Beeks Financial Cloud Group PLC

30th June 2021 Registered Number SC521839

Beeks

ANNUAL REPORT

powered by Beeks

Contents

STRATEGIC REPORT

GOVERNANCE

FINANCE

Company Highlights

FINANCIAL HIGHLIGHTS

/ Revenues increased 24% to £11.62m (2020: £9.36m)

/ Institutional revenue represents 91% of total revenue (FY20: 85%)

/ Annualised Committed Monthly Recurring Revenue (ACMRR) up 23% to £13.8m (2020: £11.2m)

/ Gross profit up 16% to £5.33m (2020: £4.57m)

/ Underlying* EBITDA increased 24% to £4.14m (2020: £3.33m), including additional IFRS 16 adjustment in year of £0.13m (an increase of 20% excluding IFRS 16)

/ Underlying profit before tax** increased 13% to £1.61m (2020: £1.43m)

/ Underlying diluted EPS** 2.99p (2020: 2.45p)

/ Net cash as at 30 June 2021 of £1.89m (30 June 2020: Net debt £0.75m)

OPERATIONAL HIGHLIGHTS

/ Continued strong growth in Tier 1 customer base

/ Ongoing focus on innovative product development with the launch of two new products:

- Proximity Cloud, launched post year end, alongside a launch partner and with an initial $1m of committed ACMRR which we consider to be a transformative solution for capital markets and financial services
- Analytics as a Service, which we consider to be an industry-first, cloud-neutral monitoring solution for the financial markets

/ Continued investment in our team, with headcount increasing to 80 (30 June 2020: 65) primarily in revenue generating areas such as sales and marketing and product development to support our growth objectives

/ Further expansion of our data centre geographies with operations now in Canada and Australia

/ Successful integration of Velocimetrics into the business and rebranded as Beeks Analytics to reflect the broadening of Beeks' offering

/ Developed and expanded operational partnerships with a number of counterparties including SGX, IPC and MEMX, increasing our ability to generate substantial revenue through these collaborations

/ Joined the STAC Benchmark Council™ which comprises over 350 financial institutions and more than 50 vendor organisations to develop and promote the use of standard technology benchmarks

OUTLOOK

/ Positive market environment, notwithstanding the ongoing impact of Covid-19, and considerably increased sales pipeline

/ Confident in securing additional Tier 1 customers in the year ahead

/ ACMRR further increased to £14.8m at 31 August 2021 following a positive start to the new financial year

STATUTORY EQUIVALENTS

The previous highlights are based on underlying results. Reconciliations between underlying and statutory results are contained within these financial statements. The statutory equivalents of the above results are as follows:

/ Profit before tax was £1.25m (2020: £0.68m)

/ Basic EPS was 3.07p (2020: 1.13p)

* Underlying EBITDA is defined as earnings before amortisation, depreciation, finance costs, taxation, acquisition costs, share based payments and exceptional non-recurring costs

** Underlying profit before tax and underlying EPS excludes amortisation on acquired intangibles, acquisition costs, share based payments and exceptional non-recurring costs

Celebrating

10 years

IN THE CLOUD BUSINESS

DEC 1983 PREMIERE

Trading Places movie

JUL 2011 FOUNDED

Named after a character from the movie Trading Place, Beeks FX VPS was the brainchild of Gordon McArthur and Tony Doleman

APR 2014 COMING TO AMERICA

Beeks entered America with the purchase of Gallant VPS providing access to the NY4 data centre campus in New York

FEB 2015 FINANCIAL CLOUD

The addition of bare metal server packages to the solutions portfolio was reflected in the name change to Beeks Financial Cloud

NOV 2017 LONDON STOCK EXCHANGE IPO

Beeks Financial Cloud plc (BKS) was welcomed onto the AiM market

MAR 2019 FASTEST GROWING

One of 130 UK companies named in the Financial Times special report FT:1000 Europe's Fastest Growing Companies alongside Deliveroo and Boohoo

SEP EXPANDED ASSETS CLASSES

Now supporting Equities, Fixed Income, Cryptocurrency, Futures and Forex industries

MAY 2018 INFRASTRUCTURE AS A SERVICE

The Group introduced fully managed ECX services to provide Infrastructure as a Service (IaaS) across all major cloud providers including Microsoft Azure, Google compute and Amazon Web Services

DEC UNIQUELY ON DEMAND

A self-serve portal was developed to offer on demand compute – still the only one of its kind in the market

APR 2020 BEEKS ANALYTICS

Acquired network monitoring and analytics firm Velocimetrics to expand product offering into network automation and trading analytics

SEP ISO27001

Achieved the internationally recognised standard for information security management systems (ISMS) certification

OCT BEEKS GROUP

Unveiled new trading name to elevate brand appeal on a global scale that not only embodies the current portfolio of low-latency compute, connectivity and analytics solutions but futureproofs against further product expansion

SEP £100M MARKET CAP

ACMRR REACHED £15M

Milestone accounting benchmarks signifying a strong growth trajectory

AUG 2021 PROXIMITY CLOUD LAUNCH

Launched the only fully configured, pre-installed physical trading environment that is fully optimised for low latency trading conditions

Our Company at a Glance

Beeks Group has been the leading managed cloud computing, connectivity and analytics provider in the financial markets since 2011. Beeks deliver managed on demand low-latency compute, connectivity and analytics optimised exclusively for global capital markets and financial services.

With sub-millisecond latencies, we can deliver infrastructure that will greatly expedite the time taken from placing a trade to its execution – a critical factor given the time sensitivity of our customers.

Our cloud-based Infrastructure as a Service (IaaS) model allows organisations the flexibility and agility to deploy and connect to a variety of exchanges, trading venues and cloud service providers at a fraction of the cost of building their own networks and infrastructure. Based in the UK with a growing network of key financial data centre locations worldwide, Beeks supports its global customers at scale in the leading financial hubs including New York, London, Hong Kong, Tokyo, and Singapore, with 24-hour dedicated support.

The Company offers bare metal and virtual private servers, as well as connectivity, co-location, dedicated fibre, market data, and MT4/MT5 hosting. We have an established connectivity footprint, with over 200 pre-built connections to venues and exchanges globally.

Our IaaS services are entirely cloud based with our customers self-provisioning infrastructure and connectivity in the key financial data centres with a minimum 30-day customer commitment. Where possible, we leverage automation to allow our clients the ability to reduce complexity in deploying and managing IT environments.

OFFICE LOCATIONS

- **/ Glasgow, UK**
- **/ London, UK**
- **/ Tokyo, Japan**
- **/ Surabaya, Indonesia**

DATA CENTRE LOCATIONS

- **/ Frankfurt, Germany**
- **/ London, UK**
- **/ Illinois, US**
- **/ Chicago, US**
- **/ New York, US**
- **/ Hong Kong**
- **/ Tokyo, Japan**
- **/ Singapore**
- **/ Sydney, Australia**
- **/ Paris, France**
- **/ Toronto, Canada**

Chairman's Statement

Beeks has delivered another strong performance in the year, in which the expansion of its Tier 1 customer base has driven 24% growth in revenues. With financial institutions increasingly looking to the flexibility of the cloud to host their IT infrastructure, The Group increased investment in the year in its people, product and network, to capture more of this growing market, resulting in the successful launch of two new offerings, increasing its attractiveness and opportunity.

Revenues grew by 24% and underlying EBITDA also by 24%. The Group exited the year with £13.8m of Annualised Committed Monthly Recurring Revenue (ACMRR), an increase of 23%, providing the business with strong foundations for continued strong growth going forward.

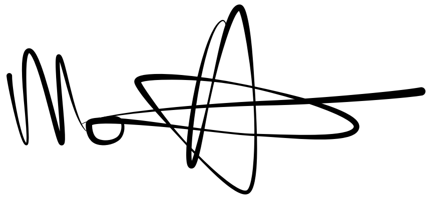
While Covid-19 continued to present some challenges through the year, in terms of reduced access to data centres, some increase in churn amongst smaller customers and elongation of sales cycles, the resilience of the recurring revenue model and strong progress within existing Tier 1 customers ensured the business delivered an overall positive trading result and The Group required the use of none of the various government furlough support schemes.

Following consultation with our shareholders during our equity raise in April, the Board has decided to change our dividend policy which has been in place since our IPO in November 2017. For the last few years we have been paying a modest dividend whilst continuing to re-invest in our business. Notwithstanding our solid balance sheet, the expected growth and investment into the business over the next few years, driven by Proximity Cloud has led us to take the decision that cash would be better re-invested in the business to compound growth for the benefit of shareholders in the medium term. Therefore subject to shareholder approval at the forthcoming Annual General Meeting, future dividend distributions are expected to be put on hold.

We were delighted to welcome of Kevin Covington to the Board as an independent Non-Executive Director in January 2021. Kevin has had more than 30 years' experience working internationally in the financial services industry for both vendors and banks, with a particular focus on M&A and advisory. He brings with him a wealth of industry knowledge and experience, having held a number of senior roles in the fintech space and has already made a valuable contribution to The Group.

I would like to thank all Beeks employees for their continued hard work, especially during these continuing challenging times. The Group has expanded considerably over the past 18 months, through the integration of the Velocimetrics team and new hires across the organisation, and yet there is a clear sense of shared purpose and passion which has been key to the success of the Beeks journey to date and will no doubt continue to propel it forward in the year ahead.

We have entered the new financial year in a strong position, with an expanding offering, customer base and market reach, and the Board is confident in continued success in this coming year and beyond.



MARK CUBITT
Chairman
24 September 2021

Market Overview

According to a 2020 report from Markets and Markets, the global cloud computing market size is expected to grow from USD 371.4 billion in 2020 to USD 832.1 billion by 2025.

The global cloud infrastructure services market to grow from USD 73.0 billion in 2019 to USD 166.6 billion by 2024, at a Compound Annual Growth Rate (CAGR) of 18.0% during the forecast period. The major growth drivers for the market include low costs, flexibility, scalability, and security. The cloud infrastructure service offerings provide accelerated Time-to-Market (TTM) and speedy application development and running processes.

Increased user and resource mobility, ongoing migration of applications over the cloud, and the emergence of more sophisticated threats are leading organizations toward the adoption of hybrid cloud. Industries, such as BFSI, which prioritize compliance, security, and customer experience, opt for the hybrid deployment model[1].

Software as a Service model is expected to witness the highest adoption in the coming five years, as enterprises are deploying this service model to cut down on the CAPEX cost and focus on their core competencies instead of worrying about the IT infrastructure.

The complex nature of building and managing a latency sensitive infrastructure means financial enterprises are moving away from on premise data centres to third party facilities. We believe the decreased latency, increased flexibility and cost-benefits of Cloud computing that we facilitate will see a gradual long-term shift to this model.

As Cloud adoption in financial services evolves, companies are finding that the benefits are not just about cost efficiencies but also to do with resilience, agility and innovation which brings additional opportunities for by-products such as analytics and scalable global connectivity.

Our addressable market is extensive with up to 20,000 financial institutions, a large percentage of which maintain their own IT infrastructure and are yet to move to the Cloud computing model.

In their 2020 report, Accenture reported on the new cloud imperative in capital markets and noted that while Capital Markets firms were once at the forefront of technology innovation, they now face being left behind by innovations from other industries.

The realisation is that incremental adoption of public cloud solutions could enable firms to keep pace, while also providing cost, revenue and agility benefits. To realize these benefits, firms should scale up from discrete, targeted cloud use cases and create a foundational enterprise-wide cloud layer.

Accenture concluded that cloud's scale, resiliency and continuous innovation mean it will likely form a critical part of every future business and technology roadmap[2].

Our innovations, enhanced product range, breadth of asset classes and growing number of Tier 1 customers, positions us well to benefit from the growth in the market for automated trading and the continued adoption of Cloud computing by financial services organisations.

[1] Markets and Markets [2] Accenture

Business Model

POWERED BY BEEKS

For over ten years Beeks has honed their infrastructure provision and software development approach in direct response to their customers' needs and requirements.

Beeks' mission is to deliver ultra-low latency compute power, ensure maximum security and optimise performance in the exceedingly fast-moving capital markets sector. Our global backbone of global data centres provide cloud deployment for capital markets and financial services customers, helping them to formulate a cloud strategy and replicate that in different regions.

The Group continues to operate successfully in a demanding, time-sensitive industry and is uniquely positioned to take advantage of the rapid acceleration of Cloud deployment in financial services and the growing need for analytics around those infrastructure environments.

These latency sensitive environments need to be built, connected and analysed and Beeks is one of the few companies in the world that can provide this.

Our latest product evolution, Proximity Cloud is a pre-configured IAAS trading environment platform dedicated to the demands of capital trading markets and financial institutions and is our most comprehensive offering to date. Proximity Cloud is a low latency private cloud product pre-built into a physical cabinet and delivered to site in a stand-alone rack. It comprises the whole range of functionality to be expected from Beeks Cloud, including resource management automation, full stack and trading analytics, packet capture, latency monitoring, high precision time services and support for MultiCast and UniCast datasets, and yet has the benefit of running on the client's own infrastructure and under the care of their own IT team – a pre-requisite for many of the world's largest financial organisations With the ability to now offer fully hosted, or private cloud solutions, Beeks has the ability to cater to the requirements of all financial institutions, no matter their size.

The expansion into trading analytics and launch of Analytics as a Service expanded our product offering to include the required analytics around those infrastructure environments.

Beeks provides:

- Dedicated bare metal and virtual servers that host Capital Markets and financial services organisations in key financial data centres around the world
- Ultra-low latency connectivity between customers and key financial venues and exchanges
- Co-location for customers to position their own computing power in our space, benefiting from our proximity to financial hubs
- In-house security software in order to protect client infrastructure from cyber attacks
- The management of hybrid Cloud deployments for customers wishing to combine the Beeks IaaS with the public Cloud
- Our model focuses on efficiency and flexibility, offering our customers the ability to scale up and scale down as needed. Due to market fluctuations and the inherent risk involved in algorithmic trading, this makes our services highly desirable
- Beeks has a unique self-service customer portal that facilitates the same-day deployment of a host of services allowing customers to manage their own servers
- Beeks analytics: Comprehensive monitoring and performance analysis allows the user to independently track and analyse real-time performance of every single price, quote or trade traversing business critical processes

Our Strategy

Our purpose is to provide a global rapid deployment service using secure and scalable environments, both public and private, which are easy to consume for small, medium and large financial enterprises.

Our vision is to empower our clients to work with speed and agility, without the need for long-term contracts or commitments.

Our main strategic priority is to continue to grow our institutional customer base both for public, private and secure Cloud deployment as well as complementary analytics solutions, while maintaining our core low latency offering.

In order to satisfy existing demand and attract new customers, we will continue to develop innovative new products like Proximity Cloud. We also plan to expand into new asset classes and geographies, encouraged by the significant opportunities we have identified.

Chief Executive's Review

OUR VISION IS SIMPLE: BUILD. CONNECT. ANALYSE. PROVIDING END TO END OUTSOURCING OF FINANCIAL SERVICES COMPUTE ENVIRONMENTS.

I am pleased to report on another year of consistent performance, in which we grew revenues, underlying EBITDA and Annualised Committed Monthly Revenues (ACMRR). Group revenue is increase derived from some of the world's largest institutions, transforming our long-term growth prospects. Beeks is now recognised as an established technology provider to financial markets, with a track record and compelling reference clients, providing us with a strong foundation to drive our business forward. Importantly, we have delivered on our investment objectives in the year, culminating in the launch post year end of our Proximity Cloud offering, alongside a launch partner and an initial $1m contract.

The attractions of our expanding offering, our growing list of reference able clients and the expansion of our sales team, means we have seen continued strong growth in our Tier 1 customer base, with nine now at various stages of deployment. These types of engagements take time to reach full levels of deployment and revenue contribution, providing considerable future expansion opportunity for The Group and a pathway to accelerated growth.

The significant investments made during this and the prior year across our platforms, teams, offering and operations, means we now have the right platform to take advantage of the rapid acceleration of Cloud deployment taking place across the financial services industry. We are continuing to see an increase in the number of financial services organisations taking advantage of the benefits of cloud infrastructure, providing a significant long-term opportunity for Beeks.

FINANCIAL PERFORMANCE

Revenue (excluding grant income) in the period grew by 24% to £11.62m (2020: £9.36m), resulting in an increase in underlying EBITDA of 24% to £4.14m (2020: £3.33m). The Group's business model drives high levels of recurring revenue, with over 93% of revenue recurring and customer retention remained within target.

Group ACMRR grew 23% to £13.8m at 30 June 2021, increasing from £11.2m at 30 June 2020. This figure further increased to £14.8m at 31 August 2021 following a positive start to the new financial year.

In line with our expectations, operating profit margin decreased in the Year, reflecting the significant investment in both the analytics and Proximity Cloud offerings, and the hiring of a Head of Sales in New York alongside additional sales, marketing and customer delivery teams. With phase 1 of Proximity Cloud now launched, and a growing proportion of our Tier 1 customers now delivering revenue, operating margin is expected to increase in the years ahead.

PRODUCT EXPANSION

We have been commenting that FY21 would be the 'year of product', in which we would invest in our offering to enhance its value of to the Tier 1 segment of the financial services market, increasing our competitive positioning and addressable market. This has been successfully achieved and we now have a considerable enhanced offering, providing us with the ability to target a larger segment of the market, resulting in a growing average contract value and increased sales pipeline.

During the year, we launched Beeks Analytics as a Service. This is the first cloud-neutral network monitoring and trade analytics tool for the financial markets, providing further competitive differentiation and additional cross sale opportunities. A new customer secured in the year for the offering was the new Members Exchange (MEMX), the fastest growing U.S. equities exchange, following their review of packet capture, latency and analytics solutions for Capital Markets. We are now starting to see an increased number of new and cross-sell opportunities in our pipeline and expect this to be a contributor to revenue growth in the year ahead.

Chief Executive's Review

The second launch, just after the end of the year in August 2021, was of our Private cloud offering: Proximity Cloud. Throughout the year, we have invested considerable time and resources into its development, alongside our Network Automation activities, partly funded through the support of existing and new shareholders during the fund raise in April 2021.

Beeks Proximity Cloud is our most comprehensive offering to date, a private cloud offering specifically developed for capital market participants and financial institutions.

Crucially, the system has the ability to be deployed in a client site, running on the client's own infrastructure and under the care of their own IT team – a pre-requisite for many of the world's largest financial organisations. This new solution allows customer data to remain within their own environment, resulting in enhanced security and reduced data sovereignty issues.

Proximity Cloud eliminates some of the risks and a lot of the costs that come with in-house infrastructure solutions making it a lot easier to get value to the customer.

With a $1m multiyear partner signed just four weeks after lauch, the offering has the potential to be transformative for The Group's prospects over the medium term.

The private portal offered to Beeks customers has been updated to enable customers to more easily consume Beeks services, with point and click capability it improves the user interface for a better end-user experience as well as increasing cross-sell opportunities.

Partnership Initiatives

In November 2020 we launched a service collaboration with Singapore Exchange (SGX), Asia's international, multi-asset exchange, operating securities, fixed income and derivatives markets. This new Co-location as a Service (CaaS) collaboration provides an on-demand virtual or bare metal dedicated infrastructure from the Beeks setup within SGX Co-Location Tier-1 rack space, and can be activated within 24 hours, reducing new trading participant time to market. This collaboration also allows Beeks to provide direct connectivity from Equinix SG1 into SGX for the first time, connecting customers between both locations within the Beeks infrastructure via private dark fibre.

Our partnership with IPC, a leading global provider of secure, compliant communications and highly secure cloud solutions for the global financial markets, continues to strengthen with the launch of an enhanced managed infrastructure offering. By expanding our strategic partnership, IPC continues to leverage a successful, proven model, with Beeks now becoming the foundational managed hosting infrastructure service provider for IPC's Connexus Infrastructure Services, powered by Beeks. This enhanced joint offering brings into the market an array of easy to deploy Beeks solutions.

OPERATIONAL EXPANSION

This was another year of investment across The Group, in which we looked to expand our offering and our team in order to strengthen our position in the rapidly growing cloud computing market.

Headcount increased to 80 as at 30 June 2021, up from 65 as at 30 June 2020 primarily in revenue generating areas such as sales and marketing and product development to support our growth objectives, which included a new Head of Sales in New York who will be responsible for targeting Tier 1 customers.

Considerable progress has been made with the seven data centres that were launched during the prior period: Singapore SG1, London LD8 and LD4.2, Paris PA1, Sydney, and NY2 and NY5 in New York. All locations are revenue generating. With operations now in all of the key trading centres around the world, we see less data centre expansion moving forward. We continue to invest in the

Velocimetrics team, operations and product, as our ability to offer network analytics is a key attraction of our offering to Tier 1 customers. The revenue contribution from Velocimetrics was lower than anticipated, while product updates took place and investment was made in the senior management team. This coupled whilst operating within a COVID-19 environment resulted in a delay in signing new deals and overall a lower revenue generation than was expected at the time of acquisition. For prudency, the goodwill of Velocimetrics has therefore been impaired by £1m in the current year.

We have however considerably enhanced our offering and this is expected to contribute to revenue growth moving forward as evidenced post year end in August by securing a $1.1 million multiyear analytics deal with a Tier 1 Bank for their Asia deployment .In addition, we see our analytics product as a key differentiating factor within the proximity cloud solution.

Our retail offering, which includes the Commercial Network Services (CNS) business, acquired in May 2019 experienced higher levels of churn during the year, due to the impact of COVID-19 on smaller organisations and individuals. As a result of this we are now accelerating the useful life of the customer list over five years rather than eight years. As this is now a considerably smaller part of our overall business the impact on Group revenue was minimal. Following the year end in September 2021, we confirmed our purchase of new premises for our headquarters as planned, funded funded out of existing Company cash balances and a new debt facility of £1.5m taken post year end. Our head office will move from the Lumina Building to Riverside/Braehead in early 2022 after two years at our current address. This move follows our impressive growth over the past few years.

These larger premises will provide the necessary space to fulfil our growth potential while also being able to accommodate our employees and customers in our new office as we continue to grow.

As a result of the impact of Covid-19, we are introducing and supporting a flexible 'hybrid working' model to Beeks, in line with all government guidelines and see this continuing in the year ahead.

We are committed to a short–term plan for a COVID-safe return including employee communication and reassurance about COVID-19 safe measures to ensure we are providing a safe working environment for everyone. Some of these measures include:

- Appropriate risk assessments
- Access to protective baseline measures such as effective hand hygiene facilities
- Face coverings to wear where you feel is appropriate
- Robust regular deep cleaning of the office and facilities

We will continue to build and maintain meaningful communications between employees and re-establishing corporate culture through a hybrid model.

CUSTOMER EXPANSION

Our customer base is growing and comprises of institutions, both Tier 1 and mid-tier as well as retail. We have a compelling offering for each of these customers, but it is institutional and in particular Tier 1 institutions which offer the greatest growth opportunity.

Institutional revenue represents 91% of total revenue, and we expect to see this figure increase as we grow our Tier 1 customer engagements and continue to add to our institutional client base.

We continue to see considerable expansion of the types of customer we support, with Beeks now catering for banks, brokers, hedge funds, crypto traders, exchanges, insurance organisations, financial markets technology providers and payments providers.

