Registration number 03904195

Vela Technologies PLC

Annual Report and Financial Statements 2017

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chairman's statement

for the year ended 31 March 2017

It gives me great pleasure to present the annual report and financial statements for the year ended 31 March 2017.

The period under review produced total comprehensive income of £993k, resulting from significant unrealised gains on our investment portfolio (year ended 31 March 2016- £204k). The Company also generated realised gains on the sale of investments in the period amounting to £186k. Cash at bank at the year end was approximately £383k which has been added to during the current financial year following sales of shares in BTL Group Ltd (TSX: BTL). During the financial year the Company raised £400k through the issue of unsecured loan notes in October 2016 and, in February 2017, the Company completed a 10% Bond issue with UK Bond Network Limited raising gross £550k.

As at 31 March 2017 gross assets were £3.85 million (31 March 2016- £2.15 million) and investments were valued at £3.45 million (31 March 2016- £1.98 million). The Board is pleased to have seen a strong uplift in the valuation of its investment portfolio in the period under review, resulting from new investments made and positive revaluations on certain investments held. Note 8 to the financial statements provides further details on the valuation of the investment portfolio and additions and disposals made during the financial year under review.

The Directors have reviewed numerous investments but in the period under review have only added one new investment to the portfolio, this being a £200k investment into THEVIBE Limited, a fan-to-fan ticket platform. We have also increased our holdings in Portr Limited and BTL. Whilst the remainder of the portfolio; Stream TV, Revolve Performance, Disruptive Tech Limited, The Social Superstore Limited and Rosslyn Data Technologies plc make progress we have decided to write off the remaining small balance of our investment in Advance Laser Imaging Limited. We also sold our remaining holding in SalvaRx in the period under review.

Shareholders should avail themselves of the Company website for full information on announcements made by the Company. The website link is www.velatechplc.com.

Looking forward we continue to manage our existing portfolio and review potential new investments, although we are finding that the expectations of business owners as to the valuation of their business are somewhat inflated relative to the business risk.

strategic report

for the year ended 31 March 2017

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

At the period end the Company holds approximately £383k of cash (31 March 2016: £200k) and continues to keep administration costs to a minimum so that the Company has sufficient resources to cover the Company's ongoing running costs and has maximum funds that can be dedicated to further investments.

Additional funds were raised during the period through the issue of bonds and convertible loan notes. These funds have provided the Company with additional capital in order to acquire additional investments. Further details regarding the loans issued in the period are provided in note 11.

The Company's net loss for the year is £72k (12 months ended 31 March 2016: £351k). However, the overall total comprehensive income, which also includes the unrealised gains on investments carried at fair value, was a positive £993k (2016: £204k).

The valuation of the investment portfolio under accounting rules and recorded in these financial statements at 31 March 2017 was £3,455k (2016: £1,918k), an increase of £1,537k on the prior year. During the year Vela invested £602k in disruptive technology businesses. Further details of these investment additions are given in note 8. The Company also recorded an unrealised gain through Other Comprehensive Income on its estimate of the fair value of the investment portfolio at 31 March 2017. This gain, of £1,127k, included a significant increase in the estimate of the fair value of the Company's investment in BTL. We update shareholders regularly on investee company performance through our website newsfeed, as information becomes available, and further detailed information can be found here.

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

Key performance indicators (KPIs)
Measuring performance is integral to the next phase of our strategic growth. The Directors have selected KPIs to benchmark to the Company's progress. The Directors consider investment income, profit before tax and investment growth as KPIs in measuring Company performance.

Investment income is detailed in the statement of comprehensive income.

Management is satisfied with the level of costs and that these have been maintained to a minimum level and the loss is as expected for the Company.

Investment growth is detailed above and in note 8.

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

The Company is committed to maintaining its minimal operational costs.

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

Approved by the Board of directors and signed on behalf of the Board on 21 September 2017.

Nigel Brent Fitzpatrick MBE

Non-Executive Chairman

directors and advisers

Nigel 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 Risk Alliance Group Ltd, Halcyon Oil & Gas Limited and Aboyne-Clyde Rubber Estates of Ceylon Limited. He is also non-executive Director of Powerhouse Energy Plc and Acorn Minerals Plc. He is a member of the Audit Committee Institute. In the Queen's Birthday Honours List 2012, Mr Fitzpatrick was awarded an MBE.

Antony Jon Laiker

Chief Executive Officer

Mr Laiker has over 33 years of experience as a stockbroker, the last 23 years of which have been largely focused on managing assets and advising a wide range of clients on UK equities as well as assisting companies to raise funds. He is a member of the Chartered Institute for Securities and Investment.

