31 March 2021: £2,147,000). It continues to keep administrative costs to a minimum so that it has sufficient resources to cover its ongoing running costs while retaining the maximum funds for further investments.

During the year, Vela received additional equity funding of £1,233,504 (net of directly attributable issue costs) as a result of the exercise of warrants by shareholders. Future equity funding can only be raised if shareholders grant the right to the Board at the next AGM (this is as a result of shareholders voting against certain resolutions at the AGM held in January 2022). Details of shares issued during the year are provided in notes 13 to the financial statements.

The Company's loss for the year was £1,078,202 (2021: profit of £380,000). This loss has arisen primarily from fair value movements on the Company's investment portfolio. The valuation of the investment portfolio at 31 March 2022 was £2,603,000 (31 March 2021: £1,969,000), an increase of £634,000 on 2021. This resulted from the investment of £1,580,705 in new and 'follow-on' investments, disposals generating proceeds of £261,929, net of a decrease in the valuation of the portfolio of £684,671. In addition to these investments the Company holds a financial asset (St George Street Capital) valued at £2,350,000 (31 March 2021: £2,350,000) and held at the year-end a £750,000 (2021: £nil) convertible loan note in EnSilica Plc.

We update shareholders on investee company performance through the dissemination of investee company regulatory announcements. Additionally, having started in February of this year, the Board has continued to publish quarterly investment updates on the performance of the investment portfolio and on acquisitions and sales. This quarterly investment update will continue. Moreover, detailed information on the investment portfolio is maintained on the Company's website.

During the year the company made significant investments in Cornerstone FS PLC (£150,000), Northcoders Group plc (£750,000), Skillcast Group plc (£250,000), EnSilica plc (£750,000) and Igraine plc (£430,705). Further details and key points of the investments made and of the performance of the Company's investee companies are detailed in note 8 to the financial statements.

The Company had two employees and during the period had a Board of one male Executive Director, one female Executive Director and one male Non-Executive Director.

## Principal risks and uncertainties

The preservation of its cash balances and the management of its capital resources remain the key concerns for the Company. Further information about the Company's principal risks, covering currency, credit, liquidity and capital, is detailed in note 15 to the financial statements.

The Company remains committed to keeping operational costs to a minimum.

Approved by the Board of Directors on 27 September 2022; and signed on its behalf by:

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***

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 and a non-executive director of Ridgecrest plc, both investing companies which, until recently, were listed on AIM. During the year he stepped down from his position as chairman of Global Resources Investment Trust plc, a premium-listed company on the main list of the London Stock Exchange

In an unremunerated extra-curricular capacity, Mr Normand was, until the end of 2021, 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).

## **Emma Wilson**

### ***Executive Director (appointed 1 September 2021)***

Mrs Wilson qualified as a Chartered Accountant in 2001. Since qualification Mrs Wilson has been employed in industry in senior finance positions and in large and small practices. In 2010 she established her own accounting practice, Bailey Wilson, which serves a variety of types and sizes of businesses, including clients listed on AIM and on the main market of the London Stock Exchange.

## **Antony Laiker**

### ***Non-executive director (appointed 21 July 2022)***

Antony Laiker is a stockbroker, investor and advisor with a focus on early stage private and small cap listed companies. He was previously an Executive Director of Vela Technologies between 2013 and 2020.

## directors and advisers

**Registered office**

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

**Nominated adviser**

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

**Auditors**

***TC Group***  
6 Queen Street  
Leeds  
LS1 2TW

**Company secretary**

***Emma Wilson***

**Registrars**

***Neville Registrars***  
Neville House  
Steelpark Road  
Halesowen  
B62 8HD

**Solicitors**

***Harrison Clark Rickerbys Limited***  
62 Cornhill  
London EC3V 3NH

**Broker**

***Peterhouse Capital Limited***  
80 Cheapside  
London  
EC2V 6EE

**Bankers**

***Barclays Bank plc***  
27 Soho Square  
London W1D 3QR

# corporate governance

for the year ended 31 March 2022

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 enterprises using disruptive technology either to gain an advantage in an existing market or to create a new market 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. A revised Investing Policy was adopted in January 2022 following approval by shareholders at the Company's annual general meeting.

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 15 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 meetings with its major shareholders to discuss objectives, on an adhoc basis.

The Company communicates with its shareholders primarily through regulatory announcements. These contain the contact details of the Company's Chairman, Executive Director, its Broker and its 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](http://www.velatechplc.com).

# corporate governance

for the year ended 31 March 2022

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.

The Board has previously 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](mailto: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. The Company engages the services of Novus Communications Ltd to assist with investor relations and shareholder communication. The Directors are 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 in note 15 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.

At the beginning of the accounting year the Board comprised two directors. Brent Fitzpatrick, the Non-Executive Chairman throughout the period, is responsible for the running of the Board and both he and James Normand, the Executive Director, were responsible for implementing the Company's strategy. They were joined in this task on 1 September by Emma Wilson. Under the terms of their contracts with the Company, each director is contractually committed to dedicating a minimum of 42 days per annum to the Company and to be available on an ad-hoc basis to the Company over and above their minimum contractual time commitments. 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. After the balance sheet date (on 21 July 2022) Antony Laiker re-joined the Board (he had resigned in August 2020) as a non-executive director. The Board has publicly stated its intention to further strengthen the Board through the appointment of an independent non-executive director.



# corporate governance

for the year ended 31 March 2022

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 their 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:

<u>Director</u>	<u>Board meetings</u>
James Normand	12
Brent Fitzpatrick MBE	12
Emma Wilson (appointed 1 September 2021)	7

***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 in the Directors and Advisers section of this report.

***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 during the year with the appointment of Emma Wilson and, after the year end, the re-appointment of Antony Laiker and is committed to making further appointments as required, including an additional independent non-executive director.

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

# corporate governance

for the year ended 31 March 2022

## ***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 Company'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 Board considers 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 comprised two directors for the first half of the year and three for the second half. The Board as a whole has overall responsibility for promoting the success of the Company. The Executive Directors have day-to-day responsibility for the operation of the Company and engagement with shareholders. The Non-Executive Directors are 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 has concluded that, a Board comprising James Normand (Executive Director), Emma Wilson (from 1 September 2021) (Executive Director), Brent Fitzpatrick (the Non-Executive Chairman) and Antony Laiker (from 21 July 2022 as Non-Executive Director) is suitable for its purposes, size and complexity. The Board monitors its structure on an ongoing basis to ensure it is effective. The Board has publicly stated the intention to further strengthen the Board through the appointment of an independent non-executive director.

