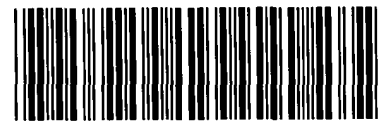


Beeks Financial Cloud Group PLC

Company Number SC521839

Annual Report - 30 June 2017

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Beeks Financial Cloud Group PLC

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Beeks Financial Cloud Group PLC
Company information
30 June 2017

Directors:	G McArthur M Cubitt S Goulding W Meldrum C Livesey
Company Secretary	S Goulding
Registered Office	Suite 1 Phoenix House Pegasus Avenue Phoenix Business Park Paisley Renfrewshire PA1 2BH
Registered Number:	SC521839
Nominated Adviser and Broker	Cenkos Securities plc 3 rd Floor 66 Hanover Street Edinburgh EH2 1EL
Corporate Solicitors	Pinsent Masons LLP 141 Bothwell Street Glasgow G2 7EQ
Auditors:	Grant Thornton UK LLP 110 Queen Street Glasgow G1 3BX
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
Financial PR	Alma PR Limited Aldwych House 71-91 Aldwych London WC2B 4HN

Beeks Financial Cloud Group PLC
Strategic report
30 June 2017

The directors present their strategic report for the year ended 30 June 2017.

Review of business

The group has continued to provide server infrastructure and connectivity to its clients who are using automated trading in Forex and Futures financial products.

The directors are satisfied that the group is operating satisfactorily.

The key objectives for the group are to effectively grow the existing business and to actively identify new business opportunities in which to invest or to develop to facilitate turnover and profitability growth.

The group's key performance indicators are turnover, Annualised Committed Monthly Recurring Revenue (ACMRR) and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA).

Turnover for the year was £3,970,000 an increase of over 48% on last year. ACMRR at June 2017 was £4,700,000 an increase of £1,300,000 (38.2%) compared to June 2016. EBITDA before exceptional items was £543,000 compared to £631,000 in the prior year. The group made significant investment in its operating infrastructure during the period, increasing the capacity available for the next period of growth. The exceptional items relate to the costs of the parent company, Beeks Financial Cloud Group Plc, listing on the London AIM and this was successfully achieved in November 2017 bringing further investment to enable the company to achieve its goals.

Principal risks and uncertainties

The group provides IT services which is not a regulated business and the company is not, therefore, regulated. It does, however, provide services to financial institutions and exchanges worldwide which are regulated in their own jurisdictions and whose businesses may be affected by such regulation. Financial regulation is constantly under scrutiny and there is no way of predicting future changes to such regulation which may alter the market of the group's clients. There are no regulation changes of which the group is aware that will significantly affect its business in the foreseeable future.

Cash flow and interest rate risk

The group has managed its cash flow satisfactorily during the year. The group has minimal commercial loans and no overdrafts and, as such, risks associated with changes in interest rates are not considered material.

Operational risk

The company recognises the need for its administrative and professional services requirements to be fully and appropriately met. The directors have ensured that such support was in place and that internal practices and procedures existed to mitigate identified areas of operational risk.

Currency risk

The group had minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions.

Credit risk

The directors have taken steps to ensure that appropriate policies are in place to recognise and manage credit risks. The group reviews the reliability of its customers on a regular basis. Such a review takes into account the nature of the group's trading history with the customer.

Outlook

The group has started the new financial year well building on the investments made in 2017, and continuing its organic growth. The board remains confident that the company is well positioned in its markets and will continue to perform well in 2018 given its strong revenue visibility and additional funds received following its listing on London AIM.

Beeks Financial Cloud Group PLC
Strategic report
30 June 2017

This report is made in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Gordon', followed by a horizontal line and a series of wavy lines.

Gordon McArthur
Chief Executive Officer
21 February 2018

Beeks Financial Cloud Group PLC
Directors' report
30 June 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Beeks Financial Cloud Group PLC (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Principal activity

The principal activity of the group is the provision of information technology services.

Directors

The following persons were directors of Beeks Financial Cloud Group PLC during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Cubitt (appointed 1 February 2017)

Gordon McArthur

Simon Mark Goulding

Christopher Brian Livesey (appointed 27 July 2016)

Andrew William Crawford Meldrum (appointed 27 July 2016)

Dividends

There were no dividends paid, recommended or declared during the current financial year (30 June 2016: dividends of £168,000).

Review of operations

The loss for the consolidated entity after providing for income tax amounted to £749,000 (30 June 2016: profit of £205,000). IPO exceptional costs of £736,000 (2016: £101,000) have been recognised in relation to the professional adviser costs incurred during the process of achieving an AIM listing. EBITDA before exceptional items was £543,000 (2016: £631,000).