Directors

Nigel Brent Fitzpatrick MBE

Non-Executive Chairman

Antony Jon Laiker

Chief Executive Officer

Registered office

10b Russell Court
Cottingley Business Park
Bingley
West Yorkshire
BD16 1PE

Nominated adviser

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

Auditors

Murray Harcourt Limited
Elizabeth House
13-19 Queen Street
Leeds
LS1 2TW

Company secretary

E K Wilson

Registrars

Neville Registrars
Neville House
18 Laurel Lane
Halesowen
B63 3DA

Solicitors

Hewitson Moorhead
Kildare House
3 Dorset Rise
London EC4Y 8EN

Broker

Smaller Company Capital Limited
4 Lombard Street
London
EC3V 9HD

Accountants

Bailey Wilson
10b Russell Court
Bingley BD16 1PE

Bankers

Barclays Bank plc
27 Soho Square
London W1D 3QR

corporate governance

for the year ended 31 March 2017

The Company is committed to applying the highest principles of corporate governance commensurate with its size.

Compliance

As the Company is listed on AIM, it is not required to, and does not comply with the provisions set out in the UK Corporate Governance Code issued by the Financial Reporting Council, nor is it required to comment on its compliance with such provisions.

However, the following information is provided voluntarily, which describes how the principles of corporate governance are applied by the Company.

Directors

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy and meets regularly. External advisers supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The Board consists of two Directors, who bring a breadth of experience and knowledge.

The Chairman of the Board is Brent Fitzpatrick. The Board members are described on page 3 to the financial statements. All Directors are subject to re-election every three years and at the first Annual General Meeting (AGM) after their appointment. The Board has not appointed a Nomination Committee.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. It therefore holds regular meetings with its institutional shareholders to discuss objectives.

The AGM is used to communicate with investors and they are encouraged to participate. The Chairman is available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and financial statements. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

Accountability and audit

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price-sensitive reports and reports to regulators, as well as in the information required to be presented by statutory requirements.

The Company does not require a separate audit committee and, as such, the Board as a whole reviews the independence and objectivity of the external auditor. This includes reviewing the nature and extent of non-audit services supplied by the external auditor to the Company, seeking to balance objectivity and value for money.

Internal controls

The Board is responsible for maintaining a sound system of internal controls to safeguard both the shareholders' investment and the Company's assets.

The Board has reviewed its risk management framework to identify areas where procedures need to be changed or installed.

The Board has considered the need for an internal audit function but has decided that the size of the Company does not justify this at present. However, it will keep the decision under review. The Board has reviewed the operation and effectiveness of the Company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

corporate governance

for the year ended 31 March 2017

The Directors are responsible for the Company's system of internal control and reviewing its effectiveness. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The key features of the Company's system of internal control are as follows:

Steps taken to ensure an appropriate control environment

The Board has put into place a management structure with clearly defined responsibilities for internal financial control.

Process used to identify major business risks and to evaluate their financial implications

The identification of major business risks is carried out in conjunction with operational management and steps are taken to mitigate or manage these risks where possible.

Major information systems that are in place

There are comprehensive financial management reporting systems in place, which involve the preparation of detailed annual budgets by the Company and longer-term financial forecasting. The budgets are generated by the responsible member of the management team and passed to the Board for approval. The Board monitors performance against budget on a regular basis.

Main control procedures which address the financial implications of the major business risks

The Company maintains financial controls and procedures appropriate to the business environment conforming to overall standards and guidelines, which are set by the Board.

Monitoring system the Board uses to check the system is operating effectively

The external auditors review the control procedures to the extent necessary for expressing their audit opinion and report on any weakness arising during the course of their audit work. The Board has reviewed the operation and effectiveness of the Company's system of internal financial control for the financial period and for the period up to the date of the approval of these financial statements.

Going concern

After making appropriate enquiries (described on page 8), the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future (in accordance with the Report of the Directors). For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Nigel Brent Fitzpatrick MBE
Non-Executive Chairman

report on remuneration

for the year ended 31 March 2017

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern 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 12 months.

As the Company is in the early stages of building an investment portfolio the Company has elected not to have a separate remuneration 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.

Main elements of executive remuneration

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

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

Fees

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

Annual bonus payments

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

Share based payment

The Board establishes the objectives which must be met for a share based payment to be paid. A performance related award scheme incorporating audited earnings per share, share price performance and Company profitability has been established which recognises the success of the business for which the Executive Director is responsible. All share based entitlements for the Directors are disclosed in note 5 to the financial statements.

Non-Executive Directors

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

Details of Directors' remuneration

This report should be read in conjunction with note 5 to the financial statements, which also form 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.

Nigel Brent Fitzpatrick MBE
Non-Executive Chairman

report of the directors

for the year ended 31 March 2017

The Directors present their report together with the financial statements for the year ended 31 March 2017.