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 not to 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 similarly 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.

The Board recognises however that, following the expansion of the Board membership, it is appropriate for the Company now to have the separate board committees that one would ordinarily expect to be in place for an AIM quoted company. The Company therefore intends to put in place properly constituted audit and remuneration committees by the end of 2022.

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.

# corporate governance

for the year ended 31 March 2022

***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](http://www.velatechplc.com)), and via its website which is regularly updated.

In addition, Brent Fitzpatrick, the non-executive chairman, 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/>

The Company did not have an audit committee or a remuneration committee during the period under review, 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 2022. However, the Directors have prepared a Report on Remuneration, which is set out on page 10. As noted above, the Board intends to put in place fully constituted audit and remuneration committees by the end of 2022.

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 2022

## **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.

The Board intends to put in place fully constituted audit and remuneration committees by the end of 2022.

## **Main elements of executive remuneration**

There are three proposed elements of the Executive Directors' remuneration packages:

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

### ***Salary and fees***

The Executive Directors' basic salaries are 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 Directors are responsible.

### ***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 Directors are responsible. All share-based entitlements for the Directors are disclosed in notes 5 and 17 to the financial statements.

## **Non-Executive Directors**

The Board as a whole determines the remuneration of the Non-Executive Directors. The Non-Executive Directors do 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 2022

The Directors present their report together with the financial statements for the year ended 31 March 2022.

## 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 2022.

## 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, James Normand will retire by rotation and will offer himself for re-election at the forthcoming AGM. In addition, Antony Laiker, having been appointed to the Board since the last AGM, will also offer himself for re-election

The Directors who served during the period under review are:

Brent Fitzpatrick  
James Normand  
Emma Wilson (appointed 1 September 2021)

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

Antony Laiker (appointed 21 July 2022)

## 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 15 to the financial statements.

## Substantial shareholders

At 31 March 2022 the Company's Register of Shareholders included the following registered holders of more than 3% of the Company's total issued ordinary shares:

	Shareholding	%
Hargreaves Lansdown (Nominees) Limited	4,135,708,788	25.45
Interactive Investor Services Nominees Limited	2,629,460,132	16.18
JIM Nominees Ltd	2,415,401,829	14.86
HSDL Nominees Limited	1,710,077,751	10.52
Vidacos Nominees Limited	1,137,917,147	7.00
Barclays Direct Investing Nominees Limited	1,042,994,971	6.42
Peel Hunt Holdings Limited	801,560,264	4.93

The holdings of Interactive Investor Services Nominees Limited included 705,452,110 shares (representing 4.34% of the Company's total issued ordinary shares) beneficially owned by Mr Christopher Cooke; and the holdings of JIM Nominees Limited included 550,000,000 shares (representing 3.38% of the Company's total issued ordinary shares) beneficially owned by Mr Antony Laiker. No other individual beneficial holder held more than 3% of the Company's total issued ordinary shares.

# report of the directors

for the year ended 31 March 2022

## 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 15 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 below, the Company has continued to progress as a long-term investment company seeking to invest in early stage and pre-IPO businesses as well as companies listed on the London Stock Exchange. The board continues to maintain minimal running costs and considers cash reserves when seeking new investments and ensures it has at least 12 months' working capital to continue to operate on a going concern basis. When appropriate the board looks to realise profits made on investments into cash to enable it to make new investments.

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 are required to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. 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 United Kingdom adopted international accounting standards 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 2022

## Investing Policy

The Company's revised investing policy was approved by shareholders at the AGM held on 24 January 2022. The revised policy is reproduced below.

The investing policy of Vela Technologies plc is focused on enterprises using disruptive technology either to gain an advantage in an existing market or to create a new market. Within that over-arching strategy, Vela applies the following criteria in reaching an investment decision.

### Stage of development

Usually (but not necessarily) investee businesses will have been operating for a number of years. They may be established businesses that are developing a new line of technology, or they may have been formed specifically in order to exploit a particular product which is expected to disrupt the market or create a completely new one. The investee business may not yet have achieved profitability.

### Geographical focus

Investee companies will usually be based in the UK (including the Channel Islands) or derive a material proportion of their business from the UK. Conversely, investee companies may derive a significant proportion of their income from overseas but be based in the UK. It is unlikely that Vela would invest in a business headquartered overseas and deriving a majority of its business from outside the UK.

### Sector focus

Disruptive technology is not confined to the pure technology sector, but may be found in IT software businesses, including SaaS (software as a service); or in 'bricks and mortar' businesses which use IT in innovative ways in order to disrupt the sector in which they operate.

The definition of disruptive may also extend to pharmaceutical businesses where, for example, a new drug may have the potential to make a beneficial impact on the treatment of medical conditions; as well as to companies operating in the wellness and life sciences sectors.

### Corporate status

Vela aims to have a mix of private and publicly-traded investments.

The private companies will generally need to have ambitions for a public listing in a relatively short time period (i.e. within two years of investment); or, failing that, a plan to find a buyer for the business or to scale up the business (e.g. by merging with or acquiring another or by raising material additional equity funding) within a similar timescale.

Investments in public companies will usually be made as part of a development capital financing designed to accelerate the growth of the business.

### Investment instruments

Vela will generally expect to make investments in the form of equity. It will also consider investing in loan stock which is convertible (at Vela's option) into equity shares. In certain cases (e.g. a new drug which may be one of a number being developed by the promoter) it may be appropriate for Vela to take an interest in the future cash flows from that drug. Vela's investments will rarely be in the form of pure debt.

Investments will usually be in the form of cash but may also take the form of an issue of new Vela shares.

In the case of equity investments, the Directors intend to take minority positions and investments will therefore typically be of a passive nature.

# report of the directors

for the year ended 31 March 2022

## Holding period

Vela invests with the intention of realising its investment within three years of investment. Investments can be made at the pre-IPO stage and in anticipation of a public listing for the shares, often within a few months. In such cases the whole or part of the investment may be sold on admission of the investee company's shares to trading on a stock exchange.

