Registration number 03904195

Vela Technologies PLC
Annual Report and Financial Statements 2021

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chairman's statement

for the year ended 31 March 2021

I am pleased to present the Chairman's statement for the year ended 31 March 2021.

The period under review has been one of significant change for Vela Technologies, including a recapitalisation of the Company, board changes and new investments. During the period the Company raised a total of £3,750,000 gross proceeds via placings and a number of warrant exercises contributed gross funds of £1,063,000. James Normand joined the board on 26 August 2020 on completion of the recapitalisation of the Company. James is a Chartered Accountant who has spent much of his career advising on corporate acquisitions, disposals and capital raising, including a spell at 3i plc and is currently, *inter alia*, the Chairman of All Active Asset Capital Limited and of Global Resources Investment Trust plc. His experience is already proving an asset to Vela.

The Company reported a profit for the period of £379,775 compared to a loss of £1,412,100 in the previous comparable period.

Net assets increased to £7,201,812 compared to £613,611 at the previous reporting date with cash at the period end of £2,147,070 compared to £8,989 at the beginning of the period.

The Company's improved position has quite naturally generated a significant flow through of new investment opportunities and each is robustly reviewed by the board for its future benefit to the Vela portfolio. We continue to remain open to new opportunities that fall within the constraints of the Company's investing policy.

PORTFOLIO REVIEW

Aeristech Limited

Aeristech is a producer and supplier of efficient, power-dense compressors, which are used to maximise the power output and efficiency of hydrogen fuel cells. Aeristech's unique turn-key motor and controller technology provides many benefits for hydrogen cells, including reducing high power switching events, enabling high-speed and high-power motors, reducing heat loss and reducing costs by removing the need for high-cost specialist components. In February 2021, Vela invested £350,000 as part of a pre-IPO funding round at a price of £2.40 per share for 145,833 shares which gives Vela a holding of 0.92% on a fully diluted basis. The Company was also issued with 36,458 warrants with a two-year term and an exercise price of £2.40 per ordinary share.

Blockchain K2

During January, the Company sold its entire holding of 272,000 shares for a profit of circa £172,000.

Cornerstone FS PLC

Cornerstone is focused on the provision of cross border payment services for SMEs. In December, Vela subscribed for 400,000 shares as part of a private funding round which equated to an investment of £200,000. In addition, the Company was issued with 400,000 warrants with a 5-year term and an exercise price of 50p per share.

Disruptive Tech Limited

Disruptive Tech Limited ("DTL") is an investor in a number of technology businesses. We anticipate minimal return from this investment and therefore the investment has been written off as at the reporting date. The investment was valued at £50,000 in Vela's last published accounts.

Revolve

The business provided engineering services for a number of OEM's, and has had much success in the development of low carbon technologies with applications in the passenger car, commercial vehicle and rail applications. However, Revolve is undergoing a reorganisation and therefore the investment has been written down to nil as at the reporting date. The investment was valued at £56,000 in Vela's last published accounts.

Kanabo Group PLC

Kanabo is an Israel based research and development company which currently sells a range of THC-free retail cannabidiol (CBD) products in its primary markets of the UK and Germany. Kanabo's core strategy is to increase revenues from the sale of Kanabo's existing retail CBD products (vaporisation devices) and to grow the Kanabo brand through marketing initiatives. In February 2021, Vela invested £150,000 for 2,307,692 shares as part of a subscription and attained 0.6% of the issued share capital. On 19 February 2021, the company announced the sale of 1,000,000 shares generating proceeds of £233,801 at a sale price of 23.5p per share compared to an investment price per share of 6.5p. The company retains 1,307,692 shares in Kanabo.

Mode Global Holdings PLC

Mode is a UK-based Fintech Group, building a modern financial services business to support an increasingly digitised economy and financial system, combining the best of banking, payments, investment, loyalty and digital assets. In October 2020, the company supported an IPO funding and subscribed for 500,000 shares for a total investment of £250,000. In March 2021, a further investment of £66,320 was made to subscribe for 120,651 shares. The investment was made to support additional growth. Vela's total holding equates to 0.68% of the issued share capital.

MTI Wireless

Headquartered in Israel, MTI is an AIM-listed technology group (AIM:MWE) focused on comprehensive communication and radio frequency solutions across multiple sectors through three core divisions. In March 2021, the Company acquired 250,000 shares at a price of 80p per share and total investment of £200,000. The Company's total holding represents 0.28% of MTI's issued share capital.

Rural Broadband Solutions PLC

Rural Broadband Solutions PLC (formerly Sapo PLC), is a provider of ultrafast 5Gb connectivity to rural broadband users across the UK. In October 2020, Vela invested £30,300 for 1,200,000 shares, in a total fund raise of £2,500,900, at a subscription price of 2.5 pence per share.

St George Street Capital Limited

St George Street Capital Limited ("SGSC") is a UK-based medical-charity led by a group of highly decorated academics and ex-pharma executives formed to deliver much needed treatments to patients. SGSC's strategy is to take clinical-ready assets from pharmaceutical companies and to progress them through Phase II medical trials, before licensing them on for Phase III trials and commercialisation in order to create a return for investors and the charity alike.

Vela paid consideration of £2.35m (£1.25m in cash and £1.1m in the form of 1.1 billion new Vela shares) to acquire an 8% economic interest in the potential commercialisation of SGSC's asset to treat individuals with diabetes who are suffering with COVID-19. The consideration was satisfied by a placing of 1.1 billion new ordinary shares in Vela at a price of 0.1p per share and £1.25m in cash paid from Vela to SGSC. The 1.1 billion share issue gave SGSC a 9.37 % interest in Vela. Post-period, as of 16 September 2021, Vela announced that SGSC had, through a placing via Peterhouse Capital, realised their holding in Vela. SGSC no longer hold any shares in Vela.

