Registration number 03904195

Vela Technologies PLC

Annual Report and Financial Statements 2018

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chairman's statement

for the year ended 31 March 2018

The last financial year was one in which shareholders could be forgiven for thinking that Vela Technologies' fortunes were tied solely to the movement of cryptocurrencies. This perception brought the benefit of Vela becoming better known among the investment community. It also brought to Vela a significant number of new opportunities as well as an expanded shareholder base.

Vela's investments, though, stretch much wider than Blockchain and businesses related to cryptocurrency. Therefore, it is perhaps an opportune time to explain in more detail our activities in these areas and help shareholders understand our focus.

Vela's interest in Blockchain was initially via BTL Group, a company run by a highly knowledgeable management team in the Blockchain field. At that time, September 2015, the term Blockchain was hardly known among the investment community. However the merits of Blockchain in respect of cost savings, provenance and security were profound. BTL has since evolved from the early stage technology company that Vela invested in, to a highly regarded participant in the world of Blockchain and recently launched the Interbit platform.

Vela's recent investment in Argo Blockchain has provided Vela with the opportunity of investing in, at an early stage, in what became the first crypto-mining company to be listed on the London Stock Exchange. The share price performance of Argo Blockchain since the listing in August 2018 has been disappointing however Argo Blockchain have made a number of positive announcements which give Vela cause for optimism.

The investment in BlockchainK2 was made with a similar approach to that of BTL, namely that of TSX quoted cash shell company that had agreed to become a blockchain technology company. The shares are currently priced at around the cash on the balance sheet and we await news on management's plans for the future.

In summary, our focus is on Blockchain and Mining as a Service (MaaS). Vela does not have any direct exposure to the volatility of cryptocurrencies.

Outside of these three investments, our investee companies span a wide range of sectors. We will continue to communicate to shareholders as and when it is possible to do so.

Moving onto the financials, Vela's activities during the year produced a net loss of £160k. However, the total overall comprehensive income based on the latest accounting practices was a loss of £1.014m. This includes unrealised movements of £854k.

At 31 March 2018 gross assets were £3.62m (31 March 2017: £3.85m) and investments were valued at £2.76m (31 March 2017: £3.45m). Note 8 to the financial statements provides further details on the valuation of the investment portfolio together with additions and disposals made during year.

The Board of Vela reviewed a large number of new investment opportunities in the period under review and continues to do so. Several of these opportunities were very exciting and warranted further assessment. However, following due diligence and, in many cases, the valuation metrics that these companies were looking for, it was felt that the highly inflated valuations of these businesses could not be justified for a new investor. As a result of our findings, Vela is also now expanding its efforts to include seeking opportunities within UK publicly listed

Nigel Brent Fitzpatrick MBE

Non-Executive Chairman

strategic report
for the year ended 31 March 2018

Business review
Further details and key points 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 £847k of cash (31 March 2017: £383k) 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 of £750k (before expenses) were raised during the period through the issue of shares. These funds have provided the Company with additional capital in order to acquire additional investments. Further details regarding the shares issued in the period are provided in note 12.

The Company's net loss for the year is £160k (12 months ended 31 March 2017: £72k). The overall total comprehensive income, which also includes the unrealised gains and losses on investments carried at fair value, was a loss of £1,014k (2017: £993k gain).

The valuation of the investment portfolio at 31 March 2018 was £2,761k (2017: £3,455k), a decrease of £694k on the prior year. During the year Vela invested £786k in disruptive technology businesses. Further details of these investment additions are given in note 8. The Company also recorded an unrealised gain of £580k and an impairment charge of £1.254 million through Other Comprehensive Income on its estimate of the fair value of the investment portfolio at 31 March 2018. We update shareholders regularly on investee company performance through the dissemination of regulatory announcements as information becomes available, and further detailed information can be found on our website.