We have now nine Tier 1 customers at various stages of deployment, secured both directly and via our partner IPC, these contributed to 18% of overall revenue throughout the year. Our infrastructure,

Chief Executive's Review

connectivity and analytics are being used to support customers in a range of financial services activities. Typically these services are trialled in one data centre before being rolled out to additional Beeks locations. Of note in the year has been the expansion of two of our earliest Tier 1 customers.

We completed the successful full deployment of the first stage of an annualised $1m global private Cloud solution for a global financial markets technology provider which has subsequently been extended to further geographies. Committed contract revenue at the year end was $3m of annualised revenue and further reached $3.7m by the end of August 21 with further expansion anticipated thereafter.

Another of our Tier 1 customers, an open banking provider, has now expanded its initial £1.1m three-year contract, to 180% of the original commitment, again with further expansion opportunities ahead.

FUTURE GROWTH AND OUTLOOK

The prospects for Beeks have never been more promising. The successes with our Tier 1 clients means we are now recognised as an established technology provider to financial markets, with a track record and compelling reference clients, providing us with a strong foundation to drive our business forward.

Having completed the first stages of our product investment, our focus for the year ahead will be on sales execution and delivery for our customers. Whilst we continue to assess the ongoing impact of Covid-19 on our business and operations, and the pipeline of opportunities will take time to convert, this pipeline is at a record level which combined with the expansion opportunities within our current customer base gives us confidence in another strong year of growth ahead.

Gordon McArthur

GORDON MCARTHUR
Chief Executive Officer
24 September 2021

Financial Review

Key Performance Indicator Review	2021	2020	Growth
Revenue	£11.62m	£9.36m	24%
ACMRR	£13.8m	£11.2m	23%
Underlying Gross margin	49.6%	50.8%	(1%)
Underlying EBITDA*	£4.14m	£3.33m	24%
Underlying EBITDA margin*	35.7%	35.6%	0%
Underlying profit before tax**	£1.61m	£1.43m	12%
Underlying EPS (note 24) **	3.14p	2.52p	25%
Dividend per share	0.20p	0.35p	(43%)

^ Underlying gross margin is statutory gross margin excluding other income and acquired amortisation costs
* Underlying EBITDA is defined as earnings before amortisation, depreciation, finance costs, acquisition costs, share based payments, taxation and exceptional costs.
** Underlying profit before tax and underlying EPS excludes amortisation on acquired intangibles, acquisition costs, share based payments and exceptional non-recurring costs.

REVENUE

FY21 was a good year in terms of revenue growth. Group revenues grew by 24% to £11.62m (2020: £9.36m), through the combination of continued organic growth and the full year impact of last year's acquisition of Velocimetrics (now referred to as Beeks Analytics). The analytics business contributed £1.3m revenue to the overall Group. Refer to page 75 for a further breakdown of The Group's revenues 93% of revenues were recurring with Tier 1 customers now representing 18% of delivered revenue (2020: 11%).

GROSS PROFIT

Underlying gross profit earned increased 21% to £5.76m (2020: £4.75m), with gross margin largely similar to last year. Following the seven new Data centres last year, we added Toronto this year and now have presence in all of the strategic financial hubs across the world. The Group has continued to invest in capacity to support our increased revenues and customer growth. In relation to sales growth, fixed asset investment and therefore depreciation has increased at a higher rate, partly due to the timing of sales order to revenue recognition and the longer sales cycle we have seen in the Tier 1 space. The Group has continued to invest in developing innovative technology solutions such as the customer portal and the network automation project, and has incurred internal net capitalised development costs to date of £2.74m (2020: £1.34m).

OTHER OPERATING EXPENSES

Operational costs, which are defined as operating expenses less exceptional costs, share based payments and non-recurring costs, have increased by £0.8m as we support both a growing and more mature customer base and to gear up for future growth plans. Overall, they increased by

Financial Review

27% to £3.9m (2020: £3.0m). Our headcount over the year has grown to 80 2020: 65. We had an average headcount of 73 throughout the year (2020: 41) therefore gross staff costs have increased by £1.9m, from £2.5m to £4.4m. A high proportion of recruitment has been across our software development function to support our Proximity Cloud development therefore net staff costs (after capitalisation) has increased by 11%. We have recruited in some other key areas including sales and HR. Most of our recruitment has been to support future product and sales growth with a relatively small increase in support staff given our automation and self-service strategy.

Earnings before interest, tax, depreciation, amortisation and exceptional non-recurring costs ("Underlying EBITDA") increased by 24% to £4.14m (2020: £3.33m). The growth in Underlying EBITDA has been driven by continued organic revenue growth.

Underlying EBITDA, underlying profit before tax and underlying earnings per share are alternative performance measures, considered by the Board to be a better reflection of true business performance than statutory measures only.

	Year ended 30 June 2021	Year ended 30 June 2020
	£'000	£'000
PROFIT BEFORE TAX		
Profit before tax for the year	1,255	678
Add back:		
Acquisition costs/post acquisition integration costs	140	205
Share Based payments	546	312
Other Non-recurring costs	165	61
Amortisation of acquired intangibles	806	237
Impairment of goodwill	994	-
Deduct:		
Write back of contingent consideration	(1,989)	-
Grant income	(309)	(59)
Underlying profit for the period	1,608	1,434

Underlying Profit before tax increased to £1.61m (2020: £1.43m).

TAXATION

The effective tax rate ('ETR') for the period was -27.81%, (2020: 15.2%).

The ETR has substantially reduced in the current year. The overall effective tax rate has benefitted from the non-taxable element of contingent consideration, deferred tax on share options not previously recognised and prior year adjustments for R&D claim.

EARNINGS PER SHARE AND DIVIDENDS

Underlying earnings per share increased 25% to 3.14p (2020: 2.52p). Underlying diluted earnings per share increased to 2.99p (2020: 2.45p).

Basic earnings per share increased to 3.07p (2020: 1.13p). The significant increase in basic EPS has benefitted from the gain on the revaluation of the contingent consideration in statutory profit after tax and the tax credit in the year. Diluted earnings per share has also increased to 3.07p driven by the increased underlying profitability and tax credits (2020: 1.13p).

Following consultation with our shareholders during our equity raise in April, the Board has decided to change our dividend policy which has been in place since our IPO in November 2017. For the last few years we have been paying a modest dividend whilst continuing to re-invest in our business. Notwithstanding our solid balance sheet, the expected growth and investment into the business over the next few years, driven by Proximity Cloud has led us to take the decision that cash would be better re-invested in the business to compound growth for the benefit of shareholders in the medium term. Therefore subject to shareholder approval at the forthcoming Annual General Meeting, future dividend distributions are expected to be put on hold.

CONTINGENT CONSIDERATION

Following the acquisition of VMX (now Beeks Analytics) last year, The Group pr ovided for the likelihood of an earn out target being met during this financial year. This earn out was based on achieving a very challenging performance target for this year only, which has not been met.

The revenue contribution from Velocimetrics was lower than anticipated, while product updates took place and investment was made in the senior management team. This coupled whilst operating within a COVID-19 environment resulted in a delay in signing new deals and overall a lower revenue generation than was expected at the time of acquisition.

The earn out deal was structured in a way that missing the revenue targets was binary and that not achieving the targets would mean a pay out to the previous owners of nil. The quantum and timing of the new deals, of which one was signed post year end, was key in achieving the minimum revenue earn out target. The contingent consideration of £2m therefore is fully released to the income statement this year.

Having performed a full impairment assessment including modelling projected cash flows, weighted sales pipeline, with appropriate discount rates and a range of sensitivities and analysis of CGU's, it was concluded that prudently the goodwill was impaired by £1m.

We fully expect the Beeks Analytics business to be an integral part of our business going forward and the pipeline across the customer base and product suite remains strong, as evidenced post year end in August by securing a $1.1 million multiyear analytics deal with a Tier 1 Bank for their Asia deployment.

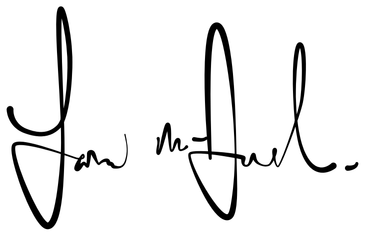
We continue to invest in the Analytics team, operations and product, as our ability to offer network analytics is a key attraction of our offering to Tier 1 customers. We also believe the analytics product to be an integral part of the new proximity cloud offering.

STATEMENT OF FINANCIAL POSITION AND CASH FLOWS

The statement of financial position shows an increase in total assets to £22.9m (2020: £16.8m). Our Equity Raise in April 2021 saw us strengthen our balance sheet by raising net proceeds of £4.8m to fund the next stage of our growth and to finance our Proximity Cloud offering. We referred to 2021 as our "Year of Product" and have made significant investment in our self-service portal and network automation projects of £2.0m (2020: £0.8m), offset by depreciation and amortisation and further helped by the Scottish Enterprise Grant award of which £0.6m was recognised against the software intangible for the year. Investment in property, plant and equipment was again significant with over £4.7m (2020: £2.8m) of additions throughout our expanding global network made during the year.

During the year we moved banks from Royal Bank of Scotland to Barclays, repaying historic terms loans of £1.8m and replacing them with a new loan at more favourable terms. We also now have access to a new revolving credit facility of £2.2m which matures in December 2022. Our net cash at the end of the year is £1.89m (30 June 2020: net debt £0.75m) and gross borrowings at £1.49m are 0.36x Underlying EBITDA of £4.15m which we believe is a very comfortable level of debt to carry given the recurring revenue business model and strong cash generation.

At 30 June 2021 net assets were £13.8m compared to net assets of £6.7m at 30 June 2020.



FRASER MCDONALD
Chief Financial Officer
24 September 2021

Principal Risks and Uncertainties

BOARD

Risk identification and management continues to be a key role for the Board. The Board has overall responsibility for The Group's risk management, processes and reporting. Risk management processes and internal control procedures are the ultimate responsibility of the Board.

AUDIT COMMITTEE

The Audit Committee has responsibility for assessing and challenging the robustness of the internal control environment. It directs and reviews local management and Group finance reports on internal control and risk management throughout the year, and reports the principal risks to the Board.

RISKS RELATING TO BEEKS AND ITS BUSINESS

a) Cyber Risk

An information security breach or cyber-attack resulting in loss or theft of data, content or intellectual property could affect service to our clients and cause reputational damage. The risk is perceived to have increased due to the higher number of cyber-attacks globally. Distributed Denial of Service (DDOS) attacks are a particular concern due to the nature of our systems and client base. Mitigations include:

/ Improved internal anti-DDOS infrastructure
/ Continuation of break-glass third party anti-DDOS option
/ External testing and reporting of cyber and IT infrastructure and controls, including DDoS
/ External security audit on cyber security management and controls with full review identifying no major issues
/ Obtained ISO 27001 (Information Security Management) certification on 21st August 2021. This certification proves Beeks Financial Cloud has structured its IT and cyber security to effectively manage risks and demonstrates to customers our robust policies protect against todays big cyber threats to protect information and infrastructure
/ IT and cyber risk framework implemented and approved

b) Key systems failure, disruption and interruption

Beeks' position as a Cloud hosting service provider exposes The Group to risk in the event that its technology or systems experience any form of damage, interruption or failure. This could result in a lack of confidence in The Group's products, with a consequential material adverse effect on The Group's business, financial condition, prospects and operations. Many of the vulnerabilities are not in Beeks control, such as:

/ Natural disasters
/ Power loss
/ Third party telecommunication failures
/ Software failures or viruses
/ Acts of war or terrorism

Operational stability and performance is the highest priority for our technical staff and management who take steps to make continuous systems improvements on a regular basis. Examples that assist in mitigation of the risks are:

/ Upgrade and enhancement of network infrastructure to improve stability and resilience
/ Introduction of improved monitoring tailored to our systems, services and client base
/ Program of work to standardise operating systems on network and server infrastructure
/ Consultation for a deep dive review of IT Infrastructure and Security
/ Board Level focus on these risks and mitigations

c) Actions of third parties and suppliers

The Company is reliant to an extent on third parties and suppliers, including Data centres, internet service providers and trading venues. A breach or disruption in these relationships could be detrimental to the future business, operating results and/or profitability of the Company.

Principal Risks and Uncertainties

This risk is being mitigated by:
- For key infrastructure supply, we now have multiple vendors in place for each commodity so that service to our clients should not be affected with a disruption in the relationship or service with any one vendor
- Larger suppliers have been replaced with smaller more dynamic vendors better suited to our business model. This reduces the risk of supply chain and service affecting issues by forging closer relationships and better understanding of our requirements and working practices
- We engage with our suppliers on a regular basis to ensure healthy ongoing relationship and to identify and resolve any potential issues

d) Reliance on key individuals
The Group's business, development and prospects are dependent on a small number of key management personnel. The loss of the services of one or more of such key management personnel may have an adverse effect on The Group. The Group's ability to develop its business and achieve future growth and profitability will depend in large part on the efforts of these individuals and The Group's ability when required to attract new key management personnel of a similar calibre. This risk is being mitigated by:
- The Directors believe The Group operates a progressive and competitive remuneration policy which includes share incentives and that the future development and implementation of this policy will play an important part in retaining and attracting key management personnel

e) Competition
The Group's competitors include generic data providers which, in many cases, are significantly larger enterprises with greater financial and marketing resources. There may also be new entrants to the market, for example a trading platform provider could change its strategy and become a competitor. There can be no guarantee that The Group's current competitors or new entrants to the market will not bring superior technologies, products or services to the market or equivalent products at a lower price which may have an adverse effect on The Group's business. This risk is being mitigated by:
- Beeks continues to win business from existing competitors and has a very low client cancellation rate. The quality of service and price of our products has allowed us to grow historically without the financial and marketing resources of some other companies. We are now focused on marketing efforts that will allow The Group to compete on more fronts
- Beeks regularly reviews its product and service range and augments its offerings in line with changing client requirements. We continue to be dynamic and consistently competitive on price

f) The Group relies on, inter alia the internet and broadband internet access and the development and maintenance of internet and telecommunications infrastructure by third parties

The delivery of The Group's products and services depends on third party telecommunications and internet service providers to continue to expand high-speed internet access, to maintain reliable and efficient networks with the necessary speeds, quality of service, capacity and security. Deterioration in the infrastructure may adversely affect the ability or willingness of clients to use The Group's services. In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in internet or telecommunications performance and/ or internet or telecommunications reliability may decline. Internet or telecommunications outages, intermittent disruptions or delays could adversely affect The Group's ability to provide services to its clients. All of these factors are out of The Group's control. This risk is being mitigated by:
- Beeks have continued to increase the total available telecommunications bandwidth globally and introduce additional telecommunications and internet providers to mitigate the risk of a degraded service from one or more providers

g) Achievement of strategic aims
The value of an investment in The Group is dependent on The Group achieving its strategic aims. While the Directors are optimistic about the prospects for The Group, there is no certainty that it will be capable of achieving its strategy or the anticipated revenues or growth or that it will ultimately become profitable on a sustainable basis. The Group's future operating results will be highly dependent upon how well it manages its planned expansion strategy and the timeframe within which that strategy is executed. This risk is being mitigated by:
- Beeks strategic aims are regularly reviewed and tracked so that the activities of the technical, marketing and financial resources are closely aligned

h) Damage to The Group's reputation or brand
The Beeks brand may be negatively affected by any negative publicity, commentary on social media platforms or weblogs, regardless of accuracy. This risk is being mitigated by:
- Beeks have introduced marketing strategies including regular social media and website blogs, newsletter and press releases that promote a positive image of the Beeks brand

i) The Group's counterparties may become insolvent or their circumstances may change
There is a risk that parties with whom The Group trades or has other business relationships (including partners, clients, suppliers, subcontractors and other parties) may become insolvent or their circumstances may change, particularly given the current climate. In the event that a party with whom The Group trades becomes insolvent or if their circumstances change, this could have an adverse impact on the revenues and profitability of The Group. This risk is being mitigated by:
- Beeks policy is that no client should represent more than ten per cent of Group revenue without Board approval. This reduces the potential impact to The Group of any one client's change in relationship with the business
- For key infrastructure supply, we now have multiple vendors in place. This reduces the potential impact to The Group of any one supplier's change in relationship with the Business

j) Other Operational risks
The greatest operational risk remains as the management of any unexpected peaks or troughs in service orders and ensuring that the appropriate levels of resource are in place to maintain the quality of service expected by our clients. This risk is managed by having a core of highly skilled permanent staff along with a pool of temporary staff that can be brought in at short notice to help at times of high volume. We continue to supplement these resources by engaging international businesses to operate within our technology platform, giving us further variable cost capacity.

The use of technology helps mitigate this risk by streamlining processes as much as possible and enabling efficient access to a large, global and scalable pool of independent contractors.

Beeks Financial Cloud Group PLC
Strategic Report - Principal Risks and Uncertainties | For the year ended 30 June 2021

STRATEGIC REPORT

Principal Risks and Uncertainties

SECTION 172(1) STATEMENT

The Directors consider, both individually and collectively, that they have taken decisions in a manner they consider, in good faith, would be most likely to promote the success of The Group for the benefit of its shareholders, having regard to the matters set out in s172(1)(a-f) of the Companies Act 2006. This is detailed in the Corporate Governance Report on pages 33 to 43 and below:

a) The likely consequences of any decision in the long-term: the long-term success of The Group is always a key factor when making strategic decisions.

b) The interests of The Group's employees: our employees are the main asset of The Group and their wellbeing and development are at the heart of strategy for success. Initiatives in extending benefits in kind for all employees and greater candidate and employee engagement have moved the Group forward during the year.

c) The need to foster business relationships with suppliers, customer and others; The Group regularly meets with key suppliers and customers to review operations and explore mutually beneficial future actions.

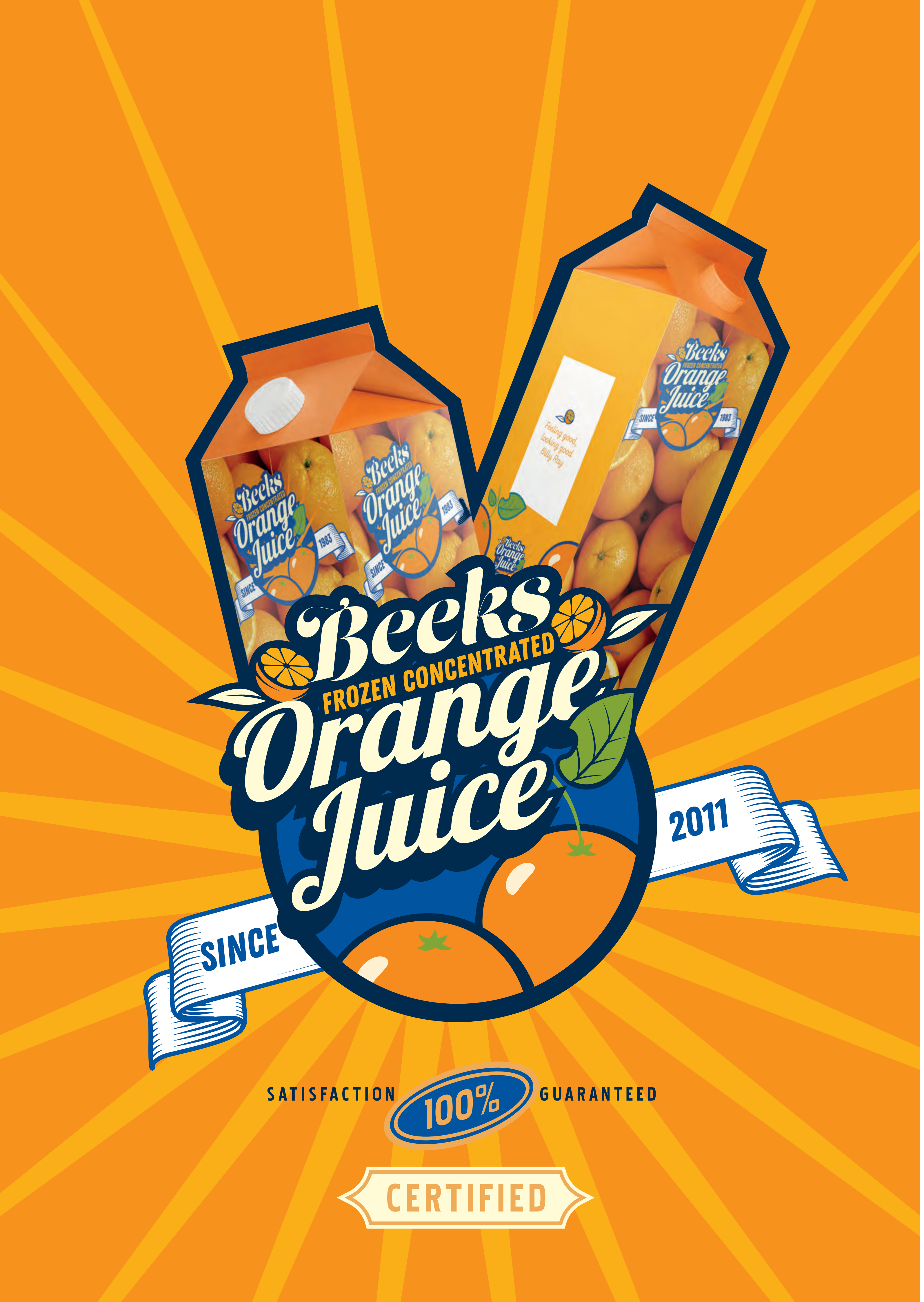
d) The impact of The Group's operations on the community and the environment: the impact on both the community and the environment is factored in to The Group's decision making process.

e) The Group's reputation for high standards of business conduct: integrity, both personally and professionally, is embedded in The Group's culture and is led by example by the Directors. The need to act fairly between members of The Group: no single set of stakeholders is prioritised over other stakeholders and all decisions are made trying to be equitable to all members.

The Board held twelve board meetings in the year to address and meet its obligations under Section 172 of the Companies Act 2006. The following table covers the key decisions made during the year and the stakeholder group(s) impacted by these decisions.