Matters subsequent to the end of the financial year

Beeks Financial Cloud Group PLC was admitted to the UK Alternative Investment Market (AIM) on 27 November 2017. The company issued 9,000,000 New Ordinary Shares representing 18.4 per cent of the Enlarged Issued Ordinary Share capital of the Company following the Placing. At the Placing Price, the Placing of New Ordinary Shares raised approximately £4.5 million (before expenses) for the Group.

Charitable and political donations

No charitable or political donations were made during the year.

Disabled employees

Due to the size of the consolidated entity, no policy for the employment of disabled persons has been established.

Indemnity of directors

The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the consolidated entity's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Beeks Financial Cloud Group PLC
Directors' report
30 June 2017

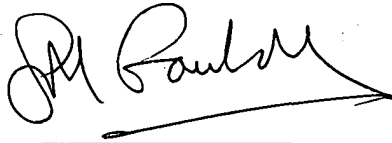
Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the AGM.

Items deemed of strategic importance have been included in the Strategic Report instead of the Directors' Report in line with section 414C of the Companies Act 2006.

This report is made in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'S. Goulding', with a long horizontal line extending from the end of the signature.

Simon Goulding
Company Secretary

21 February 2018

Beeks Financial Cloud Group PLC
Directors' responsibilities statement
30 June 2017

The directors are responsible for preparing the strategic report, directors' report and 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 ('IFRS'). 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 affairs of the consolidated entity and the profit or loss of the consolidated entity for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ('IFRS') have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the consolidated entity will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the consolidated entity's transactions and disclose with reasonable accuracy at any time the financial position of the consolidated entity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the consolidated entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Beeks Financial Cloud Group plc

Opinion

We have audited the financial statements of Beeks Financial Cloud Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Statement of Financial Position, Consolidated and Parent Company Statement of Changes in Equity, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's loss and the parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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.

Who we are reporting to

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 an auditor's report 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 10 to 39, other than the financial statements and our auditor's report 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.

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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 auditor's report.



James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
21 February 2018

Beeks Financial Cloud Group PLC
Statements of comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 £'000	2016 £'000
Revenue	4	3,970	2,679
Cost of sales		(2,401)	(1,532)
GROSS PROFIT		1,569	1,147
Administrative expenses		(2,242)	(921)
OPERATING (LOSS) / PROFIT	5	(673)	226
Presented as:			
EBITDA		(193)	530
Depreciation	11	(400)	(238)
Amortisation of intangibles	12	(80)	(66)
OPERATING (LOSS) / PROFIT		(673)	226
Finance costs	6	(88)	(72)
(LOSS) / PROFIT BEFORE TAXATION		(761)	154
Taxation	10	-	(10)
(LOSS) / PROFIT AFTER TAXATION		(761)	144
Other comprehensive income			
<i>Items that may be reclassified to Statement of Comprehensive Income</i>			
Exchange gains on retranslation of foreign operations		12	61
TOTAL COMPREHENSIVE INCOME		(749)	205
		Pence	Pence
Basic earnings per share	9	(346.4)	100.4
Diluted earnings per share	9	(346.4)	96.7

The above statements of financial position should be read in conjunction with the accompanying notes

Beeks Financial Cloud Group PLC
Statements of financial position
As at 30 June 2017

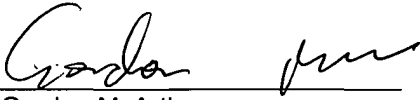
	Note	Consolidated		Parent	
		2017	2016	2017	2016
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,302	648	-	-
Intangibles	12	574	639	-	-
Investments	13	-	-	438	2
Deferred tax	14	27	12	-	-
Total non-current assets		1,903	1,299	438	2
Current assets					
Cash and cash equivalents		23	31	-	-
Trade and other receivables	15	392	336	178	-
Total current assets		415	367	178	-
Total assets		2,318	1,666	616	2
LIABILITIES					
Non-current liabilities					
Borrowings	16	398	45	-	-
Deferred tax	14	66	74	-	-
Total non-current liabilities		464	119	-	-
Current liabilities					
Trade and other payables	17	1,868	971	225	-
Borrowings	18	361	202	-	-
Total current liabilities		2,229	1,173	225	-
Total liabilities		2,693	1,292	225	-
NET (LIABILITIES)/ASSETS		(375)	374	391	2
EQUITY					
Issued capital	20	2	2	2	2
Foreign currency retranslation reserve		83	71	-	-
Merger relief reserve		372	372	372	-
Other reserve		(315)	(315)	-	-
Retained profits/(accumulated losses)		(517)	244	17	-
TOTAL (DEFICIENCY)/EQUITY		(375)	374	391	2

The Profit before tax of the parent company for the year ended 30 June 2017 was £21,000 after IPO exceptional items.

