Beeks

Beeks Financial Cloud Group PLC

30 June 2022

Registered Number SC521839

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BEEKS GROUP

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Revenues[1] increased
57%
TO **£18.29m**
(2021: £11.62m)

Annualised Committed Monthly Recurring Revenue (ACMRR) up
40%
TO **£19.3m**
(2021: £13.8m)

Gross profit up
49%
TO **£7.94m**
(2021: £5.33m)

Underlying[2] EBITDA increased
52%
TO **£6.31m**
(2021: £4.14m)

Underlying profit before tax[3] increased
28%
TO **£2.06m**
(2021: £1.61m)

Underlying diluted EPS[4]
4.19p
(2021: 2.99p)

Net cash as at 30 June 2022
£7.86m
(30 June 2021: net cash £1.89m)

[1] Revenue referenced throughout the accounts excludes grant income and rental income

[2] Underlying EBITDA is defined as profit for the year before amortisation, depreciation, finance costs, taxation, acquisition costs, share-based payments, exchange rate gains/losses on statement of financial position translation and exceptional non-recurring costs

[3] Underlying profit before tax is defined as profit before tax excluding amortisation on acquired intangibles, acquisition costs, share-based payments, exchange rate gains/losses on statement of financial position translation and exceptional non-recurring costs

[4] Underlying diluted EPS is defined as profit for the year excluding amortisation on acquired intangibles, acquisition costs, share-based payments, exchange rate gains/losses on statement of financial position translation and exceptional non-recurring costs divided by the number of shares including any dilutive share options

FINANCIAL AND OPERATIONAL HIGHLIGHTS

STATUTORY EQUIVALENTS

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

PROFIT BEFORE TAX WAS £0.07M (2021: £1.25M)

BASIC EPS WAS 1.43P (2021: 3.07P)

OPERATIONAL HIGHLIGHTS

/ Oversubscribed fundraising in Apri 2022 of approximately £15 million, with funds allocated towards continued exploitation of considerable market opportunity of the Private Cloud, Proximity Cloud and Exchange Cloud offerings

/ Exchange Cloud launched in June 2022, explicitly designed for global financial Exchanges and Electronic Communication Networks (ECNs)

/ ICE Global Network (IGN), part of ICE Data Services - a division of Intercontinental Exchange (NYSE: ICE), signed a multi-year contract, with a period of exclusivity

/ Currently in talks with a number of major Exchanges across the globe, including additional proof of concept implementations

/ Ongoing success of Proximity Cloud offering, launched in August 2021

/ The total value of Proximity Cloud contracts to date stands at $5.2 million since launch

/ The Proximity Cloud pipeline continues to build

/ A leading cloud-native payments technology provider appointed Beeks to underpin its technology platform, with subsequent expansion of the contract

/ Extended Asia-Pacific presence with access to the Australian Securities Exchange (ASX) offering colocation services into the Australian Liquidity Centre (ALC)

/ Moved to a new head office in February 2022, allowing the Group to execute its expansion plans, as well as securing the business's position as an attractive place to work

/ Increased headcount within the business to 89 by the end of the year, to support the product roadmap and sales