WeShop

WeShop is a digital social network platform with ambitious plans to become a global leader in the rapidly growing and highly valuable social e-commerce sector. Vela continues to hold the 71,429 shares it acquired in May 2014.

chairman's statement

for the year ended 31 March 2021

Part disposal of portfolio

As part of the refinancing completed in August 2020, it was agreed to hive down to a wholly owned subsidiary certain assets with a value of £855,000, financed by a loan. In turn it was agreed to sell the subsidiary company to a new company formed for the purpose (Bixx Limited) for £1. In order to protect the rights of Vela shareholders, the entire share capital of Bixx Limited is held by Vela's shareholders at the time of the reorganisation.

The assets transferred were as follows;

- 127,817 ordinary shares of 0.01p, 37,117 A ordinary shares of 0.01p, and 91,341 B ordinary shares of 0.01p in Portr Limited

- 3,000,000 ordinary shares in Argo Blockchain plc

- 5,674 ordinary shares in Vibe Group Holdings Limited

- 114,564 ordinary shares and 333,335 warrants for Class A shares (at an exercise price of $1.50 per Class A common share) in Stream TV Networks, Inc

- 10,484 ordinary shares in Advanced Laser Imaging Limited

- 185,000 ordinary shares in Nektan plc (in administration)

  The Directors considered these investments to have an aggregate current market value of not more than £855,000 as at the date of the transaction.

I am pleased to report that your company is making excellent progress and we continue to review new investment opportunities in line with our investing policy. The directors would like to thank shareholders for their continued support.

Brent Fitzpatrick MBE
Non-Executive Chairman

strategic report
for the year ended 31 March 2021

Business review
At the period end, the Company held £2.147 million of cash (31 March 2020: c.£9,000) and continued to keep administration costs to a minimum so that the Company has sufficient resources to cover its ongoing running costs and has maximum funds that can be dedicated to further investments.

During the period, the Company completed a placing to raise gross proceeds of £1.0 million, approved by shareholders in August 2020, and a placing to raise gross proceeds of £1.5 million in March 2021. Additional funds totalling £860k (before expenses) were received in mid-September 2020 through the issue of shares following the exercise of warrants. These funds, together with other warrant exercises, have provided the Company with additional capital in order to make additional investments and to cover running costs. Further details regarding the shares issued during the period and after the period end are provided in notes 14 and 21 to the financial statements.

The Company's overall total comprehensive income for the year was a profit of £380,000 (2020: £1,412,000 loss). This profit has primarily arisen from fair value movements on the Company's investment portfolio.

The valuation of the investment portfolio at 31 March 2021 was £1,969,000 (2020: £1,196,000), an increase of £773,000 on 2020. During the year, Vela invested £1,248,000 in new investments. Further details of these investment additions are provided in note 8 to the financial statements. The Company also recorded an increase in the estimated fair value of the investment portfolio of £666,000 during the period. As appropriate, we update shareholders on investee company performance through the dissemination of regulatory announcements as information becomes available, and further detailed information on the investment portfolio can be found on our website. The Company also made an investment in a non-current asset, St George Street Capital, which is valued at £2,350,000.

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

The Company had no employees and had a Board of one male Executive Director and one male Non-Executive Director during the period.

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 minimal operational costs.

Further information about the Company's principal risks are detailed in note 16, 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 29 September 2021.

Brent Fitzpatrick MBE
Non-Executive Chairman

directors and advisers

Brent Fitzpatrick MBE

Non-Executive Chairman

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

James Normand

Executive Director (appointed 26 August 2020)

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

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

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

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

Emma Wilson FCA

Executive Director (appointed 1 September 2021)

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

Directors

Brent Fitzpatrick MBE

Non-Executive Chairman

James Normand

Executive Director

Emma Wilson

Executive Director

directors and advisers

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

Nominated adviser and joint broker
Allenby Capital Limited
5 St Helen's Place
London
EC3A 6AB

Auditors
Murray Harcourt Limited
6 Queen Street
Leeds
LS1 2TW

Company secretary
Emma Wilson

Registrars
Neville Registrars
Neville House
Steelpark Road
Halesowen
B62 8HD

Solicitors
Harrison Clark Rickerbys Limited
Kildare House
3 Dorset Rise
London EC4Y 8EN

Joint Broker
Peterhouse Capital Limited
80 Cheapside
London
EC2V 6EE

Bankers
Barclays Bank plc
27 Soho Square
London W1D 3QR

corporate governance

for the year ended 31 March 2021

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

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

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

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

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

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

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

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

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

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

The key risks and challenges to the Company are also detailed in the Strategic Report and in note 16 to the financial statements.

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

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

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

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

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

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

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

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

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

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

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

A summary of the principal risks and uncertainties facing the Company is outlined in the Strategic Report and note 16 to the financial statements.

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

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

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

The Board comprised two directors during the period. Brent Fitzpatrick, the Non-Executive Chairman throughout the period, is responsible for the running of the Board and both he and James Normand, the Executive Director from 26 August 2020, were responsible for implementing the Company's strategy. Up until his resignation on 26 August 2020, the Executive Director was Antony Laiker. Brent Fitzpatrick is considered by the Board to be independent. Under the terms of his contract with the Company, Brent Fitzpatrick is contractually committed to dedicating a minimum of 42 days per annum to the Company and is available on an ad-hoc basis to the Company over and above his minimum contractual time commitment. James Normand committed a considerable amount of his time to the Company, which included meeting with existing investee companies and proposed investment opportunities. Each Board member commits sufficient time to fulfil their duties and obligations to the Board and the Company. The Board is supported by its professional advisors and an outsourced finance function. On 1 September 2021, Emma Wilson joined the Board as an additional Executive Director. Further details are provided in the Directors and Advisers section of this report.

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

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

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

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

Director	Board meetings
James Normand (appointed 26 August 2020)	24
Brent Fitzpatrick MBE	28
Antony Laiker (resigned 26 August 2020)	4

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

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

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

Further details on the Directors are given on page 5.

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

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

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

Succession planning is currently undertaken on an informal basis by the Board in consultation with its advisers. The Board is satisfied that this is appropriate for this stage and size of the Company's development. The Board has seen changes during the year with the resignation of Antony Laiker and the appointment of James Normand and, after the year end, the appointment of Emma Wilson and is committed to making a further appointments as required, including an additional independent non-executive director.