General information
The Company is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM market of 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 2017.

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

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

The Directors who served during the period under review are:

N B Fitzpatrick
A Laiker

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

Substantial shareholders
At 31 March 2017 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares, save for the Directors whose interests are disclosed in note 5 to the financial statements:

	Shareholding	%
JIM Nominees Ltd	*312,679,068*	*43.33*
Hargreaves Lansdown (Nominees) Limited Des: VRA	*68,466,325*	*9.49*
HSBC Global Custody Nominees Limited Des: 676112	*31,749,500*	*4.40*
Beaufort Nominees Limited	*29,665,029*	*4.11*
HSBC Global Custody Nominees Limited Des: 813934	*25,614,000*	*3.55*

report of the directors

for the year ended 31 March 2017

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 1. In addition, note 14 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.

The Company has continued to progress as a long term investment Company seeking to invest in early stage and pre-IPO businesses that want to develop. As a result of this the Company has reported a loss for the current year and continues to maintain minimal running costs ensuring that such losses are kept to a minimum. The current year loss has further increased the brought forward losses which are in line with the expectations of the Directors as the Company moves to becoming an established investment Company. Furthermore, the Company is reporting negative operating cash flows which the Directors are continuing to minimise by managing the cash balances effectively ensuring that funds are preserved to ensure the running costs are met, availability of cash is key in making decisions for the Company. In addition, liquidity can be maintained by selling some of the Company's quoted investments, for which there is an active market. Additional funds have also been raised in the period through the issue of loan notes and bonds, as detailed in note 11, in order to finance further investment. These borrowings are not due for repayment until September 2018 at the earliest.

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 Strategic Report and Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

report of the directors

for the year ended 31 March 2017

Investing Policy

The Company's investing policy is set out below:

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

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

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

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

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

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

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

report of the directors

for the year ended 31 March 2017

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

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

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

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

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

Post balance sheet events

Disposal of BTL shares
On 6 April 2017, the Company disposed of 56,700 common shares held in BTL generating net proceeds of CAN$232,564.

On 19 April 2017, the Company disposed of 20,000 common shares held in BTL for a consideration of CAN$92,850.

On 30 May 2017, the Company disposed of a further 50,000 common shares held in BTL for a consideration of CAN$263,106.

Investment in BTL Group Ltd
On 18 April 2017 the Company announced the completion of a follow-on investment of C$135,000 in BTL Group Ltd.

Investment in Rosslyn Technologies plc
On 26 April 2017, the Company announced that it had conditionally subscribed for 1,111,111 ordinary shares for a consideration of £50,000. This investment completed in May 2017.

Auditors

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

Strategic Report

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

On behalf of the Board

Nigel Brent Fitzpatrick MBE
Non-Executive Chairman
21 September 2017

independent auditor's report

for the year ended 31 March 2017

We have audited the financial statements of Vela Technologies Plc for the year ended 31 March 2017 which comprise the accounting policies, the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 8**,** the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;

- have been properly prepared in accordance with IFRS as adopted by the European Union; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our 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 and the Directors’ Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.

Steven Williams FCA
Senior Statutory Auditor
for and on behalf of Murray Harcourt Limited
Statutory Auditor, Chartered Accountants
13-19 Queen Street
Leeds
LS1 2TW

21 September 2017

accounting policies

for the year ended 31 March 2017

1a Presentation of financial statements

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

Changes in accounting policy

At the date of authorisation of these financial statements the following standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements:

- IFRS 9 Financial Instruments (effective 1 January 2018) (not yet EU adopted)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) (not yet EU adopted)
- IFRS 16 Leases (effective 1 January 2019) (not yet EU adopted)

The Directors are in the process of assessing the impact that the application of these standards and interpretations will have on the financial statements.

1b Going concern

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

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they adopt the going concern basis in preparing the annual report and financial statements. Further information is also provided on page 8.

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. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

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 equity.

Financial instruments

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

accounting policies

for the year ended 31 March 2017

Investments

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

The basis on which investments are valued is detailed in note 14 to the accounts.

Investments held are classified as available for sale. Any gains or losses arising from the sale of such assets are recognised through comprehensive income with the exception of impairment losses which are charged directly to profit or loss. Weighted average cost is used to determine the cost of shares disposed of in the period.