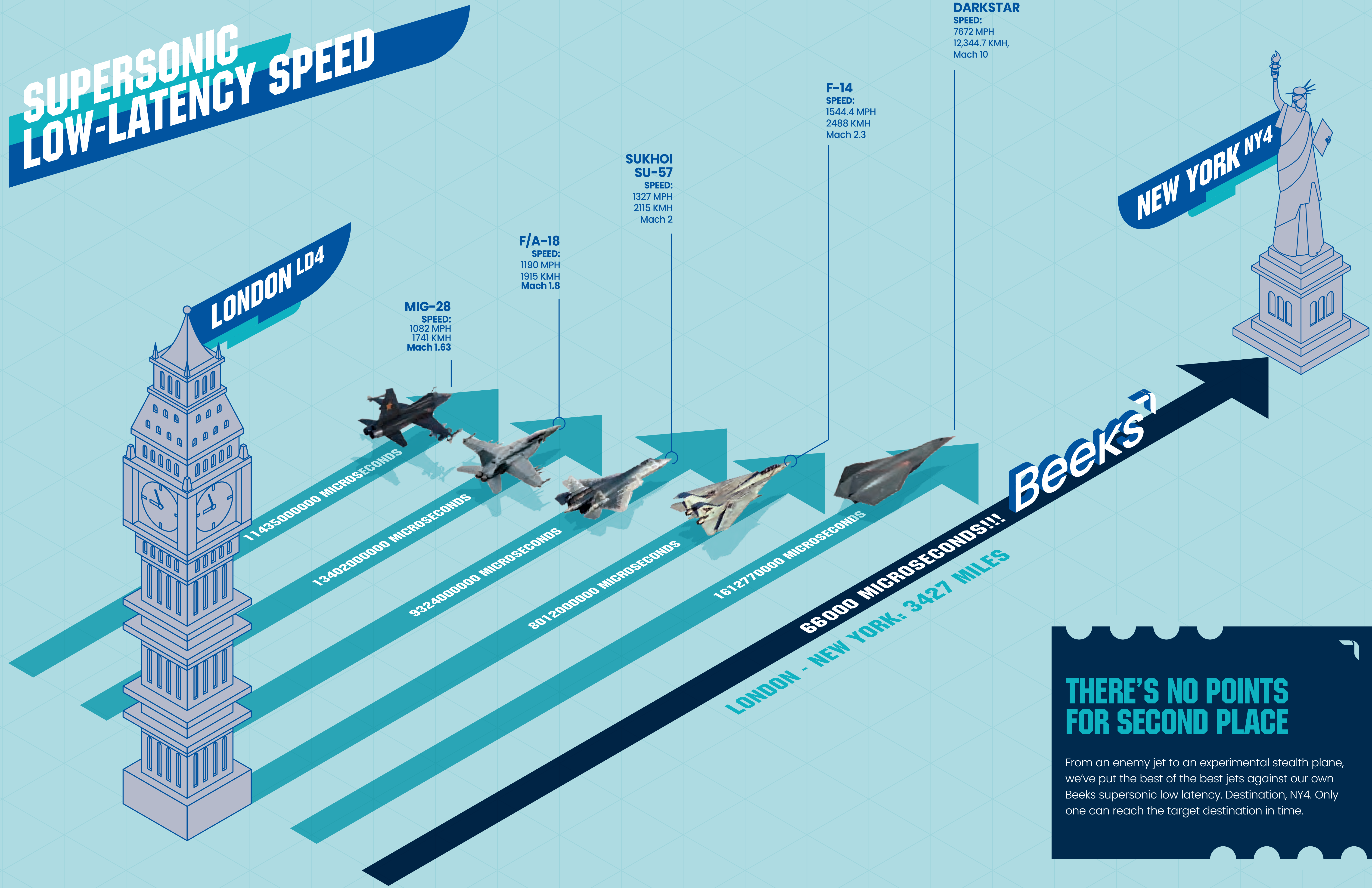
/ Further expansion of data centre geographies with additional operations now in Switzerland and Amsterdam

OUTLOOK

/ While cognisant of the ongoing pressures of the macroeconomic environment, the size of the sales pipeline and expanded product offering provides the Board with confidence in the prospects for Beeks

/ We have the potential for considerable additional growth given the size of the sales pipeline, however these types of discussions will take time to flow through into contracts and revenues

/ As separately announced today, the Group has secured two 3-year contracts via a partner with aggregate TCV of $2 million, further underpinning our FY23 expectations



THERE'S NO POINTS FOR SECOND PLACE

From an enemy jet to an experimental stealth plane, we've put the best of the best jets against our own Beeks supersonic low latency. Destination, NY4. Only one can reach the target destination in time.

OUR COMPANY AT A GLANCE

WHAT WE DO

Beeks Financial Cloud Group plc trades as Beeks Group and has been the leading managed cloud compute, connectivity and analytics provider in the financial markets since 2011. Beeks delivers bare-metal cloud and low-latency compute, connectivity and analytics, on demand and optimised exclusively for global capital markets and financial services.

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

With sub-millisecond latencies, the Beeks infrastructure greatly expedites the time taken from placing a trade to its execution – a critical factor given the time-sensitivity demands of our customers.

Our cloud-based Infrastructure-as-a-Service (IaaS) model gives 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.

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.

Based in the UK with an expanding network of global data centres in key financial locations, Beeks supports international customers at scale in leading financial hubs such as New York, London, Hong Kong, Tokyo, Singapore and Australia, supported by our 24/7 Network Operations Centre (NOC).

