

VIRTUALSTOCK HOLDINGS LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2019

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VIRTUALSTOCK HOLDINGS LIMITED
REGISTERED NUMBER: 05412723

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	4	246,552	246,552
		<u>246,552</u>	<u>246,552</u>
Current assets			
Debtors: amounts falling due within one year	5	8,833,418	5,218,105
Cash at bank and in hand	6	1,240,019	1,331,879
		<u>10,073,437</u>	<u>6,549,984</u>
Creditors: amounts falling due within one year	7	(140,003)	(1,510,002)
Net current assets		<u>9,933,434</u>	<u>5,039,982</u>
Total assets less current liabilities		<u>10,179,986</u>	<u>5,286,534</u>
Net assets		<u>10,179,986</u>	<u>5,286,534</u>
Capital and reserves			
Called up share capital	8	697	677
Share premium account		7,035,837	5,285,857
Convertible loan note	2.10	3,223,548	-
Profit and loss account		(80,096)	-
		<u>10,179,986</u>	<u>5,286,534</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


E Bradley
 Director

Date: 15 July 2019

The notes on pages 3 to 7 form part of these financial statements.

VIRTUALSTOCK HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Share premium account	Convertible loan note	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2017	677	5,285,857	-	-	5,286,534
At 1 April 2018	677	5,285,857	-	-	5,286,534
Issue of convertible loan note	-	-	3,143,452	-	3,143,452
Shares issued during the year	20	1,749,980	-	-	1,750,000
Interest on convertible loan note	-	-	80,096	(80,096)	-
At 31 March 2019	697	7,035,837	3,223,548	(80,096)	10,179,986

The notes on pages 3 to 7 form part of these financial statements.

VIRTUALSTOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Virtualstock Holdings Limited is a private company limited by shares, incorporated in England and Wales. The registered office is One Valpy, 20 Valpy Street, Reading, Berkshire, RG1 1AR. The company did not trade throughout the current and previous year.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency is sterling and the financial statements have been rounded to the nearest £1.

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.4 Share based payments

Equity-settle share options are granted to certain officers and employees. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognised over the tranche's vesting period based on the number of awards expected to vest, through an increase to equity. The number of awards expected to vest is reviewed over the vesting period, with any forfeitures recognised immediately. The charge is recognised in the subsidiary company, Virtualstock Limited, by virtue of the benefit of employment being borne in the subsidiary company.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

VIRTUALSTOCK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)**2.10 Convertible loan note**

On 28 December 2018 the company issued convertible loan notes to the value of £3,143,452, which bear interest at a rate of 10% per annum. The company have the option, but no obligation, to settle the convertible loan note in cash at any time before conversion is required. If the company does not settle the loan notes within 18 months of issue, the loan notes will automatically convert at £2.50 per share.

The Directors have reviewed the requirements of FRS102 section 22 and have concluded that the convertible loan notes are in substance equity due to the fact that there is no obligation on the company to settle in cash. The proceeds on the issue of the convertible loan notes have therefore been presented entirely in equity at the balance sheet date.

Interest charged on the loan notes up until the point of conversion or settlement will be presented in reserves.

3. Employees

The average monthly number of employees, including directors, during the year was 7 (2018 - 8).

4. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	246,552
At 31 March 2019	246,552
Net book value	
At 31 March 2019	246,552
At 31 March 2018	246,552

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	8,833,418	5,218,105
	<u>8,833,418</u>	<u>5,218,105</u>

6. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,240,019	1,331,879
	<u>1,240,019</u>	<u>1,331,879</u>

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	140,000	140,000
Other creditors	3	1,370,002
	<u>140,003</u>	<u>1,510,002</u>

8. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
6,967,174 (2018 - 6,771,924) Ordinary shares of £0.0001- each	697	677

During the year, the company issued 195,250 shares for consideration of £1,750,000. A premium of £1,749,980 was paid on these shares, increasing the share premium reserve.

During the year the company issued 125,737 share warrants, which are exercisable over a five year period at £5. The fair value of these warrants at the balance sheet date is £Nil.

VIRTUALSTOCK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Related party transactions

At the balance sheet date, the company was due £8,833,418 (2018 - £5,218,105) from Virtualstock Limited, its subsidiary company. The loan was interest free, unsecured and repayable on demand.

10. Post balance sheet events

Following the balance sheet date the Company authorised a round of fundraising via the issue of 1,200,000 Ordinary £0.0001 shares to raise consideration of £3,000,000. At the date of signature, a total of 846,679 shares are fully paid up for total consideration of £2,116,710. Additional subscriptions for a further 212,319 shares are agreed in principle, and when paid up will result in additional consideration of £530,798. The Company expects to issue the remaining 141,002 shares for consideration of £352,492 in the near term future. The issuance of this share capital triggers relevant anti-dilution provisions.

11. Controlling party

There was no overall controlling party.

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2019 was unqualified.

The audit report was signed on 15 July 2019 by Brendan Sharkey, FCA (Senior statutory auditor) on behalf of MHA MacIntyre Hudson.