On 30 April 2018 TheVibe Ltd was placed into administration following a failure to reach a decision on a further fundraise. The business and assets of TheVibe Ltd were purchased by the former Chairman of Vibe via his holding company, Vibe Group Holdings Limited. As at 31 March 2018, the Company had invested £400,000 in TheVibe Ltd and this amount has been fully impaired in the financial statements presented for the year ended 31 March 2018.

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 movements are detailed above and in note 8 to the financial statements.

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 26 September 2018.

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 34 years of experience as a stockbroker, the last 24 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
6 Queen Street
Leeds
LS1 2TW

Company secretary

E K Wilson

Registrars

Neville Registrars
Neville House
Steelpark Road
Halesowen
B62 8HD

Solicitors

Hewitsons LLP
Kildare House
3 Dorset Rise
London EC4Y 8EN

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 2018

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

Compliance
The Board is committed to high standards of corporate governance so that the Company's procedures are transparent and clearly understood. From 28 September 2018 there is a requirement for AIM listed companies to comply with a recognised Corporate Governance Code. The Board has adopted the QCA Corporate Governance Code 2018 (the "QCA Code") and will implement this from 28 September 2018. Full details of the company's approach to the principles in the QCA Code will be found on the company's website from 28 September 2018.

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 due to retire by rotation and stand for re-election at the AGM.

Board performance
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 outside advisors. The Board is satisfied that this is appropriate for this stage of the Company's development.

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

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

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

No separate nominations committee has been formed and the Board collectively undertakes the function of such a 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 2018

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 9), the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Nigel Brent Fitzpatrick MBE
Non-Executive Chairman

report on remuneration

for the year ended 31 March 2018

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. An award scheme has been established which recognises the success of the business for which the Executive Director is responsible. All share based entitlements for the Directors are disclosed in note 5 to the financial statements.

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

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

Nigel Brent Fitzpatrick MBE
Non-Executive Chairman

report of the directors

for the year ended 31 March 2018

The Directors present their report together with the financial statements for the year ended 31 March 2018.

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 2018.

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 2018 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 Des:Jarvis	287,012,309	34.29
Hargreaves Lansdown (Nominees) Limited Des:VRA	87,255,506	10.43
Interactive Investor Services Nominees Limited Des:SMTKNOMS	63,683,128	7.61
Hargreaves Lansdown (Nominees) Limited Des:15942	51,028,534	6.10
Hargreaves Lansdown (Nominees) Limited Des:HLNOM	39,400,307	4.71
HSBC Client Holdings Nominee (UK) Limited Des:731504	28,777,894	3.44
Barclays Direct Investing Nominees Limited Des:Client1	26,692,765	3.19
JIM Nominees Ltd Des:ISA	26,634,582	3.18
Lynchwood Nominees Limited Des:2006459	25,614,000	3.06

Included within JIM Nominees Ltd Des:Jarvis are substantial shareholdings held by K. Sinclair (106,449,000 – 12.72%) and S. Fletcher (63,944,656 – 7.64%).

report of the directors

for the year ended 31 March 2018

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 shares, as detailed in note 12, in order to finance further investment.

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

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

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

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

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

Insofar as each of the Directors is aware:

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

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

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 2018

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

Investment in TheVibe Ltd trading as Vibe Tickets
On 30 April 2018 TheVibe Ltd was placed into administration following a failure to reach a decision on a further fundraise. The business and assets of TheVibe Ltd were purchased by the former Chairman via his holding company Vibe Group Holdings Limited. As at 31 March 2018, the Company had invested £400,000 in TheVibe Ltd and this amount has been fully impaired in the financial statements presented for the year ended 31 March 2018.

On 18 June 2018 the Company entered into a subscription agreement to invest £200,000 in Vibe Group Holdings Limited ("VGHL") as part of an overall fundraise by VGHL which has raised £700,000 for the company. Vela's investment is unconditional and irrevocable. Following completion of the investment, Vela owns 5,674 ordinary shares in VGHL equivalent to approximately 4 per cent. of the issued share capital of VGHL.