Investments in companies whose shares are not traded on a public exchange are, of course, inherently more difficult to realise; and so, although there may be an intention to list the shares or to sell the business, Vela may need to hold an investment in a private company for a longer time period.

The Directors intend to re-invest the proceeds of disposals in accordance with the Company's investing policy unless, at the relevant time, the Directors believe that there are no suitable investment opportunities in which case the Directors will consider returning the proceeds to shareholders in a tax efficient manner.

## Number and size of investments

There is no limit on the number of projects into which the Company may invest except the capacity of Vela's investment team to appraise and monitor them. Similarly, the monetary quantum of each investment is a factor of the funds available to Vela at the point of investment. Both the number and size of investments will therefore vary according to Vela's human and monetary resources. Each of these will be referred to in Vela's annual and interim reports. As investments are made and new promising investment opportunities arise, further funding of the Company may be required to enable Vela to make further investments.

The Company will pursue a balanced portfolio of an even mixture of early stage, pre-liquidity event and liquid investments. While the aim is to have the portfolio split fairly evenly between the different stages of liquidity, there will be no set criteria for the proportion of the portfolio which will be represented by each investment type.

Equity interests will rarely exceed 10% of an investee's issued capital; and generally will be less than 3%.

## Opportunistic investments

As a result of Vela's network of contacts in the financial markets, it occasionally receives invitations to invest in businesses which do not meet the core criteria of the investing policy. Nevertheless, if the Board considers that there is an opportunity to benefit by investing in such a proposition and thus allowing its shareholders access to investments in which they may otherwise not be able to participate, it may consider doing so. Such investments will be limited at 5% of the Company's net asset value and would usually be made on the strict understanding and expectation that any such investment would be held for the short term only.

## Investment appraisal

In order to mitigate investment risk, the Directors will carry out a thorough appraisal of each potential investment. This appraisal may include site visits, analysis of financial, legal and operational aspects of each investment opportunity, meetings with management, risk analysis, review of corporate governance and anti-corruption procedures and, where the Directors see fit, the seeking of third-party expert opinions and valuation reports. Vela will not have a separate investment manager.

## Nature of returns

It is anticipated that returns to Vela will be delivered through a combination of capital gain, dividend income and interest on convertible loans.

Given Vela's expected percentage holdings in investee businesses, it will be unusual for Vela to seek or be offered a position on the investee's board of directors. However, in those instances where it is felt desirable and appropriate for Vela to appoint a director, the fee earned from any such post held by a director or employee of Vela would be payable to Vela and form part of the return earned by Vela on its investment.



# report of the directors

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Cash held by the Company pending investment, reinvestment or distribution will be managed by the Company and placed on deposit with banks so as to protect the capital value of the Company's cash assets. The Company may, where appropriate, enter into agreements or contracts in order to hedge against interest rate or currency risks.

Review of investing policy

The Directors will keep the investing policy under continuous review and will make and announce any non-material changes or variations as may be appropriate. Any material change or variation of the investing policy will be subject to prior approval of shareholders.

## Post balance sheet events

Full details of events after the balance sheet date are disclosed in note 20.

## Auditors

TC Group (formerly Murray Harcourt Limited) was re-appointed auditor at the 2021 AGM and their re-appointment will be proposed at the upcoming 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**  
**27 September 2022**

# independent auditor's report

for the year ended 31 March 2022

## Opinion

We have audited the financial statements of Vela Technologies plc (the 'company') for the year ended 31 March 2022 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 UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included consideration of:

- the current cash resources and expected future operating costs of the entity;
- the directors' investment plans and their ability to control cash outflows from future investing activities; and
- the adequacy of disclosures in relation to specific risks posed and the scenarios the directors have considered in reaching their going concern assessment.

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

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

## 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.

# independent auditor's report

for the year ended 31 March 2022

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

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Management override of internal controls</b> 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: <ul style="list-style-type: none"><li>• reviewing the accounting estimates, judgements and decisions made by management;</li><li>• performing testing of journal entries; and</li><li>• reviewing the company's accounting records for evidence of any unusual significant transactions.</li></ul>

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Investment activities</b> 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 2022. In addition, the Company entered into a contract to secure an 8% interest in the commercialisation proceeds of an ongoing medical drug development trial in the prior period. These trials continued to progress during the period ended 31 March 2022 and were ongoing at the reporting date.  The main risks included the accurate recording of investment activity during the year, valuation of investments and other similar financial assets held at the year-end and classification of those investments and other financial assets.  Determining the fair value of unquoted investments and contracts involves a significant level of management judgement and there is therefore an increased risk of material errors in valuation of these investments and other financial assets.	Our audit work included, but was not restricted to: <ul style="list-style-type: none"><li>• confirmation of the existence of investments and other financial assets 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 and underlying contracts;</li><li>• agreement of valuations of listed investments to quoted prices as at 31 March 2022;</li><li>• 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; and</li><li>• in relation to other financial assets held at fair value, reviewing events after the date of initial investment in order to corroborate management's explanations for changes in fair value.</li></ul>

## 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.

# independent auditor's report

for the year ended 31 March 2022

## **Our application of materiality (continued)**

We determined materiality for the financial statements as a whole to be £145,000, which was based on gross assets of the company, representing approximately 2% 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 60% of materiality, amounting to £87,000.

We report to the Board of Directors all identified unadjusted errors in excess of £4,350. Errors below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

## **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the 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.

# independent auditor's report

for the year ended 31 March 2022

## 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.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, 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.

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

## ***Extent to which the audit was capable of detecting irregularities, including fraud***

The objectives of our audit, in respect of fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (UK adopted international accounting standards, the Companies Act 2006 and AIM listing regulations) and the relevant tax compliance regulations in the UK;

# independent auditor's report

for the year ended 31 March 2022

- We considered the nature of the company's activities, the control environment and business performance, including key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect all non-compliance with laws and regulations.

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.

## Mark Hunter FCA

Senior Statutory Auditor  
for and on behalf of TC Group  
Statutory Auditor, Chartered Accountants  
**6 Queen Street**  
**Leeds**  
**LS1 2TW**

Date: 27 September 2022

# accounting policies

for the year ended 31 March 2022

## 1a Presentation of financial statements

The financial statements of the Company have been prepared in accordance with United Kingdom adopted International Financial Reporting Standards (IFRS) 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 2022 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. The financial position of the Company, its cash flows and liquidity position are also described in the Chairman's statement and the Strategic report. 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 15 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 have adopted 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, derivative assets, other financial assets, loans and borrowings and equity securities.