The above statements of comprehensive income should be read in conjunction with the accompanying notes

Beeks Financial Cloud Group PLC
Statements of financial position
As at 30 June 2017

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

A handwritten signature in black ink, appearing to read 'Gordon', followed by a horizontal line and a second, less distinct signature.

Gordon McArthur
Chief Executive Officer

21 February 2018

Company Number SC521839

The above statements of financial position should be read in conjunction with the accompanying notes

Beeks Financial Cloud Group PLC
Statements of changes in equity
For the year ended 30 June 2017

Consolidated	Issued capital £'000	Foreign currency retranslation reserve £'000	Merger relief reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2015	-	10	-	-	268	278
Profit after income tax expense for the year	-	-	-	-	144	144
Other comprehensive income						
Exchange gain on retranslation of foreign operations	-	61	-	-	-	61
Total comprehensive income for the year	-	61	-	-	144	205
<i>Transactions with owners in their capacity as owners:</i>						
Issue of warrants	-	-	-	59	-	59
Issue of share capital	2	-	372	(374)	-	-
Dividends paid (note 24)	-	-	-	-	(168)	(168)
Balance at 30 June 2016	2	71	372	(315)	244	374
Balance at 1 July 2016	2	71	372	(315)	244	374
Loss after income tax expense for the year	-	-	-	-	(761)	(761)
Other comprehensive income						
Exchange gain on retranslation of foreign operations	-	12	-	-	-	12
Total comprehensive income for the year	-	12	-	-	(761)	(749)
Balance at 30 June 2017	2	83	372	(315)	(517)	(375)

The above statements of financial position should be read in conjunction with the accompanying notes

Beeks Financial Cloud Group PLC
Statements of changes in equity
For the year ended 30 June 2017

Parent	Issued capital £'000	Merger relief reserve £'000	Retained profits £'000	Total equity £'000
Balance at 1 July 2015	2	-	-	2
Profit after income tax expense for the year	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	-	-
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	-	-	-	-
Balance at 30 June 2016	2	-	-	2

Parent				
Balance at 1 July 2016	2	-	-	2
Profit after income tax expense for the year	-	-	17	17
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	17	17
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	-	372	-	372
Balance at 30 June 2017	2	372	17	391

The above statements of financial position should be read in conjunction with the accompanying notes

Beeks Financial Cloud Group PLC
Statements of cash flows
For the year ended 30 June 2017

	Note	Consolidated 2017 £'000	2016 £'000
Cash flows from operating activities			
(Loss)/Profit before income tax expense for the year		(761)	154
Adjustments for:			
Depreciation of property, plant and equipment		400	238
Amortisation of intangible assets		80	66
Interest and other finance costs		88	72
Operating cash flows before movements in working capital		(193)	530
Increase in trade and other receivables		(56)	(177)
Increase in trade and other payables		928	589
Cash generated from operating activities		679	942
Income taxes paid		(60)	(31)
Net cash from operating activities		619	911
Cash flows used in investing activities			
Purchase of property, plant and equipment		(818)	(444)
Acquisition of trade assets		(32)	(358)
Net cash used in investing activities		(850)	(802)
Cash flows from financing activities			
Proceeds from borrowings		136	119
Repayment of borrowings		(131)	(42)
Sale and leaseback of property, plant and equipment		584	215
Finance lease repayments		(278)	(203)
Interest paid		(88)	(72)
Dividends paid		-	(168)
Net cash from/(used in) financing activities		223	(151)

The above statements of financial position should be read in conjunction with the accompanying notes

Beeks Financial Cloud Group PLC
Statements of cash flows
30 June 2017

Net increase in cash and cash equivalents	(8)	(42)
Cash and cash equivalents at the beginning of the financial year	<u>31</u>	<u>73</u>
Cash and cash equivalents at the end of the financial year	<u><u>23</u></u>	<u><u>31</u></u>

The above statements of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the Companies Act 2006, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's and company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The Directors have assessed the current financial position of Beeks Financial Cloud Group plc, taking account of exceptional costs incurred as a result of the IPO process and acquisition costs that have been paid for out of operating cash flow. Given the successful gross raise of £4.5m in November 2017 and the company's profitability excluding exceptional items, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Directors have adopted the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Beeks Financial Cloud Group PLC ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Beeks Financial Cloud Group PLC and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of services