Key Impact	Key Decision Made	Key Stakeholder Group's impacted
Long term Strategy and Acquisitions	Each year, the Board approves the budget of the Group and reviews the Group's strategy and growth plans. The Board considers mergers and acquisitions as part of the long term growth strategy and continually reviews the market for opportunities. During the year, the board reviewed the strategy and launch timelines of the new proximity cloud offering and its potential opportunities to both existing and new customers.	Shareholders, Employees, Customers, Suppliers
Performance of the Group including financial performance	On a monthly basis, the Board reviews the trading performance of the Group with detailed Board reports provided by the CFO covering trading in the month and year to date, with performance monitored against internal budget, external market forecast and the previous financial year. At each Board meeting, the Board also receives detailed Board reports covering commercial, operational and HR matters prepared by senior managers of the business. These reports cover sales and forecast pipeline, customers and suppliers, data centre activity and various aspects of operational performance and key employee activities. During the year the Board continually assessed the performance of the analytics business against the second year earn out target. The board review the impact on the revaluation of the contingent consideration and the resultant release to the profit and loss. The board also considered, as a direct result, that this a potential impairment indicator for the goodwill attributed to the acquisition. The Board reviews the dividend policy and approves the interim and annual dividends taking into account the results and financial position of the Group, including the impact of Covid-19. The Board discussed the dividend policy during the year, taking cogniscence of the Group's growth plans and investment. The Board considered the current dividend policy as being subject to change if this was welcomed by shareholders.	Shareholders, Employees, Customers, Suppliers, Environment

STRATEGIC REPORT



Key Impact	Key Decision Made	Key Stakeholder Group's impacted
Governance, Regulatory requirements and Risk	The Board reviews and approves the results announcements and trading updates, the half year report and annual report and the AGM statement. The Board receives regular briefings from the Chief Executive Officer and Chief Financial Officer and the Operations board members. The Board takes regulatory responsibilities seriously and is committed to ensuring that it is open and transparent with regulators. In the current year, the Board met with our nominated adviser to obtain an update on changes to AIM rules and market abuse regulations to ensure Beek's compliance with requirements. In the current year, the Board has received updates on the internal control framework and the Group risk register and the continued compliance with the ISO27001 accreditation. Risk control documents are presented at Board meetings on the Group's key risks which include an updated assessment of controls and improvement actions required in respect of each major risk. The Group has recruited a Head of HR and Talent Management in the current year and the board has been presented with employee strategies including growth, upskilling and employee retention. As noted in the Chief Executive Officer's report on page 9, Principal Risks and Uncertainties on page 17 and the Corporate Governance report on page 33, the Board has formally considered the risk mitigating measures as a result of Covid-19. In December 2020, a new trading arrangement was concluded between the United Kingdom and the European Union. The Group have undertaken a detailed assessment of the impact of the Group, our operations and supply chain which was presented to the Board. Although the Group has been slightly impacted with getting goods across the borders, it does not expose significant risks or impact as a result of the new trading agreement in place. This will be continually monitored over the coming year.	Shareholders, Employees, Customers, Suppliers, Environment

The strategic report on pages 4 to 23 has been approved by the board and signed on its behalf by:

Gordon McArthur

GORDON MCARTHUR
Chief Executive Officer
24 September 2021

GOVERNANCE

Board of Directors

MARK CUBITT
NON-EXECUTIVE CHAIRMAN
AGE 58

Mark has extensive multinational experience gained over the last 35 years, including 24 years in the PLC environment and eight years as chief financial officer at Wolfson Microelectronics plc until its sale to Cirrus Logic in August 2014. Mark is currently non-executive chairman of AIM listed Concurrent Technologies plc and a non-executive director of private company RHA Technologies Ltd based in Glasgow. Previously Mark was non-executive chairman of Superglass Holdings plc and was part of the team that turned around the business before its sale in 2016. He also served as VP of finance at Jacobs Engineering and was finance director of Babtie Group until the sale of the company to Jacobs Engineering in 2004. During his time at Jacobs he also sat on the board of highways maintenance firm BEAR Scotland and was its chairman in 2006. Mark has also worked at Denholm Oilfield Services Limited, Dawson International plc, Christian Salvesen plc and its then subsidiary Aggreko. Mark is a Chartered Accountant and a member of the Association of Corporate Treasurers, and has a degree in Accountancy and Computer Science from Heriot-Watt University.

GORDON MCARTHUR,
CHIEF EXECUTIVE OFFICER
AGE 45

Gordon McArthur founded Beeks in 2010 having become increasingly frustrated by the lack of low latency trading infrastructure available. He has since grown the business from a three man start up to its current, profitable form. Gordon's career in software and IT solutions businesses spans 20 years during which time he has held commercial and managerial roles at IBM and Versko, an IT specialist for IBM software platforms. During his time at IBM Gordon worked in both financial services and the industrial sector and initially on SME businesses but latterly covering IBM's largest globally integrated accounts in the Oil and Gas sector. Gordon has a BA (Hons) in Risk Management and a Masters in Business Information Management from Glasgow Caledonian University.

GOVERNANCE

FRASER McDONALD,
CHIEF FINANCIAL OFFICER
AGE 46

Fraser McDonald has over 20 years' experience in finance, management and consulting roles. Having commenced his finance career and management accountancy training (CIMA) with National Australia Group, Fraser has gained experience working for global organisations such as Royal BAM Group, Lactalis McLelland, and Serco Group PLC across different industries including Banking, Manufacturing and Construction. Fraser has been in the Technology sector since 2009, where he has held senior roles including Commercial Manager and Head of Finance at ACCESS LLP (subsidiary of Serco Group PLC). Fraser joined Beeks on a consultancy basis in March 2016 to support the company through the AIM admission process, before being appointed on a permanent basis as Group Financial Controller in March 2017, and then Chief Financial Officer in October 2018. Fraser has a BA (Hons) in Finance from the University of Strathclyde, and a PgDip in Information Technology from the University of Paisley.

WILLIAM MELDRUM,
NON-EXECUTIVE DIRECTOR
AGE 53

William Meldrum is a senior vice president, employee experience and chief of staff at IHS Markit, a world leader in critical information and data analytics. Prior to joining Markit in 2005, Will worked at Deutsche Bank for four years managing the bank's interests across a portfolio of investments with a key focus on industry consortia, electronic trading systems and data. Will holds an MA from the University of Edinburgh and an MBA from London Business School.

KEVIN COVINGTON,
NON-EXECUTIVE DIRECTOR
AGE 62

Kevin has had more than 30 years' experience working internationally in the financial services industry for both vendors and banks, with a particular focus on M&A and advisory. Kevin currently runs a boutique advisory firm, Change Alley, which helps develop and grow organisations in the fintech sector. Kevin also acts as an adviser and mentor to a number of companies in the sector, including Adaptive Financial Consulting, KA2, Enyx and, prior to its acquisition by Beeks, Velocimetrics. Previous positions include CEO of a VC backed Australian technology company, Metamako, which was acquired by Silicon Valley based Arista Networks in late 2018 and CEO at technology company ITRS Group Limited. For a number of years Kevin has been ranked in the top 40 most influential people in Trading Technology by the Institutional Investor Magazine.

Directors' Report

GOVERNANCE

RESULTS AND DIVIDENDS

The Group's audited financial statements for the year ended 30 June 2021 are set out on pages 58 to 93. The Group's profit for the year after tax amounted to £1.6m. (2020: £0.58m).

The Directors will propose, at the forthcoming AGM, to amend the dividend policy following a consultation with shareholders. No final dividend is expected to be paid for the year ended 30 June 2021 (2020: 0.35p). An interim dividend was paid during the year 0.20p per share.

POST BALANCE SHEET EVENTS

Beeks headquarters will move from the existing leased office to the nearby Riverside Business Park, King's Inch Road, Braehead, PA4 8YU in early 2022. In September 2021, The Group finalised the purchase of the property for £2.1m which was funded out of existing Company cash balances and a new debt facility secured on the property of £1.5m.

RESEARCH AND DEVELOPMENT

The Group develops cloud computing products including public, private and proximity solutions.

FUTURE DEVELOPMENTS

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 23.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on pages 24 and 25 and the Directors who served during the year are listed on page 39. Details of Directors' interests in The Group's shares are set out below.

Gordon McArthur and his beneficial interests (including those of their immediate families) in the Company's £0.00125 ordinary share capital are detailed in the substantial shareholdings table further below. The beneficial interest of the other directors are detailed in the table below:

INSURANCE FOR DIRECTORS AND OFFICERS

The Company has purchased and maintains appropriate insurance cover against legal action brought against Directors and officers.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group uses various financial instruments which include cash, leases, bank loans and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for The Group's operations. The main risks arising from The Group's financial instruments are credit risk, liquidity risk, exchange rate risk and interest rate risk. The Directors review these risks on an ongoing basis. This policy has remained unchanged from previous years. Further information on financial risk management is disclosed in note 15 of The Group accounts.

	2021 Shares	2021 Options	2020 Shares	2020 Options
Mark Cubitt	70,707	-	70,707	-
William Meldrum	23,500	-	23,500	-
Fraser McDonald	44,118	713,369	-	651,667

CREDIT RISK

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 seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

EXCHANGE RATE RISK

The Group monitors its exposure to exchange rate risk on an ongoing basis. The Group has minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions. Details of exchange rate exposure balances are disclosed in note 15 of The Group accounts.

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.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 4 to 23 including the potential impact of Covid-19. The financial position of The Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Report on pages 13-16.

In the seventeen months since the response to the Covid-19 pandemic was initiated in the UK, there has been a limited impact on Beeks' trading from Covid-19. We take great comfort from the resilience of our business model and are fortunate that we are not significantly exposed to the industries that are suffering the worst effects. The level of customer churn across our business has remained low and cash collection has been in line with our typical profile. We do however remain vigilant to the economic impact the ongoing situation may create, particularly on the SME segment of the market.

Note 1 to the financial statements includes The Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

GOVERNANCE

Directors' Report

The directors are of the opinion that The Group can operate within their current debt facilities and comply both with its gross borrowings to adjusted EBITDA and minimum adjusted cash banking covenants. At the end of the financial year, The Group had net cash of £1.89m (2020: Net debt £0.75m) a level which the Board is comfortable with given the strong cash generation of The Group and low level of debt to EBITDA ratio. The Group was in compliance with all covenants under its banking facility arrangements throughout the reporting period. The Group has a diverse portfolio of customers with relatively low customer concentration split across different geographic areas. As a consequence, the directors believe that The Group is well placed to manage its business risks.

The directors have considered The Group budgets and the cash flow forecasts for the next two financial years, and associated risks, including the potential impact of Covid-19, and the availability of bank and leasing facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities and are confident we have the resources to meet our liabilities as they fall due including mitigating actions to take should some loan facilities not be made available at the end of current terms, which is December 2022 and coincides with the end of management's assessment period. Within these scenarios, we have taken into consideration the acquisition of the property referenced in the subsequent events section. After making enquiries, the directors have a reasonable expectation that The Group will be able to meet its financial obligations and has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

AIM RULE COMPLIANCE REPORT

Beeks Financial Cloud PLC is quoted on AIM and the Company has complied with AIM Rule 31. Further information on AIM compliance is explained in the Corporate Governance Report on pages 33 to 43.

STREAMLINED ENERGY AND CARBON REPORTING

As the Company does not meet the medium sized threshold, the directors are not required to disclose the reporting requirements of SECR.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and 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 to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). 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 and profit or loss of the company and group 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 accounting estimates that are reasonable and prudent;
- state whether applicable international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for The Group financial statements and whether United Kingdom
- Generally Accepted Accounting Practice FRS 101 (United Kingdom Accounting Standards and applicable laws) have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

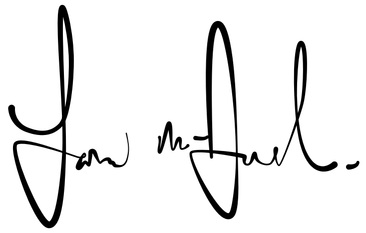
INDEPENDENT AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2016.

AUDITOR

A resolution to reappoint the auditor, Grant Thornton UK LLP and to authorise the Directors to agree their remuneration will be placed before the forthcoming Annual General Meeting of the Company.

By order of the Board.



FRASER MCDONALD
Chief Financial Officer
24 September 2021

Report on Remuneration

GOVERNANCE

DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2021

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2021 which sets out our Directors' Remuneration policy and provides details of amounts earned by Directors in respect of the year ended 30 June 2021.

As the Company is listed on the Alternative Investment Market it is not required to comply with the provisions of the UK Corporate Governance Code 2018 ("Code") issued by the Financial Reporting Council, however, we continue to provide disclosures in addition to that which is required by AIM Rule 19 on a voluntary basis to enable shareholders to understand and consider our remuneration arrangements. If this was prepared under the Companies Act, additional disclosures would be required in order to meet the requirement.

REMUNERATION COMMITTEE

The Remuneration Committee operates within defined terms of reference. The Remuneration Committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets as and when necessary. The Remuneration Committee comprises the Chairman and the Non-Executive Director and is chaired by Mark Cubitt.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets as and when necessary. The Remuneration Committee comprises the Chairman and the Non-Executive Director and is chaired by Mark Cubitt.

During the period under review the Remuneration Committee met two times and has granted options over ordinary shares in the company to some senior management, including executive directors, under the Company's Staff Long term incentive scheme (LTIP). In granting these options, the Remuneration Committee's objective was to attract, motivate and retain key staff over the long term, designed to incentivise delivery of the company's growth objectives.

NON-EXECUTIVE DIRECTORS

The Board, based on a recommendation by the Chairman of the Remuneration Committee or, in the case of the Chairman, the remainder of the Board determines the remuneration of the Non-Executive Director.

SERVICE CONTRACTS

The Executive Directors have entered into service contracts with The Group that are terminable by either party on no less than three months' prior notice.

SHARE OPTIONS

Share options were awarded to staff (including Directors) during the year in accordance with the Company's LTIP (Long Term Incentive Plan). The details of these are disclosed in Note 20.

Director's Remuneration	Basic salary £'000	Benefits In kind ^ £'000	Total £'000	Pension £'000
2021				
Executive directors				
Gordon McArthur	30	-	30	1
Fraser McDonald^	104	43	147	3
Non-executive directors				
Mark Cubitt	35	-	35	-
William Meldrum	35	-	35	-
Kevin Covinton*	17	-	17	-
Total	221	43	264	4
2020				
Executive directors				
Gordon McArthur	60	-	60	2
Fraser McDonald^	96	-	96	3
Non-executive directors				
Mark Cubitt	35	-	35	-
William Meldrum	35	-	35	-
Christopher Livesey*	32	-	32	-
Total	258	-	258	5

* Chris Livesey resigned from the board on 27 May 2020 and Kevin John Covington was appointed on 23 December 2020
^ Benefits in kind includes the amount of gains realised on the exercise of share options during the year.

GOVERNANCE

Share Options awarded to the Director, Fraser McDonald are shown below:

	Date of Grant	Share Options	Vesting Date	Lapse Date	Exercise Price (£)
Fraser McDonald	6 Sept 18	68,627	6 Sept 21	6 Sept 28	0.00125
Fraser McDonald	17 Oct 19	538,922	17 Oct 22	17 Oct 29	0.00125
Fraser McDonald	09 Oct 20	105,820	9 Oct 23	17 Oct 29	0.00125
During the year ended 30 June 2021, share options exercised by the Director, Fraser McDonald are shown below:					
Fraser McDonald	6 Sept 18	44,118*	6 Sept 19	6 Sept 28	0.00125

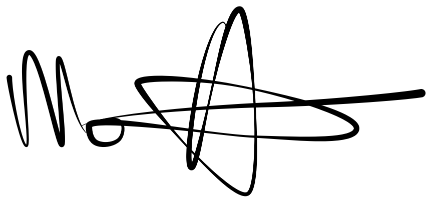
GOVERNANCE

The aggregate amount of gains realised by Directors, who served during the year, on the exercise of share options during the year was £43,180 (2020: £nil).

For the year ended 30 June 2021, share options awards of up to 2.2m options have been agreed by the Remuneration Committee as part of the LTIP. These options will have a three year vest for senior executives and between two and three years for other staff. As with the previous LTIP arrangements they will be based on challenging performance conditions in line with the existing plan.

DIRECTORS' SHARE INTERESTS

The Directors' shareholdings in the Company is shown in the Directors' Report on page 26.



MARK CUBITT
Chairman of the Remuneration Committee
24 September 2021

Chairman's Introduction

As chairman of the Board it is my responsibility to ensure that the highest standards of corporate governance are embraced throughout The Group. All members of the Board believe strongly in the value and importance of good corporate governance and in The Group's accountability to all of Beek's stakeholders, including shareholders, staff, contractors, clients and suppliers.

The corporate governance framework which The Group operates, including Board leadership and effectiveness, Board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of The Group's values. Of the two widely recognised formal codes, The Group decided, on admission of its shares to AIM in November 2017, to adhere to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in April 2018 to meet the current requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. The Group has considered how it applied each principle to the extent that the Board judges these to be appropriate in the circumstances, and below there is an explanation of the approach taken in relation to each. The Board considers that it does not depart from any of the principles of the QCA Code.

Set out below is an explanation at a high level of how The Group currently applies the principles of the QCA Code and, to the extent applicable, those areas where The Group's corporate governance structures and practices differ from the expectations set out in the QCA Code.

We are confident that our approach to corporate governance will underpin the development of a strong organisation, well positioned to take the business to the next phase of growth.

PRINCIPLE 1: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTES LONG-TERM VALUE FOR SHAREHOLDERS

Beeks Financial Cloud Plc is a leading managed cloud computing, connectivity and analytics provider exclusively for capital markets and financial services, offering Infrastructure as a Service (IaaS) to global institutional and retail companies across multiple asset classes.

Beeks' strategy is to ensure maximum security, optimise performance and deliver ultra-low latency compute power in the exceedingly fast-moving capital markets sector.

Beeks provides:
/ Managed private, hybrid and public cloud solutions
/ Dedicated and virtual servers that host traders and brokers in data centres around the world with secure set up
/ Ultra-low latency connectivity between clients and key financial venues and exchanges
/ Analytics; traditional software-based solutions or hosted in a Beeks environment in key financial data centres

The business model focuses on efficiency and flexibility, offering our clients the ability to scale up and scale down as needed. Due to market fluctuations and the inherent risk involved in algorithmic trading strategies, this makes our services highly attractive to clients.

The Group's strategy can be viewed on pages 4 to 23.

GOVERNANCE

Chairman's Introduction

GOVERNANCE

PRINCIPLE 2: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Group is committed to open communication with all its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows, attending investor conferences and through our regular reporting.

INSTITUTIONAL SHAREHOLDERS

The Directors hold regular meetings with institutional shareholders to discuss and review The Group's activities and objectives. The Chief Executive Officer and CFO meet institutional investors shortly after the annual and interim results, and on an ongoing basis as required. Directors also undertake consultation on certain matters with major shareholders from time to time. Through these consultations, The Group maintains a regular dialogue with institutional shareholders and analysts. Feedback is reported to the Board so that all Directors develop an understanding of the views of major shareholders.

PRIVATE SHAREHOLDERS

Communication with private shareholders is done via investor events during the year such as Mello, IMC and Sharesoc where the Chief Executive Officer and CFO present and are available to speak to private investors on a one to one basis. This is in addition to the Annual General Meeting, where attendance by shareholders is encouraged and where the Board is available to answer questions. The Notice of AGM is sent to shareholders at least 21 days before the meeting. The Chairman of the Board and the committees, together with all other directors attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published on the Company's corporate website.

Specific queries may be raised at any time by any shareholder by emailing Beeks' investor relations team at investor@beeksgroup.com. The team ensures that the person best placed to address each query responds as soon as possible. The Chief Executive Officer is responsible for overseeing day-to-day communications with shareholders.

The news and investor relations sections of the Beeks website are regularly updated and provide the market with the latest business news and shareholder updates. Following major periods of communications, our advisers consolidate feedback, on an anonymised basis, from the relevant parties which then forms the basis of a briefing pack for the Board to ensure awareness of shareholder opinions.

PRINCIPLE 3: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG TERM SUCCESS

In addition to its shareholders, the Company believes its main stakeholders are its employees and clients. The Company dedicates significant time to understanding and acting on the needs and requirements of these groups via meetings dedicated to obtaining feedback which is then, where appropriate, considered by the Board and acted upon.

The Company believe recruiting and maintaining highly talented and motivated staff is key to its success. All staff have objectives and regular communication with management is encouraged as part of the Company's culture. Staff are also encouraged to develop their skills and budget is always identified for staff training and development.

The Company has low levels of staff attrition and fosters a culture of continuous improvement and innovation.

PRINCIPLE 4: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANIZATION

The Board is responsible for risk management and internal controls, supported and informed by the executive team. The Board defines risk appetite and monitors the management of significant risks to ensure that the nature and extent of significant risks taken by The Group are aligned with overall goals and strategic objectives.

The Board takes responsibility for establishing and maintaining reliable systems of control in all areas of operation. These systems of control, especially of financial control, can only provide reasonable but not absolute assurance against material misstatement or loss. The key matters relating to the system of internal control are set out below:

- Beeks has established an operational management structure with clearly defined responsibilities and regular performance reviews
- The Group operates a comprehensive system for reporting financial and non-financial information to the Board, including review of strategy plans and annual budgets;
- Financial results are monitored against budgets, forecasts and other performance indicators with action dictated accordingly at each meeting
- A structured approval process based on assessment of risk and value delivered; and
- Operational updates highlighting any risks and/or issues are communicated to the Board at Board Meetings by the Chief Executive Officer and the COO
- Sufficient resource is focused to maintain and develop internal control procedures and information systems, especially in financial management. The Board considers that there have been no substantial weaknesses in internal financial controls that have resulted in any material losses, contingencies or uncertainties that need to be disclosed in the accounts
- Beeks has implemented an operational risk framework to evaluate how we operate our business. This enables Beeks to measure outcomes and understand the input to business processes and assess risks before making any significant decision based on risk appetite. This will reduce the likelihood of future potential damages as a result of operational impact

More information on The Group's principal risks and internal control procedures are set out on pages 17-23.

PRINCIPLE 5: MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

Subject to the Articles of Association, UK legislation and any directions given by special resolution, the business of The Group is managed by the Board. The Code requires The Group to have an effective Board whose role is to develop strategy and provide leadership to The Group as a whole. It sets out a framework of controls that allows the Board to apply these principles for the identification, assessment and management of risk. Additionally, it ensures the Board takes collective responsibility for the success of The Group.

The Board's main roles are to provide leadership to the management of The Group, determine The Group's strategy and ensure that the agreed strategy is implemented. The Board takes responsibility for approving potential acquisitions, annual budgets, annual reports, interim statements and Group financing matters. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.

GOVERNANCE

Chairman's Introduction

The Board appoints its members and those of its principal Committees following the recommendations of the Nomination and Remuneration Committee. The Board reviews the financial performance and operation of The Group's businesses. The Board also reviews the identification, evaluation and management of the principal risks faced by The Group, and the effectiveness of The Group's system of internal control.

For the year ended 30 June 2021, the PLC Board comprises the independent Non-Executive Chairman, the Chief Executive Officer, the CFO and the two independent Non-Executive Directors. The Board is highly committed and experienced and is supported by qualified executive and senior management teams. The Chairman, Mark Cubitt holds 70,707 ordinary shares, William Meldrum holds 23,500 ordinary shares. The Company considers the three Non-Executive Directors to be independent. The board believes the current composition enables the board to perform its duties effectively and there is a clear division of responsibilities between the running of the Board and the Executives responsible for the Company's business, to ensure that no one person has unrestricted powers of decision.

The Executive Directors of the Company are full time and do not serve as non-executive directors in any other organisation.

The Non-Executive Chairman also serves as a non-executive director of private company RHA Technologies Ltd based in Glasgow and is also a retained advisor to pureLiFi based in Edinburgh. Non-Executive Directors devote as much time as is necessary for the proper performance of their duties. The Non-Executive Directors typically spend one to two days a month on Company-related matters. The Board met 12 times in the year ended 30 June 2021. The attendance of each director is shown on page 39.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code requires that there should be a clear division of responsibilities between the running of the Board and the executive responsible for The Group's business, so as to ensure that no one person has unrestricted powers of decision. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. Once strategic and financial objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon. To facilitate this, the Chief Executive Officer regularly meets the Executive Management Team (EMT) which comprises representatives from Operations, Technical Delivery, Finance and Sales. The day to day operations of The Group are managed by the EMT.