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

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

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

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

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

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

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

The Company is a small investing company that takes minority stakes in a range of businesses and the Company itself has minimal operational / trading activity. As such the Board has concluded that, a Board comprising Antony Laiker (up to 26 August 2020), James Normand (from 26 August 2020) (Executive Director), Emma Wilson (from 1 September 2021) (Executive Director) and Brent Fitzpatrick (the Non-Executive Chairman) is suitable for its purposes, size and complexity. The Board monitors its structure on an ongoing basis to ensure it is effective. As announced on 1 September 2021 the Board intends to appoint a further non-executive director to the board in due course.

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

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

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

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

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

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

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

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

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

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

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

Due to the size and stage of the Company, it does not have an audit committee or a remuneration committee, and therefore has not included an audit committee report or remuneration committee report in the annual report and accounts for the year ended 31 March 2021.

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

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

Brent Fitzpatrick MBE
Non-Executive Chairman

report on remuneration

for the year ended 31 March 2021

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

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

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

Main elements of executive remuneration
There are three proposed elements of the Executive Director's remuneration package:
i. fees;
ii. annual bonus payments; and
iii. share-based payments.

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

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

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

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

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

Brent Fitzpatrick MBE
Non-Executive Chairman

report of the directors

for the year ended 31 March 2021

The Directors present their report together with the financial statements for the year ended 31 March 2021.

General information

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

Results and dividends

The results of the Company are set out in the Statement of Comprehensive Income. The Directors do not recommend payment of a dividend for the year ended 31 March 2021.

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, all three directors will retire and will offer themselves for re-election at the forthcoming AGM.

The Directors who served during the period under review are:

Brent Fitzpatrick
Antony Laiker (resigned 26 August 2020)
James Normand (appointed 26 August 2020)

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

Emma Wilson (appointed 1 September 2021)

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 16 to the financial statements.

Substantial shareholders

At 31 March 2021 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	%
Hargreaves Lansdown (Nominees) Limited	3,618,194,293	26.18
JIM Nominees Ltd	2,111,401,773	15.28
Interactive Investor Services Nominees Limited	1,795,414,416	13.00
Vidacos Nominees Limited	1,240,010,970	8.97
St George Street Capital Limited*	1,100,000,000	7.96
HSDL Nominees Limited	936,688,463	6.78
Barclays Direct Investing Nominees Limited	706,214,246	5.11

**As noted above St George Street Capital Limited no longer have an interest in the shares of Vela as at 16 September 2021*

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 16 to the financial statements includes the Company's objectives, policies and processes for managing its capital, details of its financial risk management objectives, financial instruments and its exposures to credit risk and liquidity risks.

report of the directors

for the year ended 31 March 2021

As set out in the investing policy below, the Company has continued to progress as a long-term investment company seeking to invest in early stage and pre-IPO businesses as well as companies listed on the London Stock Exchange. As a result of this, the Company has reported a profit for the current year and continues to maintain minimal running costs. The Company raised additional funds in August 2020 and, at the same time, entered into an agreement to redeem bonds totalling £550,000 through conversion of the bond principal into ordinary shares. Further funds have been received through various fundraising activities since September 2020 following the exercise of warrants and issue of shares. The above has enabled the Company to recapitalise and ensure that sufficient cash reserves exist to cover running costs and future investment activities for the foreseeable future.

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

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

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

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

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

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

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

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.

report of the directors

for the year ended 31 March 2021

The Company has its head office in England with the UK being at the forefront of global technology, engineering and scientific advances. The main focus of the Company's investment policy is 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 ensure that any investments meet strict due diligence criteria and the primary focus is on companies post viability testing phase, to mitigate risk associated with early stage investment. This does not preclude the Company from considering investments in suitable projects in other regions and sectors where the Directors believe that there are high-growth opportunities.

The Directors see technology as having considerable growth potential for the foreseeable future and many of the prospects they have identified are in this sector. The Directors 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. 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 is 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.

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

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

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

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

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

Investments are held for the medium to longer term, although shorter term disposal of any investments may sometimes be appropriate. There is no limit on the number of projects in which the Company may invest and the Company's financial resources will continue to be invested in a number of propositions. 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. The Board actively monitors its investments.

The Company identifies and assesses potential investment targets and where it believes further investigation is required, appoints appropriately qualified advisers to assist. The Company does have a separate investment manager.

report of the directors

for the year ended 31 March 2021

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

Post balance sheet events

Disposal of North Peak Resources Ltd

In April 2021 the Company disposed of its remaining shares in North Peak Resources Ltd. The carrying value of the shares held as at 31 March 2021 was £74,858 and the sales proceeds after the reporting date amounted to approximately CAD$140,000 (approximately £80,000).

Investment in Cornerstone FS Plc

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

Exercise of warrants and issue of equity

On 30 March 2021, the Company announced an application to issue 24,751,750 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share. The share allotment was completed on 7 April 2021, generating proceeds of £14,851.

On 6 July 2021, the Company issued 35,000,000 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £21,000.

On 7 July 2021, the Company issued 44,079,000 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £26,447.

On 19 July 2021, the Company issued 117,083,332 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £70,250.

On 27 August 2021, the Company issued 1,391,421,209 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £834,853.

On 7 September 2021, the Company issued 821,549,809 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £362,530.

Investment in Northcoders Group PLC

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

Auditors

Murray Harcourt Limited was re-appointed auditor at the 2020 AGM and their re-appointment will be proposed at the upcoming AGM in accordance with Section 489(1) of the Companies Act 2006.