Sale of services revenue is recognised at the point of sale, which is where the customer has taken delivery of the service, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Beeks Financial Cloud Group PLC
Notes to the financial statements
30 June 2017

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Beeks Financial Cloud Group plc and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	Over the lease period (typically 3 years)
Computer equipment	3-4 years and over the length of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer relationships

Included within the value of intangible assets are customer relationships. These represent the purchase price of customer lists and contractual relationships purchased on the acquisition of the business and assets of Gallant VPS Inc. These relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over a period of five years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Post-retirement benefits

Defined contribution schemes

The defined contribution schemes provide benefits based on the value of contributions made. The amounts charged as expenditure for the defined contribution scheme represents the contributions payable by Beeks Financial Cloud Group plc for the accounting years in respect of the scheme which became effective in September 2016.

Equity

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

The share capital account represents the amount subscribed for shares at nominal value.

The foreign currency retranslation reserve represents exchange gains and losses on retranslation of foreign operations. Included in this is revaluation of opening balances from prior years.

Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The other reserve arose on the share for share exchange and reflects the difference between the value of Beeks Financial Cloud Group Limited and the share capital of the Group being acquired through the share for share exchange. Also included in the other reserve is the fair value of the warrants issued on the acquisition of VDIWare LLC.

The merger relief reserve arose on the share for share exchange reflecting the difference between the value of the share capital in Beeks Financial Cloud Group Limited and the value of the Group being acquired, Beeks Financial Cloud Limited. Retained earnings include all results as disclosed in the consolidated statement of comprehensive income.

The accounting policies set out above have, unless otherwise stated, been applied consistently by the Group to all periods presented.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Beeks Financial Cloud Group PLC, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

First time adoption of IFRS

These financial statements have been prepared in accordance with IFRS as adopted by the European Union for the first time for each of the two years ended 30 June 2017. The impact of adoption of IFRSs for the first time has been assessed and has no material effect on the primary statements. The additional disclosures required under IFRS have been included within these financial statements.

In preparing these financial statements in respect of the years ended 30 June 2016 and 2017, Beeks Financial Cloud Limited and Beeks Financial Cloud Group plc adopted International Financial Reporting Standards (IFRS), as endorsed by the EU.

The accounting policies set out in note 1 have been applied in preparing these financial statements. The retrospective application of IFRS to the comparative information and the opening IFRS balance sheet was required, with certain limited exceptions, by IFRS 1 'First Time adoption of IFRS'.

International Financial Reporting Standards and Interpretations issued but not yet effective

At the date of these financial statements, the following new standards, amendments and interpretations to existing standards have been published that are mandatory for forthcoming financial periods, but which the Group has not adopted early.

These are not expected to have a material impact on the Group's consolidated Historical Financial Information:

- IFRS 9: 'Financial instruments' - effective for periods commencing on or after 1 January 2018
- IFRIC 23: 'Uncertainties over Income Tax Treatment' - effective for periods commencing on or after 1 January 2019
- IAS 12: 'Recognition of Deferred Tax Assets for Unrealised Losses' - effective for periods commencing on or after 1 January 2017
- Amendments to IAS 7: 'Disclosure Initiative' - effective for periods commencing on or after 1 January 2017
- Clarifications to IFRS 15 'Revenue from Contracts with Customers' - effective for periods commencing on or after 1 Jan 2018
- Amendments to IFRS 2: 'Classification and Measurement of Share-based Payment Transactions' - effective for periods commencing on or after 1 Jan 2018
- Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' - effective for periods commencing on or after 1 Jan 2018
- Annual Improvements to IFRS Standards 2014-2016 Cycle - effective for periods commencing on or after 1 Jan 2018
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' - effective for periods commencing on or after 1 Jan 2018
- Amendments to IAS 40: 'Transfers of Investment Property' - effective for periods commencing on or after 1 Jan 2018
- Amendments to IFRS 9: 'Prepayment Features with Negative Compensation' - effective for periods commencing on or after 1 Jan 2019
- Amendments to IAS 28: 'Long-term Interests in Associates and Joint Ventures' - effective for periods commencing on or after 1 Jan 2019

Amendments that are expected to have an impact on the Group's consolidated financial statements:

- IFRS 15 'Revenue from contracts with customers' – effective for periods commencing on or after 1 January 2018. The company do not plan to adopt IFRS 15 early. The standard permits two possible transition methods for the adoption of the new guidance: (1) retrospectively to each prior reporting period presented in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), or (2) retrospectively with the cumulative effect of initially applying the standard recognised on the date of the initial application (cumulative catch-up approach). The Group plans to conduct a detailed review of revenue recognition policy in relation to the new standard. Any impacts, if material, will be disclosed, including statements on if and how the Group applies any of the practical expedients available in the standard. The current view by the Group is there may be significant impact to the disclosures but not on revenue recognition.
- IFRS 16 'Leases' – the impact of this amendment is that operating leases will be shown on the statement of financial position which will increase both the assets and liabilities of the group. The net effect to both the statement of financial position and income statement are expected to be minimal.