COMPOSITION OF AND APPOINTMENTS TO THE BOARD

The Code requires that there should be a balance of Executive and Non-Executive Directors and when appointing new Directors to the Board, there should be a formal, rigorous and transparent procedure.

For the year ended 30 June 2021 the PLC Board comprises the Non-Executive Chairman, the Chief Executive Officer, the CFO and the Non-Executive Directors. Short biographies of the Directors are given on pages 24 and 25. The Board is satisfied with the balance between Executive and Non-Executive Directors. The Board considers that its composition is appropriate in view of the size and requirements of The Group's business and the need to maintain a practical balance between Executive and Non-Executive Directors.

Each member of the Board brings different skills and experience to the Board and the Board Committees. The Board is satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence and knowledge to The Group.

The Board recognises that to remain effective it must ensure that it has the right balance of skills, experience, knowledge and independence to enable it to discharge its duties and responsibilities. The Company has a highly committed and experienced Board, which is supported by a senior management team, with the qualification and experience necessary to run the Company.

Each member of the Board brings different experience and skills to the Board and its various committees.

The Board composition is kept under review as this mix of skills and business experience is a major contributing factor to the proper functioning of the Board, helping to ensure matters are fully debated and that no individual or group dominates the Board decision-making process.

The Code requires that the Board undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and Directors. The Board continues to annually review its composition, to ensure there is adequate diversity to allow for its proper functioning and that the Board works effectively together as a unit. When a new appointment to the Board is due to be made, consideration will be given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition.

BOARD COMMITTEES

The Board has established two committees to deal with specific aspects of the Board's responsibilities: the Audit Committee and the Nomination and Remuneration Committee. The Report of the Audit Committee can be found on pages 44 to 45. The Audit Committee is chaired by Mark Cubitt and includes William Meldrum and Kevin Covington.

The Nomination and Remuneration Committee is chaired by Mark Cubitt and includes William Meldrum and Kevin Covington. The Committee has overall responsibility for making recommendations to the Board of the remuneration packages of the Executive Directors. The Board considers it appropriate, due both to the size of The Group and to the experience of the Board members, to have a combined nomination and remuneration committee.

These Board operate under the terms of reference as set out in The Group's Financial Position and Prospects. The Audit Committee and the Nominations and Remuneration Committee met three times during the year.

RE-ELECTION

Under the Code, Directors should offer themselves for re-election at regular intervals. It is proposed that at least one of the directors will be put forward for re-election at The Group's AGM which will be scheduled during November 2021.

PRINCIPLE 6: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE,

SKILLS AND CAPABILITIES

Biographies of the Board of Directors can be found on pages 24 and 25.

Each member of the Board brings different skills and experience to the Board and the Board Committees. The Board is satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence and knowledge to The Group.

The Chief Executive Officer's role is critical in developing and maintaining the sustainability and effectiveness of The Group. Specifically, the Chief Executive Officer's key responsibilities include:

/ Leading the development and execution of The Group's vision and strategy
/ Senior human resource management: Recruit, retain and motivate an appropriately skilled executive management team
/ Representing The Group: The Chief Executive Officer will be required to consistently present The Group and its objectives to key stakeholders and the market in general
/ Lead and drive overall Merger and Acquisition strategy

The Chief Executive Officer is therefore expected to keep up to date with the industry and market in which the Company operates. The primary function of the CFO is to ensure that The Group's Board is able to make proper judgements

Chairman's Introduction

GOVERNANCE

as to The Group's financial position. This encompasses responsibility for The Group's financial health, that it has in place an appropriate financial strategy to enable it to achieve its wider strategic plan objectives, its annual budget outcomes and, most importantly, is able to meet its obligations to shareholders, the 'market', banks, creditors, suppliers and other stakeholders as required.

The CFO responsibilities also encompass:

- Internal and external financial reporting
- Corporate governance
- Risk management and the maintenance of effective systems of internal control
- Responsible for the Company Secretary role
- Tax compliance and planning
- Liaising with the Nomad on a regular basis
- Compliance with AIM Rules and MAR

The CFO is required to keep up to date with any changes to accounting standards and to ensure his skillset is refreshed on an ongoing basis.

The Non-Executive Directors hold senior positions with other companies ensuring that their knowledge is continuously refreshed. Specific training will be provided to the Board by the Company when required to support the Directors existing skillset.

PRINCIPLE 7: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Company was admitted to trading on AIM on 27 November 2017. The Board was appointed in advance of Admission with the exception of the CFO who was appointed at the Company's AGM on 24 October 2018. Since Admission, evaluation of the performance of the Company's Board has historically been implemented in an informal manner. The Chairman regularly communicates with Board Members outside of Board meetings to ensure that each director is satisfied with the performance of the Board and has the opportunity to raise any issues of concern. Similarly, the Chairman uses his substantial experience of plc boards to evaluate the Board effectiveness on an ongoing basis.

The Chairman has been tasked with assessing the individual contributions of each of the members of the team to ensure that:

- Their contribution is relevant= and effective
- They are committed
- Where relevant, they have maintained their independence

The Board has established an executive team with strength in depth in each of its core functions of network operations, software development, sales & marketing and finance which it will draw on, together with appropriate external appointments, in regards to succession.

PRINCIPLE 8: PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board places a high degree of value on promoting a corporate culture that reflects The Group's ethical principles and behaviours in order to maximise the quality of service that is passed on to the customer. As The Group works as an international team that is spread across three continents, a lot of importance is placed on a culture of inclusivity and open and honest communication; ensuring that employees are equally understood, trusted, and that individual cultural values and languages are respected. The Company encourages innovation, has flat management structures, open plan offices and a culture of continuous improvement. This helps to ensure that communication and understanding flows well within the Company, and thereby provides the most efficient and highest quality of service to clients.

The Board has implemented formal HR policies and procedures that sets out details and guidelines on the culture of the Company and how this should be reflected in employees' individual conduct.

PRINCIPLE 9: MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION MAKING BY THE BOARD

The Board comprises three independent Non-executive Directors and two Executive Directors.

BOARD PROGRAMME

The Board is scheduled to meet ten times each year in accordance with its scheduled meeting calendar. The Group has a highly committed and experienced Board and is supported by qualified executive and senior management teams. Board meetings held during the period under review and the attendance of directors is summarised below:

The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

All Directors receive regular and timely information on The Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against

	Board meetings		Audit Committee		Remuneration Committee	
	Possible	Attended	Possible	Attended	Possible	Attended
Executive Directors						
Gordon McArthur	12	12	-	-	2	2
Fraser McDonald	12	12	4	4	2	2
Independent Non-executive Directors						
Mark Cubitt	12	12	4	4	2	2
William Meldrum	12	12	4	4	2	2
Kevin Covington	6	6	2	2	2	2

GOVERNANCE

Chairman's Introduction

its agreed budget and market forecast and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting.

The Board considers the appropriateness of its accounting policies on an annual basis. The Board believes that its accounting policies, in particular in relation to income recognition and research and development, are appropriate and are informed by its Auditors on future changes to such accounting policies.

During the financial year ended 30 June 2021, the business reviewed matters including the valuation of Velocimetrics Limited including contingent consideration, revenue recognition and capitalisation of R&D activities. Similar to the prior year, technical accounting papers were prepared, reviewed and agreed by the Company's auditor.

Financial results with comparisons to budget and forecast results are reported to the Board on a regular basis, together with a commercial report on strategic and operational issues. Significant variances from budget or strategy are discussed at Board meetings and actions set in place to address them.

There is a clear division of responsibility at the head of the Company. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. Once strategic and financial objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon.

To facilitate this, the Chief Executive Officer regularly meets the Executive Management Team (EMT) which comprises representatives from Operations, Technical Delivery, Finance, Sales and HR. The day to day operations of The Group are managed by the EMT.

BOARD COMMITTEES

The Board is supported by the Audit, and Remuneration and Nominations committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duty.

Based on the current stage of growth within the business, the Board do not believe it is requirement to have an internal audit function, but this will be kept this under review as the business continues to grow or equivalent.

PRINCIPLE 10: COMMUNICATE HOW THE COMPANY IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

Trading updates and press releases are issued as appropriate and the Company's brokers provide briefings on shareholder opinion and compile independent feedback from investor meetings. Information offered at the analysts' meetings together with financial press releases are available on the Company's website, www.beeksgroup.com.

The Annual General Meeting is used by the Directors to communicate with both institutional and private investors. Every shareholder will have access to a full annual report each year end and an interim report at the half year end. Care is taken to ensure that any price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements. The Company strives to give a full, timely and realistic assessment of its business in all price-sensitive reports and presentations.

ENVIRONMENTAL, SOCIAL, GOVERNANCE

People / Social

Our people are integral to the success of the business. We are committed to providing an inclusive environment which enables our people to thrive and be part of it's continuing growth.

The Beeks Group has introduced several new forms of workforce engagement over the last year, which we felt was particularly pertinent during the pandemic when we were all working remotely.

As part of our initiative to improve engagement across The Group, we invested in an innovative employee engagement platform that has been rolled out to encourage shared kudos, issue employee surveys and 'shout outs' across the business and effectively manage the employee lifecycle as well as being a comprehensive tool to monitor employee performance and streamline the reward process.

Another method of improving engagement is the introduction of bi-weekly senior management meetings and quarterly Town Hall meetings with the entire workforce, hosted by the Chief Executive Officer.

These meetings are held to discuss general business matters including the Company's financial position in the marketplace, customer engagement, strategy, and values and behaviours as well as using it as an opportunity for all staff to share their views and ask questions.

Positive Workplace Culture

To continue the development of a positive working environment and culture, a number of policies and working practices were reviewed, launched or relaunched during 2020-2021 including:

/ Maternity Leave – an enhanced Maternity Policy was introduced aimed at providing greater financial support for families

/ Family Friendly policies – the relaunch of the Parental Leave, Shared Parental Leave, Adoption Leave and Compassionate Leave

/ Flexible Working – the relaunch of the Flexible Working Policy aimed at promoting work-life balance, increasing motivation, reducing stress, and improving performance and productivity

Employee Benefits and Reward

As part of an overall benefits review, the Company improved our private medical offering by increasing the level of cover across the business to include mental health treatment and therapy as standard, as well as the introduction of a suite of remote health benefits, which included access to many services including:

/ 24/7 telephone support for everyone

/ Debt, money and legal information and support

/ Remote GP Services

We also introduced an Employee Assistance Programme ('EAP') which is a specialist 24/7 telephone support service. In addition, and as part of our expansion, we have purchased a new Head Office in Glasgow at which we which will include a gym facility to promote and encourage employee wellbeing.

As well as our wellbeing initiatives, we also have the ability to enable employees to benefit from the success of The Group through share ownership. An HMRC approved Share Incentive Plan was introduced in October 2020 to encourage employee share ownership after admission to AIM, with applications exceeding expectations. This scheme also acts as an incentive for attracting potential candidates.

Recruitment, Tenure and Vacancies

The Company actively recruited in all departments throughout 2020-2021 and the total number of employees was 80 as at 30th June 2021. Through the continued focus on supporting and encouraging internal moves, we have various internal promotions during the year. The Company's activities in relation to workforce engagement and the development of a positive workforce culture are critical to attracting and retaining talent and experience.

Diversity and Equal Opportunities

At the heart of the Company's approach to people is the provision of an environment where everyone

Chairman's Introduction

can fulfil their potential and where colleagues from all backgrounds can feel confident in their ability to achieve their best. The Company has a Diversity Policy in place and is fully committed to the elimination of unlawful and unfair discrimination. The Company recognises and values highly the benefits of diversity in the workplace, of which gender is one important aspect, and maintains a policy of employing the best candidates available in every position, regardless of gender, ethnic group or background, and is committed to fair and equal treatment.

As at 30 June 2021, the Company had 80 employees of which 18% were female.

Actions and initiatives launched to deliver improvement include Enhance Maternity Policy; Paternity and Shared Paternity Leave policies and Flexible Working Policy and practices.

SUPPLIERS & CUSTOMERS

The Beeks Group believe strong business relationships with suppliers and customers are crucial to our success. Our in-house teams are focussed on regular and open communication with customers to ensure we meet their requirements and deliver quality customer service. Senior management have regular meetings with key customers to maintain visibility over their technology roadmaps in order that The Group's development plans remain aligned to our customers' future strategies.

While travel was severely restricted throughout 2021, the challenging environment encouraged customers to accept video meetings, and good relationships were maintained throughout this period. When travel becomes widely possible again, we are confident that customers will continue to use video technology, leading to more frequent, effective communication and reducing travel requirements, albeit face-to-face meetings will remain key to building and maintaining strong relationships.

ENVIRONMENT

Beeks are focussed on including effective environmental goals into our strategic decisions, operations and supply chain. The proprietor at our current main office in Hillington, Glasgow are committed to a reduction in emissions per unit of energy consumed within their operations worldwide and to have several initiatives in place to support this including:

/ Typical luminous efficiency of fluorescent lighting systems is 50 – 100 lumens per watt this is several times more efficient than that of an incandescent lamp - (light bulb)
/ Motion sensor operation light fitting
/ If space available you could have bins for food waste, plastic, glass, paper and cardboard,
/ Eco chargers, Smart sockets, Programmable thermostats, LED light bulbs

The Group also conforms to Waste Electrical and Electronic Equipment recycling rules and regulations for the disposal of materials from our site.

We have also made a commitment to make several upgrades to our new Head Office that we will be moving into in H2 2022 to improve our environmental performance.

In addition, our data centres platform is expansive, secure and sustainable and are designed to the highest energy efficiency standards. Equinix have a long-term goal of using 100% clean and renewable energy for their global platform with more than $129 million of investments in energy efficiency upgrades, retrofits and improvements and are constantly seeking new ways to innovate data centres.

Our data centres lead by example, taking steps to minimise their carbon footprint and reduce our energy consumption by reducing control systems, power consumption and increasing cooling capacity through active airflow management using intelligent, distributed sensors and innovative control policies.

In addition, the below initiatives are also undertaken at our data centres:

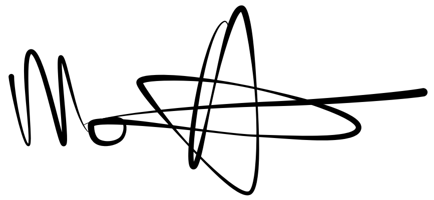
/ Cold/hot aisle containment
/ Energy-efficient lighting systems
/ Fuel cells
/ High temperature chilled water set points

LOCAL COMMUNITY

The Technical labour market has been extremely buoyant in the last 12 months but we have committed to hiring locally wherever possible and using local recruitment agencies when required.

The Beeks charity committee is responsible for identifying opportunities where we can assist those in need in the local area. While this has been limited this year due to the pandemic, there has been support throughout the organisation for organised runs for The McMillan Cancer Charity as well as plans to do a charity cycle with our recently purchased office Peloton bike.

By order of the Board.



MARK CUBITT
Chairman
24 September 2021

Report of the Audit Committee

COMMITTEE ACTIVITIES IN THE FINANCIAL YEAR ENDING 30 JUNE 2021

The Audit Committee is chaired by Mark Cubitt. The other members are William Meldrum and Kevin Covington. Attendance during the year can be seen within the Board programme on page 39.

The Committee met four times in relation to the financial year ended 30 June 2021, 2 of the meetings were post year end, with the 4th meeting to approve he annual accounts. In addition to standing items on the agenda, the Committee:

- received and considered, as part of the review of interim and annual financial statements, reports from the Auditor in respect of the Auditor's review of the interim results, the audit plan for the year and the results of the annual audit.

These reports included the scope of the interim review and annual audit, the approach to be adopted by the Auditor to address and conclude upon key estimates and other key audit areas, the basis on which the Auditor assesses materiality, the terms of engagement for the Auditor and an on-going assessment of the impact of future accounting developments for The Group;

- considered the Annual Report and Accounts in the context of being fair, balanced and understandable;
- considered the effectiveness and independence of the external audit;
- review the enhanced audit report.

Significant areas considered by the Audit Committee in relation to the 2021 financial statements are set out below:

Areas of estimates	Matter Considered and Role of the Committee
Recoverability of Investment in VMX & Impairment of Goodwill	During the year ended 30 June 2021 the Committee considered the impairment assessment prepared by management and critically assessed the inputs such as a consideration of the reasonableness of discount rates applied, agreeing forecasts through into going concern projections and the analysis of CGU'(s) applied.
Revenue recognition	The committee considered the risk associated from revenue recognition and considered new contracts and sales awarded around the year end.

INDEPENDENCE AND OBJECTIVITY OF THE AUDITOR

The Committee continues to monitor the work of the Auditor to ensure that the Auditor's objectivity and independence is not compromised by it undertaking inappropriate non-audit work. The current Auditor, Grant Thornton UK LLP, was appointed Auditor on 6 November 2017.

NON-AUDIT FEES

The Committee approves all non-audit work commissioned from the external auditors. During the year the fees paid to the Auditor were £65,000 for Group and subsidiary audit and £4,500 for the interim audit services.

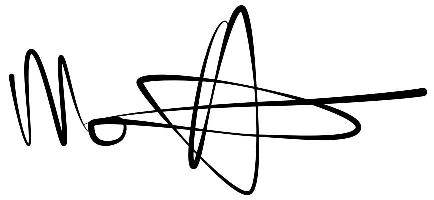
OTHER MATTERS

The Committee is authorised to seek any information it requires from any Group employee in order to perform its duties. The Committee can obtain, at The Group's expense, outside legal or other professional advice on any matters within its terms of reference.

The Committee may call any member of staff to be questioned at a meeting of the Committee as and when required.

REPORTING RESPONSIBILITIES

The Committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required. The Committee ensures that it gives due consideration to laws and regulations, the provisions of the Combined Code, the requirements of the UK Listing Authority's Listing Rules, Prospectus and Disclosure and Transparency Rules and any other applicable rules as appropriate. The Committee also oversees any investigation of activities which are within its terms of reference. The Audit Committee operates within agreed terms of reference in accordance with The Group's Financial Position and Prospects.



MARK CUBITT
Chairman of the Audit Committee
24 September 2021

Independent Auditors' Report

OUR OPINION ON THE GROUP FINANCIAL STATEMENTS IS UNMODIFIED

We have audited The Group financial statements of Beeks Financial Cloud Group PLC for the year ended 30 June 2021, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the consolidated 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, The Group financial statements:

/ give a true and fair view of the state of The Group's affairs as at 30 June 2021 and of its profit for the year then ended;
/ have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 'Auditor's responsibilities for the audit of The Group financial statements' section of our report.

We are independent of The Group 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 as applied to listed entities, 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.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause The Group to cease to continue as a going concern.

Our evaluation of the directors' assessment of The Group's ability to continue to adopt the going concern basis of accounting included:

/ Obtaining management's cash flow forecasts for The Group covering the period to December 2022. We assessed how these forecasts were compiled, and assessed their accuracy by validating underlying information and verifying mathematical accuracy of the model used;
/ Challenged management on the key assumptions used with the forecasts testing the accuracy of the assumptions and inputs by corroborating to underlying information. We also assessed the mitigating actions available to management and corroborated these available actions to supporting information;
/ Obtained forecast covenant compliance workings for the going concern period and reperformed the calculations to ensure mathematical accuracy;

/ We performed a retrospective review of management's forecasts by comparing the forecasts to actuals in the previous two financial years to determine the accuracy of prior year assessments. We also compared actual results to date to the forecasts; and
/ We assessed the adequacy of the disclosures in the financial statements, including the impact of the disclosed post balance sheet event to the going concern model.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's business model including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect The Group's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

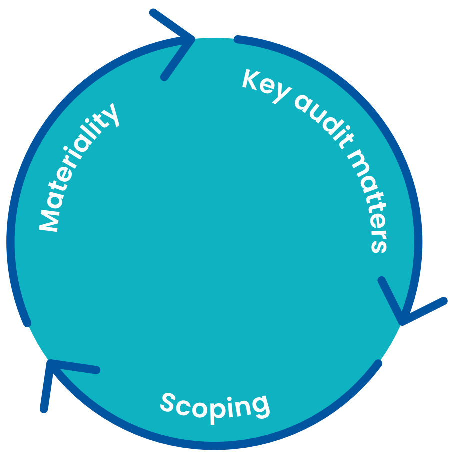
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for The Group financial statements' section of this report.

Independent Auditors' Report

OUR APPROACH TO THE AUDIT

Grant Thornton



OVERVIEW OF OUR AUDIT APPROACH

Overall materiality: £174,000, which represents approximately 1.5% of The Group's revenue.

Key audit matters were identified as:

- Revenue recognition (same as previous year); and
- Impairment of goodwill in Velocimetrics Limited (new)

Our auditor's report for the year ended 30 June 2020 included two key audit matters that have not been reported as key audit matters in our current year's report. These relate to acquisition accounting, and the impact of the Covid-19 pandemic on going concern. The Group did not undertake any acquisitions in the year and therefore this KAM was not relevant for the current year. For the KAM relating to the impact of Covid-19 on going concern, the risk was rebutted for the current year given management's ability to show no significant impact of Covid-19 on the performance of the business, in addition to The Group expanding, the £5m equity raise carried out in May 2020, developing new software and signing new Tier 1 customers allowing for increased revenue income and cash balances going forward.

