

VSA CAPITAL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020



**VSA CAPITAL LIMITED (COMPANY REGISTRATION NUMBER: 02405923)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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**VSA CAPITAL LIMITED (COMPANY REGISTRATION NUMBER: 02405923)
COMPANY INFORMATION STATEMENT**

STATUTORY AND OTHER INFORMATION

Directors: Andrew Monk
Andrew Raca
Mark Steeves (Appointed 27 November 2019)
Ruiwen (Andy) Chen (Appointed 27 November 2019)

Company Registration Number: 02405923 (England and Wales)

FCA Authorisation Number: 158790

Registered Office: New Liverpool House
15-17 Eldon Street
London
EC2M7LD

Independent Auditors: Hilden Park Accountants Limited
Chartered Accountants and Statutory Auditors
Hilden Park House
79 Tonbridge Road
Hildenborough
Kent
TN11 9BH

Legal Advisors: Thomson Webb and Corfield
16 Union Road
Cambridge
CB2 1HE

**VSA CAPITAL LIMITED (COMPANY REGISTRATION NUMBER: 02405923)
STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020**

The Director presents the strategic report and financial statements for the Company for the year ended 31 March 2020. The financial statements are prepared to 2 April 2020 and incorporate the turnover on a major project that went to market on 2 April 2020.

Fair review of the business

In the year 2019/20 just about everything that could be thrown at our industry was and so I am delighted that VSA Capital Limited (VSA) has again reported a profit. Our Balance Sheet has improved (see key performance indicators, below) and having sailed through very stormy waters a clear, much brighter path lays ahead we hope.

2019 saw the Collapse of Woodford Fund Management and the subsequent collapse of demand in small cap stocks and this was followed by a General election and Brexit where institutional activity was very quiet. Finally, at the end of March 2020 we entered a global coronavirus pandemic and lockdown.

The core business of VSA, UK Investment banking, despite a highly competitive market, had a steady year helped by active participation in the Transitional Energy sector. Our Shanghai office had a quiet year and we continue to build our relationship with Moshe Capital in Johannesburg linking them with Shanghai. Our other activities such as Bond Trading and Asset Management remain small but give us opportunity.

In November 2019 we welcomed a new major shareholder, Mr Wei Chen, who now holds 24.72% of VSA undiluted but 16.92% fully diluted. We are delighted to have him as a supportive shareholder and hope it will help our desire to enhance our Chinese and Asian capabilities. It also now leaves us with a much healthier balance sheet.

We look forward with confidence despite the Coronavirus pandemic and staff working from home. The first quarter has been very active, and we believe this will continue for the foreseeable future. We have expanded our capabilities to include Technology as a sector and also our ability to manage Private Company Transactions. We have won several new clients since the start of the year and we are active with fund raisings, M&A and general advisory.

Our international business and in particular China is likely to have a quiet year due to travel restrictions but we have launched a China Mining Club in conjunction with our Shanghai office, Koala Mining in China, Moshe Capital and Hyve Group Plc and we believe this will help us to win new clients and international transactions.

We continue to look for opportunities within our other activities to build an additional revenue stream.

I have now been running VSA for 10 years and we have built a strong reputation. Our Business model is now changed to reflect the current environment and we have a group of well-motivated and happy staff. As we win more clients that will be reflected in the value of our business and I believe that value in our industry is about quality not quantity.

The directors are satisfied with the progress of the company which is continuing generating new business. With this in mind the directors are confident that the company is in a position to meet both the needs of its existing customers and continue to develop relationships with new customers.

The directors are pleased to report that the cash position has increased significantly since the year-end date and had increased to over £500,000 within a few days of the Balance Sheet date primarily as a result of cash received from the trade receivables. The largest trade receivable (£647,948) related to the Red T Energy plc transaction which finally went to market on 2 April 2020 - all the income, and all the costs, in relation to this contract have been included in these financial statements.