Investment in BlockchainK2 Corp.
On 30 May 2018, the Company acquired 272,000 shares in BlockchainK2 Corp. for a subscription price of C$1.25 per share, equating to a total cost of £200,589.

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
26 September 2018

independent auditor's report

for the year ended 31 March 2018

Opinion

We have audited the financial statements of Vela Technologies plc (the 'company') for the year ended 31 March 2018 which comprise the accounting policies, the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

Conclusions relating to going concern

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

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

Key audit matters

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

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

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

Key audit matter	How our audit addressed the key audit matter
Investment activities	
The company is investing in pre-growth companies and investments represent a significant portion of the total assets of the company as at 31 March 2018. The main risks included the accurate recording of investment activity during the year, valuation of investments held at the year-end and classification of those investments. Determining the fair value of unquoted investments involves a significant level of management judgement and there is therefore an increased risk of material errors in valuation of these investments.	Our audit work included, but was not restricted to: • confirmation of the existence of investments through a combination of obtaining third-party confirmation from the company's investment custodians, obtaining direct confirmation from investee companies or agreement to other supporting documentation, such as share certificates; • agreement of valuations of listed investments to quoted prices as at 31 March 2018; • 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. These were primarily based upon recent third-party transactions in the equity of the investee companies and, in each instance, we were satisfied that the valuations to fair value were based on appropriate information; • consideration as to whether the directors' assessment was appropriate for investments where they did not believe a reliable estimate of fair value could be made based on the information available. In each instance we were satisfied with the directors' approach and these items were therefore held at cost less any impairment; and • consideration of the classification of investments as available-for-sale.

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

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

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

We determined materiality for the financial statements as a whole to be £50,000, which was based on gross assets of the company, representing 1.4% 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 80% of materiality, amounting to £40,000.

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

independent auditor's report

for the year ended 31 March 2018

An overview of the scope of our audit

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

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

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

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

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

independent auditor's report

for the year ended 31 March 2018

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Date: 26 September 2018

accounting policies

for the year ended 31 March 2018

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)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)

The Company has identified that the adoption of IFRS 9, which replaces IAS 39 Financial Instruments: Recognition and Measurement from 1 January 2018, will result in changes in the way in which impairment charges and gains or losses on disposal of available-for-sale investments will accounted for.

The Company has classified all of its equity investments as being available-for-sale. Under IFRS 9, changes in the fair value of such assets up to the point of disposal will be recorded in other comprehensive income. Therefore, in contrast to the current accounting treatment, significant or prolonged declines in value below cost will not be recognised in the income statement, and the income statement will not reflect gains or losses on disposal because gains and losses recognised in other comprehensive income will not be recycled to profit or loss on any such disposal.

In the year to 31 March 2018, the impairment charge attributable to available-for-sale assets was £551,000 and the profit on disposal reclassified from other comprehensive income was £731,000. Consequently, the pre-tax loss for the year ended 31 March 2018 would have been £180,000 higher.

In addition, the balance on the available-for-sale reserve at 31 March 2018 of £1,019,000, which represents cumulative gains on available-for-sale assets held by the Company at that date, will not be available for reclassification in future periods when those assets are sold.

It is expected that the adoption of IFRS 15 and IFRS 16 will not have a significant impact 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. 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.

Taxation (continued)
Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

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

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

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 subsequently 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.

accounting policies

for the year ended 31 March 2018

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 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Revenue	1	**-**	7
Administrative expenses			
– share-based payments		**-**	-
– other administrative expenses		**(214)**	(212)
– profit on disposal of available-for-sale assets		**731**	186
– impairment of available-for-sale assets		**(551)**	(25)
Total administrative expenses		**(34)**	(51)
Operating loss	2	**(34)**	(44)
Finance expense	4	**(126)**	(28)
Loss before tax		**(160)**	(72)
Income tax	6	**-**	-
Loss		**(160)**	(72)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Fair value movement on available-for-sale investments		**580**	1,127
Reclassification of changes in fair value of available-for-sale investments to profit or loss		**(1,434)**	(62)
Other comprehensive income for the year		**(854)**	1,065
Total comprehensive income		**(1,014)**	993
Attributable to:			
Equity holders of the Company		**(1,014)**	993
Earnings per share			
Basic and diluted loss per share (pence)	7	**(0.02)**	(0.01)