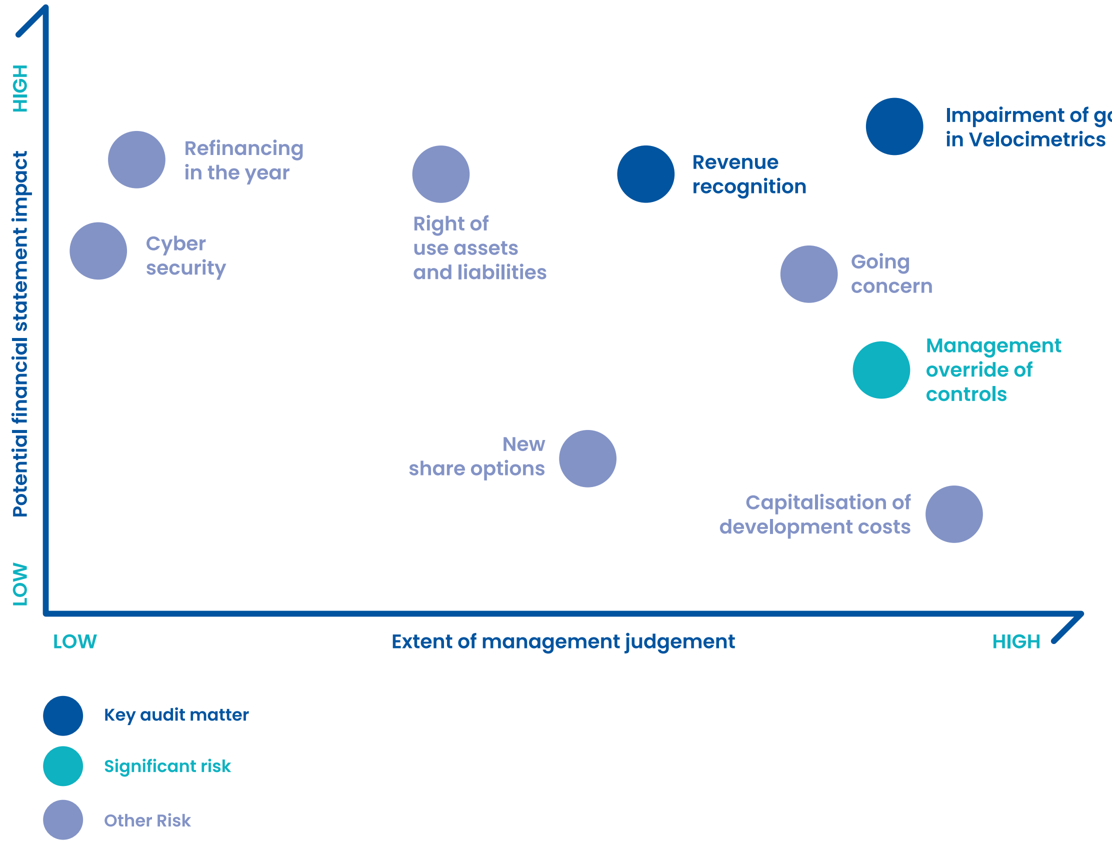
We performed full scope audit procedures on the financial statements of Beeks Financial Cloud Group PLC, the parent company, and on the financial information of Beeks Financial Cloud Limited, the UK trading company. We performed an audit of one or more account balances, classes of transactions or disclosures on the financial information of Velocimetrics Limited and Beeks FX VPS USA Inc. We performed analytical procedures on the financial information of the Japanese component, Beeks Financial Cloud Co. Ltd and on Velocimetrics Inc.

GOVERNANCE

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of The Group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of The Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter	How our scope addressed the matter
Revenue recognition We identified revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. Group revenue recognised in the year has grown from £9.4m last year to £11.6m for the year ended 30 June 2021. We have pinpointed the significant risk in revenue to be the impact of contract assets and contract liabilities adjustment made at year end due to the manual process and judgement involved in determining the satisfaction of the performance obligation. This differs from the revenue recognised, and received, in the year where we note there is less judgement involved. In addition to this, the application of International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers', specifically in relation to management judgement and complexities regarding the revenue recognised under contract accounting within Velocimetrics Limited, is considered a significant risk.. We also identified a significant risk regarding the recognition of non-recurring elements of revenue and hardware sales around the year end to ensure the risks and rewards of the goods had passed to the customer prior to the year end.	In responding to the key audit matter, we performed the following audit procedures: We utilised revenue data analytics on private and wholesale revenue streams to identify any anomalies, being transactions the software identifies that falls out with the standard posting cycle. Any anomalies identified were followed up with management and traced to supporting evidence; In addition to this, a substantive sample of invoices was selected for testing to gain further evidence over the occurrence of these sales; Using the IFRS 15 technical paper provided by management, we have obtained relevant invoices, delivery notes and sales orders to agree the treatment of accrued and deferred income. The entries were traced into the consolidated statement of financial position with the corresponding consolidated statement of comprehensive income impact confirmed as the movement between the opening and closing position; A sample of hardware sales and one-off sales recognised at year end were traced to goods dispatched notes or relevant supporting documentation such as timesheets for professional services to ensure revenue is recognised at the correct point in time, being when control is passed to the customer, or when the service has been provided; We obtained an updated paper on the application of IFRS 15 specific to Velocimetrics Limited and, via a sample, assessed whether the revenue has been recognised in line with the framework by reviewing both existing and new revenue contracts and creating expectations, comparing against actual revenue recognised. This included selecting samples of contract assets and contract liabilities and testing these for accuracy; and We reviewed and assessed the revenue recognition policies at a group level for appropriateness.
Relevant disclosures in the Annual Report 2021	**Our results**
/ Financial statements: Note 1 - Summary of significant accounting policies, Revenue recognition and Note 2 – Critical accounting judgements and key sources of estimation uncertainty, Revenue; / Strategic Report: Financial performance, Revenue; and / Strategic Report: Principal risks and uncertainties, Terms of client contracts.	Overall, our audit testing did not identify any evidence of material misstatement in respect of group revenue recognition.
Impairment of goodwill in Velocimetrics Limited	In responding to the key audit matter, we performed the following audit procedures:
We identified the impairment of goodwill in Velocimetrics Limited as one of the most significant assessed risks of material misstatement due to fraud and error. In the prior year, the acquisition of Velocimetrics Limited resulted in goodwill of £1.8m. Due to the performance of the newly acquired business falling below expectation, evidenced by the fact that £2.0m of previously accrued contingent consideration was not paid out in the current year, there is a risk that the goodwill value is impaired. The process for assessing whether an impairment exists under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex. Calculating the value in use, through forecasting cash flows related to CGUs and the determination of the appropriate discount rate and other assumptions to be applied, is highly judgemental and as a result of the subjectivity of selecting the assumptions, can be subject to management bias. The selection of certain inputs into the cashflow forecast can significantly impact the result of the impairment review. The key inputs impacting the model are considered to be: / The pipeline of future sales opportunities; / The discount rate; / The allocation of costs and corporate assets; and / The growth rate. As a result of this process management identified an impairment of £994,000 within the goodwill in relation to Velocimetrics Limited.	We obtained the impairment model and challenged the core assumptions within these management approved cashflows, specifically looking into forecast v actual and the historic accuracy of management's forecasting; We obtained management's assessment of CGUs and the allocation of cashflows and assets, including corporate assets, to these CGUs; Revenue growth within the forecasts was specifically challenged given the underperformance of Velocimetrics Limited since acquisition. The key revenue driver in the model, being the pipeline of future sales opportunities, was challenged and corroborating evidence, such as contracts won post year end and proposals issued at the tender stage, were obtained and agreed back into the forecasts. We further challenged the inputs into the run-rate, specifically those values impacting the terminal value year; Costs and the allocation of sufficient corporate assets were considered and challenges made to management with regards to the reasonableness of overheads incorporated; Our internal experts reviewed the reasonableness of the discount rate applied including the workings behind this discount rate; Sensitivities were performed on the cashflows to bring together all evidence to identify a potential undetected impairment; and Assessed whether group disclosures with respect to the carrying value of the Group's goodwill and intangible assets are adequate and the key assumptions have been disclosed, including management's impairment methodology being in line with IAS 36.
Relevant disclosures in the Annual Report 2021	**Our results**
/ Financial statements: Note 1 – Summary of significant accounting policies, Intangible assets and amortisation and Impairment; / Financial statements: Note 2 – Critical accounting judgements and key sources of estimation uncertainty, Goodwill and other indefinite life intangible assets; / Financial statements: Note 10 – Intangible assets; and / Report of the Audit Committee: Areas of estimates.	Overall, our testing did not identify any evidence of an additional material impairment charge against goodwill being required.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

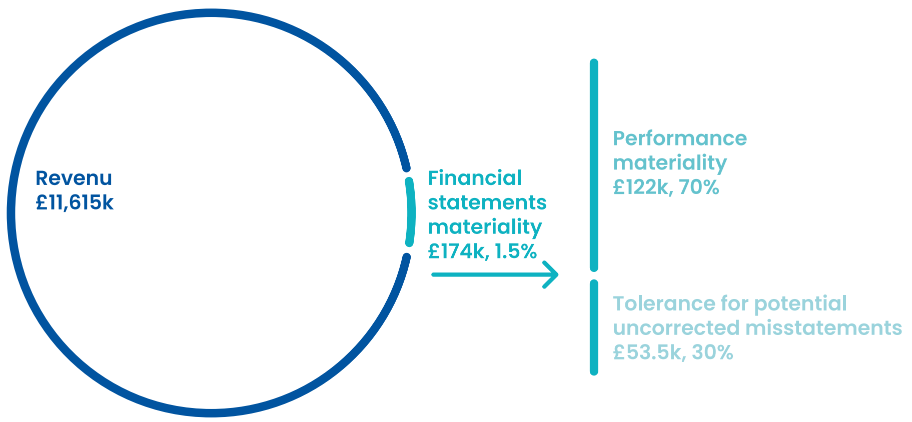
Materiality was determined as follows:

Materiality measure	Country of incorporation
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£174,000, which represents approximately 1.5% of the Group's revenue.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: We considered revenue to be the most appropriate benchmark given the Group's focus on driving revenue growth for the stakeholders. Materiality for the current year is higher than the level that we determined for the year ended 30 June 2020 to reflect an increase in revenue across the group as a whole, including a full year of revenue from Velocimetrics Limited.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance Materiality threshold	£121,800, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the materiality	In determining performance materiality, we made the following significant judgements: We considered 70% of financial statement materiality to be appropriate for performance materiality given the AIM listed status of the business. Prior year unadjusted errors have also been considered, however these have historically been immaterial individually and in aggregate. The internal control environment is dependent upon a sufficiently sized and qualified finance team which is considered appropriate for the current size and scale of the business, which is further supported through robust Board oversight.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We determined a lower level of specific materiality for the following areas: / Directors' remuneration; and / Related party transactions.

Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£8,700 and misstatements below that threshold that, in ourview, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

OVERALL MATERIALITY



AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of The Group's business and in particular matters related to:

Understanding The Group, its components, and their environments, including group-wide controls

/ Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determines the scope of our audit work for each component within The Group, which when taken together, enables us to form an audit opinion on The Group financial statements. We take into account size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed on each component;

/ We obtained an understanding of the component-level controls of The Group as a whole, which assisted us in identifying and assessing the risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

Identifying significant components

/ Of all components, two were determined to be significant to The Group – Beeks Financial Cloud Group PLC, the parent company, and Beeks Financial Cloud Limited. Full scope audit procedures were completed on these components.

/ Significant group components were determined by calculating benchmark percentages, with anything identified above 15% considered a significant component. Benchmarks reviewed included revenue, profit before tax, cash and cash equivalents and total assets (excluding intercompany).

Beeks Financial Cloud Group PLC
Independent Auditors' Report to the members of Beeks Financial Cloud Group PLC | For the year ended 30 June 2021

Independent Auditors' Report

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- audit of the financial information of the component using component materiality (full-scope audit) for Beeks Financial Cloud Group PLC and Beeks Financial Cloud Limited;
- audit of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) for Velocimetrics Limited and Beeks FX VPS USA Inc.;
- analytical procedures at group level (analytical procedures) for Beeks Financial Cloud Co. Ltd and Velocimetrics Inc;
- no component auditors were utilised throughout this audit, all work was performed by The Group engagement team.

Performance of our audit

- an interim visit was undertaken to perform specific procedures on the equity raises completed to December and the re-finance in the year;
- the year-end audit was undertaken remotely.

Changes in approach from previous year

- In the current year, specific audit procedures were performed at a USA component level due to the high percentage of losses making up the closing group profit position. There are no other material changes in the scope of the current year from the scope of the prior year.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with The Group 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 of The Group 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
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 Group financial statements are prepared is consistent with The Group 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 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: 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 GROUP FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of The Group 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 group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing The Group financial statements, the directors are responsible for assessing The Group'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 to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE GROUP FINANCIAL STATEMENTS.

Our objectives are to obtain reasonable assurance about whether The Group 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 group 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to The Group and the industry in which it operates through our general commercial and sector experience. We determined the following laws and regulations were most significant: international accounting standards in conformity with the requirements of the Companies Act 2006, the Companies Act 2006 and the Quoted Companies Alliance (QCA) Corporate Governance Code. In addition, we concluded that there are certain sector laws and regulations that may impact the financial statements, namely GDPR regulations and Information Security Management System (ISMS) Standards;

GOVERNANCE

Independent Auditors' Report

/ We obtained an understanding of how The Group is complying with these legal and regulatory frameworks by making enquiries of management, the Audit Committee and reviewing legal correspondence via sampling invoices in relation to legal expenditure. We corroborated our enquiries through a review of board minute papers. Management and the Audit Committee confirmed they were not aware of any instances of non-compliance and that they had no knowledge of actual, suspected or alleged fraud;

/ We assessed the susceptibility of The Group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. Our audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentation. The procedures included:

- Evaluation of the design effectiveness of controls that management has in place to prevent and detected fraud;
- Journal entry testing, with a focus on manual journals with a profit impact or that increase revenue;
- Challenging assumptions and judgements made by management in areas of estimation and judgement;
- Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on legal expenditure; and
- Performing audit procedures to test whether the disclosures required by international accounting standards in conformity with the requirements of the Companies Act 2006 and the Companies Act 2006 are present within The Group financial statements.

/ Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the team's:

- Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
- Knowledge of the industry in which The Group operates.

/ Our communications, both with management and the Audit Committee, in respect of non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition and inaccurate assumptions included within the goodwill impairment assessment. These are also reported as key audit matters in the relevant section of our report where the matters are explained in more detail;

/ In assessing the potential risk of material misstatement, we obtained an understanding of:

- The operations of The Group, including the different revenue streams, products and services offered and the objectives and strategies of The Group, in order to understand the classes of transactions, account balances, expected disclosures and risk areas; and
- The Group's control environment, including the policies and procedures implemented to comply with regulatory requirements, including the adequacy of the training to inform staff of changes in legislation, internal review procedures and resources available to ensure that possible breaches of requirements are appropriately investigated and reported.

OTHER MATTERS

We have reported separately on the parent company financial statements of Beeks Financial Cloud Group PLC for the year ended 30 June 2021. That report includes details of the parent company key audit matters; how we applied the concept of materiality in planning and performing our audit; and an overview of the scope of our audit.

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 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.

Grant Thornton UK LLP

JAMES CHADWICK
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants, Glasgow
24 September 2021

	Note	2021 £000	2020 £000
Revenue	3	11,615	9,360
Other Income	3	309	59
Cost of sales		(6,591)	(4,845)
Gross profit		5,333	4,574
Administrative expenses		(5,783)	(3,619)
Operating (loss)/profit	4	(450)	955
Analysed as			
Earnings before depreciation, amortisation, acquisition costs, share based payments and non-recurring costs:		4,452	3,394
Depreciation		2,020	1,474
Amortisation – acquired intangible assets	10	806	237
Amortisation – other intangible assets	9	231	150
Impairment of intangible assets	9	994	-
Non-recurring acquisition integration costs	9	140	205
Share based payments	4	546	312
Other non-recurring costs	20	165	61
Operating (loss)/profit	4	(450)	955
Gain on revaluation of contingent consideration	15	1,989	-
Finance income		5	2
Finance costs	5	(289)	(279)
Profit before taxation		1,255	678
Taxation	8	349	(103)
Profit after taxation for the year attributable to the owners of Beeks Financial Cloud Group PLC		1,604	575
Other comprehensive income			
Amounts which may be reclassified to profit and loss			
Currency translation differences		(157)	43
Total comprehensive income for the year attributable to the owners of Beeks Financial Cloud Group PLC		1,447	618
		pence	pence
Basic earnings per share	24	3.07	1.13
Diluted earnings per share	24	3.07	1.13

The above income statement should be read in conjunction with the accompanying notes.

	Note	2021 £000	2020 £000
Non-current assets			
Intangible assets	9	6,008	6,741
Property, plant and equipment	10	10,390	6,755
Deferred tax	11	896	380
		17,294	**13,876**
Current assets			
Trade and other receivables	12	2,210	1,525
Cash and cash equivalents	13	3,372	1,433
		5,582	**2,958**
Total assets		**22,876**	**16,834**
Liabilities			
Non-current liabilities			
Borrowings	16	896	1,461
Lease liabilities	16	2,210	1,991
Contingent consideration due on acquisitions	15	-	1,957
Deferred tax	11	617	531
Total non-current liabilities		**3,723**	**5,940**
Current liabilities			
Trade and other payables	17	4,143	2,449
Contingent consideration	15	-	488
Lease liabilities	16	656	544
Borrowings	16	589	697
Total current liabilities		**5,388**	**4,178**
Total liabilities		**9,111**	**10,118**
Net assets		**13,765**	**6,716**
Equity			
Issued capital	19	70	64
Share premium	21	9,452	4,309
Reserves	19	1,261	909
Retained earnings		2,982	1,434
Total equity		**13,765**	**6,716**

These financial statements were approved by the Board of Directors on 24 September 2021 and were signed on its behalf by:

Gordon McArthur

GORDON MCARTHUR,CHIEF EXECUTIVE OFFICER,

Beeks Financial Cloud Group Plc,
Company number: SC521839

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Issued capital £000	Foreign currency reserve £000	Merger reserve £000	Other reserve £000	Share based payments £000	Share premium Reserve £000	Retained earnings £000	Total equity £000
As at 1 July 2019	**64**	**102**	**372**	**(315)**	**63**	**4,309**	**1,037**	**5,632**
Profit after income tax expense for the year	-	-	-	-	-	-	575	575
Currency translation difference	-	43	-	-	-	-	-	43
Total comprehensive income	**-**	**43**	**-**	**-**	**-**	**-**	**575**	**618**
Deferred tax	-	-	-	-	-	-	-	-
Issue of share capital	-	-	333	-	-	-	-	333
Share based payments	-	-	-	-	311	-	-	311
Dividends paid	-	-	-	-	-	-	(178)	(178)
Total transaction with owners	**-**	**-**	**333**	**-**	**311**	**-**	**(178)**	**466**
Balance at 30 June 2020 and 1 July 2021	**64**	**145**	**705**	**(315)**	**374**	**4,309**	**1,434**	**6,716**
Profit after income tax expense for the year	-	-	-	-	-	-	1,604	1,604
Currency translation difference	-	(157)	-	-	-	-	-	(157)
Total comprehensive income	**-**	**(157)**	**-**	**-**	**-**	**-**	**1,604**	**1,447**
Deferred tax	-	-	-	-	-	-	86	86
Issue of share capital	6	-	-	-	-	5,143	-	5,149
Share based payments	-	-	-	-	547	-	-	547
Exercise of share options	-	-	-	-	(38)	-	38	-
Dividends paid	-	-	-	-	-	-	(180)	(180)
Total transaction with owners	**6**	**-**	**-**	**-**	**509**	**5,143**	**(56)**	**5,602**
Balance at 30 June 2021	**70**	**(12)**	**705**	**(315)**	**883**	**9,452**	**2,982**	**13,765**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Profit before taxation for the year		1,255	678
Adjustments for:			
Depreciation and amortisation		3,059	1,861
Share options		546	312
Gain on revaluation of contingent consideration		(1,989)	-
Impairment		994	-
Foreign exchange		(6)	17
Interest received		(5)	(2)
Finance fees and interest		190	192
Operating cash flows		**4,044**	**3,058**
(Increase) in receivables		(874)	(419)
Increase/ (decrease) in payables		2,336	678
Operational cash flows after movement in working capital		**5,506**	**3,317**
Corporation tax paid		(33)	(23)
Net cash inflow from operating activities		**5,473**	**3,294**
Cash flows from investing activities			
Capitalised development costs	9	(2,005)	(720)
Payments for property, plant and equipment	10	(4,746)	(2,819)
Payments for prior period acquisition		(555)	(750)
Proceeds from grant income		669	115
Net cash (outflow)/ inflow from investing activities		**(6,637)**	**(4,174)**
Cash flows from financing activities			
Repayment of existing loan borrowings		(3,736)	(324)
Dividends paid		(180)	(178)
Lease liabilities		(485)	(731)
Interest on lease liabilities		(99)	(87)
Deferred consideration		(460)	-
Issue of loans		3,050	1,485
Finance fees and interest	5	(190)	(192)
Interest received		5	2
Proceeds from the issue of share capital		5,198	-
Net cash outflow from financing activities		**3,103**	**(25)**
Net increase/(decrease) in cash and cash equivalents		**1,939**	**(905)**
Cash and cash equivalents at beginning of year		**1,433**	**2,338**
Cash and cash equivalents at end of year	**13**	**3,372**	**1,433**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

FINANCE

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

Beeks Financial Cloud Group PLC is a public limited company which is listed on the AIM Market of the London Stock Exchange and is incorporated in Scotland. The address of its registered office is Lumina Building, 40 Ainslie Road, Ground Floor, Hillington Park, Glasgow, UK, G52 4RU. The principal activity of The Group is the provision of information technology services.

The registered number of the Company is SC521839.
The financial statements are prepared in pounds sterling and rounded to the nearest thousand. In certain cases, amounts in the report have been rounded to the nearest pound.

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.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for the valuation of certain financial instruments that are measured at fair values at each reporting period, as explained in the accounting policies below.

The measurement bases and principle accounting policies of The Group are set out below and are consistently applied to all years presented unless otherwise stated.

International Financial Reporting Standards and Interpretations issued but not yet effective
New and revised IFRSs in issue but not yet effective and have not been adopted by The Group at the date of authorisation of these financial statements, the following standards, interpretations and amendments have been issued but are not yet effective and have no material impact on The Group's financial statements:

/ IFRS 17 - Insurance Contracts;
/ IAS 1 – Classification of assets as current or non-current
/ Annual improvements to IFRS Standards 2018-2020 cycle

Adoption of new and revised Standards - amendments to IFRS that are mandatorily effective for the current year
The Group applied the amendments to IAS 1 and IAS 8 Definition of Material for the first time as this is effective for annual periods beginning on or after 1 January 2020. The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.
The Directors consider that this amendment had no impact on the financial statements of The Group, nor is there expected to be any future impact to The Group.

During the year, the below revised IFRSs took effect. The Group have made an assessment on the standards and amendments below and has concluded that there is no material impact on the financial statements:

/ Definition of a Business (Amendments to IFRS 3)
/ Amendments to 'References to the Conceptual Framework in IFRS Standards'
/ Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate benchmark reform phase 2

CHANGE IN ACCOUNTING ESTIMATES

During the year, as part of the impairment review carried out on acquired intangible assets, The Group reviewed the appropriateness of the remaining useful life of the customer relationship list of CNS, acquired in 2019. The Group deemed it appropriate to reduce the estimated useful life from 8 years to 4 years. The impact on the current and remaining years' amortisation charge for this asset is an additional annual charge of £70,000.

GOING CONCERN

The Directors have assessed the current financial position of Beeks Financial Cloud Group PLC, taking account of its business activities, together with the factors likely to affect its future development, performance and position as set out in the Strategic report on pages 4 to 23.

The key factors considered by the Directors were:

/ historic and current trading and profitability of The Group,
/ the rate of growth in sales both historically and forecast,
/ the competitive environment in which The Group operates,
/ the current level of cash reserves,
/ current level of debt obligations
/ Ability to comply with existing covenants
/ Potential further impact of Covid-19
/ the finance facilities available to The Group, including the availability of any short term funding required.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 4 to 23 including the potential impact of Covid-19. The financial position of The Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Report on pages 13 to 16.