# accounting policies

for the year ended 31 March 2022

## **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 15 sets out the estimation basis on which fair value is derived.

The Board manages the investments and constantly reviews their performance.

## **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 2022

## **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 and other financial assets - use of fair value or cost**

Investments and other financial assets have been valued in accordance with the accounting policies set out in section 1c. The Directors have used their judgement in determining whether to value certain unquoted investments and other financial assets 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 has been applied in valuing the Company's other financial assets, with a carrying value of £2,350,000, as the directors' best estimate of fair value as at 31 March 2022. Further details are provided in note 9.

# accounting policies

for the year ended 31 March 2022

## **Investments – application of equity accounting or fair value accounting**

The Directors have used their judgement in accounting for the Company's investment in Igraine PLC. The Company's holding represents in excess of 20% of the voting rights in the investee company and so indicates that the Company has significant influence over the investee company. Under such circumstances, IAS 28 would require the Company to account for the investee company as an associate, applying equity accounting. However, the Directors' view is that the Company qualifies for the exemption set out in paragraph 18 of IAS 28, which allows a venture capital entity to account for such holdings at fair value under IFRS 9. Accordingly, this investment is treated in a consistent manner to the Company's other investments, being measured at fair value at the reporting date.

## **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.

## **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 15.

### **Other financial assets measured at fair value**

The financial statements include other financial assets measured at fair value with a carrying value of £2,350,000 as at 31 March 2022. Further details are provided in note 9.

# statement of comprehensive income

for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Revenue</b>	1	-	-
<b>Administrative expenses</b>	2	(347)	(421)
<b>Fair value movements</b>			
– on investments	8	(685)	666
– on derivative instruments	11	(75)	138
<b>Operating (loss) / profit</b>	2	(1,107)	383
<b>Finance income</b>	4	29	16
<b>Finance expense</b>	4	-	(19)
<b>(Loss) / profit before tax</b>		(1,078)	380
Income tax	6	-	-
<b>(Loss) / profit for the year and total comprehensive income attributable to the equity holders</b>		(1,078)	380
<b>(Loss) / earnings per share</b>			
<b>Basic and diluted (loss) / earnings per share (pence)</b>	7	(0.007)	0.005

# statement of financial position

as at 31 March 2022

		31 March 2022 £'000	31 March 2021 £'000
	Notes		
<b>Non-current assets</b>			
Investments	8	2,603	1,969
Trade and other receivables	9	3,024	2,995
<b>Total non-current assets</b>		<b>5,627</b>	<b>4,964</b>
<b>Current assets</b>			
Trade and other receivables	10	751	1
Derivative financial instruments	11	63	138
Cash and cash equivalents	14	958	2,147
<b>Total current assets</b>		<b>1,772</b>	<b>2,286</b>
<b>Total assets</b>		<b>7,399</b>	<b>7,250</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	13	3,291	3,048
Share premium account		7,594	6,603
Share option reserve		65	151
Retained earnings		(3,572)	(2,600)
<b>Total equity</b>		<b>7,378</b>	<b>7,202</b>
<b>Current liabilities</b>			
Trade and other payables	12	21	48
<b>Total current liabilities</b>		<b>21</b>	<b>48</b>
<b>Total equity and liabilities</b>		<b>7,399</b>	<b>7,250</b>

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 27 September 2022 by:

**Brent Fitzpatrick MBE**  
**Non-Executive Chairman**

Company registration number: 03904195

# cash flow statement

for the year ended 31 March 2022

		Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
	<b>Notes</b>		
<b>Operating activities</b>			
(Loss) / profit before tax		(1,078)	380
Share-based payment		20	21
Fair value movements on investments	8	685	(666)
Fair value movement on derivative assets		75	(138)
Finance expenses		-	19
Finance income		(29)	(16)
Decrease in receivables		-	12
Decrease in payables		(27)	(6)
<b>Total cash flow from operating activities</b>		<b>(354)</b>	<b>(394)</b>
<b>Investing activities</b>			
Proceeds from disposal of investments		262	512
Consideration for purchase of financial asset		-	(1,250)
Acquisition of loan notes		(750)	-
Consideration for purchase of investments		(1,581)	(1,248)
<b>Total cash flow from investing activities</b>		<b>(2,069)</b>	<b>(1,986)</b>
<b>Financing activities</b>			
Interest paid		-	(19)
Proceeds from the issue of ordinary share capital		1,234	4,537
<b>Total cash flow from financing activities</b>		<b>1,234</b>	<b>4,518</b>
Net (decrease) / increase in cash and cash equivalents		(1,189)	2,138
Cash and cash equivalents at start of year		2,147	9
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>958</b>	<b>2,147</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		958	2,147
<b>Cash and cash equivalents at end of year</b>	<b>14</b>	<b>958</b>	<b>2,147</b>

# statement of changes in equity

for the year ended 31 March 2022

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Share Option Reserve £'000	Total Equity £'000
<b>Balance at 1 April 2021</b>	<b>3,048</b>	<b>6,603</b>	<b>(2,600)</b>	<b>151</b>	<b>7,202</b>
<b>Transactions with owners</b>					
Share-based payment	-	-	-	20	20
Lapse of share options in the period	-	-	106	(106)	-
Issue of share capital	243	991	-	-	1,234
<b>Transactions with owners</b>	<b>243</b>	<b>991</b>	<b>106</b>	<b>(86)</b>	<b>1,254</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(1,078)</b>	<b>-</b>	<b>(1,078)</b>
<b>Balance at 31 March 2022</b>	<b>3,291</b>	<b>7,594</b>	<b>(3,572)</b>	<b>65</b>	<b>7,378</b>
<b>Balance at 1 April 2020</b>	<b>1,749</b>	<b>1,715</b>	<b>(2,980)</b>	<b>130</b>	<b>614</b>
<b>Transactions with owners</b>					
Share-based payment	-	-	-	21	21
Issue of share capital	1,299	4,888	-	-	6,187
<b>Transactions with owners</b>	<b>1,299</b>	<b>4,888</b>	<b>-</b>	<b>21</b>	<b>6,208</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>380</b>	<b>-</b>	<b>380</b>
<b>Balance at 31 March 2021</b>	<b>3,048</b>	<b>6,603</b>	<b>(2,600)</b>	<b>151</b>	<b>7,202</b>