Key performance indicators

The directors consider that the key performance indicators of the Company are as follows:

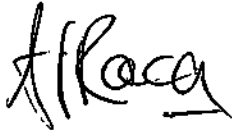
	2020	2019
Number of corporate clients	13	15
Operating profit	283,697	35,060
Net asset value	1,477,349	480,174

Principal risks and uncertainties

The current economic climate may affect the appetite of clients for investing. This is particularly relevant to stocks listed on secondary markets such as AIM. This may also affect the number of fund-raisings being undertaken by listed companies and hence reduce the number of transactions that the Company can participate in. In addition, VSA are working through the challenges of Brexit, which the directors believe will not adversely affect the business, the Covid-19 pandemic and the competitive market as noted above. The directors believe that the Company can mitigate against these risks by providing services to a wider spectrum of corporate clients and investors in order to facilitate investing activity.

**VSA CAPITAL LIMITED (COMPANY REGISTRATION NUMBER: 02405923)
STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020**

On behalf of the board

A handwritten signature in black ink, appearing to read 'A Raca', with a horizontal line under the 'a'.

Andrew Raca
Director

Date: 16 July 2020

**VSA CAPITAL LIMITED (COMPANY REGISTRARTION NUMBER: 02405923)
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020**

The Directors present their report and the financial statements of the Company for the year ended 31 March 2020.

Principal activities

The principal activities of the Company in the year under review was that of an investment company, a stockbroker providing advice and a dealing service to private and professional clients.

Directors

Andrew Monk and Andrew Raca have held office during the whole of the period from 1st April 2019 to the date of this report.

Mark Steeves and Ruiwen (Andy) Chen were added as Directors on 27 November 2019. Marcia Manarin was appointed a director after the year end (on 1st July 2020).

Results and dividends

A discussion of the company's financial results and the principal risks and uncertainties facing the business is included in the in the strategic report on page 2. The detailed results for the year are set out on page 6. No ordinary dividends were paid.

Financial risk management

Details of the Company's financial instruments and its policies with regard to financial risk management are given in notes to the financial statements.

Statement of director's responsibilities

The directors are responsible for preparing the 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 ("IFRSs") as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs and of the profit or loss for the period.

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 the affairs and of the 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 estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRSs as adopted by the European Union; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

The auditors, Hilden Park Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the Board



Andrew Monk - Director

Date: 16 July 2020

**VSA CAPITAL LIMITED (COMPANY REGISTRATION NUMBER: 02405923)
REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31 MARCH 2020**

Opinion

We have audited the financial statements of VSA Capital Limited (the 'Company') for the year ended 31 March 2020 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. 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 2020 and of its loss 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 for 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 Auditors' 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, 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors but does not include the financial statements and our Report of the Auditors 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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. We have nothing to report in this regard.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements; and
- the strategic report has 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 Report of the Directors.

We have nothing to report in respect of the following matters where 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; or

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**VSA CAPITAL LIMITED (COMPANY REGISTRATION NUMBER: 02405923)
REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31 MARCH 2020**

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.

Auditors' 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Andrew Appleton

Andrew Appleton (Senior Statutory Auditor)
for and on behalf of Hilden Park Accountants Limited
Chartered Accountants and Statutory Auditors
Hilden Park House
79 Tonbridge Road
Hildenborough
Tonbridge
Kent
TN11 9BH

Date: 16 July 2020

**VSA CAPITAL LIMITED (COMPANY REGISTRATION NUMBER: 02405923)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
CONTINUING OPERATIONS			
Revenue	5	2,136,521	1,897,233
Other comprehensive income/(loss)		187,943	(44,582)
Cost of sales		(115,608)	(94,788)
Gross profit		<u>2,208,856</u>	<u>1,757,863</u>
Administrative expenses		(1,925,159)	(1,722,803)
Operating profit	5	<u>283,697</u>	<u>35,060</u>
Interest received		351	2,155
Finance Costs		(5,692)	-
Profit before income tax		<u>278,356</u>	<u>37,215</u>
Income tax	7	(67)	(50)
Profit and total comprehensive income for the year		<u>278,289</u>	<u>37,165</u>

The accounting policies and notes are an integral part of these financial statements.