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

Trade and other receivables

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

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

Trade and other payables

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

Loans and borrowings

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

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

Cash and cash equivalents

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

Equity instruments

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

Equity

Equity comprises the following:

Share capital	–	represents the nominal value of equity shares
Share premium	–	represents the excess over the nominal value of the fair value of consideration for shares issued
Available for sale reserve	–	represents the cumulative fair value movement on available for sale investments held at the balance sheet date
Share option reserve	–	represents the cumulative charges for share based payments
Retained earnings	–	represents the accumulated retained profits

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 polices

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

Investments have been valued in accordance with the accounting policy set out in section 1c. The Directors have used their judgement in valuing certain unquoted investments at cost. The use of cost for measurement is acceptable under IAS 39 when fair value cannot reliably be measured. From consideration of the information available in respect of certain investments as at the year end, the Directors' judgement was that fair value could not reliably be measured for certain unquoted investments and hence using a cost less impairment approach was appropriate. Further details in respect of investment valuations is provided in notes 8 and 14 to the financial statements.

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 14.

statement of comprehensive income

for the year ended 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Revenue	1	**7**	9
Administrative expenses			
– share-based payments		**-**	(23)
– other administrative expenses		**(212)**	(181)
– profit/(loss) on disposal of available-for-sale assets		**186**	(13)
– impairment of available-for-sale assets		**(25)**	(143)
Total administrative expenses		**(51)**	(360)
Operating loss	2	**(44)**	(351)
Finance expense	4	**(28)**	-
Loss before tax		**(72)**	(351)
Income tax	6	**-**	-
Loss		**(72)**	(351)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Fair value movement on available-for-sale investments		**1,127**	449
Reclassification of changes in fair value of available-for-sale investments to profit or loss		**(62)**	106
Other comprehensive income for the year		**1,065**	555
Total comprehensive income		**993**	204
Attributable to:			
Equity holders of the Company		**993**	204
Earnings per share			
Basic and diluted loss per share (pence)	7	**(0.01)**	(0.07)

balance sheet

as at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Non-current assets			
Investments	8	**3,455**	1,918
Current assets			
Trade and other receivables	9	**13**	36
Cash and cash equivalents	13	**383**	200
Total current assets		**396**	236
Total assets		**3,851**	2,154
Equity and liabilities			
Equity			
Called up share capital	12	**722**	722
Share premium account		**1,117**	1,117
Available-for-sale reserve		**1,873**	808
Share option reserve		**130**	130
Retained earnings		**(873)**	(801)
Total equity		**2,969**	1,976
Current liabilities			
Trade and other payables	10	**22**	178
Total current liabilities		**22**	178
Non current liabilities			
Loans and borrowings	11	**860**	-
Total non current liabilities		**860**	-
Total equity and liabilities		**3,851**	2,154

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 21 September 2017 by:

Nigel Brent Fitzpatrick MBE
Non-Executive Chairman

Company registration number: 03904195

cash flow statement

for the year ended 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Operating activities			
Loss before tax		**(72)**	(351)
(Profit)/loss on disposal of available-for-sale assets		**(186)**	13
Impairment of available-for-sale assets		**25**	143
Share-based charge		**-**	23
Finance expenses		**28**	-
Decrease/(Increase) in receivables		**-**	(5)
Decrease in payables		**(5)**	(2)
Tax charge		**-**	-
Total cash flow from operating activities		**(210)**	(179)
Investing activities			
Consideration for disposal of investment		**247**	14
Consideration for purchase of investment		**(726)**	(235)
Total cash flow from investing activities		**(479)**	(221)
Financing activities			
Proceeds from issue of loans (net of issue costs)		872	-
Proceeds from the issue of ordinary share capital		**-**	444
Total cash flow from financing activities		**872**	444
Net increase in cash and cash equivalents		**183**	44
Cash and cash equivalents at start of year		**200**	156
Cash and cash equivalents at the end of the year	**13**	**383**	200

Cash and cash equivalents comprise:			
Cash and cash in bank		**383**	200
Cash and cash equivalents at end of year	**13**	**383**	200

statement of changes in equity

for the year ended 31 March 2017

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Available -for-sale reserve £'000	Share Option Reserve £'000	Total Equity £'000
Balance at 1 April 2016	**722**	**1,117**	**(801)**	**808**	**130**	**1,976**
Transactions with owners						
Issue of share options	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the year	-	-	(72)	-	-	(72)
Other comprehensive income	-	-	-	1,065	-	1,065
Total comprehensive income	**-**	**-**	**(72)**	**1,065**	**-**	**993**
Balance at 31 March 2017	**722**	**1,117**	**(873)**	**1,873**	**130**	**2,969**
Balance at 1 April 2015	459	936	(450)	253	107	1,305
Issue of share options	-	-	-	-	23	23
Issue of share capital	263	181	-	-	-	444
Transactions with owners	263	181	-	-	23	467
Loss for the year	-	-	(351)	-	-	(351)
Other comprehensive income	-	-	-	555	-	555
Total comprehensive income	-	-	(351)	555	-	204
Balance at 31 March 2016	722	1,117	(801)	808	130	1,976

notes to the financial statements

for the year ended 31 March 2017

1 Revenue and segmental information

The Company is an investment Company and as such there is only one identifiable operating segment, being the holding and support of investments. Furthermore, the Company operates in a single geographic segment being the United Kingdom. The results and balances and cash flows of the segment are as presented in the primary statements. Revenue received in the period under review represents the accrued value for interest receivable from loan notes held in investee company Stream TV Networks.