# notes to the financial statements

for the year ended 31 March 2022

## 1 Revenue and segmental information

The Company is an investing company and as such there is only one identifiable operating segment, being the purchase, holding and sale of investments. Similarly, the Company operates in only 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) / profit from operations

The (loss) / profit from operations is stated after charging / (crediting):

	31 March 2022 £'000	31 March 2021 £'000
Auditor's remuneration for the audit	18	16
Auditor's remuneration for corporation tax compliance services	2	2
Fair value movements on investments	685	(666)
Share-based payment	20	21

## 3 Staff costs

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

	31 March 2022	31 March 2021
Directors and senior management	3	2
<b>Total</b>	<b>3</b>	<b>2</b>

The above included two individuals (2021 – none) employed by the Company and one (2021 – two) engaged under the terms of a letter of appointment.

The aggregate amounts charged by these persons were as follows:

	31 March 2022 £'000	31 March 2021 £'000
Wages and salaries	97	-
Social security costs	12	-
Amounts invoiced	62	174
Share-based payment charge	20	21
	<b>191</b>	<b>195</b>

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

## 4 Finance income and expense

### Finance income

	31 March 2022 £'000	31 March 2021 £'000
Other interest receivable	29	16
<b>Total finance income</b>	<b>29</b>	<b>16</b>

Income of £29,000 (2021: £16,000), represents the unwinding of the discount on the Company's loan receivable from BIXX Tech Limited. Further details are provided in note 9.

# notes to the financial statements

for the year ended 31 March 2022

## 4 Finance income and expense (continued)

### Finance expense

	<b>31 March 2022</b>	31 March 2021
	<b>£'000</b>	£'000
Bond interest	-	19
<b>Total finance expense</b>	<b>-</b>	<b>19</b>

## 5 Directors and senior management

### Directors' remuneration

	<b>Year ended 31 March 2022</b>				
	<b>Salary £'000</b>	<b>Fees £'000</b>	<b>Pension £'000</b>	<b>Equity £'000</b>	<b>Total £'000</b>
N B Fitzpatrick	-	62	-	-	<b>62</b>
J Normand	62	-	-	-	<b>62</b>
E Wilson (appointed 1 September 2021)	35	-	-	-	<b>35</b>
	<b>97</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>159</b>

	<b>Year ended 31 March 2021</b>				
	<b>Salary £'000</b>	<b>Fees £'000</b>	<b>Pension £'000</b>	<b>Equity £'000</b>	<b>Total £'000</b>
N B Fitzpatrick	-	62	-	-	62
A Laiker (resigned 26 August 2020)	-	67	-	-	67
J Normand (appointed 26 August 2020)	-	45	-	-	45
	<b>-</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>174</b>

### Directors' and senior management's interests in shares

The Directors who held office at 31 March 2022 held the following shares:

	<b>31 March 2022</b>	31 March 2021
N B Fitzpatrick	<b>1,500,000</b>	1,500,000
J Normand	-	-
E Wilson (appointed 1 September 2021)	-	-

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

	<b>31 March 2022</b>	31 March 2021
	<b>£'000</b>	£'000
Directors	<b>20</b>	<b>21</b>

As at 31 March 2022, the total number of outstanding options held by the Directors over ordinary shares was 278,444,780 (2021: 284,562,427), representing 1.7 per cent of the Company's issued share capital. A total of 6,117,647 options lapsed in the period.

Further details regarding the options issued are provided in note 17.



# notes to the financial statements

for the year ended 31 March 2022

## 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 £5.3m (2021: £4.4m).

### Tax reconciliation

	31 March 2022 £'000	31 March 2021 £'000
<b>(Loss) / profit before tax</b>	<b>(1,078)</b>	380
<b>Tax at 19% on (loss) / profit before tax</b>	<b>(205)</b>	72
<b>Effects of:</b>		
Loss relief carried / (brought) forward	205	(72)
<b>Total tax expense</b>	<b>-</b>	-

## 7 (Loss) / profit per share

(Loss) / profit per share has been calculated on a loss after tax of £1,078,000 (2021: profit after tax of £380,000) and the weighted average number of shares in issue for the year of 15,091,929,620 (2021: 7,383,146,119).

## 8 Investments

	31 March 2022 £'000	31 March 2021 £'000
Opening fair value	1,969	1,196
Additions during the year at cost	1,581	1,248
Fair value of disposals made during the year	(262)	(1,141)
Movement in fair value charged to profit or loss	(685)	666
Closing balance	2,603	1,969

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

Note 15 provides details of the three-level hierarchy used.

# notes to the financial statements

for the year ended 31 March 2022

## 8 Investments (continued)

### Additions during the year:

#### *Investment in Cornerstone FS Plc*

In April 2021, the Company completed the subscription for an additional 245,902 new ordinary shares in Cornerstone at a cost of £150,000, as part of Cornerstone's admission to AIM. Following this transaction, Vela's aggregate shareholding in Cornerstone represented approximately 3.2% of its then issued share capital.

#### *Investment in Northcoders Group PLC*

In July 2021, the Company invested £750,000 in Northcoders Group PLC on its admission to AIM. The Company acquired 416,666 new ordinary shares of 1p each at a price of 180p per share. These shares represented 6% of the enlarged share capital of Northcoders on admission to AIM.

#### *Investment in Skillcast Group PLC*

In December 2021, the Company invested £250,000 in Skillcast Group PLC on the admission of its shares to trading on AIM. The Company acquired 675,676 new ordinary shares of 1p each at a price of 37p per share. These shares represented 0.76% of the then issued share capital of Skillcast.

#### *Investment in Igraine PLC*

In March 2022, the Company invested £430,705 to acquire 23,928,080 ordinary shares of 1p each in Igraine PLC at a price of 1.8p per share. These shares represented 28.8% of the share capital of Igraine. The directors have applied the exemption set out in paragraph 18 of IAS 28 to account for this investment at fair value in accordance with IFRS 9, rather than applying equity accounting under IAS 28.

### Disposals during the year:

#### *Disposal of North Peak Resources Ltd*

In April 2021 the Company disposed of its remaining shares in North Peak Resources Ltd. The carrying value of the shares held as at 31 March 2021 was £74,858 and the sales proceeds amounted to approximately £80,000.