balance sheet

as at 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Non-current assets			
Investments	8	**2,761**	3,455
Current assets			
Trade and other receivables	9	**13**	13
Cash and cash equivalents	13	**847**	383
Total current assets		**860**	396
Total assets		**3,621**	3,851
Equity and liabilities			
Equity			
Called up share capital	12	**837**	722
Share premium account		**1,715**	1,117
Available-for-sale reserve		**1,019**	1,873
Share option reserve		**130**	130
Retained earnings		**(1,033)**	(873)
Total equity		**2,668**	2,969
Current liabilities			
Trade and other payables	10	**28**	22
Loans and borrowings	11	**445**	-
Total current liabilities		**473**	22
Non current liabilities			
Loans and borrowings	11	**480**	860
Total non current liabilities		**480**	860
Total equity and liabilities		**3,621**	3,851

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 26 September 2018 by:

Nigel Brent Fitzpatrick MBE
Non-Executive Chairman

Company registration number: 03904195

cash flow statement
for the year ended 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Operating activities			
Loss before tax		**(160)**	(72)
Profit on disposal of available-for-sale assets		**(731)**	(186)
Impairment of available-for-sale assets		**551**	25
Finance expenses		**126**	28
Decrease in payables		**-**	(5)
Total cash flow from operating activities		**(214)**	(210)
Investing activities			
Consideration for disposal of investments		**806**	247
Consideration for purchase of investments		**(786)**	(726)
Total cash flow from investing activities		**20**	(479)
Financing activities			
Proceeds from issue of loans (net of issue costs)		-	872
Interest paid		**(55)**	-
Proceeds from the issue of ordinary share capital		**713**	-
Total cash flow from financing activities		**658**	872
Net increase in cash and cash equivalents		**464**	183
Cash and cash equivalents at start of year		**383**	200
Cash and cash equivalents at the end of the year	**13**	**847**	383

Cash and cash equivalents comprise:			
Cash and cash in bank		**847**	383
Cash and cash equivalents at end of year	**13**	**847**	383

statement of changes in equity

for the year ended 31 March 2018

	Share Capital	Share Premium	Retained Earnings	Available -for-sale reserve	Share Option Reserve	Total Equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 April 2017	**722**	**1,117**	**(873)**	**1,873**	**130**	**2,969**
Transactions with owners						
Issue of share capital	115	598	-	-	-	713
Transactions with owners	**115**	**598**	**-**	**-**	**-**	**713**
Loss for the year	-	-	(160)	-	-	(160)
Other comprehensive income	-	-	-	(854)	-	(854)
Total comprehensive income	**-**	**-**	**(160)**	**(854)**	**-**	**(1,014)**
Balance at 31 March 2018	**837**	**1,715**	**(1,033)**	**1,019**	**130**	**2,668**
Balance at 1 April 2016	722	1,117	(801)	808	130	1,976
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

1 Revenue and segmental information

The Company is an investing company and as such there is only one identifiable operating segment, being the holding and support of investments. Furthermore, the Company operates in a single geographic segment being the United Kingdom. The results and balances and cash flows of the segment are as presented in the primary statements. Revenue received in the prior period represented 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 2018 £'000	31 March 2017 £'000
Auditors' remuneration for auditing of accounts	**10**	10
Auditors' remuneration for non-audit services	**1**	1
Foreign exchange losses	**-**	4
Profit on disposal of available-for-sale assets	**(731)**	(186)
Impairment of available-for-sale assets	**551**	25

3 Staff costs

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

	31 March 2018	31 March 2017
Directors and senior management	**2**	2
Total	**2**	2

The aggregate amounts charged by these persons were as follows:

	31 March 2018 £'000	31 March 2017 £'000
Aggregate wages and salaries	**110**	95
	110	95

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

4 Finance expense

	31 March 2018 £'000	31 March 2017 £'000
Loan note interest	**37**	18
Bond interest	**89**	10
Total finance expense	**126**	28

Included in finance expenses is £41k (2017 - £6k) in respect of the amortisation of loan issue costs.