Adoption of new and revised standards

There were no additional standards, amendments and interpretations that had a material impact on the Group's financial statements during the year. The following standards, amendments and interpretations were effective in the year but had no material impact on the Group's financial statements

- Disclosure Initiative - Amendments to IAS 1 – Presentation of Financial Statements
- Amendments to IAS 27 – Equity Method in Separate Financial Statements
- Amendments to IAS16 and IAS38 – Classification of Acceptable Methods of Depreciation and Amortisation
- Annual Improvements 2012-14

General information

The financial statements cover both Beeks Financial Cloud Group PLC as an individual entity and the consolidated entity consisting of Beeks Financial Cloud Group PLC and the entities it controlled at the end of, or during, the year. The financial statements are presented in Pound sterling, which is Beeks Financial Cloud Group PLC's functional and presentation currency.

Beeks Financial Cloud Group PLC is a listed public company limited by shares, incorporated and domiciled in United Kingdom.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Intangible assets

The Group tests its intangible assets for impairment annually. At 30 June 2017 the goodwill and value wholly related to acquisitions that occurred during prior years and, as such, the impairment review has been undertaken by comparing fair value less costs to sell to carrying value. Fair value is not considered to be materially different to the value paid by the Group for each business and as such there is not considered to be any impairment of the intangibles.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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Deferred taxation

The Group has tax losses available to offset future taxable profits. In estimating the amount of deferred tax to be recognised as an asset the Group estimates the future profitability of the relevant business unit. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Within the deferred tax provisions are deferred tax assets that have been recognised in the US due the difference between the amortisation periods. The Group has elected to amortise the US assets over a period of 15 years in line with US tax authorities. This gives rise to a deferred tax assets as the Group is using a five year useful life for financial reporting purposes. The deferred tax asset has been calculated at an average US tax rate of 30%. This is shown in Note 14.

Note 3. Operating segments

Identification of reportable operating segments

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of operating segments, have been identified as the Executive Board.

During year ended 30 June 2017, the Group was organised into two main business segments for revenue purposes. The group does not place reliance on any specific customer and has no individual customer that generates 10% or more of its total group revenue. Performance is assessed by a focus on the change in revenue across both institutional and retail revenue. Cost is reviewed at a cost category level but not split by segment. Assets are used across all segments and are therefore not split between segments so management review profitability at a group level.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
United Kingdom	240	104	743	365
Europe	438	251	4	8
Rest of World	3,292	2,324	1,129	914
	3,970	2,679	1,876	1,287

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue

Revenue by segment is shown below:

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Institutional Revenue	3,110	2,008	-	-
Retail Revenue	860	671	-	-
Intra Group Revenue	-	-	386	-
Revenue	3,970	2,679	386	-

Note 5. Operating (Loss) / Profit

Operating (Loss) / Profit is stated after charging:

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Auditor's remuneration				
Fees payable to the Company Auditor for the audit of the parent company and consolidated annual accounts	7	-	-	-
The audit of the Company's subsidiaries, pursuant to legislation	13	-	-	-
Other assurance services	6	-	-	-
	26	-	-	-
Corporate finance fees	100	21	-	-
Tax services – advisory	32	-	-	-
Tax services - compliance	10	-	-	-
Staff costs – wages & salaries	899	471	283	-
Staff costs – social security costs	79	40	18	-
Depreciation	400	238	-	-
Amortisation of intangibles	80	66	-	-
Currency translation cost on settlement	6	13	-	-
Operating leases	123	75	-	-
Cost of acquisitions	-	12	-	-
IPO exceptional items	736	101	8	-

Note 6. Finance costs

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank charges	55	39	-	-
Leasing	25	18	-	-
Other finance costs	8	15	-	-
Revenue	88	72	-	-

Note 7. Average number of employees

The average number of employees during the year was as follows:

	Consolidated		Parent	
	2017	2016	2017	2016
Management and administration	12	4	4	-
Support and development staff	8	4	-	-
Average number of employees	20	8	4	-

Note 8. Directors' remuneration

Details of directors' remuneration is set out below:

	Consolidated		Parent	
	2017	2016	2017	2016
Emoluments	143	29	58	-

The directors received pension contributions of £700 (2016: £nil) during the year.