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
ASSETS			
Non-current assets			
Property, Plant and Equipment	8	434,706	6,319
Total non-current assets		<u>434,706</u>	<u>6,319</u>
Current assets			
Investments	9	197,446	112,143
Trade and other receivables	10	1,456,110	636,213
Cash and cash equivalents	11	122,867	105,415
Total current assets		<u>1,776,423</u>	<u>853,771</u>
TOTAL ASSETS		<u>2,211,129</u>	<u>860,090</u>
EQUITY AND LIABILITIES			
Share Capital	12	1,632,307	1,632,096
Share premium		1,268,575	549,900
Share Based Payments Reserve	13	2,711	3,890
Accumulated Losses		<u>(1,426,244)</u>	<u>(1,705,712)</u>
Total equity		<u>1,477,349</u>	<u>480,174</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	409,349	379,916
Finance Lease Liabilities	13	129,791	-
Total current liabilities		<u>539,140</u>	<u>379,916</u>
Non Current Liabilities			
Finance Lease Liabilities	13	194,640	-
Total non-current liabilities		<u>194,640</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES		<u>2,211,129</u>	<u>860,090</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 July 2020 and signed on its behalf by:



Andrew Monk
Director

VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital	Share Premium	Share Based Payments Reserve	Accumulated losses	Total
	£	£	£	£	£
Balance at 31 March 2018	1,632,096	549,900	-	(1,742,877)	439,119
Total comprehensive profit	-	-	-	37,165	37,165
Transfer to share based payments reserve	-	-	3,890	-	3,890
Balance at 31 March 2019	1,632,096	549,900	3,890	(1,705,712)	480,174
Total comprehensive profit	-	-	-	278,289	278,289
Capital Raise	211	718,675	-	-	718,886
Transfer from share based payments reserve	-	-	(1,179)	1,179	-
Balance at 31 March 2020	1,632,307	1,268,575	2,711	(1,426,244)	1,477,349

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
COMPANY STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£	£
Cash flows from operating activities		
Operating Profit	283,697	35,060
Interest received	351	2,155
Interest paid	(5,692)	-
Tax Paid	(67)	(50)
Transfer to share based payments reserve	(1,179)	3,890
Depreciation and amortisation	47,326	3,213
Movement in fair value of investments	(106,943)	44,582
Increase in trade and other receivables (Decrease)/Increase in trade and other payables	(819,897) 29,433	(269,804) (395,167)
NET CASH USED IN OPERATING ACTIVITIES	<u>(572,971)</u>	<u>(576,121)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(475,713)	(2,620)
Net (Purchase)/Sale of investments	21,640	(47,961)
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>(454,073)</u>	<u>(50,581)</u>
Cash flows from financing activities		
Issue of share capital	720,068	-
Finance lease liability	324,428	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>1,044,496</u>	<u>-</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>17,452</u>	<u>(626,702)</u>
Cash and cash equivalents at beginning of period	105,415	732,117
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>122,867</u>	<u>105,415</u>

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

GENERAL INFORMATION

VSA Capital Limited is a private company, limited by shares, registered in England and Wales. The address of its registered office and its registered number are given on page 1. Its principal activities are described on page 4.

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation

The Company's financial statements are for the period ended 31 March 2020 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, unless otherwise stated in these financial statements. The presentational and functional currency of the Company is Sterling.

Going concern

The continuing operations of the Company had cash and cash equivalents of £122,867 as at 31 March 2020, having seen a net increase in cash and cash equivalents in the year then ended of £17,452 and on that date had retained losses totalling £1,386,084.

The Company's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic and Directors Report on pages 2 to 4. The Strategic Report also includes the Company's policies and processes for managing its business risk objectives.

Management has prepared forecasts for the Company which shows that sustainable cash flows will be generated from the company's activities.

