

VIRTUALSTOCK HOLDINGS LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2020

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
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	13,062,461	8,833,418
Cash at bank and in hand	6	217	1,240,019
		<u>13,062,678</u>	<u>10,073,437</u>
Creditors: amounts falling due within one year	7	(140,000)	(140,003)
Net current assets		<u>12,922,678</u>	<u>9,933,434</u>
Total assets less current liabilities		<u>13,169,230</u>	<u>10,179,986</u>
Net assets		<u>13,169,230</u>	<u>10,179,986</u>
Capital and reserves			
Called up share capital	8	817	697
Share premium account	8	10,035,717	7,035,837
Convertible loan note		3,527,135	3,223,548
Profit and loss account		(394,439)	(80,096)
		<u>13,169,230</u>	<u>10,179,986</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:

R Schuster
Director

Date: 17 September 2020

The notes on pages 3 to 8 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Share premium account	Convertible loan note	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2018	677	5,285,857	-	-	5,286,534
Issue of convertible loan note	-	-	3,223,548	-	3,223,548
Shares issued during the year	20	1,749,980	-	-	1,750,000
Interest on convertible loan note	-	-	-	(80,096)	(80,096)
At 1 April 2019	697	7,035,837	3,223,548	(80,096)	10,179,986
Repayment of convertible loan note	-	-	(10,756)	-	(10,756)
Shares issued during the year	120	2,999,880	-	-	3,000,000
Interest on convertible loan note	-	-	314,343	(314,343)	-
At 31 March 2020	817	10,035,717	3,527,135	(394,439)	13,169,230

The notes on pages 3 to 8 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 presentational and 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 Going concern

Following the COVID-19 pandemic, the directors have considered the annual budget, future cash flow forecasts and other relevant information in forming their assessment of the going concern assumption.

The COVID-19 pandemic and the ensuing economic shutdown has not had a significant impact on the company's operations. In response to the COVID-19 pandemic, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the directors are satisfied that the going concern basis is appropriate for the preparation of these financial statements.

2.4 Borrowing costs

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.5 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.10 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 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 loans will automatically convert at £2.12 having reduced from a conversion of £2.50 following fundraising of £3m in the period.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. Employees

The average monthly number of employees, including directors, during the year was 6 (2019 - 7).

4. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	246,552
At 31 March 2020	246,552
Net book value	
At 31 March 2020	246,552
At 31 March 2019	246,552

5. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	13,062,461	8,833,418
	<u>13,062,461</u>	<u>8,833,418</u>

6. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	217	1,240,019
	<u>217</u>	<u>1,240,019</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	140,000	140,000
Other creditors	-	3
	<u>140,000</u>	<u>140,003</u>

8. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
8,167,174 (2019 - 6,967,174) Ordinary shares of £0.0001- each	<u>817</u>	<u>697</u>

During the year, the company issued 1,200,000 shares for consideration of £3,000,000. A premium of £2,999,880 was paid on these shares, increasing the share premium reserve.

During the previous 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.

9. Convertible loan notes

£10,756 of convertible loan notes including £756 of accrued interest were repaid in the year. Interest on convertible loan notes in the year amounted to £313,842 and this has been included within equity.

Following the year end convertible loan notes and accrued interest were converted into shares as per note 11.

10. Related party transactions

At the balance sheet date, the company was due £13,062,461 (2019 - £8,883,418) from Virtualstock Limited, its subsidiary company. The loan was interest free, unsecured and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Post balance sheet events

On 13 May 2020, 42,496 Ordinary £0.0001 shares were issued through capitalisation of part of the share premium account for consideration of £4.25.

On 1 July 2020, loan notes and accrued interest amounting to £3,603,453 were converted into 1,698,431 Ordinary £0.0001 shares to give 9,908,101 shares in issue at that date and a share premium of £13,639,166.

On 17 August 2020, 75,905 Ordinary £0.0001 shares were issued through capitalisation of part of the share premium account for consideration of £7.60

Following the year end, £1,550,362 was held as monies for subscription.

12. Controlling party

There was no overall controlling party.

13. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2020 was unqualified.

The audit report was signed on 18 September 2020 by Brendan Sharkey, FCA (Senior statutory auditor) on behalf of MHA MacIntyre Hudson.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.