5 Directors and senior management

Directors' remuneration

	31 March 2018				
	Salary	**Fees**	**Pension**	**Equity**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
N B Fitzpatrick	-	46	-	-	**46**
A Laiker	-	64	-	-	**64**
	-	110	-	-	**110**

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

Directors' and senior management's interests in shares

The Directors who held office at 31 March 2018 held the following shares:

	31 March 2018	31 March 2017
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 2018 £'000	31 March 2017 £'000
Directors	**-**	**-**

As at 31 March 2018, the total number of outstanding options held by the Directors over ordinary shares is 29,124,854, representing 3.5 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 16.

6 Tax

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

A deferred tax asset relating to losses carried forward has not been recognised due to uncertainty over the existence of future taxable profits against which the losses can be used. The Company has unused tax losses of approximately £4.7m (2017: £4.5m). In addition, a deferred tax liability on the cumulative fair value gain of £1,019k on available-for-sale assets has not been recognised on the basis that it would be offset by available taxable losses.

6 Tax (continued)

Tax reconciliation

	31 March 2018 £'000	31 March 2017 £'000
Loss before tax	**(160)**	(72)
Tax at 19% (2017: 20%) on loss before tax	**(30)**	(14)
Effects of:		
Unrelieved losses carried forward	**30**	14
Total tax (credit)/expense	**-**	-

The standard full rate of UK corporation tax applicable for the year ended 31 March 2018 was 19%. This is lower than the standard full rate of 20% applicable for the year ended 31 March 2017 due to changes implemented in the Finance (No2) Act 2015, which resulted in the rate of corporation tax reducing to 19% with effect from April 2017.

Legislation was announced in the Finance Act 2016 to reduce the rate of corporation tax to 17% with effect from 1 April 2020.

7 Loss per share

Loss per share has been calculated on a loss after tax of £160,000 (2017: £72,000) and the weighted number of average shares in issue for the year of 756,045,343 (2017: 721,588,020).

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

	31 March 2018	31 March 2017
Loss (£'000)	**(160)**	(72)
Loss per share (pence)	**(0.02)**	(0.01)

notes to the financial statements
for the year ended 31 March 2018

8 Investments

	31 March 2018 £'000	31 March 2017 £'000
Opening balance	**3,455**	1,918
Additions during the year	**786**	602
Disposals during the year	**(806)**	(163)
Exchange rate differences	**-**	(4)
Gain included in Other Comprehensive Income	**580**	1,127
Current year impairment charged to profit or loss	**(1,254)**	(25)
Closing balance	**2,761**	3,455

Additions during the year:

Investment in Rosslyn Technologies plc
On 12 May 2017, the Company subscribed for 1,111,111 ordinary shares for a consideration of £50,375. Following the investment the Company has an interest in approx. 0.75% of the total share capital.

Investment in Portr Ltd
On 10 October 2017, the Company acquired 2,198 ordinary shares for a consideration of £10,990. Following the investment the Company had an interest in approx. 3.7% of the total share capital.

Investment in TheVIBE Ltd
On 16 October 2017, the Company acquired 245,822 ordinary shares for a consideration of £199,998. Following the investment the Company had an interest in approx. 5.17% of the total share capital.

Exercise of BTL warrants
On 24 November 2017, the Company exercised warrants to acquire 41,666 ordinary shares for a consideration of £38,102. Following the investment the Company had an interest in approx. 2.81% of the total share capital.

Investment in BTL
On 22 December 2017, the Company acquired 15,000 ordinary shares for a consideration of £89,877. Following the investment the Company had an interest in approx. 2.9% of the total share capital.