#### *Part disposal of Northcoders Group Plc*

In January 2022 the Company disposed of part of its shareholding in Northcoders Group Plc. The Company sold 25,000 of its holding of 416,666 shares at £2.40 per share and a further 50,000 at £2.45 per share. The sales proceeds amounted to £182,500 and generated a net profit of £46,398. Post disposal Vela was interested in 341,666 shares which represented 4.9 per cent of the issued share capital.

## 9 Trade and other receivables – non-current

	31 March 2022 £'000	31 March 2021 £'000
Loan due from BIXX Tech Limited	674	645
Other financial asset	2,350	2,350
	<b>3,024</b>	2,995

#### *Loan due from BIXX Tech Limited*

The loan represents the consideration receivable for the disposal of certain investment assets in August 2020, as detailed in the prior year financial statements. The total consideration receivable is £855,000, which is receivable after seven years. The consideration has been discounted at a market interest rate of 4.5% to reflect the deferred payment term. Income of £29,000 (2021: £16,000), represents the unwinding of the discount and is recognised within finance income in note 4.

Under the terms of the loan agreement, the Company has provided an undertaking to distribute a sum equal to any repayment of the loan to the holders of the Special Deferred Shares (see note 13). This distribution will be by way of a dividend declared on the Special Deferred Shares ("the Special Dividend"). In the event that insufficient distributable reserves exist at the end of the seven-year loan term, the repayment of the loan will be deferred for a further year. This deferral will continue until such a time as the Company has sufficient distributable reserves to be able to pay the Special Dividend.

# notes to the financial statements

for the year ended 31 March 2022

## 9 Trade and other receivables – non-current (continued)

### *Other financial asset - Investment in St George Street Capital*

On 20 October 2020, the Company entered into a contract with St George Street Capital (“SGSC”) for an 8% economic interest in the potential future commercialisation of SGSC’s asset to treat individuals with diabetes who are suffering with COVID-19 (“the Asset”). The consideration payable under the terms of the contract was £2.35m which was settled by cash of £1.25m and the issue of 1,100,000,000 locked-in consideration shares at a price of 0.1 pence per share. The directors considered that this represented the fair value of the contract at the date of investment.

The contract gives the Company a right to future economic benefits and has been classified as a financial asset measured at fair value through profit and loss. The directors estimate that the contract will not be realised within 12 months of the reporting date and so the asset has been classified as non-current.

At the time of the investment, SGSC was in the process of recruiting for Phase II clinical trials of the Asset and this recruitment was still ongoing as at the previous reporting date. In the current period, the Phase II trials were successfully completed and SGSC has moved on to the process of investigating options for funding Phase III clinical trials (which would involve a significantly larger sample of patients than Phase II) and onward commercialisation of the Asset. The development of the Asset continues to progress along the typical drug development pipeline. However, the need for SGSC to raise further funding in order to commence the Phase III trials, to successfully complete those trials and achieve commercialisation of the drug gives rise to an inherent level of risk in respect of the ultimate realisation of the Asset, which the directors have taken into consideration when estimating its fair value. The directors have considered the current position and are of the view that there have not been any major developments (either positive or negative) or milestones achieved between the date of investment and the reporting date which would give rise to a material change in the fair value of the contract during this time. Accordingly, the original consideration payable under the contract represents the directors’ best estimate of its fair value as at 31 March 2022.

## 10 Trade and other receivables

	<b>31 March 2022</b>	31 March 2021
	<b>£’000</b>	£’000
Other receivables	1	1
Convertible loan	750	-
	<b>751</b>	1

In January 2022, the Company invested £750,000 by way of a convertible loan note in EnSilica Limited. The loan notes attracted interest at a rate of 10 per cent per annum and were repayable on 9 January 2023 unless they had been repaid or converted before this date. The loan notes converted automatically on an IPO of Ensilica into new ordinary shares at a discount of 12% of the shares subscribed for in the IPO. Note 20 on events following the year end includes a note that EnSilica’s shares were admitted to trading on AIM in May 2022, at which point the Company exercised its conversion rights.

## 11 Derivative financial instruments

	<b>31 March 2022</b>	31 March 2021
	<b>£’000</b>	£’000
Warrants	63	138
	<b>63</b>	138

The Company holds warrants providing it with the right to acquire additional shares in certain of its investee companies at a fixed price in the future, should the directors decide to exercise them. The warrants have been recognised as an asset at fair value, which has been calculated using an appropriate option pricing model.

# notes to the financial statements

for the year ended 31 March 2022

## 12 Trade and other payables

	31 March 2022 £'000	31 March 2021 £'000
Trade payables	1	24
Accruals	20	24
	<b>21</b>	<b>48</b>

## 13 Share capital

	31 March 2022 £'000	31 March 2021 £'000
<b>Allotted, called up and fully paid capital</b>		
16,252,335,184 (2021:13,818,450,084) Ordinary Shares of 0.01 pence each	<b>1,625</b>	1,382
1,748,943,717 Deferred Shares of 0.08 pence each	<b>1,399</b>	1,399
2,665,610,370 Special Deferred Shares of 0.01 pence each	<b>267</b>	267
	<b>3,291</b>	<b>3,048</b>

### *Share issues in the period*

#### *Exercise of warrants and issue of equity*

On 30 March 2021, the Company announced an application to issue 24,751,750 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. The share allotment was completed on 7 April 2021, generating gross proceeds of £14,851.

On 6 July 2021, the Company issued 35,000,000 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 gross proceeds of £21,000.

On 7 July 2021, the Company issued 44,079,000 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 gross proceeds of £26,447.

On 19 July 2021, the Company issued 117,083,332 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 gross proceeds of £70,250.

On 27 August 2021, the Company issued 1,391,421,209 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 gross proceeds of £834,853.

On 7 September 2021, the Company issued 821,549,809 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 gross proceeds of £362,530.