The amounts set out above include remuneration in respect of the highest paid director as follows:

Emoluments	59	21	24	-
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The highest paid director received pension contributions of £700 (2016: £nil) during the year.

Note 9. Earnings per share

	Consolidated	
	2017	2016
	£'000	£'000
(Loss)/profit after income tax attributable to the owners of Beeks Financial Cloud Group PLC	(749)	205
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	2,162	2,041
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,324	2,121

In accordance with IAS 33 where there is a loss in the year, there is no dilutive effect of options in issue.

	Pence	Pence
Basic earnings per share	(346.4)	100.4
Diluted earnings per share	(346.4)	96.7

Dividends per share are as follows:

	Consolidated	
	2017	2016
	£'000	£'000
Dividends paid to equity holders of the Group	-	168
Dividend per share (£)	-	857.1

Note 10. Income tax expense/(benefit)

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<i>Income tax expense/(benefit)</i>				
Current tax (UK)	21	21	4	-
Deferred tax (UK)	(9)	(16)	-	-
Current tax (US)	2	5	-	-
Deferred tax (US)	(14)	-	-	-
	<u>-</u>	<u>10</u>	<u>4</u>	<u>-</u>
Aggregate income tax expense	<u>-</u>	<u>10</u>	<u>4</u>	<u>-</u>
UK Corporation tax is calculated at 19% (2016: 20%) on the assessable profit for the period. The charge for the period can be reconciled to the (loss) / profit before tax as follows:				
(Loss)/profit before income tax expense	<u>(761)</u>	<u>154</u>	<u>21</u>	<u>-</u>
Tax at the statutory tax rate of 19% (2016: 20%)	(145)	31	(4)	-
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Expenses not deductible for tax	141	28	-	-
Tax losses not relieved	20	4	-	-
Changes in tax / marginal relief	(5)	-	-	-
Deferred tax overprovision	(14)	(36)	-	-
Prior period Corporation tax adjustment	9	-	-	-
Adjusted deferred tax to average rate	(5)	(13)	-	-
US state and local taxes	2	4	-	-
Other	(3)	(8)	-	-
	<u>-</u>	<u>10</u>	<u>(4)</u>	<u>-</u>
Income tax expense / (benefit)	<u>-</u>	<u>10</u>	<u>(4)</u>	<u>-</u>

Note 11. Non-current assets - property, plant and equipment

Consolidated	Computer Equipment £'000
Balance at 1 July 2015	443
Additions	677
Disposals	(234)
Depreciation expense	(238)
Balance at 30 June 2016	648
Additions	1,638
Disposals	(584)
Depreciation expense	(400)
Balance at 30 June 2017	1,302

Disposals relate to sale and leaseback transactions. These assets have been sold at terms which result in them being accounted for under finance leases within computer equipment. All depreciation charges are included within cost of sales.

Assets pledged as security

The assets purchased under leases are standard finance leases with no special clauses and are for periods of between 2 to 3 years. The leases contain an option to purchase the assets at the end of the lease period.

Note 12. Non-current assets - intangibles

Consolidated	Intangible Asset £'000	Goodwill £'000	Total £'000
Balance at 1 July 2015	169	-	169
Additions through business combinations	121	391	512
Revaluation of opening balance	24	-	24
Amortisation	(66)	-	(66)
Balance at 30 June 2016	248	391	639
Revaluation of opening balance	6	9	15
Amortisation	(80)	-	(80)
Balance at 30 June 2017	174	400	574

Note 12. Non-current assets - intangibles (continued)

Goodwill arising from the acquisition of the business and assets of VDIWare LLC has been capitalised and is assessed on an annual basis for impairment.

Impairment reviews are carried out on an annual basis to ensure that the carrying value of each individual asset is still appropriate. In performing these reviews, under the requirements of IAS 36 "Impairment of Assets" management prepared forecasts for future trading in which assumptions over sales growth, gross margins and costs were applied over a useful life period of five years. The forecasts were performed assuming a 4% growth in sales and 2% growth in costs for the period which was considered prudent and appropriate, using a discount rate of 10%. Sensitivities were applied by reducing the growth assumptions to 2% and 1% of sales and costs and increasing the discount rate to 12%. After running these sensitivities, management concluded that there is still sufficient headroom in the value of the asset.

Management consider these assumptions to be reasonable based on current performance of the Group. As at 30 June 2017, no change to the impairment provision against the carrying value of intangibles was required.