Statement of compliance

The financial statements comply with International Financial Reporting Standards as adopted by the European Union. At the reporting date, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU):

- IFRS 3 Business Combinations – amendments to clarify the definition of a business;
- IFRS 9 Financial Instruments – amendments regarding derecognising financial liabilities;
- IAS 1 Presentation of Financial Statements – amendment regarding classification of financial liabilities;
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – amendment of definition of materiality;
- IAS 16 Property, Plant & Equipment – amendment for proceeds before intended use;
- IAS 37 Provisions – amendment for costs of fulfilling a contract;
- IAS 39 Financial instruments, Recognition and measurement – Amendment of interest rate benchmark reform;
- IAS 41 Agriculture - amendments for taxation cashflows when measuring the fair value of biological assets;

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods would have little or no impact on the financial statements of the Company when the relevant Standards come into effect for future reporting periods.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write-off the cost of assets less any residual value, over their estimated useful lives, using the straight-line method, on the following bases:

- Fixtures and fittings - 20% per annum straight line
- Computer equipment – 33.3% per annum straight line
- Leasehold property – Over the course of the lease

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and derecognised on trade date. Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" (FVTPL), "cash and cash equivalents" and "loans and receivables". The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are held at FVTPL when the financial asset is held for trading or is designated as FVTPL. Such assets are held for trading or are acquired principally for the purpose of selling in the near term and are initially measured at fair value. Subsequently and at each reporting date these investments are measured at their fair values with the resultant gains or losses arising from changes in fair value being taken to profit or loss within investment income. Financial assets at FVTPL include listed securities and options over securities which have been received as consideration for corporate finance services rendered. The Black Scholes method of valuation is used to value options held by the Company.

Trade and other receivables

Trade and other receivables are initially measured at fair value and are subsequently measured at cost less provision for impairment. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the original recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

Short term borrowings

Short term borrowings are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Share based payments

The cost to the company of non-monetary employee benefits are accrued over the period in which the employees of the company render the associated services. The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which considers conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted based on management's best estimate for the effect of non-transferability, exercise restrictions, and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour based on past experience and future expectations.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share capital account represents the nominal value of the shares issued.

Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of VAT and trade discounts, from the provision of services during the year. Revenue includes the net profit/loss on principal trading, commission income and other ancillary fees. It also includes the fair value of options over securities which have been received as consideration for corporate finance services rendered.

Turnover is recognised according to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the duration of the contract with the period in the year that the service was provided.

See note 6 for a detailed breakdown of income.

Dividends and interest arising on bull and bear positions in securities form part of dealing profits and, because they are also reflected by movements in market prices, are not identified separately.

Revenue from Stock Exchange transactions is determined under the principles of trade date accounting.

Leases

At inception of the contract, the company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

Taxable profit differs from net profit as reported in the Statement of Comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for income tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all chargeable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities

are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Consolidated financial statements

These financial statements are for VSA Capital Limited only and do not reflect the results of its subsidiaries. Consolidated financial statements are not required on the basis that all subsidiary accompanes are immaterial individually and in aggregate to the VSA Group.

2. EMPLOYEES

The Company's employee benefit expense was:

	2020	2019
	£	£
Wages and salaries	953,516	872,785
Social security costs	116,287	121,288
Pension	24,330	9,870
	<u>1,094,134</u>	<u>1,003,943</u>

The average monthly number of employees, including directors, employed by the Company during the period were:

Directors	3	2
Corporate Finance	5	5
Research and sales	5	4
Accounts and administration	1	2
Total	<u>14</u>	<u>13</u>

3. DIRECTORS' EMOLUMENTS

The total emoluments of the directors were:

	2020	2019
	£	£
Directors Emoluments (excluding Pension)	324,223	295,830
Pension contributions	7,830	5,240
Advisory Fees	28,667	-
	<u>337,273</u>	<u>301,070</u>

Two directors received contributions from the Company towards retirement benefits which accrue under money purchase schemes.

Two directors received share options during the year as part of a staff performance incentive scheme. Two directors received share options as part of a sign on bonus. Refer to note 12 for detailed information about the terms on which the options were issued.