### *Share rights*

The Deferred and Special Deferred Shares are not listed on AIM and do not carry any rights to receive notice of or attend or speak or vote at any general meeting or class meeting. There are also no dividend rights, other than the "Special Dividend" on the Special Deferred Shares. As described in note 9, upon repayment to the Company of any amount(s) owed to it pursuant to the loan agreement between the Company and BIXX Tech Limited, the Company shall, in priority to any payment of dividend to the holders of the ordinary shares or any other class of shares, declare and pay to the holders of the Special Deferred

# notes to the financial statements

for the year ended 31 March 2022

## 13 Share capital continued

shares a Special Dividend of an aggregate amount equal to the amount of such sum repaid, pro rata according to the number of Special Deferred Shares paid up.

On a return of capital, the holders of the Special Deferred Shares shall be entitled to receive only the amount paid up on such shares up to a maximum of 0.01 pence per Special Deferred Share after (i) the holders of the Ordinary Shares have received the sum of £1,000,000 for each Ordinary Share held by them, and (ii) the holders of the Deferred Shares have received the sum equal to the amount paid up on such Deferred Shares.

## 14 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 March 2022 £'000	31 March 2021 £'000
Cash and cash in bank:		
Pound sterling	958	2,147
<b>Cash and cash equivalents at end of year</b>	<b>958</b>	<b>2,147</b>

## 15 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 North Peak were denominated in Canadian Dollars, which, until their disposal in April 2021 (see note 8), gave rise to exposure to a foreign currency risk. The Directors considered the risk and did not deem it necessary to enter into any specific risk management arrangements.

### *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 2022 £'000	31 March 2021 £'000
Classes of financial assets – carrying amounts		
Financial assets measured at fair value through profit or loss	5,016	4,457
Financial assets measured at amortised cost	1,425	646
	<b>6,441</b>	<b>5,103</b>

# notes to the financial statements

for the year ended 31 March 2022

## 15 Financial instruments (continued)

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 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 eight (2021: six) 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 eight investments is £2,343,803 (2021: £1,270,672) and the fair value as at 31 March 2022 was £1,738,769 (2021: £1,192,164).

### 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 (2021: two) unquoted investments classified in this category. The historic cost of these investments is £450,000 (2021: £450,000) and the fair value as at 31 March 2022 was £864,644 (2021: £777,144). 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. The Company also holds warrants for shares in three investee companies, which have been valued using an option pricing model with observable inputs. The fair value of these assets as at 31 March 2022 was £63,194 (2021: £138,246).

### 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 two (2021: two) unquoted investments classified in this category. The historic cost of these investments is £300,000 (2021: £300,000) and the fair value as at 31 March 2022 was £nil (2021: £nil). The nature of some of the investments that the Company holds, i.e. minority shareholdings in private companies with limited publicly available information, means 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. The Company also holds a non-current financial asset described in note 9 to the financial statements at a fair value of £2,350,000, which is also the historic cost of the asset. Further details regarding the determination of the fair value of this asset are provided in note 9.

### 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 2022		31 March 2021	
	Within 1 year £'000	Later than 1 year £'000	Within 1 year £'000	Later than 1 year £'000
<b>At amortised cost</b>	21	-	48	-

# notes to the financial statements

for the year ended 31 March 2022

## 15 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.

## 16 Reconciliation of net funds

	As at 1 April 2021 £'000	Cash flow £'000	Non-cash movement £'000	As at 31 March 2022 £'000
Cash and cash equivalents	2,147	(1,189)	-	958
	2,147	(1,189)	-	958

## 17 Share-based payments

On 26 August 2020 two of the Directors were granted equity settled share-based payments. The principal terms of these grants are as follows:

James Normand was 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 became 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, on the same date, 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 became 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.

None of the options granted have been exercised.

The options issued in August 2020 have been valued using the Monte Carlo option pricing model. The amount of remuneration expense in respect of the share options granted amounts to £20,000 (2021: £21,000).

Options were also granted to directors in September and October 2015. If not exercised beforehand, these will lapse in September and October 2022. They have been valued using the Black Scholes option pricing model.

# notes to the financial statements

for the year ended 31 March 2022

## 17 Share-based payments continued

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

	Options granted 26 August 2020	Options granted 22 October 2015	Options granted 18 September 2015
Share price at grant date (pence)	0.05	0.21	0.19
Exercise price (pence)	0.024	0.21	0.15
Expected life (years)	10	7	7
Annualised volatility (%)	86.9	79.47	70.98
Risk-free interest rate (%)	2.0	2.0	2.0
Fair value determined (pence)	0.03	0.15	0.13
Number of options granted	270,000,000	6,400,000	10,489,560
Options exercisable at 31 March 2022	270,000,000	6,400,000	10,489,560

The expected future annualised volatility was calculated using historic volatility data for the Company's share price.

The options issued in 2015 are not subject to any performance criteria. However the options issued in 2020 are subject to performance criteria.

During the period, 8,235,294 options granted in April 2014 and 4,000,000 options granted in October 2014 lapsed. The fair value of these options recorded in the financial statements and processed as historic remuneration expense was £106,000.

The options granted in 2015 are set to lapse in 2022. The fair value of these options has been recorded in the financial statements as historic remuneration expense.

## 18 Contingent liabilities

Under the terms of the Company's loan receivable from BIXX Tech Limited, described in note 9, the Company has provided an undertaking to distribute a sum equal to any repayment of the loan to the holders of the Special Deferred Shares (see note 13). This distribution will be by way of a dividend declared on the Special Deferred Shares ("the Special Dividend"). In the event that insufficient distributable reserves exist at the end of the seven-year loan term, the repayment of the loan will be deferred for a further year. This deferral will continue until such a time as the Company has sufficient distributable reserves to be able to pay the Special Dividend. As at 31 March 2022, the carrying value of the loan receivable was £674,000 (2021: £645,000) and, at the scheduled maturity date, the final settlement value will be £855,000.

## 19 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 £62,000 (2021: £62,000) in respect of his Director's fees to the Company. The balance due to Ocean Park Developments Limited at the year-end was £nil (2021: £nil).



# notes to the financial statements

for the year ended 31 March 2022

## 19 Related party transactions continued

### BIXX Tech Limited

Antony Laiker, a significant shareholder of Vela and recently appointed Director is also a director of BIXX Tech Limited.

On 26 August 2020, the Company transferred certain investments to a newly formed wholly owned subsidiary, BIXX Tech Limited, for consideration totalling £855,000 repayable after seven years. Following the transfer of the investments, BIXX Tech Limited was sold to a newly formed company, BIXX Limited, with the same shareholders as Vela Technology Plc for consideration of £1. As at 31 March 2022, the carrying value of the balance due from BIXX Tech Limited was £674,000 (2021: £645,000).