Note 13. Investments

	Shares in group undertakings £'000
As at 1 July 2017	374
Additions	64
As at 30 June 2017	438

Details of subsidiary companies are found in Note 24.

Note 14. Non-current assets/(liabilities) - deferred tax

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<i>The split of fixed and intangible assets is summarised as follows:</i>				
Deferred tax liabilities (Fixed asset temporary differences)	(66)	(74)	-	-
Deferred tax asset (Intangible asset temporary differences)	27	12	-	-

Deferred tax is recognised at the standard UK corporation tax of 19% for Fixed assets in the UK (2016: 18%). Deferred tax in the US is recognised at an average rate of 30% (2016: 30%). The Group has unrecognised tax losses in overseas subsidiaries of £11,000 in for the year ended 30 June 2017 (2016: £33,000).

Note 15. Current assets - trade and other receivables

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade receivables	106	83	-	-
Less: Provision for impairment of receivables	(5)	(6)	-	-
	<u>101</u>	<u>77</u>	<u>-</u>	<u>-</u>
Accrued revenue	161	159	-	-
Prepayments	57	32	-	-
Other receivables	73	68	4	-
Amounts due from group undertakings	-	-	174	-
	<u>392</u>	<u>336</u>	<u>178</u>	<u>-</u>

The Group has two types of customer, institutional and retail clients. Retail clients pay for services in advance and so there is no credit risk associated with these clients. A detailed review of the credit quality of each institutional client is completed before an engagement commences and the concentration of credit risk is limited as exposure is spread over a large number of clients. Some of the trade receivables balances are due in USD so there is some degree of currency translation risk on settlement.

Impairment of receivables

The ageing of the impaired receivables provided for above are as follows:

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
0 to 3 months overdue	96	73	-	-
3 to 6 months overdue	3	-	-	-
Over 6 months overdue	7	10	-	-
	<u>106</u>	<u>83</u>	<u>-</u>	<u>-</u>

Note 16. Non-current liabilities - borrowings

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Other loans	41	22	-	-
Finance leases	357	23	-	-
	<u>398</u>	<u>45</u>	<u>-</u>	<u>-</u>

Refer to note 21 for further information on financial instruments.

Note 17. Current liabilities - trade and other payables

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade payables	1,033	537	7	-
Accrued expenses	568	103	130	-
Deferred revenue	152	70	-	-
Other payables	71	155	50	-
Provision for income tax	44	106	4	-
Amounts due to group undertakings	-	-	34	-
	1,868	971	225	-

Refer to note 21 for further information on financial instruments.

Note 18. Current liabilities - borrowings

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Other loans	78	82	-	-
Finance leases	283	120	-	-
	361	202	-	-

Refer to note 21 for further information on financial instruments.

Finance Leases. The future minimum lease payments are as follows:

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Under one year	282	126	-	-
Between one to five years	358	17	-	-
More than five years	-	-	-	-
Total gross payments	640	143	-	-

Note 18. Current liabilities - borrowings (continued)

The present value of the future minimum finance lease payments as at 30 June 2017 is as follows:

	2017 £'000
Under one year	256
Between one to five years	287
More than five years	-
Total gross payments	543

The discount applied to the future payments was 10% per annum.

Note 19. Capital and other commitments

- a) The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods. Operating lease payments represent rentals payable by the Group for office premises and computer equipment. The leases for computer equipment contain an option to purchase the assets at the end of the lease period.

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Amounts Due				
Under one year	115	8	-	-
Between one to five years	149	206	-	-
	<u>264</u>	<u>214</u>	<u>-</u>	<u>-</u>

b) Capital commitments

There were no material Group capital commitments at 30 June 2017

Note 20. Equity - issued capital

	2017	Consolidated	2017	2016
	Shares	Shares	£'000	£'000
Ordinary shares - fully paid	2,162	2,162	2	2

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 24. Equity - dividends (continued)

On 4 April 2016, there was a share split within Beeks Financial Cloud Limited of 10 shares of £0.10 for each £1 share originally held, and there was a share issue of an additional 162 C shares at £1 per share.

On 20 June 2016 there was a share for share exchange between Beeks Financial Cloud Group plc and the then existing shareholders of Beeks Financial Cloud Limited who became the shareholders of Beeks Financial Cloud Group plc.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 21. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Financial Assets at amortised cost

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents	23	31	-	-
Trade receivables	106	83	-	-
Other receivables	7	15	178	-
VAT	61	64	-	-
	197	193	178	-

The Group's financial assets consist of cash and cash equivalents, trade receivables and other receivables. The carrying value of these are all recorded at amortised cost.