In the past eighteen months since the response to the Covid-19 pandemic was initiated in the UK, there has been limited impact on Beeks' trading from Covid-19. We take great comfort from the resilience of our business model and are fortunate that we are not significantly exposed to the industries that are suffering the worst effects. The level of customer churn across our business has remained low and cash collection has been in line with our typical profile. We do however remain vigilant to the economic impact the ongoing situation may create, particularly on the SME segment of the market. Note 1 to the financial statements includes The Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The directors are of the opinion that The Group can operate within their current debt facilities and comply with its banking covenants. At the end of the financial year, The Group had net cash of £1.9m (2020: Net debt £0.75m) a level which the Board is comfortable with given the strong cash generation of The Group and low level of debt to EBITDA ratio. The Group has a diverse portfolio of customers with relatively low customer concentration which are split across different geographic areas. As a consequence, the directors believe that The Group is well placed to manage its business risks.

The directors have considered The Group budgets and the cash flow forecasts for the next two financial years, and associated risks, including the potential impact of Covid-19, and the availability of bank and leasing facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities and are confident we have the resources to meet our liabilities as they fall due including mitigating actions to take should some loan facilities not be made available at the end of current terms, which is December 2022 and coincides

Notes to Financial Statements

with the end of management's assessment period. Within these scenarios, we have taken into consideration the acquisition of the property referenced in the subsequent events section. After making enquiries, the directors have a reasonable expectation that The Group will be able to meet its financial obligations and has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Accordingly, the Directors have adopted the going concern basis in preparing the Report for the year ending 30 June 2021.

PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities over which The Group has control. The Group controls an entity when The Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to The Group. They are deconsolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary or a business is the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued to The Group. The consideration transferred includes the fair values of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. Acquisition related costs are expensed as incurred. As each of the subsidiaries are 100% wholly owned, The Group has full control over each of its investees. Intercompany transactions, unrealised gains and losses on intragroup transactions and balances between group companies are eliminated on consolidation.

Foreign currency transactions

Foreign currency transactions translated into pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of inter-company balances are recognised in the profit and loss account. Non monetary assets are translated at the historical rate.

Foreign operations

The assets and liabilities of foreign operations are translated into pound sterling using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Pound sterling using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with The Group accounting policies.

Where The Group's assessment of the net fair value of a subsidiary's identifiable assets acquired and liabilities assumed is less than the fair value of the consideration including contingent consideration of the business combination then the excess is treated as goodwill. Where The Group's assessment of the net fair value of a subsidiary's net assets and liabilities exceeds the fair value of the consideration including contingent consideration of the business combination then the excess is recognised through profit or loss immediately.

Where an acquisition involves a potential payment of contingent consideration the estimate of any such payment is based on its fair value. To estimate the fair value an assessment is made as to the amount of contingent consideration which is likely to be paid having regard to the criteria on which any sum due will be calculated and is probability based to reflect the likelihood of different amounts being paid. Where a change is made to the fair value of contingent consideration within the initial measurement period as a result of additional information obtained on facts and circumstances that existed at the acquisition date then this is accounted for as a change in goodwill. Where changes are made to the fair value of contingent consideration as a result of events that occurred after the acquisition date then the adjustment is accounted for as a charge or credit to profit or loss.

When the consideration transferred by The Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances hat existed at the acquisition date.

Deferred consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the deferred consideration, which is deemed to be an asset or liability, are recognised either in the profit and loss account or in other comprehensive income.

REVENUE RECOGNITION

Revenue arises from the provision of Cloud-based localisation. To determine whether to recognise revenue, The Group follows a 5-step process as follows:

1. Identifying the contract with a customer
2. Identifying the performance conditions
3. Determining the transaction price
4. Allocating the transaction price to the performance conditions
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at transaction price, stated net of VAT and other sales related taxes, if applicable.

Infrastructure services

The Group's core business provides managed Cloud computing infrastructure and connectivity. The Group considers the performance obligation to be the provision of access and use of servers to our clients. As the client receives and consumes the benefit of this use and access over time, the related revenue is recognised evenly over the life of the contract.

Monitoring software and maintenance services

Following the acquisition of Velocimetrics, The Group also provides software products that analyse and monitor IT infrastructure. Revenue from the provision of software licences is split between the delivery of the software licence and the ongoing services associated with the support and maintenance. The supply of the software licence is recognised on a point in time basis when control of the goods has transferred, being the delivery of the item to the customer, whilst the ongoing support and maintenance service is recognised evenly over the

Notes to Financial Statements

period of the service being rendered on an over time basis. The Group applies judgement to determine the percentage of split between the licence and maintenance portions, which includes an assessment of the pricing model and comparison to industry standards

Revenue from the provision of perpetual licences in exchange for a minimum guaranteed royalty fee, is recognised at a point in time basis when the delivery of the item is complete.

Set up fees

Set up fees charged on contracts are reviewed to consider the material rights of the set-up fee. When a set-up fee is arranged, Beeks will consider the material rights of the set-up fee, if in substance it constitutes a payment in advance, the set-up fee will be deemed to be a material right. The accounting treatment for both material rights and non-material rights set-up fees is as follows:

- Any set up fees that are material rights are spread over The Group's average contract term
- Set up fees that are not material rights are recognised over the enforceable right period, i.e. 1 to 3 months depending on the termination period

Revenue in respect of installation or training, is recognised when delivery and installation of the equipment is completed on a point in time basis.

Hardware and software sales

Revenue from the supply of hardware or software is recognised when control of the goods has transferred, being when delivery to the customer of the item is completed, on a point in time basis.

The Group has concluded it acts as a principal in each sales transaction vs an agent. This has been determined by giving consideration to whether The Group holds inventory risk, has control over the pricing over a particular service, takes the credit risk, and whether responsibility ultimately sits within The Group to service the promise of the agreements.

Professional services and training services

Revenue from Consultancy services are recognised as these services are rendered and the performance obligation satisfied. Any unearned portion of revenue(i.e. amounts invoiced in advance of the service being provided) is included in payables as deferred revenue.

Revenue recognised over time and at a point in time is disclosed at note 3 of the notes to the financial statements.

GOVERNMENT GRANT INCOME

Grants from Government agencies are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is deducted from carrying amount of the intangible asset over the expected useful life of the related asset. Note 3 Revenue provides further information on Government grants.

COST OF SALES

Costs considered to be directly related to revenue are accounted for as cost of sales. All direct production costs and overheads, including indirect overheads that can reasonably be allocated, have been classified as cost of sales.

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.

EXCEPTIONAL COSTS

The Group defines exceptional items as costs incurred by The Group which relate to material non-recurring costs. These are disclosed separately where it is considered it provides additional useful information to the users of the financial statements.

TAXATION AND DEFERRED TAXATION

The income tax expense or income for the period is the tax payable on the current period's taxable income. This is based on the national income tax rate enacted or substantively enacted for each jurisdiction with any adjustment relating to tax payable in previous years and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of temporary differences can be deducted. The carrying amount of deferred tax assets are reviewed at each reporting date.

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 Group'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 Group'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 at bank, overnight and longer term deposits which are held for the purpose of meeting short term cash commitments are disclosed within cash and cash equivalents.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another and is recognised when The Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised initially at fair value, and subsequently measure at amortised costs, with any directly attributable transaction costs adjusted against fair value at initial recognition and recognised immediately in the consolidated income statement as a profit or loss.

FINANCIAL ASSETS

Trade and other receivables

Trade and other receivables are initially recognised at transaction price, less allowances for impairment. These are subsequently measured at amortised costs using effective interest method. An allowance for impairment of trade and other receivables is established when there is evidence that Beeks Financial Cloud Group PLC will not be able to

Notes to Financial Statements

collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade and other receivables may be impaired. The amount of the 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. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within 'administrative expenses'. When a trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'admin costs' in the income statement.

IFRS 9 requires an expected credit loss ("ECL") model which requires The Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The main financial asset that is subject to the expected credit loss model is trade receivables, which consist of billed receivables arising from contracts.

The Group has applied the simplified approach to providing for expected credit losses ("ECL") prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables.

The ECL model reflects a probability weighted amount derived from a range of possible outcomes. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group has established a provision matrix based on the payment profiles of historic and current sales and the corresponding credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information that might affect the ability of customers to settle the receivables, including macroeconomic factors as relevant.

Provision against trade and other receivables is made when there is evidence that The Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. An assessment for impairment is undertaken at least at each reporting date.

FINANCIAL LAIBILITIES

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to Beeks Financial Cloud Group plc prior to the end of the financial period which are unpaid as well as any outstanding tax liabilities.

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.

Defined contribution schemes

The defined contribution scheme provide benefits based on the value of contributions made. Contributions to the defined contribution superannuation plans 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.

Share based payments

The Group operates equity-settled share based remuneration plans for its employees Options are measured at fair value at grant date using the Black Scholes model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest.
Under The Group's share option scheme, share options are granted to directors and selected employees. The options are expensed in the period over which the share based payment vests. A corresponding increase to the share option reserve under shareholder's funds is recognised.

When share options are exercised, the company issues new shares. The nominal share value from the proceeds received are credited to share capital and proceeds received above nominal value, net of attributable transaction costs, are credited to the share premium when the options are exercised. When share options are forfeited, cancelled or expire, the corresponding fair value is transferred to the accumulated losses reserve.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Property, plant and equipment (PPE)

PPE is stated at historical cost less accumulated depreciation. 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 on IT infrastructure and fixtures and fittings is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Leasehold property and improvements over the lease period
- Computer Equipment 5 years and over the length of lease
- Office equipment 5 years

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

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 Group. 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.

FINANCE

Notes to Financial Statements

Leases
A lease is defined as a contract, or part of a contract, that conveys the right to use of an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition The Group assesses whether the contract meets three key evaluations which are whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to The Group; The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and The Group has the right to direct the use of the identified asset throughout the period of use.

At the lease commencement date, The Group recognises a right-of-use asset and a corresponding lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability measured at the present value of future lease payments, any initial direct costs incurred by The Group The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group assesses the right-of-use asset for impairment under IAS 36 'Impairment of Assets' where such indicators exist.

Lease liabilities are presented on two separate lines in the balance sheet for amounts due within one year and amounts due after more than one year. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot readily be determined, The Group applies an incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the liability by payments made. The Group re-measures the lease liability (and adjusts the related right-of-use asset) whenever the lease term has changed or a lease contract is modified and the modification is not accounted for as a separate lease.

Lease payments included in the measurement of the lease liability can be made up of fixed payments and an element of variable charges depending on the estimated future price increases, whether these are contractual or based on management's estimate of potential increases. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients available under IFRS 16. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

Under IFRS 16, The Group recognises depreciation of the right-of-use asset and interest on lease liabilities in the consolidated statement of comprehensive income over the period of the lease. On the balance sheet, right-of-use assets have been included in leasehold property and improvement and lease liabilities have been included in lease liabilities due within one year and after more than one year.

INTANGIBLE ASSETS AND AMORTISATION

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the assets and liabilities assumed at the date of acquisition. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Intangible assets carried forward from prior years are re-valued at the exchange rate in the current financial year. Impairment testing is carried out by assessing the recoverable amount of the cash generating unit to which the goodwill relates. A bargain purchase is immediately released to the Income Statement in the year of acquisition.

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., and Commercial Network Services. These relationships are carried at cost less accumulated amortisation or impairment losses where applicable. Amortisation is calculated using the straight line method over periods of between five and ten years and is charged to cost of sales.

Development costs
Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Development costs incurred are capitalised when all the following conditions are satisfied:

/ completion of the intangible asset is technically feasible so that it will be available for use or sale;
/ The Group intends to complete the intangible asset and use or sell it;
/ The Group has the ability to use or sell the intangible asset;
/ the intangible asset will generate probable future economic benefits;
/ there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
/ the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The costs which do meet the criteria range from new product development to the enhancement of existing services such as mail platforms. The scope of the development team's work continues to evolve as The Group continues to deliver business critical solutions to a growing customer base. Development costs capitalised are amortised on a straight-line basis over the estimated useful life of the asset. The estimated useful life is deemed to be five years for all developments capitalised. Amortisation charges are recognised through cost of sales in the income statement in the period in which they are incurred.

IMPAIRMENT

Goodwill and assets with an indefinite useful life 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.

EQUITY

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of

Notes to Financial Statements

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.

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.

ALTERNATIVE PERFORMANCE MEASURES

In addition to measuring financial performance of The Group based on statutory profit measures, The Group also measures performance based on adjusted EBITDA, adjusted profit before tax and adjusted diluted earnings per share.

Underlying EBITDA

Underlying EBITDA is defined as earnings before amortisation, depreciation, finance costs, taxation, acquisition costs, share based payments and exceptional non-recurring costs.

Underlying EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies, particularly in the sector that The Group operates.

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

The Group considers adjusted EBITDA to be a useful measure of operating performance because it approximates the underlying operating cash flow by eliminating the charges mentioned above. It is not a direct measure of liquidity, which is shown in the consolidated statement of cash flows, and needs to be considered in the context of The Group's financial commitments.

Underlying profit before tax

Underlying profit before tax is defined as profit before tax adjusted for the following:

/ amortisation charges on acquired intangible assets;
/ share-based payment charges;
/ M&A activity including:
 - Professional fees;
 - Any non-recurring integration costs; Any gain or loss on the revaluation of contingent consideration where it is material; and
 - Any material non-recurring costs where their removal is necessary for the proper understanding of the underlying profit for the period.

The Group considers underlying profit before tax to be a useful measure of performance because it eliminates the impact of certain non-recurring items including those associated with acquisitions and other charges commonly excluded from profit before tax by investors and analysts for valuation purposes.

Underlying diluted earnings per share

Underlying diluted earnings per share is calculated by taking the adjusted profit before tax as described after deducting an appropriate taxation charge and dividing by the total weighted average number of ordinary shares in issue during the year and adjusting for the dilutive potential ordinary shares relating to share options.

The Group considers adjusted diluted earnings per share to be a useful measure of performance for the same reasons as underlying profit before tax. In addition, it is used as the basis for consideration to the level of dividend payments.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

KEY JUDGEMENTS

The key judgements in preparation of the financial statements are as follows:

Revenue

The Group applies judgment for elements of revenue recognition. The key areas of assessment include whether The Group acts as a principal vs an Agent for the sale of hardware, where third parties are utilised, and the percentage of split between licence and maintenance for the sale of software licences. Full details of The Group's revenue recognition policy and these judgements can be found on page 65.

Right of Use assets and liabilities

The Group applies judgement for elements of capitalising leases under IFRS 16. The key areas of assessment include the treatment of the lease where the term is not clearly defined as well as the applicable discount rate applied. Where the term is not clearly defined, management use judgement to determine the likely term of the lease by reference to comparable contracts and terms as well as the future needs and strategy of the business.

The Group do not consider that there are any other critical accounting judgements in the preparation of the financial statements.

KEY ESTIMATIONS

The key assumptions concerning the future, and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Sensitivity analysis is also performed to reduce growth assumptions and increase discount rates in order to ascertain if there is still sufficient headroom in the asset, see note 10.

FINANCE

FINANCE

Notes to Financial Statements

Development costs
The Group reviews half yearly whether the recognition criteria for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. In addition, all internal activities related to the development of new products which are not finalised by the period end are continuously monitored by the Directors and assessed for any indications of impairment. See note 10 for further information.

Share based payments
The Group operates equity-settled share based remuneration plans for its employees. All goods and services received in exchange for the grant of any share based payment are measured at their fair values. Where employees are rewarded using share based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant. If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share based incentives expected to vest differs from previous estimates. The two key judgements are on the vesting conditions that apply to share options (relating to the achievement of annual objectives) and on continuous employment. Any cumulative adjustment prior to vesting is recognised if there is any current period. No adjustment is made to any expense recognised in prior periods if share based incentives ultimately exercised are different to that estimated on vesting.

3. SEGMENT INFORMATION

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 directors.

During the year ended 30 June 2021, The Group was organised into three main business segments for revenue purposes, institutional, private and analytics customers. The Group added analytics as a segment duing the year, as The Group benefitted from a full year's revenue generation following the acquisition of Velocimetrics Ltd in April 2020. 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.

Revenues by operating segment, further dissagregated are as follows:

	Year ended 30/06/21 £000				Year ended 30/06/20 £000			
	Institutional	Retail	Analytics	Total	Institutional	Retail	Analytics	Total
Points over time								
Infrastructure as a service	8,701	1,080	-	9,781	7,127	1,365	-	8,492
Maintenance	-	-	685	685	-	-	158	158
Professional services	146	-	42	187	39	-	-	39
Point over time total	**8,847**	**1,080**	**727**	**10,653**	**7,166**	**1,365**	**158**	**8,688**
Point in time								
Hardware / Software resale	299	-	38	337	486	-	-	486
Software licences	-	-	556	556	-	-	134	134
Set up fees	69	-	-	69	52	-	-	52
Point in time total	368	-	594	962	538	-	134	672
Total revenue	**9,215**	**1,080**	**1,321**	**11,615**	**7,704**	**1,365**	**291**	**9,360**

Revenues by geographic location are as follows:

United Kingdom	3,214	2,720
Europe	2,282	1,180
United States	2,003	1,906
Rest of World	4,116	3,554
Total	**11,615**	**9,360**

Non-Current Assets by geographic location are as follows:

United Kingdom - Property, plant and equipment	3,980	2,028
Europe - Property, plant and equipment	727	478
Rest of World - Intangible assets	4,640	4,458
Rest of World - Goodwill	1,368	2,283
Rest of World - Property, plant and equipment	3,878	3,003
US – Property, plant and equipment	1,805	1,246
Total Non-Current Assets	**16,398**	**13,496**

FINANCE

Intangible assets have been classified as "Rest of World" due to the fact they represent products that are available to customers throughout the World as well as the US intangible assets referred to in note 9.

The Group has taken advantage of the practical expedient permitted by IFRS 15 and has therefore not disclosed the amount of the transaction price allocated to unsatisfied performance obligations or when it expects to recognise that revenue, as the majority of contracts have an expected duration of less than one year. Longer term contracts continue to be paid on a monthly basis.

During the year, £309k was recognised in other income for grant income received from Scottish Enterprise.

4. OPERATING PROFIT

Operating Profit is stated after charging:

	Note	2021 £000	2020 £000
Staff costs	6	4,408	2,526
Depreciation	10	1,396	891
Depreciation right-of-use assets	10	626	583
Amortisation of acquired intangibles	9	806	96
Amortisation of other intangibles	9	231	291
Other cost of sales*		3,319	2,984
Impairment of intangible	9	994	-
Foreign exchange losses		47	17
Non-recurring acquisition integration costs		140	205
Share based payments	20	546	312
Other non-recurring costs – refinancing		37	-
Other non-recurring costs – head office relocation		25	-
Other non-recurring costs		103	61

*Included within other cost of sales are the direct costs associated with the business including data centre connectivity, software licences, security and other direct support costs

Auditors remuneration	2021 £000	2020 £000
Audit		
Auditors services		
Fees payable for the audit of the consolidation and the parent company accounts including the audit of the acquisition	37	34
Fees payable for the audit of the subsidiaries	28	27
Non Audit		
Fees payable for the interim review of the group	5	10
	70	**71**

5. FINANCE COSTS

	2021 £000	2020 £000
Bank charges	92	89
Loans and leasing	197	190
Total finance costs	289	279

6. AVERAGE NUMBER OF EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

	2021 £000	2020 £000
Including directors, the average number of employees (at their full time equivalent) during the year was as follows:		
Management and administration	25	12
Support and development staff	48	29
Average numbers of employees	**73**	**41**
The employee benefits expense during the year was as follows:		
Wages and salaries	3,870	2,214
Social security costs	453	265
Other pension costs	86	46
Total employee benefits expense	**4,408**	**2,526**
Share based payments (note 20)	546	312

Wages and salaries directly attributable to the development of R&D products are capitalised in intangible assets (note 9).

7. DIRECTORS EMOLUMENTS

	2021 £000	2020 £000
Aggregate remuneration in respect of qualifying services	221	258
Aggregate amounts of contributions to pension schemes in respect of qualifying services	4	5
Gain on exercise of options	43	-
Total Directors' emoluments	**268**	**263**
Highest paid director - aggregate remuneration (excluding share based payments)	104	96

There are two directors (2020: two) who are accruing retirement benefits in respect of qualifying services.

8. TAXATION EXPENSE

	2021 £000	2020 £000
Current tax		
UK tax	(32)	(16)
Foreign tax on overseas companies	28	25
Total current tax	**(4)**	**9**
Origination and reversal of temporary differences	(345)	94
Total deferred tax	**(345)**	**94**
Tax on profit on ordinary activities	**(349)**	**103**

The differences between the total tax credit above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax, together with the impact of the effective tax rate, are as follows:

	2021 £000	%ETR movement	2020 £000	%ETR movement
Profit before tax	**1,255**		**678**	
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	238	19%	129	19%
Effects of:				
Expenses not deductible for tax purposes	(81)	(6,45%)	33	4.87%
R&D tax credits relief	(95)	(7.57%)	(72)	(10.62%)
Income not taxable	(377)	(30.04%)	(0.01)	(0.00%)
Share option deduction	9	0.72%	59	8.70%
Prior year over-provision	(32)	(2.55%)	-	-
Prior year deferred tax adjustments	(73)	(5.82%)	(49)	(7.23%)
Adjustment for tax rate differences	58	4.62%	-	-
Foreign tax suffered	4	0.32%	2	0.29%
Other	-	-	1	0.15%
Total tax charge	(349)	(27.81%)	103	15.19%

The effective tax rate ('ETR') for the year was −27.81%, (2020: (15.2%)).

	UK unrelieved trading losses £000	Foreign unrelieved trading losses £000	Total unrelieved trading losses £000	Tax effect £000
As at 1 July 2020	547	-	547	104
Recognised during the year	1,856	-	1,856	353
As at 30 June 2021	2,403	-	2,403	457

9. INTANGIBLE ASSETS

	Acquired Customer Lists £000	Development Costs £000	Trade Name £000	Goodwill £000	Total £000
Cost					
Balance at 1 July 2019	**1,383**	**821**	**-**	**519**	**2,723**
Acquisition of trading assets	1,097	1,253	137	1,846	4,333
Additions	-	720	-	-	720
Grant funding received	-	(221)	-	-	(221)
Foreign exchange movements	53	-	-	-	53
Balance at 30 June 2020	**2,533**	**2,573**	**137**	**2,365**	**7,608**
Additions	-	1,977	-	28	2,005
Grant funding received	-	(560)	-	-	(560)
Foreign exchange movements	(150)	-	-	(57)	(207)
As at 30 June 2021	**2,383**	**3,990**	**137**	**2,336**	**8,846**
Accumulated Depreciation					
Balance at 1 July 2019	(402)	(101)	-	9	(494)
Charge for the year	(150)	(230)	(7)	-	(387)
Foreign exchange movements	-	-	-	14	14
Balance at 30 June 2020	**(552)**	**(331)**	**(7)**	**23**	**(867)**
Charge for the year	(277)	(733)	(27)	-	(1,037)
Impairment	-	-	-	(994)	(994)
Foreign exchange movements	56	-	-	3	59
As at 30 June 2021	**(773)**	**(1,064)**	**(34)**	**(968)**	**(2,839)**
N.B.V. 30 June 2020	**1,981**	**2,242**	**130**	**2,388**	**6,741**
N.B.V. 30 June 2021	**1,611**	**2,926**	**103**	**1,368**	**6,008**

Included within Customer lists are customer relationships in relation to the acquisition of CNS of £1.0m. During the year, the Group has elected to reduce the remaining useful life of the asset, which has been revised from 8 to 4 years. The impact on the current and remaining 4 years is an additional annual depreciation charge of £0.07m. Also included are customer relationships in relation to the VMX business of £1.1m with a useful life of 10 years.