The disposal constituted a related party transaction under the AIM Rules as Antony Laiker, a director of the Company was the sole shareholder of BIXX Limited prior to the disposal.

## 20 Events after the balance sheet date

### *Investment in EnSilica Plc*

In May 2022, EnSilica successfully completed its admission onto the AIM market. On admission Vela's investment of £750,000 in convertible loan notes and accrued interest were converted into 1,764,788 ordinary shares representing 2.3 per cent of the issued share capital.

### *Investment in TruSpine Plc*

In June 2022, the Company completed the subscription for 6,000,000 ordinary shares in TruSpine for a cost of £300,000, representing 5.07 per cent of TruSpine's issued share capital.

### *Disposal of investment in Northcoders Plc*

In September 2022, the Company disposed of 25,000 shares in Northcoders at a price of £3.50 generating gross proceeds of £87,500. Following the disposal Vela was interested in 316,666 shares representing 4.6 per cent of the issued share capital.

## Vela Technologies Plc

### Explanatory statements

Information relating to resolutions to be proposed at the AGM is set out below. The notice of AGM is set out overleaf.

The following resolutions will be proposed at the AGM:

- (a) *Resolution 1:* to approve the annual report and accounts. The Directors are required to lay before the Company at the AGM the accounts of the Company for the financial year ended 31 March 2022, the report of the Directors and the report of the Company's auditors on those accounts.
- (b) *Resolution 2:* to approve the re-appointment of TC Group as auditors of the Company. The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the next such meeting.
- (c) *Resolution 3:* to approve the remuneration of the auditors for the next year.
- (d) *Resolution 4:* to approve the re-appointment of James Normand as a Director. Under the Articles of Association, Directors must retire and submit themselves for re-election at the annual general meeting if they have not done so at either of the two previous annual general meetings.
- (e) *Resolution 5:* to approve the re-appointment of Antony Laiker as a Director. Mr Laiker joined the Board on 21 July 2022. Under the Articles of Association, Directors must be re-appointed at the first annual general meeting following their appointment.
- (f) *Resolution 6:* to approve the Directors to issue financial statements and other relevant company documents via electronic means.
- (g) *Resolutions 7 and 8:* to approve the renewal of general authorities to allot shares, which expire at the AGM, for the purpose of (i) granting the Directors general authority to allot up to a maximum nominal amount of £400,000, representing approximately 24.6% of the current issued ordinary share capital; and (ii) disapplying pre-emption rights in connection with the allotment of up to a maximum nominal amount of £400,000, representing approximately 24.6% of the current issued ordinary share capital.

**Vela Technologies plc**

*(Registered in England No. 03904195)*

**Notice of Annual General Meeting**

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting of the Company will be held at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, West Yorkshire BD16 1PY at 12 noon on 25 October 2022 for the following purposes:

**RESOLUTIONS**

***Ordinary business***

To consider and, if thought fit, to pass resolutions 1 to 6 (inclusive) as ordinary resolutions:

- 1 To receive and adopt the directors' report, the auditor's report and the Company's accounts for the year ended 31 March 2022.
- 2 To re-appoint TC Group as auditor in accordance with section 489 of the Companies Act 2006, to hold office until the conclusion of the next Annual General Meeting of the Company.
- 3 To authorise the Directors to determine the remuneration of the auditor.
- 4 To re-appoint James Normand as a Director of the Company.
- 5 To re-appoint Antony Laiker as a Director of the Company.

***Special business***

To consider and, if thought fit, to pass resolutions 6 and 7 as ordinary resolutions, and resolution 8 as a special resolution:

- 6 That the Company may send or supply documents or information to members by making them available on a website or via other electronic means.
- 7 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended to exercise all the powers of the Company to allot shares and/or rights to subscribe for or to convert any security into shares, provided that the authority conferred by this resolution shall be limited to the allotment of shares and/or rights to subscribe or convert any security into shares of the Company up to an aggregate nominal amount of £400,000, such authority (unless previously revoked, varied or renewed) to expire on the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months after the date on which this resolution has been passed, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares and/or rights to subscribe for or to convert any security into shares to be allotted after such expiry and the directors may allot such shares and/or rights to subscribe for or to convert any security into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

8 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be and are hereby generally empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) pursuant to the general authority conferred by resolution 7 above for cash or by way of sale of treasury shares as if Section 561 of the Companies Act 2006 or any pre-emption provisions contained in the Company's articles of association did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

- (i) any allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as may be practicable) to their then holdings of such securities, but subject to the directors having the right to make such exclusions or other arrangements in connection with such offer as they deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever;
- (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £400,000;

such authority and power (unless previously revoked, varied or renewed) to expire on the earlier to occur of 15 months after the passing of this resolution or the conclusion of the next Annual General Meeting of the Company, provided that the Company may prior to such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power hereby conferred had not expired.

Dated: 27 September 2022

*Registered Office:*  
15 Victoria Mews  
Mill Field Road  
Cottingley Business Park  
Cottingley  
Bingley  
West Yorkshire  
BD16 1PY

*By order of the Board*  
Emma Wilson  
Secretary

#### Notes:

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. **There are no longer any Covid-19 related legal prohibitions on attending the meeting in person. However, in light of the continuing impact of Covid-19, current government guidance, and recognising that some members and proxies may still be reluctant to attend in person, (i) the vote on each of the resolutions put to the meeting will be taken on a poll; and (ii) shareholders are strongly advised to appoint the chairman of the meeting as their proxy.**
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. **As all resolutions will be taken on a poll, shareholders are strongly advised to appoint the chairman of the meeting as their proxy.**
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the enclosed proxy form.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- (a) completed and signed;
- (b) sent or delivered to the Company's Registrars, Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD; and
- (b) received by no later than 12 noon on 21 October 2022.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

7. To change your proxy appointment, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; and any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, you may photocopy the enclosed proxy form.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

8. In order to revoke a proxy appointment you will need to inform the Company by sending a signed hard copy notice clearly stating that you revoke your proxy appointment to Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by no later than 12 noon on 21 October 2022.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person.

9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company as at 6.00 p.m. on 21 October 2022 or, if this meeting is adjourned, at 6.00 p.m. on the date two business days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.