Strategic Report

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

On behalf of the Board

Brent Fitzpatrick MBE
Non-Executive Chairman
29 September 2021

independent auditor's report

for the year ended 31 March 2021

Opinion

We have audited the financial statements of Vela Technologies plc (the 'company') for the year ended 31 March 2021 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 2021 and of its profit 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

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

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

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

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

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

Key audit matters

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

independent auditor's report
for the year ended 31 March 2021

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 2021. In addition, the Company entered into a contract to secure an 8% interest in the commercialisation proceeds of an ongoing medical drug development trial in the period. The main risks included the accurate recording of investment activity during the year, valuation of investments and other similar financial assets held at the year-end and classification of those investments and other financial assets. Determining the fair value of unquoted investments and contracts involves a significant level of management judgement and there is therefore an increased risk of material errors in valuation of these investments and other financial assets.	Our audit work included, but was not restricted to: • confirmation of the existence of investments and other financial assets through a combination of obtaining third-party confirmation from the company's investment custodians, obtaining direct confirmation from investee companies or agreement to other supporting documentation, such as share certificates and underlying contracts; • agreement of valuations of listed investments to quoted prices as at 31 March 2021; • in relation to valuations of unquoted investments in the year, ensuring that these were based on information which is considered to be a reliable estimate in accordance with the company's accounting policy and the accounting standards. Whilst noting that in some instances the level of information available on investee company performance and prospects is limited, we were satisfied that management utilised that information in order to reach a reasonable estimate of the year end valuation; and • in relation to other financial assets held at fair value, reviewing events after the date of initial investment in order to corroborate management's explanations for changes in fair value.

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.

Our application of materiality (continued)
We determined materiality for the financial statements as a whole to be £125,000, which was based on gross assets of the company, representing approximately 2% of the balance. This benchmark is considered the most appropriate because, for an investment holding company, the value of investments, which represents the most significant portion of gross assets, is the key performance indicator.

On the basis of our risk assessment, our judgement was that performance materiality for the financial statements should be 60% of materiality, amounting to £75,000.

We report to the Board of Directors all identified unadjusted errors in excess of £3,750. Errors below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of the directors on procedures relating to their processes for identifying, evaluating and complying with laws and regulations and for detecting and responding to the risks of fraud;
- obtaining an understanding of the legal and regulatory frameworks applicable to the entity. The most significant considerations identified were the Companies Act 2006, corporation tax legislation and compliance with AIM regulations; and
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential risk for fraud through management override of controls.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations and to identify any irregularities or instances of fraud;
- We tested the appropriateness of a sample of accounting journals;
- We reviewed the Company's accounting policies for non-compliance with relevant accounting standards; and
- We considered significant accounting estimates for evidence of misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements. There are inherent limitations in the audit procedures performed not least due to the following:

- the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve deliberate concealment; and
- the further removed the non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

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

Date: 29 September 2021

accounting policies

for the year ended 31 March 2021

1a Presentation of financial statements
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006, and under the historical cost convention, as modified by the revaluation of certain financial assets held at fair value. All values presented in the financial statements are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Changes in accounting policy
There are no new standards or amendments to standards which are mandatory for the first time for the financial year ended 31 March 2021 which have a significant impact on the Company.

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

1b Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and the Strategic report on pages 1 to 4. 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 to 4. 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 16 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 13.

1c Summary of significant accounting policies

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

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

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

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

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

Investments

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

Investments are subsequently valued at fair value, unless cost is deemed to be a reasonable approximation to fair value, in which case cost is applied. Note 16 sets out the estimation basis on which fair value is derived.

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

Trade and other receivables

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

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

Trade and other payables

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

Loans and borrowings

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

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

Cash and cash equivalents

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

Equity instruments

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

Equity

Equity comprises the following:

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

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 and other financial assets - Use of fair value or cost
Investments and other financial assets have been valued in accordance with the accounting policies set out in section 1c. The Directors have used their judgement in determining whether to value certain unquoted investments and other financial assets at cost as an estimate of fair value. The use of cost as an estimate of fair value is acceptable under IFRS 9 when there is insufficient more recent information available to measure fair value, but that cost is still deemed an appropriate estimate of fair value.

This cost basis has been applied in respect of one of the Company's investments, with a carrying value of £350,000 as at 31 March 2021. The investment was acquired in February 2021 and the directors consider the cost paid continues to represent the best estimate of fair value as at 31 March 2021.

Other financial assets, with a carrying value of £2,350,000, have also been recorded at cost as the directors' best estimate of fair value as at 31 March 2021. Further details are provided in note 9.

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 16.

Other financial assets measured at fair value
The financial statements include other financial assets measured at fair value with a carrying value of £2,350,000 as at 31 March 2021. Further details are provided in note 9.

statement of comprehensive income

for the year ended 31 March 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Revenue	1	**-**	-
Administrative expenses			
– other administrative expenses		**(400)**	(344)
– share based payments		**(21)**	-
– fair value movements on derivative instruments		**138**	-
– fair value movements on investments	8	**666**	(979)
Total administrative expenses		**383**	(1,323)
Operating Profit/(loss)	2	**383**	(1,323)
Finance income	4	**16**	-
Finance expense	4	**(19)**	(89)
Profit/(Loss) before tax		**380**	(1,412)
Income tax	6	**-**	-
Profit/(Loss)		**380**	(1,412)
Other comprehensive income		**-**	-
Total comprehensive income		**380**	(1,412)
Attributable to:			
Equity holders of the Company		**380**	(1,412)
Earnings / (loss) per share			
Basic and diluted earnings /(loss) per share (pence)	7	**0.005**	(0.092)

balance sheet

as at 31 March 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Investments	8	**1,969**	1,196
Trade and other receivables	9	**2,995**	-
Total non-current assets		**4,964**	1,196
Current assets			
Trade and other receivables	10	**1**	13
Derivative financial instruments	11	**138**	-
Cash and cash equivalents	15	**2,147**	9
Total current assets		**2,286**	22
Total assets		**7,250**	1,218
Equity and liabilities			
Equity			
Called up share capital	14	**3,048**	1,749
Share premium account		**6,603**	1,715
Share option reserve		**151**	130
Retained earnings		**(2,600)**	(2,980)
Total equity		**7,202**	614
Current liabilities			
Trade and other payables	12	**48**	54
Loans and borrowings	13	**-**	550
Total current liabilities		**48**	604
Total equity and liabilities		**7,250**	1,218

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 29 September 2021 by:

Brent Fitzpatrick MBE
Non-Executive Chairman

Company registration number: 03904195

cash flow statement

for the year ended 31 March 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Operating activities			
Profit/(Loss) before tax		**380**	(1,412)
Share based payment		**21**	-
Fair value movements on investments	8	**(666)**	979
Fair value movement on derivative assets		**(138)**	-
Finance expenses		**19**	89
Finance income		**(16)**	-
Decrease in receivables		**12**	-
(Decrease)/increase in payables		**(6)**	29
Total cash flow from operating activities		**(394)**	(315)
Investing activities			
Consideration for disposal of investments		**512**	17
Consideration for purchase of financial asset		**(1,250)**	-
Consideration for purchase of investments		**(1,248)**	(91)
Total cash flow from investing activities		**(1,986)**	(74)
Financing activities			
Interest paid		**(19)**	(55)
Repayment of loan notes		**-**	(240)
Proceeds from the issue of ordinary share capital		**4,537**	670
Total cash flow from financing activities		**4,518**	375
Net increase/(decrease) in cash and cash equivalents		**2,138**	(14)
Cash and cash equivalents at start of year		**9**	23
Cash and cash equivalents at the end of the year	**15**	**2,147**	9

Cash and cash equivalents comprise:			
Cash and cash in bank		**2,147**	9
Cash and cash equivalents at end of year	**15**	**2,147**	9

statement of changes in equity

for the year ended 31 March 2021

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Share Option Reserve £'000	Total Equity £'000
Balance at 1 April 2020	**1,749**	**1,715**	**(2,980)**	**130**	**614**
Transactions with owners					
Share-based payment	-	-	-	21	21
Issue of share capital	1,299	4,888	-	-	6,187
Transactions with owners	**1,299**	**4,888**	**-**	**21**	**6,208**
Profit for the year	-	-	380	-	380
Total comprehensive income	**-**	**-**	**380**	**-**	**380**
Balance at 31 March 2021	**3,048**	**6,603**	**(2,600)**	**151**	**7,202**
Balance at 1 April 2019	837	1,715	(1,568)	130	1,114
Transactions with owners					
Issue of share capital	912	-	-	-	912
Transactions with owners	**912**	**-**	**-**	**-**	**912**
Loss for the year	-	-	(1,412)	-	(1,412)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**(1,412)**	**-**	**(1,412)**
Balance at 31 March 2020	1,749	1,715	(2,980)	130	614

notes to the financial statements

for the year ended 31 March 2021

1 Revenue and segmental information

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

2 Profit/(loss) from operations

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

	31 March 2021 £'000	31 March 2020 £'000
Auditor's remuneration for auditing of accounts	**16**	12
Auditor's remuneration for non-audit services	**2**	1
Fair value movements on investments	**(666)**	979
Share-based payment	**21**	-

3 Staff costs

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

	31 March 2021	31 March 2020
Directors and senior management	**2**	2
Total	**2**	2

The aggregate amounts charged by these persons were as follows:

	31 March 2021 £'000	31 March 2020 £'000
Aggregate wages and salaries	**174**	116
Share-based payment charge	**21**	-
	195	116

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 income and expense

Finance income

	31 March 2021 £'000	31 March 2020 £'000
Other interest receivable	**16**	-
Total finance income	**16**	-

notes to the financial statements
for the year ended 31 March 2021

4 Finance income and expense (continued)

Finance expense

	31 March 2021	31 March 2020
	£'000	£'000
Bond interest	**19**	89
Total finance expense	**19**	89

Included in finance expenses is £nil (2020 - £34k) in respect of the amortisation of loan issue costs.

5 Directors and senior management

Directors' remuneration

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

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

Directors' and senior management's interests in shares
The Directors who held office at 31 March 2021 held the following shares:

	31 March 2021	31 March 2020
N B Fitzpatrick	**1,500,000**	1,500,000
J Normand (appointed 26 August 2020)	**-**	-

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

	31 March 2021	31 March 2020
	£'000	£'000
Directors	**21**	**-**

As at 31 March 2021, the total number of outstanding options held by the Directors over ordinary shares was 284,562,427, representing 2.0 per cent of the Company's issued share capital.

Further details regarding the options issued are provided in note 18.

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 £4.4m (2020: £4.8m).

Tax reconciliation

	31 March 2021 £'000	31 March 2020 £'000
Profit/(Loss) before tax	**380**	(1,412)
Tax at 19% on profit/(loss) before tax	**72**	(268)
Effects of:		
Unrelieved losses carried forward	**-**	268
Loss relief brought forward	**(72)**	-
Total tax (credit)/expense	**-**	-

7 Profit/(loss) per share

Profit/(loss) per share has been calculated on a profit after tax of £380,000 (2020: loss after tax of £1,412,000) and the weighted number of average shares in issue for the year of 7,383,146,119 (2020: 1,534,283,948).

The profit/(loss) per share is set out below:

	31 March 2021	31 March 2020
Profit/(loss) (£'000)	**380**	(1,412)
Profit/(loss) per share (pence)	**0.005**	(0.092)

notes to the financial statements

for the year ended 31 March 2021

8 Investments

	31 March 2021 £'000	31 March 2020 £'000
Opening balance	**1,196**	2,101
Additions during the year	**1,248**	91
Disposals during the year	**(1,141)**	(17)
Movement in fair value charged to profit or loss	**666**	(979)
Closing balance	**1,969**	1,196

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

Note 16 provides details of the three-level hierarchy used.

One investment, with a carrying value of £350,000, was held at cost as an approximation of fair value at 31 March 2021. This investment was acquired in February 2021.

Additions during the year:

Mode Global Holdings plc
On 5 October 2020 the Company invested £250,000 for 500,000 ordinary shares in Mode Global Holdings plc as part of an IPO funding round by Mode which raised an aggregate £7,500,000.

On 2 March 2021 the company subscribed for a further 120,581 new ordinary shares at a price of 55 pence per ordinary share at a cost of £66,319.

Following both investments the Company holds 620,581 ordinary shares in Mode representing 0.68% of the issued share capital.

Sapo Plc
On 20 October 2020, the Company subscribed for 1,200,000 ordinary shares in Sapo Plc at a price of 2.5 pence per ordinary share at a cost of £30,000.