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

4. OPERATING PROFIT

The group operating profit is stated after charging:

	2020	2019
	£	£
Fees payable to Company Auditor		
- Audit of Annual Financial Statements	19,000	18,500
- Taxation Compliance	2,500	2,500
Depreciation and amortisation	47,326	3,213
Operating Lease Payments	81,316	159,122
Foreign Exchange Gains/(Losses)	2,384	(8,014)
Net (gains) / losses on financial assets at fair value through profit and loss	(106,943)	44,582

5. REVENUE INFORMATION

	2020	2019
	£	£
Revenue comprises of:		
Corporate Finance Fees	1,480,758	1,175,870
Broking Fees	473,189	520,844
Research Fees	68,846	59,831
Other	113,728	140,688
TOTAL	<u>2,136,521</u>	<u>1,897,233</u>

6. TAXATION

	2020	2019
	£	£
Company current tax charge	<u>67</u>	<u>50</u>
Total tax expense in statement of profit or loss and other comprehensive income	<u>67</u>	<u>50</u>
The tax charge for the period is different from the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%). The difference can be reconciled as follows:		
Profit before taxation	<u>378,356</u>	<u>37,215</u>
Tax calculated at the applicable rate based on profit/(loss) for the period	52,888	7,071
Expenses not deductible for taxation	3,930	1,542
Depreciation not deductible	8,992	610
Capital allowances	(3,459)	(2,698)
Tax losses brought forward utilised	(62,284)	-
Unutilised tax losses	-	(6,475)
Total tax expense in statement of profit or loss and other comprehensive income	<u>67</u>	<u>50</u>

Due to the uncertainty of the timing of taxable profits in the future, a deferred tax asset in respect of the tax losses has not been included in the accounts. Tax losses of £1.5m (2019: £1.9m) have been carried forward as at 31 March 2020.

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

7. PROPERTY, PLANT and EQUIPMENT

	Leasehold Property	Office Equipment	Furniture and Fittings	Total
	£	£	£	£
Cost				
At 1 April 2018	-	45,338	254,711	300,049
Additions	-	2,620	-	2,620
At 31 March 2019	-	47,958	254,711	302,669
Additions	467,004	8,709	-	473,613
At 31 March 2020	467,004	56,667	254,711	778,282
Depreciation				
At 1 April 2018	-	38,426	254,711	293,137
Charge for the year	-	3,213	-	3,213
At 31 March 2019	-	41,639	254,711	296,350
Charge for the year	42,366	4,960	-	47,326
At 31 March 2020	42,366	46,599	254,711	343,676
Net book value as at 31 March 2020	424,638	10,068	-	434,706
Net book value as at 31 March 2019	-	6,319	-	6,319

8. INVESTMENTS

	2020 £	2019 £
Quoted securities, unquoted securities and warrants	197,446	112,143

All investments are classified at fair value through profit and loss. The quoted securities comprise equities quoted on either the AIM or TSX markets. Unquoted securities are valued based on the lower of last known price of sale or directors valuation. The warrants are derivative instruments relating to either unquoted equities or equities quoted on the AIM or TSX market. The fair values of these investments are further detailed below.

9. TRADE AND OTHER RECEIVABLES

	2020 £	2019 £
Trade receivables	1,289,427	397,120
Other receivables	12,335	133,951
Prepayments and accrued income	132,389	105,142
VAT	21,959	-
	1,456,110	636,213

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. Trade receivables include £645,848 relating to the Red T placing that occurred on 2 April 2020, the date these financial statements are made up to. This amount was received in full, in cash and shares, during April 2020.

10. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank	122,867	105,415

The Company has no overdraft facilities or any other lines of credit from bank.

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

11. SHARE CAPITAL

Allotted, issued and fully paid

Class	Number	Nominal value	2020 £	2019 £
Ordinary	418,466 (2019 – 207,000)	£0.001	418	207
Deferred	1,011,096	£1	1,011,096	1,011,096
Deferred	207	£2,999	620,793	620,793
			<u>1,632,308</u>	<u>1,632,096</u>

The Company issued a total of 211,466 ordinary shares during the financial year ended 31 March 2020.