2 Loss from operations

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

	31 March 2017 £'000	31 March 2016 £'000
Auditors' remuneration for auditing of accounts	**10**	9
Auditors' remuneration for non-audit services	**1**	1
Foreign exchange losses/(gains)	**4**	(4)
(Profit)/Loss on disposal of available-for-sale assets	**(186)**	13
Impairment of available-for-sale assets	**25**	143

3 Staff costs

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

	31 March 2017	31 March 2016
Directors and senior management	**2**	2
Total	**2**	2

The aggregate payroll costs for these persons were as follows:

	31 March 2017 £'000	31 March 2016 £'000
Aggregate wages and salaries	**95**	78
Social security costs	**-**	-
Share-based payments	**-**	23
Pensions costs	**-**	-
	95	101

4 Finance expense

	31 March 2017 £'000	31 March 2016 £'000
Loan note interest	**18**	-
Bond interest	**10**	-
Total finance expense	**28**	-

Included in finance expenses is £6k in respect of the amortisation of loan issue costs.

5 Directors and senior management

Directors' remuneration

	31 March 2017				
	Salary	**Fees**	**Pension**	**Equity**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
N B Fitzpatrick	-	40	-	-	**40**
A Laiker	-	55	-	-	**55**
	-	95	-	-	**95**

	31 March 2016				
	Salary	Fees	Pension	Equity	Total
	£'000	£'000	£'000	£'000	£'000
N B Fitzpatrick	-	32	-	-	**32**
A Laiker	-	46	-	-	**46**
	-	78	-	-	**78**

Directors' and senior management's interests in shares

The Directors who held office at 31 March 2017 held the following shares:

	31 March 2017	31 March 2016
N B Fitzpatrick	**1,500,000**	1,500,000
A Laiker	**35,191,724**	35,191,724

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

	31 March 2017 £'000	31 March 2016 £'000
Directors	**-**	23

As at 31 March 2017, the total number of outstanding options held by the Directors over ordinary shares is 29,124,854, representing 4.0 per cent of the Company's issued share capital. Each Director holds 14,562,427 options.

Further details regarding the options issued are provided in note 15.

6 Tax

	31 March 2017 £'000	31 March 2016 £'000
Current tax:		
UK tax	**-**	-
Tax charge	**-**	-

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 £4.5m (2016: £4.4m). In addition, a deferred tax liability on the cumulative fair value gain of £1,873k on available-for-sale assets has not been recognised on the basis that it would be offset by available taxable losses.

notes to the financial statements

for the year ended 31 March 2017

6 Tax (continued)

Tax reconciliation

	31 March 2017 £'000	31 March 2016 £'000
Loss before tax	**(72)**	(351)
Tax at 20% (2016: 21%) on loss before tax	**(14)**	(74)
Effects of:		
Other expenses not deductible	**-**	7
Utilisation of losses	**-**	-
Unrelieved losses carried forward	**14**	67
Total tax (credit)/expense	**-**	-

7 Loss per share

Loss per share has been calculated on a loss after tax of £72,000 (2016: £351,000 loss) and the weighted number of average shares in issue for the year of 721,588,020 (2016: 533,749,896).

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

	31 March 2017	31 March 2016
Loss (£'000)	**(72)**	(351)
Loss per share (pence)	**(0.01)**	(0.07)

8 Investments

	31 March 2017 £'000	31 March 2016 £'000
Opening balance	**1,918**	1,147
Additions during the year	**602**	386
Disposals during the year	**(163)**	(17)
Exchange rate differences	**(4)**	3
Gain included in Other Comprehensive Income	**1,127**	449
Current year impairment charged to profit or loss	**(25)**	(50)
Closing balance	**3,455**	1,918

Additions during the year:

Further investment in BTL

On 6 May 2016 the Company subscribed for 41,666 shares and 41,666 warrants in BTL for consideration of CAN$25,000.

On 18 November 2016, the Company acquired a further 41,666 shares in BTL, via the exercise of the 41,666 warrants, for consideration of CAN$41,666. As at 31 March 2017, taking into account the disposals below, the Company held 689,800 shares in BTL, equivalent to 4.0 per cent. of BTL's share capital.