Cornerstone FS Plc
On 4 December 2020, the Company subscribed for 400,000 new ordinary shares of 0.01 pence each in Cornerstone at a price of 50 pence per ordinary share at a cost of £200,000. In addition, Cornerstone has issued Vela with 400,000 warrants with a 5-year term, each warrant carrying the right to subscribe for one Cornerstone share at a price of 50 pence. This represents 2.4 per cent. of Cornerstone's share capital.

Kanabo Group Plc
On 16 February 2021, the Company completed the acquisition of 2,307,692 shares in Kanabo Group Plc for £150,000. This represented approximately 0.6 per cent. of the then issued share capital of Kanabo.

Aeristech Limited
On 25 February 2021, the Company subscribed for 145,833 new ordinary shares in Aeristech Limited at a price of £2.40 per ordinary share at a cost of £350,000. Following completion of this funding round, Vela held 0.92% of the fully diluted issued share capital of Aeristech.

In addition, Aeristech has issued Vela with 36,458 warrants with a two-year term, each warrant carrying the right to subscribe for one ordinary share in Aeristech at the issue price of £2.40.

MTI Wireless Edge Limited (MTI)
On 25 March 2021, the Company purchased 250,000 new ordinary shares in MTI at a price of 80 pence per ordinary share at a cost of £200,000. This represents 0.28% of the then issued share capital of MTI.

8 Investments (continued)

Disposals during the year:

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

Disposal of certain investments
The Directors took the decision to dispose of its investments in Portr, Argo Blockchain, Vibe Group Holdings, Stream TV, Advanced Laser Imaging and Nektan to a newly formed company ("NewCo") for consideration totalling £855,000 payable after seven years. The proceeds have been recorded at a discounted amount of £629,000, reflecting the deferred payment term. The NewCo was incorporated on 24 July 2020 and its entire issued share capital was held by existing shareholders of Vela, such that the Vela shareholders as at the respective record date of the transaction had the same proportionate beneficial interest in NewCo as they had in Vela. These investments had a carrying value of £555,000 in the financial statements at 31 March 2020.

BlockchainK2 Corp
Between 12 January 2021 and 20January 2021 the Company disposed of its entire shareholding of 272,000 ordinary shares in BlockchainK2 Corp at prices between CAD$0.86 per share and CAD$1.5255 per share and with an average price of CAD$1.19 per share, generating proceeds of CAD$322,855 (approximately £186,390) for the Company.

Kanabo Group Plc
On 17 February 2021 the Company disposed of 1,000,000 shares in Kanabo Group Plc at a price of 23.5p per share generating net proceeds of £233,801 for the Company. Following the disposal, the Company continued to hold 1,307,692 shares in Kanabo, equivalent to approximately 0.36 per cent. of Kanabo's then issued share capital.

North Peak Resources Ltd
In March 2021, the Company disposed of 123,500 shares in North Peak Resources Ltd for total proceeds of approximately CAD$86,000 (approximately £50,000).

9 Trade and other receivables – non-current

	31 March 2021	31 March 2020
	£'000	£'000
Loan due from Bixx Tech Limited	**645**	-
Other financial asset	**2,350**	-
	2,995	-

Loan due from Bixx Tech Limited
The loan represents the consideration receivable for the disposal of certain investment assets in August 2020, as detailed in note 8. The total consideration receivable is £855,000, which is receivable after seven years. The consideration has been discounted at a market interest rate of 4.5% to reflect the deferred payment term. Interest receivable in the period amounted to £16,000, representing the unwinding of the discount, and is recognised within finance income in note 4.

Under the terms of the loan agreement, the Company has provided an undertaking to distribute a sum equal to any repayment of the loan to the holders of the Special Deferred Shares (see note 14). This distribution will be by way of a dividend declared on the Special Deferred Shares ("the Special Dividend"). In the event that insufficient distributable reserves exist at the end of the seven-year loan term, the repayment of the loan will be deferred for a further year. This deferral will continue until such a time as the Company has sufficient distributable reserves to be able to pay the Special Dividend.

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

Other financial asset - Investment in St George Street Capital

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

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

At the time of the investment, SGSC was in the process of recruiting for Phase II clinical trials of the Asset and this recruitment was still ongoing as at the reporting date. As there had not been any major developments or milestones achieved between the date of investment and the reporting date, the directors do not consider the fair value of the contract to have changed materially during this time. Accordingly, the original consideration payable under the contract represents the directors' best estimate of its fair value as at 31 March 2021.

10 Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Other receivables	**1**	13
	1	13

11 Derivative financial instruments

	31 March 2021 £'000	31 March 2020 £'000
Warrants	**138**	-
	138	-

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

12 Trade and other payables

	31 March 2021 £'000	31 March 2020 £'000
Trade payables	**24**	28
Accruals and deferred income	**24**	26
	48	54

13 Loans and borrowings

Loans due within one year	31 March 2021 £'000	31 March 2020 £'000
Bonds	**-**	550
	-	550

On 26 August 2020, the Bonds were converted to ordinary shares in the Company as part of a share reorganisation detailed in note 14. The bonds were denominated in Sterling and interest was charged at 10%.

14 Share capital

	31 March 2021 £'000	31 March 2020 £'000
Allotted, called up and fully paid capital		
0 (2020 – 1,748,943,717) Ordinary Shares of 0.1 pence each	**-**	1,749
13,818,450,084 (2020 – 0) Ordinary Shares of 0.01 pence each	**1,382**	-
1,748,943,717 (2020 – 0) Deferred Shares of 0.08 pence each	**1,399**	-
2,665,610,370 (2020 – 0) Special Deferred Shares of 0.01 pence each	**267**	-
	3,048	**1,749**

Share transactions during the year:

Share reorganisation

On 26 August 2020, the Company undertook a share reorganisation.

In order to facilitate the conversion of the Bonds detailed in note 13, the ordinary shares of 0.1p were subdivided into;

a. one ordinary share of 0.02p each, and
b. one deferred share of 0.08p each

The Bonds were then converted into 916,666,653 ordinary shares at an issue price of 0.06p per share.

