

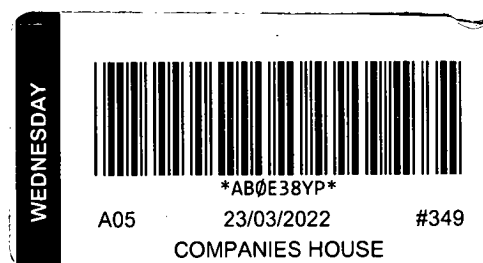
Registered number: 05412723

VIRTUALSTOCK HOLDINGS LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2021



VIRTUALSTOCK HOLDINGS LIMITED
REGISTERED NUMBER: 05412723

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
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	14,411,317	13,062,461
Cash at bank and in hand	6	201,723	217
		<u>14,613,040</u>	<u>13,062,678</u>
Creditors: amounts falling due within one year	7	(140,000)	(140,000)
Net current assets		<u>14,473,040</u>	<u>12,922,678</u>
Total assets less current liabilities		<u>14,719,592</u>	<u>13,169,230</u>
Net assets		<u>14,719,592</u>	<u>13,169,230</u>
Capital and reserves			
Called up share capital	8	1,080	817
Share premium account		15,189,269	10,035,717
Convertible loan note		-	3,527,135
Profit and loss account		(470,757)	(394,439)
		<u>14,719,592</u>	<u>13,169,230</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:

Ed Bradley

Ed Bradley - 2021-11-19, 09:23:47 UTC

Director

Date:

The notes on pages 3 to 9 form part of these financial statements.

VIRTUALSTOCK HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Share premium account £	Convertible loan note £	Profit and loss account £	Total equity £
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 1 April 2020	817	10,035,717	3,527,135	(394,439)	13,169,230
Interest on convertible loan note	-	-	76,318	(76,318)	-
Shares issued during the year	263	5,153,552	-	-	5,153,815
Loan notes converted during the year	-	-	(3,603,453)	-	(3,603,453)
At 31 March 2021	1,080	15,189,269	-	(470,757)	14,719,592

The notes on pages 3 to 9 form part of these financial statements.

VIRTUALSTOCK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Virtualstock Holdings Limited is a private company limited by shares, incorporated in England and Wales. The registered office is Work.Life, 33 Kings Road, Reading, Berkshire, RG1 3AR. 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

The COVID-19 pandemic and the ensuing economic shutdown has not had a significant impact on the company's commercial outlook. In response to the COVID-19 pandemic, the company undertook various cost-cutting measures. Most notably, the company has agreed to surrender the lease on its offices in central Reading and the company took advantage of the government's coronavirus job retention scheme with a significant number of employees leaving the business through a combination of redundancies and resignations. In order to protect against any significant deterioration in market conditions the company has also explored debt fundraising options. In this regard, following the reporting date, a loan was secured which is sufficient to meet the working capital needs of the group for at least 12 months from date of approval of the financial statements.

Following the COVID-19 pandemic, the directors have considered the annual budget, stressed future cash flow forecasts and other relevant information in forming their assessment of the going concern assumption. When considering stressed future forecast cash-flows, the directors have considered the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considered the effectiveness of available measures to assist in mitigating the impact of COVID-19.

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 profit or loss in the year in which they are incurred.

VIRTUALSTOCK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 profit or loss 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss 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.

VIRTUALSTOCK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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.

VIRTUALSTOCK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)**2.11 Convertible loan note**

On 28 December 2018 the company issued convertible loan notes to the value of £3,143,452, which had interest at a rate of 10% per annum. The company had the option, but no obligation, to settle the convertible loan note in cash at any time before conversion was required. If the company had not settled the loan notes within 18 months of issue, the loans would have automatically converted at £2.12 having reduced from a conversion of £2.50 following fundraising of £3m during the term of the convertible loan notes.

The Directors had reviewed the requirements of FRS102 section 22 and had concluded that the convertible loan notes were in substance equity due to the fact that there was no obligation on the company to settle in cash. The proceeds on the issue of the convertible loan notes had 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 had been presented in reserves.

The loan notes were converted into shares in the year to 31 March 2021, Note 9.

3. Employees

The average monthly number of employees, including directors, during the year was 6 (2020 - 6).

4. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	246,552
At 31 March 2021	246,552
Net book value	
At 31 March 2021	246,552
At 31 March 2020	246,552

VIRTUALSTOCK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	14,411,317	13,062,461
	<u>14,411,317</u>	<u>13,062,461</u>

6. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	201,723	217
	<u>201,723</u>	<u>217</u>

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other loans	140,000	140,000
	<u>140,000</u>	<u>140,000</u>

8. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,801,134 (2020 - 8,167,174) Ordinary shares of £0.0001 each	1,080	817
	<u>1,080</u>	<u>817</u>

During the year, the company issued 2,633,960 shares for consideration of £5,153,815. A premium of £5,153,552 was paid on these shares, increasing the share premium reserve to £15,189,269. This includes the conversion of the loan notes detailed in note 9.

In 2018, 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

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 £13,638,996.

VIRTUALSTOCK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. Share based payments

The company has an established Employee Share Options Plan under which both Enterprise Management Incentive ("EMI") and Unapproved options have been granted to certain employees and directors of Virtualstock Limited, its subsidiary company. The Schemes are equity-settled share based payment arrangement whereby the employees and directors are granted share options of the company's equity instruments.

The scheme includes non market-based vesting conditions only, whereby the share options may be exercised from the date that they vest only if there is an exit event. All options lapse on the 10th anniversary of the date of the grant. There are no performance based vesting conditions and the only vesting requirement is that the recipient remains in employment with the Company.

Share option activity for the year ended 31 March 2021 is presented below:

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	276	1,533,155	307	1,330,161
Granted during the year	250	465,000	250	250,000
Forfeited during the year	297	(266,667)	1000	(47,006)
Outstanding at the end of the year	266	1,731,488	276	1,533,155

At the balance sheet date there were a total of 1,283,849 share options in issue. Of these 836,209 share options have met the vesting conditions applicable to them and 447,640 share options remained unvested. 135,000 Phantom Options are not included in the above table. There were no share options exercisable at the year end.

Share options granted pre 1 April 2016 have not been revalued. This is in accordance with exemptions available under FRS 102 1A.

The number of share options granted post 01 April 2016 was 1,422,116 of which 756,639 were forfeited. The fair value of the remaining 665,477 share options granted post 1 April 2016 have been estimated by applying the Black - Scholes model.

The expense arising from the share-based payment transaction in the year was £220,736 (2020: £151,716). The expense in the year is made up of the share-based payment cost of shares in issue net of forfeited options. Included within this expense is £141,434 (2020: £49,109) attributable to directors of the company.

The directors of Virtualstock Holdings Limited consider the investment value in respect to the above to be fully impaired.

VIRTUALSTOCK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

11. Related party transactions

At the balance sheet date, the company was due £14,411,317 (2020 - £13,062,461) from Virtualstock Limited, its subsidiary company. The loan was interest free, unsecured and repayable on demand.

12. Post balance sheet events

Following the reporting date, a loan was secured by the company which is sufficient to meet the working capital needs of the group for at least 12 months from date of approval of the financial statements. This loan is interest bearing, secured on the assets of the company and its subsidiary Virtualstock Limited and is repayable by October 2025.

13. Controlling party

There was no overall controlling party.

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2021 was unqualified.

The audit report was signed on 23.11.2021 by Brendan Sharkey, FCA (Senior statutory auditor) on behalf of MHA MacIntyre Hudson.