In addition, on 23 March 2017, the Company conditionally acquired 50,000 shares and 25,000 warrants in BTL for consideration of CAN$135,000. This transaction has been included within investment additions in the period, on the basis that the consideration was paid before 31 March 2017 and the transaction was substantially complete by 31 March 2017.

Conversion of Stream TV loan note

On 23 June 2016 the Company entered into a conversion notice agreeing to an early conversion of its $100,000 Stream TV Convertible Promissory Notes (CPN's), along with accrued interest of $43,693, into new Class A common shares in Stream TV at a price of $3.00 per share. The accrued interest includes a bonus of $7,500 as a consequence of early conversion. Following the conversion, the Company has an interest of 0.14% in the Class A common share capital of Stream TV.

Investment in THEVIBE Limited

In September 2016 the Company submitted an order to Crowdcube to invest £200,000 in THEVIBE Limited. On 3 October 2016 the investment became binding and completed in November 2016. Following completion of the funding round the Company holds 428,346 ordinary shares in THEVIBE Limited.

Further investment in Portr Limited

On 10 January 2017 the Company invested a further £100,000 in Portr for 9,452 ordinary shares. Following this new investment the company was interested in 111,441 ordinary shares. A further £150,000 was invested in Portr in February 2017 for a further 14,178 ordinary shares.

Disposals during the year:

Disposal of SalvaRx shares

Between April 2016 and August 2016 the Company disposed of all of the shares held in SalvaRx for an aggregate consideration of £68,505, net of disposal costs.

Sale of Rosslyn Data Technologies plc shares

In July 2016 and January 2017, the Company disposed of 30,000 shares and 73,368 shares respectively for an aggregate consideration of £8,485 net of transaction costs.

Sale of BTL shares

During March 2017 the Company disposed of 94,232 shares in BTL for an aggregate consideration of £169,530 net of transaction costs.

8 Investments (continued)

Transfer of Portr Limited shares
In February 2017, the Company transferred 3,780 shares in Portr Limited as consideration for the provision of a personal guarantee, as detailed in note 11. The Company held 121,839 shares in Portr Limited as at 31 March 2017.

9 Trade and other receivables

	31 March 2017 £'000	31 March 2016 £'000
Other receivables	**13**	13
Prepayments and accrued income	**-**	23
	13	36

10 Trade and other payables

	31 March 2017 £'000	31 March 2016 £'000
Trade payables	**5**	13
Accruals and deferred income	**17**	165
	22	178

11 Loans and borrowings

Loans due after 1 year	**31 March 2017 £'000**	31 March 2016 £'000
Convertible loan notes	**408**	-
Bonds	**452**	-
	860	-

On 9 September 2016, the Company issued £400,000 of convertible unsecured loan notes to certain Shareholders, including Antony Laiker (a director of the Company). The loan notes are repayable on 30 September 2018 and carry an annual interest rate of 8 per cent. The Loan Notes will be convertible into Ordinary Shares at 0.15p per share, a discount of 6.25 per cent. to the closing bid price of 0.16p per share on 8 September 2016. The Directors consider the convertible loan notes to represent a compound financial instrument. The Directors consider the equity element of the instrument to be immaterial. Accordingly, the full balance is classified as a financial liability.

On 1 February 2017, the Company launched the issue of secured bonds, through UK Bond Network, to raise £550,000 for the Company. The Bonds have a coupon of 10% and a term of 3 years with full repayment in cash of the principal amount of the Bonds due at maturity. The Bonds may be repaid at the option of Vela: (i) after the first anniversary of the issue of the Bond, together with all accrued (but unpaid) interest on the amount prepaid; or (ii) prior to the first anniversary of issue, together with the interest that would have accrued up to the first anniversary had the Bond not been prepaid. The Bonds will not be convertible into ordinary shares in the capital of the Company.

The Bonds are secured by way of a fixed charge over the shares that the Company owns in Portr Limited and a floating charge over all other assets of the Company present and future.

11 Loans and borrowings (continued)

Further protection for bondholders has been provided through a personal guarantee being given by Scott Fletcher, an existing shareholder in the Company and the Chairman of UK Bond Network. As consideration for the provision of the personal guarantee, Scott Fletcher received a fee of £40,000 from the Company which was satisfied by the Company transferring 3,780 shares that it previously held in Portr Limited to Scott Fletcher.

The loan balances above are stated net of debt issue costs and rolled up interest amounting to £90k.