Development costs have been recognised in accordance with IAS 38 in relation to the creation of the company's self-service portal, website and cyber-attack prevention software (DDoS). As at 30 June 2021 the remaining useful lives of these assets are 1 year and 7 months, 1 year and 6 months and 1 year and 5 months respectively. Development costs also include £1.3m of acquired VMX software which is being amortised over a useful life of five years. In addition, there are £1.3m of development costs relating to the network automation project and £0.6m development costs relating to analytics development, which has yet to be amortised. All costs incurred during the preliminary stages of development projects are charged to the income statement.

IMPAIRMENT TEST FOR GOODWILL

For this review, goodwill was allocated to individual cash generating units (CGU) on the basis of the Group's operations as disclosed in the segemental analysis. As the Board reviews results on a segmental level, the Group monitors goodwill and annually asseses it on the same basis for impairment..

The carrying value of goodwill by each CGU is as follows:

	2021 £000	2020 £000
Beeks Analytics	883	1,846
Retail	109	122
Institutional	376	420
Total goodwill	**1,368**	**2,388**

The recoverable amount of all CGUs has been determined by using value-in-use calculations, estimating future cash inflows and outflows from the use of the assets and applying an appropriate discount rates to those cash flows 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 prepare forecasts for future trading over a useful life period of up to five years.

These cash flow projections are based on financial budgets and market forecasts approved by management using a number of assumptions including;

/ Historic and current trading
/ Weighted sales pipeline
/ Potential changes to cost base (including staff to support the CGU)
/ External factors including competitive landscape and market growth potential

Forecasts that go beyond the approved budgets are based on long term growth rates on a macro-economic level.

Management performed a full impairment assessment on the goodwill of Beeks Analytics. This included including modelling projected cash flows based on the current weighted sales pipeline, a discount rate based on the calculated pre-tax weighted average cost of capital (15.5%) and cost base assumptions that included contingency and investment to deliver against the weighted sales pipeline. A mid-term growth rate (post sales pipeline) from year 2 was assumed at 3% and a terminal value of 2% was used following the 5 year cash flow projection. Sensitivities were then performed against a range of possible downside scenarios including further weighting against the sales pipeline and changing of the discount rate. It was noted that a 1% change on the discount rate would impact the future net present value of the future cash flows by £0.2m.

Management concluded, based on the range of possible outcomes, and sensitivity of both the sales pipeline and discount rate, that an impairment charge of £1.0m should be processed against goodwill.

For institutional and retail goodwill, a pre-tax discount discount rate, that reflects current market assessments of the time value of money and the risks specific to these asset, of 12% and 14.5% was used. Based on an analysis of the impairment calculation's sensitivities to changes in key parameters (growth rate, discount rate and post-tax cash flow projections) there was no reasonably possible scenario where these recoverable amounts would fall below their carrying amounts therefore as at 30 June 2021, no change to the impairment provision against the carrying value of intangibles was required for institutional or retail goodwill. The revaluation of these from prior year represents exchange adjustment only.

10. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £000	Office equipment £000	Leasehold Property and improvement £000	Total £000
Balance at 1 July 2019	**4,839**	**23**	**-**	**4,862**
Acquisition of subsidiaries	6	-	-	6
Additions	2,784	35	2,993	5,811
Disposals	(39)	-	-	(39)
Balance at 30 June 2020	**7,590**	**58**	**2,993**	**10,641**
Exchange adjustments	(12)	-	-	(12)
Additions	4,733	13	915	5,661
As at 30 June 2021	**12,311**	**71**	**3,908**	**16,290**
Depreciation				
Balance at 1 July 2019	**(2,411)**	**(11)**	**-**	**(2,422)**
Charge for the year	(873)	(12)	(589)	(1,474)
Disposals	10	-	-	10
Balance at 30 June 2020	**(3,274)**	**(23)**	**(589)**	**(3,886)**
Charge for the year	(1,381)	(15)	(626)	(2,022)
Exchange adjustments	8	-	-	8
As at 30 June 2021	**(4,647)**	**(38)**	**(1,215)**	**(5,900)**
N.B.V. 30 June 2020	**4,316**	**35**	**2,404**	**6,755**
N.B.V. 30 June 2021	**7,664**	**33**	**2,693**	**10,390**

Of the total additions in the year of £5.6m, £0.9m relates to right-of-use assets.

Short term leases have been accounted for in accordance with the recognition exemption in IFRS 16 and hence related payments are expensed as incurred. The Group has also made use of the option to apply the recognition exemption for low value assets, which means that related payments have been expensed as incurred.

All revenue generating depreciation charges are included within cost of sales. Non-revenue generating depreciation charges are included with admin costs.

11. NON-CURRENT ASSETS - DEFERRED TAX

Deferred tax is recognised at the standard UK corporation tax of 25% for fixed assets in the UK (2019: 19%). Deferred tax in the US is recognised at an average rate of 21% for 2020 (2019: 21%). The deferred tax asset relates to the difference between the amortisation period of the US acquisitions for tax and reporting purposes as well as the impact of the share options exercised during the year and tax losses carried forward in both UK and overseas companies. Deferred tax assets and liabilities on balance sheets prepared after the substantive enactment of the new tax rate are calculated using a tax rate of 25% to the extent that the temporary differences will reverse after 2023 useful lives of these assets are 1 year and 7 months, 1 year and 6 months and 1 year and 5 months

	2021 £000	2020 £000
The split of fixed and intangible asset are summarised as follows:		
Deferred tax liabilities	(617)	(531)
Deferred tax asset	896	380
Total deferred tax	**279**	**(151)**
Movements		
Opening balance	(151)	88
Charged to profit or loss (note 8)	345	(94)
Charged to goodwill/equity	85	(145)
Closing balance	**279**	**(151)**

The movement in deferred income tax assets and liabilities during the year is as follows:

	Share Options £000	Tax losses carried forward £000	Accelerated tax depreciation £000	Total deferred tax asset £000	Total deferred tax liability £000
At July 2019	**-**	**35**	**101**	**136**	**(48)**
Charge to income	-	152	(46)	106	(200)
Charge to equity	-	-	-	-	-
Deferred tax on acquired assets	-	138	-	138	(283)
As at 30 June 2020	**-**	**325**	**55**	**380**	**(531)**
Charge to income	138	305	(12)	431	(86)
Charge to equity	85	-	-	85	-
As at 30 June 2021	**223**	**630**	**43**	**896**	**(617)**

12. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Trade receivable	1,032	791
Less: allowance for impairment of receivables	(19)	(20)
	1,013	**771**
Prepayments	723	721
Contract asset	191	-
Other taxation	241	-
Other receivables	42	33
	2,210	**1,525**

The credit risk relating to trade receivables is analysed as follows:	2021 £000	2020 £000
Trade receivables	1,032	791
Less: allowance for impairment of receivables	(19)	(20)
	1,013	771
Movements in the allowance for expected credit losses are as follows:		
Opening balance	20	63
Additional allowance recognised	46	20
Receivables written off during the year as uncollectable	(47)	(65)
Unused amounts reversed	-	2
Closing balance	19	20

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. The group has applied the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowance for all trade receivables. The expected credit loss allowance under IFRS 9 as at 30 June 2021 is £8k (2021 - £13k).

Trade receivables consist of a large number of customers across various geographical areas. The aging below shows that almost all are less than three months old and historic performance indicates a high probability of payment for debts in this aging. Those over three months relate to customers without history of default for which there is a reasonable expectation of recovery.

Past due but not impaired
The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of the customers based on recent collection practices.

The aging of trade receivables at the reporting date is as follows:	2021 £000	2020 £000
Not yet due	706	505
Past due 1 to 3 months	307	275
Past due 3 to 6 months	19	0
More than 6 months past due	0	11
	1,032	791

13. THE CREDIT RISK RELATING TO TRADE RECEIVABLES IS ANALYSED AS FOLLOWS:

Cash and bank balances	3,372	1,433
	3,372	**1,433**

The credit risk on cash and cash equivalents is considered to be negligible because over 99% of the balance is with counter parties that are UK and US banking institutions.

14. CURRENT ASSETS – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 carrying amount of all financial assets presented in the statement of financial position are measured at amortised cost.

The carrying amount of all financial liabilities presented in the statement of financial position are measured at amortised costs with the exception of contingent consideration with is measured at Fair Value through profit or loss.

The Group's financial liabilities per the fair value hierarchy classifications under IFRS 13 'Financial Instruments: Disclosures' are described below:

As at 30 June 2021, contingent consideration due on acquisitions is £nil (2020: £2.445m) - refer to note 15.

There have been no changes to valuation techniques or any amounts recognised through 'Other Comprehensive Income'.

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 exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the operations. The Group has minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions. A 10% movement in the USD rate would have an impact on The Group's profit and equity by approximately £172,000. A 10% movement in the Euro rate would have an impact on The Group's profit and equity by approximately £49,000.

The Group had potential exchange rate exposure within USD trade payable balances of £1,210,143 as at 30 June 2021 (£77,617 at 30 June 2020).

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:

	2021 £000	2020 £000
Cash and cash equivalents	3,372	1,433
Trade receivables	1,032	791
Contract asset	191	223
Other receivables	43	28
	4,638	2,475

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. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to The Group. The Group provides standard credit terms (normally 30 days) to all of its customers which has resulted in trade receivables of £981,000 (2020: £751,000) which are stated net of applicable allowances and which represent the total amount exposed to credit risk.

The Group's credit risk is primarily attributable to its trade receivables. The Group 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, along with managements view of expected future events and market conditions.

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 Group monitors it's current debt facilities and comply both with its gross borrowings to adjusted EBITDA and minimum adjusted cash banking covenants. Judgement is required in assessing what items are allowable for the adjusted components.

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 2021, The Group's financial liabilities (excluding leases disclosed in Note 17) have contractual maturities (including interest payments where applicable) as summarised below:

	Current			Non-Current	
	Within 1 month £	1–3 months £	3–12 months £	1–5 years £	After 5 years £
Trade and other payables	995	1,958	1,192	-	-
Borrowings	-	147	442	897	-

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.

	2021 £000	2020 £000
Total equity	13,765	6,716
Cash and cash equivalents	3,372	1,433
Capital	**17,137**	**8,149**
Total equity	**13,765**	**6,716**
Other loans	1,485	2,158
Lease liabilities	2,866	2,535
Overall financing	**18,116**	**11,409**
Capital-to-overall financing ratio	**0.95**	**0.71**

15. CONTINGENT CONSIDERATION DUE ON ACQUISITIONS

	2021 £000	2020 £000
Contingent consideration due on the acquisition of VMX Ltd	-	2,445

At the prior year end, there was £0.49m of contingent consideration in relation to the first year earn out and £1.96m for the second year earn out for the acquisition of Velocimetrics Ltd.

During the current year, the group settled the deferred consideration and the contingent consideration in relation to the first year earn out in full at a total of £0.49m against the provision of £0.48m.

In the current period, the fair value of the final contingent consideration has been reassessed. Given the minimum earn out revenue target was not met in the period, the full contingent consideration of £1.96m was credited to the income statement.

16. NON-CURRENT LIABILITIES - BORROWINGS AND OTHER FINANCIAL LIABILITIES

	2021 £000	2020 £000
Other loans	896	1,461
Lease liabilities	2,210	1,991
	3,106	3,452
Other loans		
Under one year	589	697
Between one to five years	896	1,461
	1,485	2,158

The bank loan derives from a £1.8m term loan facility taken out from Barclays Bank in December 2020 and is repayable in 8 quarterly instalments of £0.15m which commenced in March 2021 along with a bullet balance repayable at Maturity. This, along with the Group's revolving credit facility available of £2.2m, is used to fund the Group's working capital requirements when required. The revolving credit facility balance was nil as at 30 June 2021.

Barclays have been given security for the facility of the UK assets of the Group.

Costs of £21,500 have been amortised over the life of the loan and aged in line with the capital repayments.

Changes in liabilities arising from financing activities:	**Lease liabilities**	**Loans**	**Total**
Balance at 1 July 2020	2,535	2,158	4,693
Lease liabilities additions IFRS 16	915	-	915
Impact of effective interest rate	(3)	-	(3)
Proceeds from new loans	-	3,050	1,800
Repayment of old loans	-	(2,186)	(1,806)
Loan repayments	-	(1,537)	(667)
Lease repayments	(581)	-	(581)
Balance at 30 June 2021	2,866	1,485	4,351

Included within loans is £14,000 of unamortised bank arrangement fees in respect of the new bank facilities following the re-financing with Barclays. These costs have been capitalised and amortised over the term of the facility.

17. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Note	2021 £000	2020 £000
Trade payables		2,538	699
Other loans		589	697
Lease liability		656	544
Accruals		472	1,019
Contract liabilities		982	-
Other taxation and social security		128	96
Other payables		23	16
VAT		-	67
Deferred consideration		-	552
Contingent consideration	15	-	488
		5,388	4,178

18. LEASES

The Group leases assets including the space in data centres in order to provide infrastructure services to its customers, and for the Head Office lease in relation to its Glasgow Headquarters. Information about leases for which The Group is a lessee is presented below:

Right-of-use assets	**Leasehold Property and improvement £000**
Balance at 1 July 2020	2,357
Additions	915
Depreciation	(619)
Balance at 30 June 2021	2,653

The right-of-use assets in relation to leasehold property are disclosed as PPE (note 10).

Lease Liabilities	Note	**2021 £000**	**2020 £000**
Maturity analysis:			
Within one year		(806)	(643)
Within two to five years		(2,269)	(2,195)
After more than five years		-	-
Add: unearned interest		209	303
Total lease liabilities		(2,866)	(2,535)
Analysed as:			
Non-current	14	(2,210)	(1,991)
Current	14	(656)	(544)
		(2,866)	(2,535)

The Group does not face a significant liquidity risk with regard to its lease liabilities. The interest expense on lease liabilities amounted to £99,026 for the year ended 30 June 2021. Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date.

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis. During the year ended 30 June 2021, in relation to leases under IFRS 16, The Group recognised the following amounts in the consolidated statement of comprehensive income:

	2021 £000	**2020 £000**
Short-term and low value lease expense	25	25
Depreciation charge	619	582
Interest expense	99	87

Amounts recognised in the consolidated statement of cash flows:

	2021 £000	**2020 £000**
Amounts payable under leases:		
Short-term and low value lease expense	25	25
Repayment of lease liabilities within cash flows from financing activities	558	214

19. EQUITY - ISSUED CAPITAL

	2021 shares	**2020 shares**	**2021 £000**	**2020 £000**
Ordinary shares - fully paid	56,051,149	51,228,258	70	64

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**£000**
Balance	30 June 2018	50,043,100		62
EMI Share options exercised	31 August 2018	677,700	£.00125	1
EMI Share options exercised	24 October 2018	32,200	£.00125	-
EMI Share options exercised	20 June 2019	111,800	£.00125	1
New share issue	14 April 2020	363,458	£.00125	-
	30 June 2020	**51,228,258**		**64**
EMI Share options exercised	9 November 2020	44,118	£.00125	-
New share issue	15 December 2020	430,946	£.00125	1
New share issue	26 April 2021	4,347,827	£.00125	5
Balance	**30 June 2021**	**56,051,149**		**70**

Ordinary shares

During the year 4,778,773 ordinary shares were issued for a total consideration of £5.42m resulting in a premium over the nominal value of £5,973. Transaction costs of £0.27m were netted off against the premium (see note 18).

The Director, F McDonald, exercised 44,118 share options during the year. The share price at the exercise date was £0.98.

20. SHARE BASED PAYMENTS

The movements in the share options during the year, were as follows:-

	2021 £000	**2020 £000**
Outstanding at the beginning of the year	1,889,662	308,824
Exercised during the year	(44,118)	-
Issued during the year	1,071,429	1,580,838
Outstanding at the end of the year	2,916,973	1,889,662
Exercisable at the end of the year	-	-

The Group granted a total of 1,071,429 share options to members of its management team on 9th October 2020.

These share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Grant 1	Grant 3	Grant 4	Total
Shares	264,706	1,580,838	1,071,429	2,916,973
Date of grant	6th September 2018	17th October 2019	9th October 2020	
Exercise price	£0.00125	£0.00125	£0.00125	
Vesting date	6th September 2021	17th October 2022	9th October 2023	

These share options vest under challenging performance conditions based on underlying profitability growth during the three year period.

The Black Scholes model was used to calculate the fair value of these options, the resulting fair value is expensed over the vesting period. The following table lists the range of assumptions used in the model:

	Grant 1	Grant 3	Grant 4	Total
Shares	264,706	1,580,838	1,071,429	2,916,973
Share price (£)	1.02	0.84	0.945	
Volatility	5%	5%	5%	
Annual risk free rate	4%	4%	4%	
Exercise strike price (£)	0.00125	0.00125	0.00125	
Time to maturity (yrs)	1.1667	1.3333	2.3333	

The total expense recognised from share based payments transactions on the group's profit for the year was £546,363 (2020: £311,713).

These share options vest on the achievement of challenging growth targets. It is management's intention that the Company will meet these challenging growth targets therefore, based on management's expectations, the share options are included in the calculation of underlying diluted EPS in note 24.

21. EQUITY - RESERVES

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.

The merger reserve arose on the share for share exchange reflecting the difference between the nominal value of the share capital in Beeks Financial Cloud Group Limited and the value of The Group being acquired, Beeks Financial Cloud Limited.

During the prior year £333,000 was recognised within the merger reserve, which arose on the share for share exchange reflecting the difference between the nominal value of the share capital issued from Beeks Financial Group Plc and the value of the shares issued to the owners of Velocimetrics Ltd at the date of acquisition.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Retained earnings represents retained profits.

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.

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

22. CAPITAL AND OTHER COMMITMENTS

Excluding the contingent liabilities associated with the contingent consideration (Note 1), there are no contingent assets or contingent liabilities as at 30 June 2021 (2020: nil).

FINANCE

23. RELATED PARTY TRANSACTIONS

Parent entity
Beeks Financial Cloud Group PLC is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Transactions with related parties
The following transactions occurred with related parties:

	2021 £000	2020 £000
Withdrawals from the director, Gordon McArthur	4	11

The loan account owed by the director; Gordon McArthur was repaid in full before the year end.

Beeks Financial Cloud Limited provided services in the normal course of its business and at arm's length to Ofelia Algos Limited, a company owned by Gordon McArthur. During the financial year Beeks Financial Cloud Limited made sales of £123,480 (2020: £120,540) to Ofelia Algos Limited and the amounts due to Beeks Financial Cloud Limited at the year-end were £20,682 (2020: £35,090).

Key management personnel
Compensation paid to key management (which comprises the executive and non-executive PLC Board members) during the year was as follows:

	2021 £000	2020 £000
Wages and salaries including social security costs	221	258
Other pension costs	4	5
Other benefits in kind	2	-
Share based payments	141	115

24. EARNINGS PER SHARE

	2021 £000	2020 £000
Profit after income tax attributable to the owners of Beeks Financial Cloud Group PLC	1,604	575
	Pence	**Pence**
Basic earnings per share	3.07	1.13
Diluted earnings per share	3.07	1.13
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	52,276,498	50,942,258
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	15,351	48,132
Weighted average number of ordinary shares used in calculating diluted earnings per share	52,291,848	50,990,391

FINANCE

	2021 £000	2020 £000
Profit before tax for the year	1,255	575
Acquisition costs	140	205
Share Based payments	546	312
Amortisation on acquired intangibles	806	236
Exceptional non-recurring costs	165	61
Impairment of Intangibles assets / goodwill	994	-
Grant income	(309)	(59)
Gain on revaluation of contingent consideration	(1,989)	-
Tax effect	34	(45)
Underlying profit for the year	1,642	1,285
Weighted average number of shares in issue - basic	52,276,498	50,942,258
Weighted average number of shares in issue - diluted	54,915,279	52,409,256
Underlying earnings per share - basic	3.14	2.52
Underlying earnings per share - diluted	2.99	2.45

Included in the weighted average number of shares for the calculation of underlying diluted EPS are share options outstanding but not exercisable. It is management's intention that the Company will meet the challenging growth targets therefore, based on management expectations, the share options are included in the calculation of underlying diluted EPS.

25. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries held by the company In accordance with the accounting policy described in note 1.

The subsidiary undertakings are all 100% owned, with 100% voting rights.

Company name	Country of incorporation	Principal place of business/ Registered office	Activity
Beeks Financial Cloud Co Ltd	Japan	FARO 1F, 2-15-5, Minamiaoyama, Minato-Ku, Tokyo, Japan.	Non-trading
Beeks FX VPS USA Inc.	Delaware, USA	874 Walker Road, Suite C, Dover, Kent, Delaware, 19904, USA.	Non-trading
Beeks Financial Cloud Limited	Scotland	Lumina Building, 40 Ainslie Road, Ground Floor, Hillington Park, Glasgow, UK, G52 4RU	Cloud Computing Services
Velocimetrics Limited	England	Birchin Court, 230 Park Avenue 20 Birchin Lane, Suite 300 West, London, England, EC3V 9DU	Software Services
Velocimetrics Inc	New York, USA	230 Park Avenue, 10th Floor, New York 10169, USA.	Software Services

FINANCE

In accordance with S479A of the Companies Act 2006, Velocimetrics Limited (06943398) have not prepared audited accounts. Beeks Financial Cloud Group plc guarantees all outstanding liabilities in this company at the year ended 30 June 2021, until they are satisfied in full.

26. EVENTS AFTER THE REPORTING PERIOD

Beeks headquarters will move from the existing leased office to the nearby Riverside Business Park, King's Inch Road, Braehead, PA4 8YU in early 2022. In September 2021, the Group finalised the purchase of the property for £2.1m which was funded out of existing Company cash balances and a new debt facility of £1.5m taken post year end.

27. ULTIMATE CONTROLLING PARTY

The Directors have assessed that there is no ultimate controlling party.