Exercise of BTL warrants
On 16 January 2018, the Company exercised warrants to acquire 25,000 ordinary shares for a consideration of £48,603. Following the investment the Company has an interest in approx. 2.91% of the total share capital.

Investment in Argo
On 2 February 2018, the Company acquired 2,500,000 ordinary shares for a consideration of £200,000. Following the investment, and a subsequent funding round completed by Argo Blockchain post period end which Vela did not participate in, the Company has an interest in approx. 1.9% of the total share capital.

Investment in Portr Ltd
On 29 March 2018, the Company acquired 37,117 ordinary shares for a consideration of £148,466. Following the investment the Company has an interest in approx. 3.1% of the total share capital.

Disposals during the year:

Disposal of BTL shares
Between 6 April 2017 and 20 December 2017, the Company disposed of 198,566 shares in BTL generating net proceeds of CAN$1,375,000.

9 Trade and other receivables

	31 March 2018 £'000	31 March 2017 £'000
Other receivables	**13**	13
	13	13

10 Trade and other payables

	31 March 2018 £'000	31 March 2017 £'000
Trade payables	**4**	5
Accruals and deferred income	**24**	17
	28	22

11 Loans and borrowings

Loans due within one year	**31 March 2018 £'000**	31 March 2017 £'000
Convertible loan notes	**445**	-
	445	-

Loans due after more than one year	**31 March 2018 £'000**	31 March 2017 £'000
Convertible loan notes	**-**	408
Bonds	**480**	452
	480	860

11 Loans and borrowings (continued)

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 and accrued interest are, at the election of the loan-note holder and pursuant to the terms of the loan agreement, capable of conversion 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 together with all accrued (but unpaid) interest on the amount prepaid. The Bonds will not be convertible into ordinary shares in the capital of the Company. The Bonds are secured by way of fixed and floating charges over all assets of the Company present and future.

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 £57,000 (2017 - £90,000).

12 Share capital

	31 March 2018 £'000	31 March 2017 £'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		
836,973,115 ordinary shares of 0.1 pence each	**837**	722
	837	722

Allotments during the period

The Company allotted the following ordinary shares during the year:

	31 March 2018
Shares in issue at 1 April 2017	721,588,500
Shares issued during the year	115,384,615
Shares in issue at 31 March 2018	836,973,115

	31 March 2017
Shares in issue at 1 April 2016	721,588,020
Shares issued during the period	480
Shares in issue at 31 March 2017	721,588,500

On 13 December 2017 the company issued 115,384,615 new ordinary 0.1p shares for a total gross consideration of £750,000.

13 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 March 2018 £'000	31 March 2017 £'000
Cash and cash in bank:		
Pound sterling	**847**	383
Cash and cash equivalents at end of year	**847**	383

Included within cash and cash equivalents is £201k that was held in an escrow account and used to purchase an investment in BlockchainK2 Corp, which completed on 30 May 2018.

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 2018 £'000**	31 March 2017 £'000
Available-for-sale financial assets measured at fair value through other comprehensive income (*)	**2,761**	3,455
Loans and receivables	**13**	13
	2,774	3,468

* 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 pledged as security, as detailed in note 11.

14 Financial instruments (continued)

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 (2017: two) investments classified in this category. The aggregate historic cost of the two investments is £450,698 (2017: £299,393) and the fair value as at 31 March 2018 was £1,470,044 (2017: £1,446,713).

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 (2017: one) unquoted investment classified in this category. The historic cost of this investment is £745,479 (2017: £586,034) and the fair value as at 31 March 2018 was £644,612 (2017: £1,289,058), giving rise to an impairment charge of £100,867 recognised directly in profit or loss in the period. The investment was valued using the transaction price ascribed to the shares following a placing by the investee Company in March 2018.

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. None of the Company's investments are valued using this technique. In the prior year, the Company held 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 (2017: six) investments that are held at cost less impairment as a reliable estimate of fair value cannot be determined. An impairment charge of £450,000 (2017: £25,000) has been recognised directly in profit or loss in respect of two of these investments. As at 31 March 2018 the historical cost of these investments amounted to £1,171,504 (2017: £771,501) and their aggregate carrying value was £646,504 (2017: £696,504).