12 Share capital

	31 March 2017 £'000	31 March 2016 £'000
Authorised capital		
9,999,520,000 ordinary shares of 0.1 pence each	**10,000**	10,000
	10,000	10,000
Allotted, called up and fully paid capital		
721,588,020 ordinary shares of 0.1 pence each	**722**	722
	722	722

Allotments during the period

The Company allotted the following ordinary shares during the year:

	31 March 2017
Shares in issue at 1 April 2016	721,588,020
Shares issued during the year	-
Shares in issue at 31 March 2017	721,588,020

	31 March 2016
Shares in issue at 1 April 2015	459,088,020
Shares issued during the period	262,500,000
Shares in issue at 31 March 2016	721,588,020

On 26 September 2016, the Company passed a resolution to consolidate every 1,500 ordinary shares of 0.1p into one consolidated ordinary share of 150p ("Consolidated Ordinary Share"). All fractional shareholdings resulting from the consolidation were aggregated and sold for the best price reasonably obtainable. The proceeds were then distributed to the shareholders, subject to a minimum entitlement of £3, with the balance being retained by the Company.

Each Consolidated Ordinary Share of 150p arising from the consolidation was subsequently sub-divided into 1,500 ordinary shares of 0.1p. The retained balance of proceeds received by the Company amounted to £286.

13 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 March 2017 £'000	31 March 2016 £'000
Cash and cash in bank:		
Pound sterling	**383**	200
Cash and cash equivalents at end of year	**383**	200

notes to the financial statements

for the year ended 31 March 2017

14 Financial instruments

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

The fair values of all financial instruments, other than certain investments recorded at cost, 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 overleaf.

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

Credit risk

This section along with the liquidity risk and capital risk management sections below also form 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:

Classes of financial assets – carrying amounts	**31 March 2017 £'000**	31 March 2016 £'000
Available-for-sale financial assets measured at fair value through other comprehensive income (*)	**3,455**	1,918
Loans and receivables	**13**	13
	3,468	1,931

* where a reliable estimate of fair value cannot be determined, the investment is measured at cost less impairment (see below).

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

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

The Company is required to report the category of fair value measurements used in determining the value of its investments, 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 two (2016: three) investments classified in this category. The aggregate historic cost of the two investments is £299,393 (2016: £355,950 in respect of three investments) and the fair value as at 31 March 2017 was £1,446,713 (2016: £343,787).

14 Financial instruments (continued)

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 one (2016: one) unquoted investment classified in this category. The historic cost of this investment is £586,034 (2016: £351,343) and the fair value as at 31 March 2017 was £1,289,058 (2016: £1,079,050), giving rise to a cumulative gain of £703,024 credited to the available-for-sale reserve as at 31 March 2017. The investment was valued using the transaction price ascribed to the shares following a placing by the investee Company in March 2017.

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 holds 25,000 warrants, with an estimated fair value of £22,750, in relation to shares in one of its investee companies.

The Company has six (2016: five) investments that are held at cost less impairment as a reliable estimate of fair value cannot be determined. An impairment charge of £25,000 (2016: £50,000) has been recognised directly in profit or loss in respect of one of these investments. As at 31 March 2017 the historical cost of these investments amounted to £771,504 (2016: £545,413) and their aggregate carrying value was £696,504 (2016: £495,413).

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 2017		31 March 2016	
	Within	**Later than**	Within	Later than
	1 year	**1 year**	1 year	1 year
	£'000	**£'000**	£'000	£'000
At amortised cost:				
Financial liabilities at amortised cost	**22**	**860**	178	–
	22	**860**	178	–

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.

notes to the financial statements

for the year ended 31 March 2017

15 Share-based payments

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

No new share options have been issued in the current accounting period and the total number of options outstanding at 31 March 2017 was 29,124,854 (2016: 29,124,854). None of the options issued have either lapsed or been exercised in the period.

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

The amount of remuneration expense in respect of the share options granted amounts to £NIL (2016: £23,000).

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

	Options granted 22 October 2015	**Options granted 18 September 2015**	**Options granted 2 October 2014**	**Options granted 8 April 2014**
Share price at grant date (pence)	0.21	0.19	0.33	1.50
Exercise price (pence)	0.21	0.15	0.33	0.85
Expected life (years)	7	7	7	7
Annualised volatility (%)	79.47	70.98	95.16	74.23
Risk-free interest rate (%)	2.0	2.0	2.0	2.0
Fair value determined (pence)	0.15	0.13	0.26	1.17
Number of options granted	6,400,000	10,489,560	4,000,000	8,235,294
Options exercisable at 31 March 2017	4,266,667	6,993,040	4,000,000	8,235,294

None of the options outstanding as at 31 March 2017 are subject to any performance criteria

16 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

Nigel Brent Fitzpatrick, Non-Executive Director, is also a Director of Ocean Park Developments Limited. During the year the Company paid £40,000 (2016: £32,000) in respect of his Directors fees to the Company. The balance due to Ocean Park Developments Limited at the year end was £nil (2016: £nil).