Following the Bond conversion, and in order to facilitate a share placing to raise addition investment capital, the ordinary shares of 0.02p each, effected by the first share reorganisation, were sub-divided into;

a. one new ordinary share of 0.01p each, and
b. one special deferred share of 0.01p each.

The new ordinary shares have the same rights as the previous ordinary shares.

Following the reorganisation and the Bond conversion, the issued share capital of the Company consisted of 2,665,610,370 Ordinary Shares of 0.01 pence each, 1,748,943,717 Deferred Shares of 0.08 pence each and 2,665,610,370 Special Deferred Shares of 0.01 pence each.

14 Share capital (continued)

Further share issues in the period

On 26 August 2020 the Company raised £1.0 million via the placing of 4,166,666,875 ordinary shares in the Company at a price of 0.024 pence per share. In addition, 4,166,666,875 warrants to subscribe for new Ordinary Shares at a price of 0.06 pence per share were granted to the subscribers in the Placing on a *pro rata* basis to the size of their subscriptions in the Placing.

On the same date, 104,166,666 ordinary shares were issued at the placing price of 0.024 pence per share to Peterhouse Capital Limited in lieu of corporate fees in relation to the transaction. In addition, 215,155,817 broker warrants were granted to Peterhouse Capital Limited to subscribe for new ordinary shares, exercisable at the placing price and expiring on 1 September 2021.

On the same date, 235,416,666 ordinary shares were issued at the placing price of 0.024 pence per share to Antony Laiker, the former executive director of the Company, in lieu of part of his notice period and fees owed amounting to, in aggregate, £56,500.

On 21 September 2020, the Company issued 1,434,967,250 ordinary shares at a price of 0.06 pence per share.

On 5 October 2020, the Company issued 107,499,999 ordinary shares at a price of 0.06 pence per share.

On 23 October 2020, the Company issued 1,923,076,923 ordinary shares at a price of 0.065 pence per share.

On 26 October 2020, the Company issued 1,100,000,000 ordinary shares at a price of 0.1 pence per share as part of the SGS transaction detailed in note 9.

On 11 November 2020, the Company issued 336,666,668 ordinary shares at a price of 0.06 pence per share.

On 24 February 2021, the Company issued 25,904,000 ordinary shares at a price of 0.06 pence per share.

On 3 March 2021, the Company issued 51,808,000 ordinary shares at a price of 0.06 pence per share.

On 16 March 2021, the Company issued 1,666,666,667 ordinary shares at a price of 0.09 pence per share.

Share rights

The Deferred and Special Deferred Shares are not listed on AIM and do not carry any rights to receive notice of or attend or speak or vote at any general meeting or class meeting. There are also no dividend rights, other than the “Special Dividend” on the Special Deferred Shares. As described in note 9, upon repayment to the Company of any amount(s) owed to it pursuant to the loan agreement between the Company and Bixx Tech Limited, the Company shall, in priority to any payment of dividend to the holders of the ordinary shares or any other class of shares, declare and pay to the holders of the Special Deferred Shares a Special Dividend of an aggregate amount equal to the amount of such sum repaid, pro rata according to the number of Special Deferred Shares paid up.

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

notes to the financial statements
for the year ended 31 March 2021

15 Cash and cash equivalents
Cash and cash equivalents comprise the following:

	31 March 2021 £'000	31 March 2020 £'000
Cash and cash in bank:		
Pound sterling	**2,147**	9
Cash and cash equivalents at end of year	**2,147**	9

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

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

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

Currency risk
The Company's shareholdings in North Peak and Blockchain K2 were denominated in Canadian Dollars, which gave rise to exposure to foreign currency risk. The Directors considered the risk and did not deem it necessary to enter into any specific risk management arrangements.

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

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

Classes of financial assets – carrying amounts	**31 March 2021 £'000**	31 March 2020 £'000
Financial assets measured at fair value through profit or loss	**4,457**	1,196
Financial assets measured at amortised cost	**646**	13
	5,103	1,209

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.

16 Financial instruments (continued)

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

Quoted market prices in active markets – "Level 1"
Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company has six (2020: five) investments classified in this category all of which are listed on a regulated exchange with publicly available market prices used to determine the year end value. The aggregate historic cost of the five investments is £1,270,672 (2020: £887,919) and the fair value as at 31 March 2021 was £1,192,164 (2020: £197,757).

Valued using models with significant observable market parameters – "Level 2"
Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has two (2020: two) unquoted investments classified in this category. The historic cost of these investments is £450,000 (2020: £276,103) and the fair value as at 31 March 2021 was £777,144 (2020: £563,584). These investments were valued using the latest transaction prices for shares in the investee companies which were obtained through either (a) publicly available information (e.g. registrar), (b) information in respect of recent transactions which the Company was invited to participate or, where available, (c) direct liaison with the investee company. The Company also holds warrants for shares in three investee companies, which have been valued using an option pricing model with observable inputs. The fair value of these assets as at 31 March 2021 was £138,246.

Valued using models with significant unobservable market parameters – "Level 3"
Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company has two (2020: five) unquoted investments classified in this category. The historic cost of these investments is £300,000 (2020: £1,411,819) and the fair value as at 31 March 2021 was £nil (2020: £434,137). The nature of some of the investments that the Company holds, i.e. minority shareholdings in private companies with limited publicly available information, is that significant judgement is required in estimating the value to be applied in the year end accounts. Management uses knowledge of the sector and any specific company information available to determine a valuation estimate. The Company also holds a non-current financial asset described in note 9 to the financial statements at a fair value of £2,350,000, which is also the historic cost of the asset. Further details regarding the determination of the fair value of this asset are provided in note 9.

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

Maturity analysis for financial liabilities

	31 March 2021		31 March 2020	
	Within 1 year	**Later than 1 year**	Within 1 year	Later than 1 year
	£'000	**£'000**	£'000	£'000
At amortised cost:				
Financial liabilities at amortised cost	48	**-**	604	-
	48	**-**	604	-

16 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.