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 2018		31 March 2017	
	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	**473**	**480**	22	860
	473	**480**	22	860

14 Financial instruments (continued)

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

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

15 Reconciliation of net debt

	As at 1 April 2017 £'000	Cash flow £'000	Non-cash movement £'000	As at 31 March 2018 £'000
Cash and cash equivalents	383	464	-	**847**
Convertible loan notes	(408)	-	(37)	**(445)**
Bonds	(452)	-	(28)	**(480)**
	(477)	464	(65)	**(78)**

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

16 Share-based payments

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

No new share options have been issued in the current accounting period and the total number of options outstanding at 31 March 2018 was 29,124,854 (2017: 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 (2017: £NIL).

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

	Options granted 22 October 2015	**Options granted 18 September 2015**	**Options granted 2 October 2014**	**Options granted 8 April 2014**
Share price at grant date (pence)	0.21	0.19	0.33	1.50
Exercise price (pence)	0.21	0.15	0.33	0.85
Expected life (years)	7	7	7	7
Annualised volatility (%)	79.47	70.98	95.16	74.23
Risk-free interest rate (%)	2.0	2.0	2.0	2.0
Fair value determined (pence)	0.15	0.13	0.26	1.17
Number of options granted	6,400,000	10,489,560	4,000,000	8,235,294
Options exercisable at 31 March 2018	4,266,667	6,993,040	4,000,000	8,235,294

None of the options outstanding as at 31 March 2018 are subject to any performance criteria

17 Related party transactions

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

Ocean Park Developments Limited
Nigel Brent Fitzpatrick, Non-Executive Director, is also a Director of Ocean Park Developments Limited. During the year the Company paid £46,000 (2017: £40,000) in respect of his Directors fees to the Company. The balance due to Ocean Park Developments Limited at the year end was £nil (2017: £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 £5,700 (2017: £5,756) in respect of insurance fees at arm's length. The balance due to Risk Alliance Insurance Brokers Limited at the year end was £nil (2017: £nil).

Widdington Limited
Antony Laiker, Director, is also a Director of Widdington Limited. During the year the Company paid £64,000 (2017: £55,000) in respect of his Directors fees to the Company. The balance due to Widdington Limited at the year end was £nil (2017: £nil).

Kevin Sinclair
Kevin Sinclair, a shareholder of the Company, holds £100,000 of the bonds under the Company's 10% bond issue in February 2017. At 31 March 2018, Kevin Sinclair held 106,449,000 (12.72%) of the issued share capital of the Company through JIM Nominees Ltd and is classified as a substantial shareholder under the AIM Rules.

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

Scott Fletcher held 63,944,656 Ordinary Shares at 31 March 2018 representing 7.64 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.

18 Events after the balance sheet date

Investment in TheVibe Ltd trading as Vibe Tickets
On 30 April 2018 TheVibe Ltd was placed into administration following a failure to reach a decision on a further fundraise. The business and assets of TheVibe Ltd were purchased by the former Chairman via his holding company Vibe Group Holdings Limited. As at 31 March 2018, the Company had invested £400,000 in TheVibe Ltd and this amount has been fully impaired in the financial statements presented for the year ended 31 March 2018.

On 18 June 2018 the Company entered into a subscription agreement to invest £200,000 in Vibe Group Holdings Limited ("VGHL") as part of an overall fundraise by VGHL which has raised £700,000 for the company. Vela's investment is unconditional and irrevocable. Following completion of the investment, Vela owns 5,674 ordinary shares in VGHL equivalent to approximately 4 per cent. of the issued share capital of VGHL.

Investment in BlockchainK2 Corp.
On 30 May 2018, the Company acquired 272,000 shares in BlockchainK2 Corp. for a subscription price of C$1.25 per share, equating to a total cost of £200,589.