Risk Alliance Insurance Brokers Limited

Nigel Brent Fitzpatrick, Non-Executive Director, is also a Director of Risk Alliance Insurance Brokers Limited. During the year the Company paid £5,756 (2016: £5,510) in respect of insurance fees at arm's length. The balance due to Risk Alliance Insurance Brokers Limited at the year end was £nil (2016: £nil).

16 Related party transactions (continued)

Widdington Limited

Antony Laiker, Director, is also a Director of Widdington Limited. During the year the Company paid £55,000 (2016: £46,000) in respect of his Directors fees to the Company. The balance due to Widdington Limited at the year end was £nil (2016: £nil).

During the year Antony Laiker subscribed for £200,000 of the 8% loan notes.

Kevin Sinclair

Kevin Sinclair, a shareholder of the Company, subscribed for £100,000 of the new bonds under the Company's 10% bond issue in February 2017. At 31 March 2017, Kevin Sinclair held 106,449,000 (14.75%) of the issued share capital of the Company through JIM Nominees Ltd.

Scott Fletcher

Scott Fletcher, a shareholder of the Company, subscribed for £200,000 of the 8% convertible loan notes issued by the company in September 2016.

Scott Fletcher also issued a personal guarantee relating to the payment obligations of the Company in respect of the 10% bond issue to a maximum guaranteed amount of £575,000. In consideration of Scott Fletcher entering into the personal guarantee, the Company entered into an agreement with him to pay him a fee of £40,000. This fee was satisfied by the Company transferring to him 3,780 ordinary shares in Portr, an investee company. As part of this agreement the Company has agreed that, until the Bonds have been repaid in full, the Company shall not increase the balance of its indebtedness beyond an aggregate amount of £950,000 without having notified Scott Fletcher and receiving his prior written consent.

Scott Fletcher held 63,944,656 Ordinary Shares at 31 March 2017 representing 8.86 per cent. of the issued share capital of the Company in addition to the 8% convertible loan notes above. He is also the chairman of UK Bond Network Limited, which acted on behalf of the Company in relation to the bond issue.

17 Events after the balance sheet date

Disposal of BTL shares

On 6 April 2017, the Company disposed of 56,700 common shares held in BTL generating net proceeds of CAN$232,564.

On 19 April 2017, the Company disposed of 20,000 common shares held in BTL for a consideration of CAN$92,850.

On 30 May 2017, the Company disposed of a further 50,000 common shares held in BTL for a consideration of CAN$263,106.

Investment in BTL Group Ltd

On 18 April 2017 the Company announced the completion of a follow-on investment of C$135,000 in BTL Group Ltd.

Investment in Rosslyn Data Technologies plc

On 26 April 2017, the Company announced that it had conditionally subscribed for 1,111,111 ordinary shares for a consideration of £50,000. Vela is interested in 1,411,111 ordinary shares in Rosslyn Data Technologies representing 0.75% of the company's issued share capital.

Explanation of resolutions at the Annual General Meeting

Information relating to resolutions to be proposed at the Annual General Meeting is set out below. The notice of AGM is set out on page 32.

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 2017, 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 Murray Harcourt Limited 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-election of Brent Fitzpatrick, who is retiring by rotation, and is submitting himself for re-election. 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) Resolutions 5 and 6: 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 55.4% 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 55.4% 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 2017 Annual General Meeting of the Company will be held at the offices of Allenby Capital Limited at 5 St Helen's Place, London EC3A 6AB at 10.00 a.m. on 19 October 2017 for the following purposes:

RESOLUTIONS

Ordinary business

To consider and, if thought fit, to pass resolutions 1 to 4 (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 2017.

2 To re-appoint Murray Harcourt Limited as auditor in accordance with section 489 of the Companies Act 2006, to hold office until the conclusion of the Annual General Meeting of the Company in 2018.

3 To authorise the Directors to determine the remuneration of the auditor.

4 To re-appoint Brent Fitzpatrick as a Director of the Company.

Special business

To consider and, if thought fit, to pass resolution 5 as an ordinary resolution and resolution 6 as a special resolution:

5 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 Annual General Meeting of the Company to be held in 2018 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.

6 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 5 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 Annual General Meeting of the Company to be held in 2018, 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: 25 September 2017

Registered Office:
10B Russell Court
Wool Gate
Cottingley Business Park
Cottingley
Bingley
West Yorkshire
BD16 1PE

By order of the Board
EK 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. 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.

3. 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.

4. 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.

5. 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, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; and

   (b) received by no later than 10.00 a.m. on 17 October 2017.

   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.

6. 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 apply in relation to amended instructions; 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.

7. 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, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. 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 10.00 a.m. on 17 October 2017.

   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.

8. 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 17 October 2017 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.