FINANCE

Beeks Financial Cloud Group PLC
Independent Auditors' Report to the members of Beeks Financial Cloud PLC | For the year ended 30 June 2021

Independent Auditors' Report

OPINION

Our opinion on the parent company financial statements is unmodified

We have audited the parent company financial statements of Beeks Financial Cloud Group PLC for the year ended 30 June 2021, which comprise the company statement of financial position, he company statement of changes in equity and notes to the company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation 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 parent company financial statements:

/ give a true and fair view of the state of the parent company's affairs as at 30 June 2021;

/ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 'Auditor's responsibilities for the audit of the parent company financial statements' section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the parent company financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the parent company's ability to continue to adopt the going concern basis of accounting was undertaken as part of our evaluation of The Group. This evaluation included:

/ Obtaining management's cash flow forecasts for The Group covering the period to December 2022. We assessed how these forecasts were compiled, and assessed their accuracy by validating underlying information and verifying mathematical accuracy of the model used;

/ Challenged management on the key assumptions used with the forecasts testing the accuracy of the assumptions and inputs by corroborating to underlying information. We also assessed the mitigating actions available to management and corroborated these available actions to supporting information;

/ Obtained forecast covenant compliance workings for the going concern period and reperformed the calculations to ensure mathematical accuracy;

/ We performed a retrospective review of management's forecasts by comparing the forecasts to actuals in the previous two financial years to determine the accuracy of prior year assessments. We also compared actual results to date to the forecasts; and

/ We assessed the adequacy of the disclosures in the financial statements, including the impact of the disclosed post balance sheet event to the going concern model.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the parent company's business model including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the parent company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

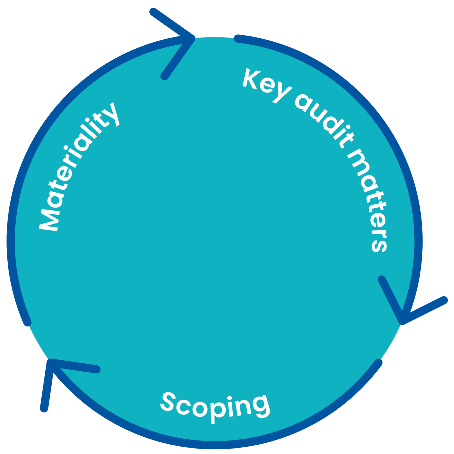
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the parent company financial statements' section of this report.

Independent Auditors' Report

OUR APPROACH TO THE AUDIT

GrantThornton



OVERVIEW OF OUR AUDIT APPROACH

Overall materiality: £114,000, which represents 1% of the parent company's total assets at the planning stage of the audit.

Key audit matters were identified as:

/ Impairment of investment in Velocimetrics Limited (new)

Our auditor's report for the year ended 30 June 2020 included one key audit matter that has not been reported as key audit matter in our current year's report, which related to the impact of Covid-19 on going concern. This risk was rebutted for the current year given management's ability to show no significant impact of Covid-19 on the performance of the business and a strong cash balance due to multiple equity raises in the year.

We performed a full scope audit of the financial statements of the parent company.

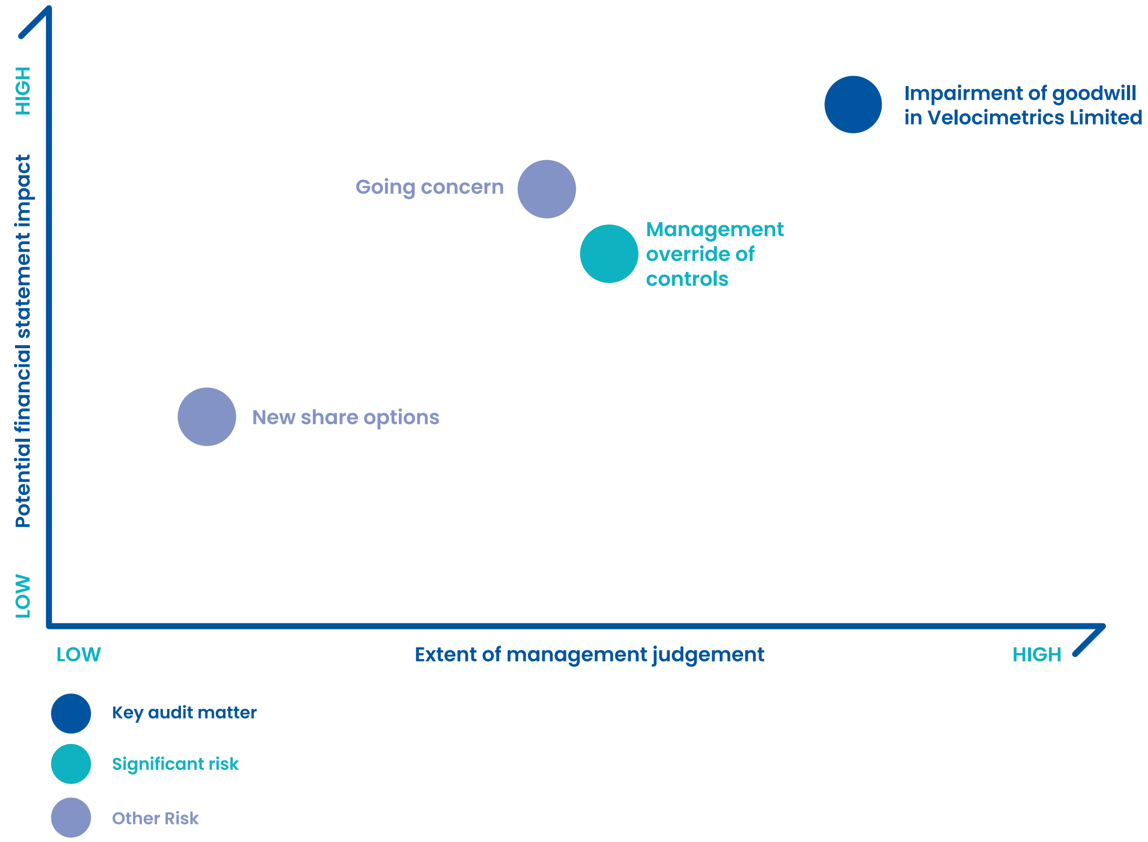
FINANCE

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources

in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



FINANCE

Independent Auditors' Report

Key Audit Matter	How our scope addressed the matter
Impairment of investment in Velocimetrics Limited We identified the impairment of the investment in Velocimetrics Limited as one of the most significant assessed risks of material misstatement due to fraud and error. In the prior year, the acquisition of Velocimetrics Limited resulted in an investment in shares in group undertakings with a carrying value of £4.083m on the company's balance sheet. There is a risk that these values are now impaired which is further evidenced by the release of £2.0m of accrued contingent consideration in the year. The process for assessing whether an impairment exists under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex and requires calculating the value in use through forecasting cash flows related to cash generating units (CGUs) and the determination of the appropriate discount rate and other assumptions to be applied is highly judgemental and subject to management bias. The selection of certain inputs into the cashflow forecast can significantly impact the result of the impairment review. The key inputs impacting the model are considered to be: / The pipeline of future sales opportunities; / The discount rate; / The allocation of costs and corporate assets; and / The growth rate. As a result of this process, management identified an impairment of £784,000 within the Investment in relation to Velocimetrics Limited.	In responding to the key audit matter, we performed the following audit procedures: We obtained management's impairment assessment and challenged the assumptions within this, including: checking how these forecasts were replicated within the going concern forecasting; and considering management's assessment of CGUs and the allocation to assets (including corporate assets) against these CGUs. We also confirmed the cashflows have been management approved; Revenue growth within the forecasts was specifically challenged given the underperformance of Velocimetrics post acquisition. The key revenue driver in the model, being the pipeline of sales opportunities, was challenged and corroborating evidence, such as contracts won post year end and proposals out at the tender stage, were obtained and agreed back into the forecasts. We also challenged the inputs into the run-rate specifically those values impacting the terminal value year; Costs were considered and challenges made to management with regards to the reasonableness of overheads incorporated; Our internal experts reviewed the reasonableness of the discount rate applied to the impairment model including the workings behind this discount rate; Sensitivities were performed on the cashflows to bring together all evidence to identify a potential undetected impairment; and We reviewed the disclosures and accounting policies relating to the impairment assessment and investment balances to assess whether these were in accordance with FRS 101.
Relevant disclosures in the Annual Report 2021 / Financial statements: Note 2, Investments	**Our results** Overall, our audit testing did not identify any evidence of a further material impairment charge being required against the carrying value of investments.

FINANCE

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£114,000, which represents 1% of the parent company's total assets at the planning stage of the audit. We chose not to revise our materiality during the course of the audit once the final total assets figure, which was higher, was known.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: We considered total assets to be the most appropriate benchmark given that the parent company does not trade and its primary purpose is that of holding investments for the group. Materiality for the current year is higher than the level that we determined for the year ended 30 June 2020 to reflect the increase in total assets, particularly in intercompany receivables and cash, at the year end.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£79,800, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: We considered 70% of financial statement materiality to be appropriate for performance materiality given the AIM listed status of the business. Prior year unadjusted errors have also been considered, however these have historically been immaterial individually and in aggregate. The internal control environment is dependent upon a sufficiently sized and qualified finance team which is considered appropriate for the current size and scale of the business, which is further supported through robust Board oversight.

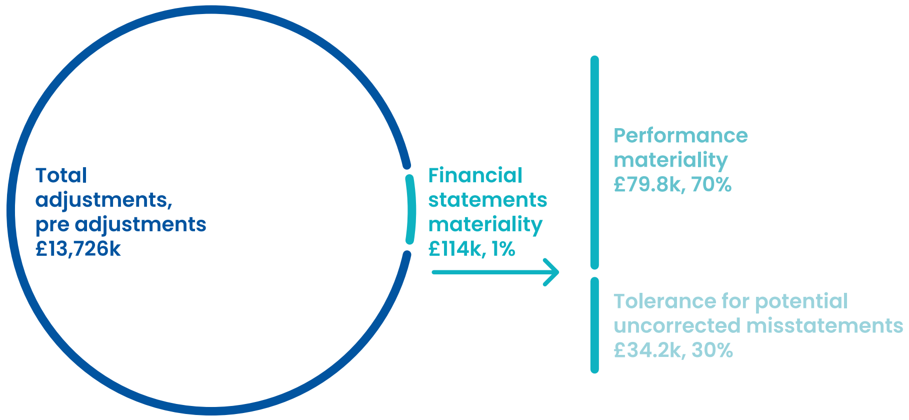
FINANCE

Independent Auditors' Report

Specific Materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific Materiality	We determined a lower level of specific materiality for the following areas: / Directors' remuneration; and / Related party transactions.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£5,700 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

OVERALL MATERIALITY



Beeks Financial Cloud Group PLC
Independent Auditors' Report to the members of Beeks Financial Cloud PLC | For the year ended 30 June 2021

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of the parent company's business and in particular matters related to:

Understanding the parent company, its environment, including controls

/ Our assessment of audit risk, our evaluation of materiality, our allocation of performance materiality and the procedures performed as part of the audit, enables us to form an opinion on the parent company financial statements. We take into consideration account sizes, risk profile, changes in the business environment and other factors when assessing the level of work to be performed on each scoped item;

/ We have obtained an understanding of the entity-level controls of the parent company, which assisted us in identifying and assessing the risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy;

Work to be performed on financial information of parent company (including how it addressed the key audit matters)

/ We performed a full scope audit of the financial statements of the parent company;

/ The key focus for the audit of the parent company, as identified within the key audit matters section, is the valuation of the investment in Velocimetrics Limited, where the impairment assessment was audited to gain assurance over the valuation of the investment at year end;

Performance of our audit

/ An interim visit was undertaken to perform specific audit procedures on equity raises completed to December 2020; and

/ The year-end audit was undertaken remotely.

Changes in approach from previous year

/ There were no material changes in the scope of the current year from the scope of the prior year.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the parent company 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 of the parent company 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.

OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

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 parent company financial statements are prepared is consistent with the parent company financial statements; and

/ the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

FINANCE

FINANCE

Beeks Financial Cloud Group PLC
Independent Auditors' Report to the members of Beeks Financial Cloud PLC | For the year ended 30 June 2021

Independent Auditors' Report

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of 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 PARENT COMPANY FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the parent company 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 parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company financial statements.

A further description of our responsibilities for the audit of the parent company 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.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

/ We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and the industry in which it operates through our general commercial and sector experience. We determined the following laws and regulations were most significant: Financial Reporting Standard 101 'Reduced Disclosure Framework', the Companies Act 2006 and the Quoted Companies Alliance (QCA) Corporate Governance Code. In addition, we concluded that there are certain sector laws and regulations that may impact the financial statements, namely GDPR regulations and Information Security Management System (ISMS) Standards;
/ We obtained an understanding of how the parent company is complying with these legal and regulatory frameworks by making enquiries of management, the Audit Committee and reviewing legal correspondence. We corroborated our enquiries through a review of board minute papers. Management and the Audit Committee confirmed they were not aware of any instances of non-compliance and had no knowledge of actual, suspected or alleged fraud;
/ We assessed the susceptibility of the parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. Our audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentation. The procedures included:
  - Evaluation of the design effectiveness of controls that management has in place to prevent and detected fraud;
  - Journal entry testing, with a focus on manual journals with a profit impact;
  - Challenging assumptions and judgements made by management in areas of estimation and judgement;
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on legal expenditure; and
  - Performing audit procedures to test whether all the disclosures required by FRS 101 and the Companies Act 2006 were made in the financial statements.

/ Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, engagements of similar nature and complexity, through appropriate training and participation; and
  - Knowledge of the industry in which the parent company operates.

/ Our communications, both with management and the Audit Committee, in respect of non-compliance with laws and regulations and fraud pertain to inaccurate assumptions included within the investment impairment assessment. This is reported as key audit matter in the relevant section of our report where the matter is explained in more detail;
/ In assessing the potential risk of material misstatement, we obtained an understanding of:
  - The operations of the parent company, including the objectives and strategies, in order to understand the classes of transactions, account balances, expected disclosures and risk areas; and
  - The control environment, including the policies and procedures implemented to comply with regulatory requirements, including the adequacy of the training to inform

Independent Auditors' Report

staff of changes in legislation, internal review procedures and resources available to ensure that possible breaches of requirements are appropriately investigated and reported.

OTHER MATTERS

We have reported separately on The Group financial statements of Beeks Financial Cloud Group PLC for the year ended 30 June 2021. That report includes details of The Group key audit matters; how we applied the concept of materiality in planning and performing our audit; and an overview of the scope of our audit.

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 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.

Grant Thornton UK LLP

JAMES CHADWICK
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
Glasgow
24 September 2021

	Note	2021 £000	2020 Restated £000
Assets			
Non-current assets			
Investments	4	4,045	4,647
Deferred tax	5	313	-
		4,358	**4,647**
Current assets			
Trade and other receivables	6	7,275	4,246
Cash and cash equivalents		1,930	8
Total current assets		**9,205**	**4,254**
Total assets		**13,563**	**8,901**
Liabilities			
Non-current liabilities			
Contingent Consideration	10	-	1,961
Deferred tax	5	-	3
		-	1,964
Current liabilities			
Trade and other payables		383	1,301
Net current assets		**8,822**	**2,953**
Net assets		**13,180**	**5,636**
Equity			
Issued capital	8		
Share premium	9	70	64
Reserves	9	9,452	4,309
Retained earnings	9	1,588	1,079
Total equity		**2,070**	**184**
		13,180	**5,636**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit after tax for the year was £1,958,641 (2020: £106,000).

These financial statements were approved by the Board of Directors and were authorised for issue on 24 September 2021 and are signed on its behalf by:

Gordon McArthur

GORDON MCARTHUR
Chief Executive Officer

Company name, Beeks Financial Cloud Group PLC
Company number, SC521839

	Share based payments £000	Issued capital £000	Merger relief £000	Share premium £000	Retained earnings £000	Total equity £000
As at 1 July 2019	**63**	**64**	**372**	**4,309**	**130**	**4,938**
Profit after income tax expense for the year	–	–	–	–	106	106
Issue of share capital	–	–	333	–	–	333
Share based payments	311	–	–	–	–	311
Dividends paid	–	–	–	–	(178)	(178)
As at 30 June 2020 and 1 July 2020 (as previously stated)	**374**	**64**	**705**	**4,309**	**58**	**5,510**
Prior periods share expense (note 4)					126	126
As at 30 June 2020 and 1 July 2020 (restated)	**374**	**64**	**705**	**4,309**	**184**	**5,636**
Profit after income tax expense for the year	–	–	–	–	1,959	1,959
Total comprehensive income	**–**	**–**	**–**	**–**	**1,959**	**1,959**
Deferred tax					69	69
Issue of share capital	–	6	–	5,143	–	5,149
Share based payments	547	–	–	–	–	547
Issue of share capital	(38)				38	–
Dividends paid	–	–	–	–	(180)	(180)
As at 30 June 2021	**883**	**70**	**705**	**9,452**	**2,070**	**13,180**

FINANCE

1. COMPANY INFORMATION

Beeks Financial Cloud Group PLC (the "Company") is a public limited company which is listed on the AIM Market of the London Stock Exchange and incorporated in Scotland.

The address of the registered office is: Lumina Building, 40 Ainslie Road, Ground Floor, Hillington Park, Glasgow, UK, G52 4RU. Beeks Financial Cloud Group PLC was incorporated on 4 December 2015 and has subsequently been converted to a public limited company "plc" on 8 November 2017.

The principal activity of the Company and its subsidiaries is the provision of information technology services. The company number is SC521839.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – The Reduced Framework (FRS 101).

The principal accounting policies adopted in preparation of the financial statements are set out on pages 62 to 93. These policies have been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on an historic cost basis.

The financial statements are presented in pounds sterling.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. These financial statements do not include:

/ A statement of cash flows and related notes,
/ Disclosure of key management personnel compensation,
/ The effect of future accounting standards not adopted,
/ Related party transactions with other group entities,
/ Share based payments disclosures,
/ Financial instrument disclosures.

Going concern

The Company has net current assets of £8.8m at 30th June 2021 (2020: £3.0m).

After making enquiries, the directors have a reasonable expectation that the Company will be able to meet its financial obligations and has adequate resources to continue in operational existence for the foreseeable future (being a period extending at least twelve months from the date of approval of these financial statements). For this reason they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue arises from intercompany management charges, stated net of VAT.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. On an annual basis, in order to assess any potential impairment of investments, the carrying value of the investment in all companies is considered against future cash flows and reviewed for events or changes in circumstances that indicate that the carrying amount may be impaired.

Contingent consideration

Where an acquisition involves a potential payment of contingent consideration the estimate of any such payment is based on its fair value. To estimate the fair value an assessment is made as to the amount of contingent consideration which is likely to be paid having regard to the criteria on which any sum due will be calculated and is probability based to reflect the likelihood of different amounts being paid. Where a change is made to the fair value of contingent consideration within the initial measurement period as a result of additional information obtained on facts and circumstances that existed at the acquisition date then this is accounted for as a change in goodwill. Where changes are made to the fair value of contingent consideration as a result of events that occurred after the acquisition date then the adjustment is accounted for as a charge or credit to profit or loss.

Deferred consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the deferred consideration, which is deemed to be an asset or liability, are recognised either in the profit and loss account or in other comprehensive income.

Prior period adjustment

During the year, it was identified that the full share based payment charges for options awarded to employees across The Group had been apportioned incorrectly through the parent company only. The correct treatment should have been to apportion the charge to the subsidiary companies where the employees receiving the options were contracted.

As a consequence, the value of investment and retained earnings in the Beeks Financial Cloud Group PLC (the "Company") were understated in the prior period. The error has been corrected by restating the value of investments in the prior year from £4.52m to £4.65m and retained earnings from £0.05m to £0.18m. This resulted in an overall increase in net assets from £5.51m to £5.64m.

Critical accounting judgements and key sources of estimation uncertainty

The key judgements in preparation of the financial statements are below and opposite:

Carrying value of investments

The Company carries out an impairment review whenever events or changes in circumstance indicates that the carrying value of a investment is possible. In addition, the Company carries out an annual impairment review. An impairment is recognsed when the recoverable amount is less than the carrying amount. The impairment tests are carried out by cash generating unit and reflect the latest projections from the subsidiary.

The value in use calculation requires an estimate to be made of the timing and of the amount of future cash flows to be generated and the application of a suitable discount rate in order to calculate the present value. A change in the assumptions selected by management and used in the cash flow projections could significantly affect the impairment calculation. During the year, the impairment review identified an impairment to the carrying value of the investment, with a change to the P&L of £784,000 recognised in the year.

FINANCE

3. Staff Costs

		2021	2020
i)	Average monthly number of employees (including directors) by activity:	Number	Number
	Management and administration	22	17
ii)	Cost of employment (including directors):	£000	£000
	Wages and salaries	1,399	942
	Social security costs	170	112
	Pension costs	34	22
		1,603	**1,076**

4. Investments

	2021 £000	2020 Restated £000
Shares in Group undertakings	4,045	4,647

During the year, the Group issued share options of £308,144 to employees of the subsidiary companies.

During 2021, the Group identified that the full share based payment charges for options awarded to employees across the group had been apportioned incorrectly through the parent company only.

This has been adjusted in the year, with prior year being restated. As a result of this, Investments have been increased by £126,179 and retained earnings have decreased by £126,179.

Following an impairment review, the investment in Velocimetrics Limited was impaired by £784,000 (2020 - £nil).

5. Deferred Tax

	2021 £000	2020 £000
Tax losses carried forward	244	-
Share based payments, recognised in equity	69	-
Deferred tax asset	313	-
Deferred tax liability		3

6. Current assets – Trade and other receivables

	2021 £000	2020 £000
Repayments and accrued interest	75	48
Amounts due from Group undertakings	7,200	4,198
	7,275	4,246

7. Current liabilities – Trade and other payables

	2021 £000	2020 £000
Trade payables	23	14
Accruals	148	53
Other taxes	205	189
Other payables	7	5
Deferred consideration	-	552
Contingent consideration	-	488
	383	1,301

8. EQUITY – ISSUED CAPITAL

For details of the issued share capital see note 19 in the Group notes.

9. EQUITY - RESERVES

Ordinary shares are classified as equity. An equity instruments is a contract that evidences a residential interest in the assets of Beeks Financial Cloud Group Plc after deducting all of its liabilities. Every instrument issued by Beeks Financial Cloud Group Plc are recorded at the proceeds received net of direct issue costs.

The share capital amount represents the amount subscribed for shares at nominal value. Any transactional costs associated with the issuing of share are deducted from the share premium, net of any related taxation benefits. The accounting policies set out above have, unless otherwise stated, have been applied consistently by The Group to all periods presented.

The merger reserve arose on the share for share exchange reflecting the difference between the nominal value of the share capital in Beeks Financial Cloud Group Limited and the value of The Group being acquired, Beeks Financial Cloud Limited.

During the prior year £333,000 was recognised within the merger reserve, which arose on the share for share exchange reflecting the difference between the nominal value of the share capital issued from Beeks Financial Group plc and the value of the shares issued to the owners of Velocimetrics Ltd at the date of acquisition.

10. RELATED PARTY TRANSACTIONS

As permitted by FRS 101, related party transactions by wholly owned members of The Group have not been disclosed. Related party transactions regarding remuneration and dividends paid to key management of the company have been disclosed in note 23 of The Group financial statements.

11. CAPITAL COMMITMENTS

The Company had no material capital commitments at 30 June 2021.

12. CONTINGENT LIABILITIES

The Company had no material contingent liabilities at 30 June 2021.

13.POST BALANCE SHEET EVENTS

Beeks headquarters will move from the existing leased office to the nearby Riverside Business Park, King's Inch Road, Braehead, PA4 8YU in early 2022. In September 2021, The Group finalised the purchase of the property for £2.1m which was funded out of existing Company cash balances and a new debt facilities of £1.5m taken post year end.

14. ULTIMATE CONTROLLING PARTY

The Directors have assessed that there is no ultimate controlling party.

Notes

Notes

Notes

Designed and produced by **atom.** www.atomcreate.co.uk

Beeks
Lumina Building, 40 Ainslie Road
Hillington, Glasgow G52 4RU

beeksgroup.com