

VIRTUALSTOCK LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2023

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	4	18,027	8,522
		<u>18,027</u>	<u>8,522</u>
Current assets			
Debtors: amounts falling due within one year	5	729,005	593,013
Cash at bank and in hand	6	365,152	96,630
		<u>1,094,157</u>	<u>689,643</u>
Creditors: amounts falling due within one year	7	(17,612,199)	(16,749,188)
Net current liabilities		<u>(16,518,042)</u>	<u>(16,059,545)</u>
Total assets less current liabilities		<u>(16,500,015)</u>	<u>(16,051,023)</u>
Provisions for liabilities			
Deferred tax	8	(10,155)	(10,155)
		<u>(10,155)</u>	<u>(10,155)</u>
Net liabilities		<u>(16,510,170)</u>	<u>(16,061,178)</u>
Capital and reserves			
Called up share capital	9	106	106
Share premium account		121,055	121,055
Share option reserve	10	1,321,622	1,060,070
Profit and loss account		(17,952,953)	(17,242,409)
		<u>(16,510,170)</u>	<u>(16,061,178)</u>

VIRTUALSTOCK LIMITED
REGISTERED NUMBER: 05078942

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

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: 22 December 2023

The notes on pages 4 to 15 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2021	106	121,055	835,637	(16,226,368)	(15,269,570)
Comprehensive income for the year					
Loss for the year	-	-	-	(1,016,041)	(1,016,041)
Share option credit	-	-	224,433	-	224,433
At 1 April 2022	106	121,055	1,060,070	(17,242,409)	(16,061,178)
Comprehensive income for the year					
Loss for the year	-	-	-	(710,544)	(710,544)
Share option credit	-	-	261,552	-	261,552
At 31 March 2023	<u>106</u>	<u>121,055</u>	<u>1,321,622</u>	<u>(17,952,953)</u>	<u>(16,510,170)</u>

The notes on pages 4 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

Virtualstock Limited is a private company limited by shares, incorporated in England and Wales. The registered office and trading address is Work.Life, 33 Kings Road, Reading, Berkshire, RG1 3AR. The company's principal activity continued to be that of providers of IT services and consultancy.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

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

The following principal accounting policies have been applied:

2.2 Going concern

The company has net current liabilities of £16,518,042 (2022: £16,059,545) and total net liabilities of £16,510,170 (2022: £16,061,178) at the balance sheet date. The financial statements have been prepared on the going concern basis which assumes that the company will be able to continue trading for the foreseeable future and meet its liabilities as they fall due.

The company is supported and funded by its parent company, Virtualstock Holdings Limited. The shareholders of Virtualstock Holdings Limited have indicated their willingness and ability to support the company for at least 12 months from the date of approval of the financial statements.

Additional funding, in the form of a share issue, was secured in the year by Virtualstock Holdings Limited, the parent company. This additional funding, together with the refinancing discussed in the post balance sheet events note, is sufficient to meet the working capital needs of the group for at least 12 months from date of approval of the financial statements.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Termination payments

Termination benefits are recognised when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for termination benefits.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Share based payments

Where share options in the parent company, Virtualstock Holdings Limited, are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss of Virtualstock Limited 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, Virtualstock Limited's profit or loss is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25%	on cost
Office equipment	-	25%	on cost
Computer equipment	-	25%	on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 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.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.20 Financial instruments (continued)

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.

3. Employees

The average monthly number of employees, including directors, during the year was 26 (2022 - 25).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2022	-	35,211	35,211
Additions	1,626	13,367	14,993
Disposals	-	(355)	(355)
At 31 March 2023	<u>1,626</u>	<u>48,223</u>	<u>49,849</u>
Depreciation			
At 1 April 2022	-	26,689	26,689
Charge for the year	373	4,760	5,133
At 31 March 2023	<u>373</u>	<u>31,449</u>	<u>31,822</u>
Net book value			
At 31 March 2023	<u>1,253</u>	<u>16,774</u>	<u>18,027</u>
<i>At 31 March 2022</i>	<u>-</u>	<u>8,522</u>	<u>8,522</u>

5. Debtors

	2023 £	2022 £
Trade debtors	454,762	349,733
Other debtors	21,422	37,109
Prepayments and accrued income	252,821	206,171
	<u>729,005</u>	<u>593,013</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	365,152	96,630
	<u>365,152</u>	<u>96,630</u>

7. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	488,481	705,599
Amounts owed to group undertakings	16,370,409	15,296,816
Other taxation and social security	233,130	130,244
Other creditors	59,886	249,776
Accruals and deferred income	460,293	366,753
	<u>17,612,199</u>	<u>16,749,188</u>

8. Deferred taxation

	2023 £
At beginning of year	(10,155)
At end of year	<u>(10,155)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(10,155)	(10,155)
Accelerated capital allowances	<u>(10,155)</u>	<u>(10,155)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
1,056 (2022 - 1,056) Ordinary shares of £0.10 each	<u>106</u>	<u>106</u>

10. Share-based payments

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

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 2023 is presented below:

	Weighted average exercise price (pence) 2023	Number 2023	<i>Weighted average exercise price (pence) 2022</i>	<i>Number 2022</i>
Outstanding at the beginning of the year	265	1,818,921	266	1,731,488
Granted during the year	250	390,000	250	87,433
Forfeited during the year		(29,263)		-
Outstanding at the end of the year	<u>263</u>	<u>2,179,658</u>	<u>265</u>	<u>1,818,921</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Share-based payments (continued)

At the balance sheet date there were a total of 2,179,658 share options in issue. Of these 1,473,908 share options have met the vesting conditions applicable to them and 705,750 share options remained unvested. 137,800 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 1 April 2016 was 1,899,549 of which 785,902 were forfeited. The fair value of the remaining 1,113,647 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 £261,552 (2022: £224,433), increasing the share option reserve from £1,060,070 to £1,321,622. 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 £201,896 (2022: £162,767) attributable to directors of Virtualstock Holdings Limited and Virtualstock Limited.

11. Pension commitments

The company operates an auto enrolment defined contribution pension scheme. The pensions cost charge represents contributions payable by the company to the fund and amount to £42,182 (2022: £46,507). At the balance sheet date, £12,429 (2022: £11,580) was unpaid and is included in other creditors.

12. Contingent liabilities

At the year end, the assets of the company are secured against a bank loan in the parent company, Virtualstock Holdings Limited. At the year end, the amount outstanding was £1,798,929.

13. Related party transactions

Following a further advance in the year of £1,073,593, at the balance sheet date, the company owed £16,370,409 (2022: £15,296,816) to Virtualstock Holdings Limited, its parent company. The loan is interest free, unsecured and repayable on demand.

14. Controlling party

The immediate and ultimate parent company is Virtualstock Holdings Limited in the current and previous year, registered office Work.Life, 33 Kings Road, Reading, Berkshire, RG1 3AR.

There is no overall controlling party.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2023 was unqualified.

The audit report was signed on 22 December 2023 by Georgette Alicia Crisp BSc (Hons) FCA (Senior Statutory Auditor) on behalf of MHA.

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.