Deferred shares already in issue as at 1 April 2019 carry no voting rights and holders shall not be entitled to participate in any dividend paid or made by the company. On a return of capital upon liquidation or otherwise, the surplus assets of the company after payment of all liabilities, deferred shareholders will receive up to £1 per deferred share only after ordinary shareholders have received at least £1,000,000 per ordinary share.

Deferred shares issued during the year to 31 March 2019 carry no voting rights and holders shall not be entitled to participate in any dividend paid or made by the company. On a return of capital upon liquidation or otherwise, the surplus assets of the company after payment of all liabilities, deferred shareholder will receive up to £1 per deferred share only after ordinary shareholders have received at least £1,500,000,000,000 per ordinary share.

12. SHARE BASED PAYMENTS RESERVE

The Company has a share ownership compensation scheme for staff of the company whereby staff are issued with either warrants or options to purchase ordinary shares in the Company.

Warrants

As at 31 March 2020, there were 67,000 warrants in issue to subscribe for ordinary shares of the company (2019: 127,000). The warrants were issued in lieu of deferred directors compensation. The exercise price on all warrants is £1 per share. The warrants were issued on 30 September 2017 and have no vesting date.

As at 31 March 2020, current directors, Andrew Monk held 26,000 warrants and Andrew Raca held 41,000 warrants.

The movement in share-based payment reserve for warrants was £1,838 (2019: £3,890).

Options

As at 31 March 2020, there were 118,000 share options in issue to purchase ordinary shares of the company (2019: 115,000). The options were issued to staff and service providers in lieu of performance based payments for the 2017/18 financial year. Options are issued as an incentive to deliver long-term shareholder returns.

Share options outstanding at the end of the year are as follows:

Grant Date	As at 1 April 2019	Granted/Exercised Vested/Expired	As at 31 March 2020	Exercise Price	Expiry Date
23/11/2018	104,000	(5,000)	99,000	£1 per share	23/11/2028
26/03/2019	-	8,000	8,000	£2 per share	26/03/2029
05/12/2019	-	11,000	11,000	£4.35 per share	05/12/2029

Current directors, Andrew Monk and Andrew Raca, hold 42,000 options each which were issued on 23/11/2018 at an exercise price of £1 per share.

The estimated fair value of the options in issue was calculated by applying the Black-Scholes option pricing model. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The assumptions used in the calculation were as follows:

Share price at date of grant	£0.2416
Exercise Price	£1 / £2
Expected Volatility	10%
Expected dividend	0%
Contractual life	10 years
Risk Free Rate	4.5%
Estimated fair value of option	£0.00

No share-based payment reserve was required for the options issued above.

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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For options issued on 5 December 2019, the estimated fair value of the options in issue was calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as follows:

Share price at date of grant	£2.2691
Exercise Price	£4.35
Expected Volatility	10%
Expected dividend	0%
Contractual life	10 years
Risk Free Rate	3%
Estimated fair value of option	£0.1198

The share options in issue as at 31 March 2020 have a weighted average remaining contractual life of 8.7 years (2019: 9.7 years)

13. TRADE AND OTHER PAYABLES

	2020	2019
	£	£
Amounts due within one year		
Trade payables	225,734	92,885
Taxation and social security	31,909	44,692
Other payables	15,298	13,500
Accruals and deferred income	136,408	228,839
Finance lease	129,791	-
	<u>539,140</u>	<u>379,916</u>
Amounts due over more than one year		
Finance lease	194,640	-

14. FINANCIAL INSTRUMENTS

The Company's financial assets comprise cash and cash equivalents, listed securities, unlisted securities and trade and other receivables which arise directly from its operations. As at 31 March 2020, there were £406,256 of overdue trade receivables (2019: £236,157). No other financial assets were past due or were impaired except as described below.