17 Reconciliation of net debt

	As at 1 April 2020 £'000	Cash flow £'000	Non-cash movement £'000	As at 31 March 2021 £'000
Cash and cash equivalents	9	2,138	-	**2,147**
Bonds	(550)	-	550	**-**
	(541)	2,138	550	**2,147**

Non-cash movements on the Bonds relate to the conversion of amounts owed into Ordinary Shares in the period, as detailed in notes 13 and 14.

18 Share-based payments

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

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

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

Following the grant of the options detailed above and the issuance of the Placing Warrants and the Broker Warrants (to cover placing fees) the Company had a total of 299,124,854 (2020: 29,124,854) share options outstanding representing approximately 4.17% of the Company's issued share capital and a total of 4,481,822,692 warrants outstanding representing approximately 62.49% of the Company's issued share capital. A number of these warrants have since been exercised.

The options issued in August 2020 have been valued using the Monte Carlo option pricing model. The options granted in 2014 and 2015 were valued using the Black Scholes option pricing model.

The amount of remuneration expense in respect of the share options granted amounts to £21,000 (2020: £NIL).

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

	Options granted 26 August 2020	**Options granted 22 October 2015**	**Options granted 18 September 2015**	**Options granted 2 October 2014**	**Options granted 8 April 2014**
Share price at grant date (pence)	0.05	0.21	0.19	0.33	1.50
Exercise price (pence)	0.024	0.21	0.15	0.33	0.85
Expected life (years)	10	7	7	7	7
Annualised volatility (%)	86.9	79.47	70.98	95.16	74.23
Risk-free interest rate (%)	2.0	2.0	2.0	2.0	2.0
Fair value determined (pence)	0.03	0.15	0.13	0.26	1.17
Number of options granted	270,000,000	6,400,000	10,489,560	4,000,000	8,235,294
Options exercisable at 31 March 2021	270,000,000	6,400,000	10,489,560	4,000,000	8,235,294

The expected future annualised volatility was calculated using historic volatility data for the Company.

The options issued in 2014 and 2015 are not subject to any performance criteria. However the options issued in 2020 are subject to performance criteria.

19 Contingent liabilities

Under the terms of the Company's loan receivable from Bixx Tech Limited, described in note 9, the Company has provided an undertaking to distribute a sum equal to any repayment of the loan to the holders of the Special Deferred Shares (see note 14). This distribution will be by way of a dividend declared on the Special Deferred Shares ("the Special Dividend"). In the event that insufficient distributable reserves exist at the end of the seven-year loan term, the repayment of the loan will be deferred for a further year. This deferral will continue until such a time as the Company has sufficient distributable reserves to be able to pay the Special Dividend. As at 31 March 2021, the carrying value of the loan receivable was £645,000 and, at the scheduled maturity date, the final settlement value will be £855,000.

20 Related party transactions

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

Ocean Park Developments Limited
Brent Fitzpatrick, Non-Executive Director, is also a Director of Ocean Park Developments Limited. During the year, the Company paid £62,000 (2020: £52,000) in respect of his Directors fees to the Company. The balance due to Ocean Park Developments Limited at the year-end was £nil (2020: £8,500).

Widdington Limited
Antony Laiker, a director who served during the year, is also a Director of Widdington Limited. During the year the Company paid £67,000 (2020: £64,000) in respect of his Directors fees to the Company. The balance due to Widdington Limited at the year end was £nil (2020: £9,500).

Issue of share options to directors
During the year, share options were issued to James Normand and Brent Fitzpatrick, directors of the Company. Full details are disclosed in notes 5 and 18.

Antony Laiker
Antony Laiker, who is a former director and at the time was classified as a related party under the AIM Rules, held £50,000 of the bonds which were originally issued under the Company's 10% bond issue in February 2017. The Bonds were converted to ordinary shares as part of the reorganisation on 26 August 2020.

In addition, 235,416,666 new ordinary shares were issued to Antony Laiker, a former director of Vela, in August 2020 in consideration of accrued and unpaid fees and pursuant to part of his notice period under his service agreement equivalent to, in aggregate £56,500.

Kevin Sinclair
Kevin Sinclair, who was a significant shareholder in the company in the 12 months prior to the date of the reorganisation of the Company, held £100,000 of the bonds under the Company's 10% bond issue in February 2017.

The Bonds were converted to ordinary shares as part of the reorganisation on 26 August 2020. After this date he ceased to be a significant shareholder.

Bixx Tech Limited
On 26 August 2020, the Company transferred certain investments to a newly formed wholly owned subsidiary, Bixx Tech Limited, for consideration totalling £855,000 repayable after seven years. Further details of this transaction are provided in notes 8 and 9. Following the transfer of the investments, Bixx Tech Limited was sold to a newly formed company, Bixx Limited, with the same shareholders as Vela Technology Plc for consideration of £1. As at 31 March 2021, the carrying value of the balance due from Bixx Tech Limited was £645,000.

The disposal constituted a related party transaction under the AIM Rules as Antony Laiker was the sole shareholder of Bixx Limited prior to the disposal

notes to the financial statements

for the year ended 31 March 2021

21 Events after the balance sheet date

Disposal of North Peak Resources Ltd
In April 2021 the Company disposed of its remaining shares in North Peak Resources Ltd. The carrying value of the shares held as at 31 March 2021 was £74,858 and the sales proceeds after the reporting date amounted to approximately CAD$140,000 (approximately £80,000).

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

Exercise of warrants and issue of equity
On 30 March 2021, the Company announced an application to issue 24,751,750 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share. The share allotment was completed on 7 April 2021, generating proceeds of £14,851.

On 6 July 2021, the Company issued 35,000,000 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £21,000.

On 7 July 2021, the Company issued 44,079,000 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £26,447.

On 19 July 2021, the Company issued 117,083,332 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £70,250.

On 27 August 2021, the Company issued 1,391,421,209 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £834,853.

On 7 September 2021, the Company issued 821,549,809 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £362,530.

Investment in Northcoders Group PLC
In July 2021 the Company invested £750,000 in Northcoders Group PLC. The Company acquired 416,666 new ordinary shares of 1p each at a price of 180p per share which represents an investment of 6% in the enlarged share capital.