The fair values of these financial instruments are approximate to their carrying values due to either their short term nature or being priced at variable interest rates. The fair value of these has been estimated as Level 3 in the fair value hierarchy. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The levels of the fair value hierarchy reflect the significance of the valuation inputs used in making fair value measurements and are defined as follows: -

- Level 1: – Quoted prices in active markets for the same instrument.
- Level 2: – Quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based either directly or indirectly on observable market data.
- Level 3: – Determined on inputs that are not based on observable market data, e.g. discounted cash flow valuation models or Black Scholes option pricing models.

Financial Liabilities at amortised cost

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade payables	1,033	537	7	-
Other loans	119	104	-	-
Corporation tax	44	106	4	-
Other taxation and social security	43	18	-	-
Other payables	28	137	84	-
	1,266	902	95	-

The Group's financial liabilities consist of bank overdrafts and trade payables. The carrying value of these are all recorded at amortised cost.

The fair values of these financial instruments are approximate to their carrying values due to either their short term nature or being priced at variable interest rates. The fair value of these has been estimated as Level 3 in the fair value hierarchy.

The Group has no derivative financial instruments or available for sale investments.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, short term deposits and bank and other borrowings.

The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments which mainly comprise trade receivables and trade payables which arise directly from its operations.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The Group finance department identifies, evaluates and manages financial risks. The Board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The impact of the risks required to be discussed under IFRS 7 are detailed below:

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The Group has minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions. The Group had potential exchange rate exposure within USD trade payable balances of £166,905 at 30 June 2017.

Price risk

The consolidated entity is not exposed to any significant price risk.

Cash flow and interest rate risk

The Group has limited exposure to interest rate risk in respect of cash balances and long-term borrowings held with banks and other highly rated counterparties. All loans and leases are at fixed rates of interest therefore the group does not have exposure to interest rate risk.

Credit risk

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Consolidated 2017 £'000	2016 £'000
Cash and cash equivalents	23	31
Trade receivables	106	83
Other receivables	73	68
	<u>202</u>	<u>182</u>

Credit risk is managed on a Group basis. Credit risks arise from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's credit risk is primarily attributable to its trade receivables. It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The Group reviews the reliability of its customers on a regular basis, such a review takes into account the nature of the Group's trading history with the customer.

The credit risk on liquid funds is limited because the majority of funds are held with two banks with high credit-ratings assigned by international credit-rating agencies. Management does not expect any losses from non-performance of these counterparties.

None of the Group's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet obligations of the Group as they fall due.

The Board receives regular debt management forecasts which estimate the cash inflows and outflows over the next twelve months, so that management can ensure that sufficient financing is in place as it is required. Surplus cash within the Group is put on deposit in accordance with limits and counterparties agreed by the Board, the objective being to maximise return on funds whilst ensuring that the short-term cash flow requirements of the Group are met.

As at 30 June 2017, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current			Non-current	
	Within 1 month £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	After 5 years £'000
Trade payables	1,033	-	-	-	-
Other payables	71	-	-	-	-
Other loans	18	37	23	41	-
	<u>1,122</u>	<u>37</u>	<u>23</u>	<u>41</u>	<u>-</u>

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The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Capital for the reporting periods under review is summarised as follows:

	Consolidated	
	2017	2016
	£'000	£'000
Total Equity	(375)	374
Cash and cash equivalents	(23)	(31)
Capital	(398)	343
Total Equity	(375)	374
Other loans	118	104
Finance Leases	640	143
Overall Financing	383	621
Capital-to-overall financing ratio	(1.04)	0.55

Note 22. Related party transactions

Parent entity

Beeks Financial Cloud Group PLC is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Dividends received from key management personnel	-	169	-	-
Cash withdrawals from key management personnel	94	97	-	-

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

As at 30 June 2017, the Group owed the director Mr G McArthur £881 and owed the director Mr A Doleman £2,744.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 23. Ultimate controlling party

The Group is ultimately controlled by Gordon McArthur.

Note 24. Subsidiaries

The subsidiary undertakings are all 100% owned.

	Place of incorporation	Principal activity
Beeks Financial Cloud Co. Ltd.	Japan	Provision of IT services
BeeksFX VPS USA Inc	Delaware, USA	Provision of IT services
Beeks Financial Cloud Limited	Scotland	Provision of IT services

Note 25. Post Balance Sheet event

Beeks Financial Cloud PLC successfully listed on the UK Alternative Investment Market (AIM) on 27 November 2017 placing 9,000,000 New Ordinary Shares and raising £4.5m in gross proceeds.