Categories of financial instruments at 31 March 2020

	2020	2019
	£	£
Financial assets		
Financial assets at amortised cost		
Trade receivables	1,289,427	397,120
Other financial assets at amortised cost	166,683	239,093
Cash and cash equivalents	122,867	105,415
Financial assets at fair value through profit and loss	197,446	112,143
Total Financial assets	<u>1,776,423</u>	<u>853,771</u>
	2020	2019
	£	£
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	409,349	379,916
Lease liabilities	324,431	-
Total Financial assets	<u>733,780</u>	<u>379,916</u>

The group's exposure to various risks associated with the financial instruments is discussed below. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally payable in 60 days and are therefore all classified as current. Trade receivables are recognised at the amount of consideration that is unconditional. Trade receivables are reviewed for impairment and the carrying value is the net consideration expected to be received. Due to the short-term nature of the trade receivables their carrying value is considered to be the same as their fair value.

**VSA CAPITAL LIMITED (REGISTRATION NUMBER: 02405923)
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Other financial assets are measured at amortised cost and include other receivables, accrued income, prepayments and VAT are classified as current. Due to the short-term nature of these financial assets their carrying value is considered to be the same as their fair value.

Cash and cash equivalents include £60,646 of cash at bank and in hand (2019: £65,269) and £62,221 of deposits at call (2019: £40,146). Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

Trade and other payables include trade payables of £225,734 (2019: £92,885), taxes and social security of £31,909 (2019: £44,692), other receivables of £15,298 (2019: £13,500) and accruals and deferred income of £136,408 (2019: £228,839). The carrying value of all these financial liabilities are considered to be the same as their fair values due to their short-term nature.

Lease liabilities are measured on a present value basis in accordance with IFRS 16. The carrying value at 31 March 2019 is £324,431 (2019: nil). £129,731 is shown as a current liability due within a year and £194,640 is due over a year. Lease liabilities are described in detail in note 16.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders. It is the current strategy of the Company to finance its activities from existing equity and reserves and by the issue of new equity if required. The Company is also required to maintain a certain amount of capital to meet the requirement of the regulator the Financial Conduct Authority, of which the Company is a member.

Other risks management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, credit risk and market price risk. As all the Company's assets and liabilities are denominated in sterling it is not exposed to any material foreign exchange risk.

Credit risk

The credit risk on accounts receivable is monitored by senior management. To limit exposure to credit risk, many engagements require that fees are paid in advance of any activity being undertaken. Corporate finance activities are engaged on the basis that funds are received on an a regular basis with the balance of funds due on funding completion which therefore minimises credit risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has devised an appropriate strategy for liquidity risk management. The Company manages its liquidity risk by maintaining adequate reserves and cash resources to meet its day to day requirements and by the preparation of timely management information including projections and cashflow forecasts.

Market price risk

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The management meets regularly to consider investment strategy in respect of the company's portfolio.

Sensitivity Analysis

Financial instruments affected by market price risk include the company's portfolio of listed investments. The following analysis, required by IFRS 7 Financial Instruments: Disclosures, is intended to illustrate the sensitivity of the Company's financial instruments (as at year end) to changes in Global Stock Market Indices.

The following assumptions were made in calculating the sensitivity analysis:

- All income statement sensitivities will impact equity
- An insignificant volume of equities within the Company's portfolio are denominated in other currencies. The impact of foreign exchange risk has not been considered as the value risk is not considered to be material.
- All equity indices, regardless of location, will either increase or decrease in similar proportions

Income Statement/Equity Impact Analysis

As at 31 March 2020, the company held listed equities valued with a fair value of £184,345 (2019: £62,142). The sensitivity to significant movements in Global Equity Market Indices are as follows:

Global Equity Market Indices	2020	2019
+ 5%	9,217	3,107
- 5%	(9,217)	(3,107)
- 10%	(18,434)	(6,214)
- 15%	(27,651)	(9,321)

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The above sensitivities are calculated with reference to equities held on 31 March 2020. The volume and sector mix of the company's equity portfolio will change depending on company's investment appetite and availability of funding.

Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at FVTPL:				
Quoted Securities	184,345	-	-	184,345
Unquoted securities	-	-	13,101	13,101
	<u>184,345</u>	<u>-</u>	<u>13,101</u>	<u>197,446</u>

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Valuation Techniques applied to Level 3 Financial Instruments

Level 3 Financial Instruments comprise of unquoted equity investments in private companies. Valuation will be based on the following:

- Last known sales of price of the instrument (if a sale of the financial instrument has occurred between a willing buyer and seller within 12 months of balance sheet date)
- Directors valuation

15. FINANCIAL COMMITMENTS

The Company had the following total commitments under non-cancellable operating leases at the reporting date:

	2020 £	2019 £
Within one year (see also note 16)	<u>-</u>	<u>114,987</u>

In addition, the Company had the following total future minimum sublease payments expected to be received under non-cancellable subleases at the reporting date:

	2020 £	2019 £
Within one year	<u>81,000</u>	<u>60,000</u>

16. FINANCE LEASES

On 25 November 2019, the company entered into a lease for office space from 1 December 2019 until 30 November 2022. There is no option to renew the lease.

A leasehold property has been recognised and comprises of the present value of lease payments and cost directly attributable to securing the lease. Refer to Note 7.

At 31st March 2020 the company is committed to £345,371 (2019: £nil) in future lease payments, none of which relates to short-term leases. The carrying amount of the lease liabilities approximates the fair value.

The company's obligations are secured by the lessors' title to the leased office which has a carrying value of £424,638 (2019: £nil). The company does not face a significant liquidity risk with regard to its lease liabilities and these are monitored as part of the overall process of managing cash flows.

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The following outlines the future lease payments:

Year one - £142,912
Year two - £142,912
Year three - £59,547

Amount recognised in profit & loss:

Depreciation of right-of-use asset - £42,366
Interest expense on lease liabilities - £5,693

17. RELATED PARTIES

VSA Capital Private Investments Plc

Andrew Monk and Andrew Raca, the directors of VSA Capital Limited, are shareholders and sole directors of VSA Capital Private Investments Plc. During the year, the company raised invoices totalling £15,000 (2019: £86,380) to VSA Capital Private Investments Plc for financial advisory services and recharge of directors' fees.

Anglo African Agriculture Plc

Andrew Monk is a shareholder and director of Anglo African Agriculture Plc. As such, a director of VSA Capital Limited has significant influence over Anglo African Agriculture Plc. During the year the company raised sales invoices totalling £115,687 (2019: £212,288) to Anglo African Agriculture Plc. The balance owed by Anglo African Agriculture Plc at the year-end was £282,828 (2019: £156,825).

Mining, Minerals and Metals Plc

Andrew Monk is a director of Mining, Minerals and Metals Plc. Andrew Monk, Andrew Raca and VSA Capital Limited are shareholders of Mining, Minerals and Metals Plc, owning more than 20% of the ordinary share capital in aggregate. As such, VSA Capital Limited and two of its directors together have significant influence over Mining, Minerals and Metals Plc. During the year, the company raised invoices totalling £83,500 to Mining, Minerals and Metals Plc for advisory services (2019: £30,000).

China Mining Club Limited

VSA Capital Limited own 100% of the ordinary share capital of China Mining Club Limited, a company incorporated in England & Wales. During the year under review, this company was dormant and there were no transactions with VSA Capital Limited. Following the year end, China Mining Club Limited, trading as China Mining Club, was launched in conjunction with other parties, to provide services to mining companies internationally, giving them access to the Chinese mining community and market intelligence.

Benjami Limited

During the year VSA Capital purchased 50% of the ordinary share capital of Benjami Limited, a company incorporated in England & Wales. Benjami Limited owns 100% of the ordinary share capital of Pure Reports Limited. Both Benjami Limited and Pure Reports are dormant. There have been no transactions between VSA Capital Limited and both of these companies.

18. SUBSEQUENT EVENTS

There are no subsequent events which require disclosure.