OFFICE LOCATIONS

/ Renfrew, UK
/ London, UK
/ Tokyo, Japan
/ Surabaya, Indonesia

DATA CENTRE LOCATIONS

/ London, UK
/ Frankfurt, Germany
/ Amsterdam, Netherlands
/ Paris, France
/ Geneva, Switzerland
/ Zurich, Switzerland
/ Chicago, US
/ New York, US
/ Washington DC, US
/ Hong Kong, China
/ Tokyo, Japan
/ Singapore
/ Sydney, Australia
/ Toronto, Canada

CHAIRMAN'S STATEMENT

This has been a year in which Beeks has proven its ability to deliver on its ambition. Following several years of investment into the offering and team, two significant new products were launched targeting the world's largest financial institutions and several multi-million pound contracts secured.

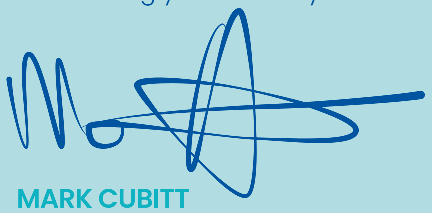
The potential for these offerings and the business can be seen in the financial results, delivering 57% growth in revenues and 52% growth in underlying EBITDA. But the Board is confident this is still only the beginning of Beeks' growth. The opportunity ahead of Beeks is global in nature and with the product-market fit having been proven, careful investment into their evolution will continue.

We were grateful for the support shown by new and existing investors in the significantly over-subscribed £15 million equity fundraise which took place in April 2022, providing the firepower to develop and launch the exciting Exchange Cloud offering. These resources have been carefully invested, with over £10 million gross cash remaining on the Consolidated Statement of Financial Position, providing the business with the funding to execute on its growth strategy.

The management team successfully navigated the macroeconomic challenges prevalent through the year, ensuring supply chain issues did not materially impact the capability to deploy equipment for clients, while successfully hiring and retaining valuable new team members across sales and product development.

The Beeks team has expanded considerably over the last two years, and I would like to thank all of them for the diligence and enthusiasm with which they have contributed to the success of Beeks. The fact that some of the world's largest organisations are now signing up to the offerings they have developed speaks to the quality of the team.

With over £19 million in ACMRR, and a considerable sales pipeline, Beeks has entered the new financial year in a strong position and the Board is confident in continued success in this coming year and beyond.



MARK CUBITT
Chairman
8 October 2022

STRATEGIC OVERVIEW

"CLOUD IS THE POWERHOUSE THAT DRIVES TODAY'S DIGITAL ORGANISATIONS."

Sid Nag, Research Vice President at Gartner

MARKET OVERVIEW

We operate in a considerable, and growing, market. The global cloud computing market size is expected to reach USD 456.05 billion in 2022, and is projected to grow at a CAGR 15.14% to reach USD 923.46 billion by 2027[1]. Infrastructure-as-a-Service (IaaS) is forecast to experience the highest end-user spending growth in 2022 at 30.6%[2].

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), 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 organisations toward the adoption of hybrid cloud.

A large majority (76%) of companies are using two or more public clouds, with the average having 2.3 clouds in use. For larger organisations, these figures are even higher: those with more than USD 1 billion in revenue are twice as likely to be using three or more clouds, than smaller businesses[3].

The '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.

Capital Markets Infrastructure Providers (CMIPs) have been conspicuous high achievers in recent years, posting 3% average annual revenue growth despite mixed fortunes in the wider financial services sector[4].

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.

Cloud's scale, resiliency and continuous innovation mean it will likely form a critical part of every future business and technology roadmap.

There are many factors that give rise to financial services companies' adoption of public cloud, including pressure from internal and external customers to digitise processes while maintaining strict security and compliance controls.

[1] August 10, 2022 09:06 ET | Source: ReportLinker
[2] Gartner (April 2022)
[3] 451 Research's Voice of the Enterprise: Cloud, Hosting & Managed Services, Vendor Evaluations 2020 survey
[4] McKinsey&Partners (Capital Markets Infrastructure: An Industry Reinventing Itself)

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 realise these benefits, firms need to scale up from discrete, targeted cloud use cases and create a foundational enterprise-wide cloud layer.

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

BUSINESS MODEL

For over eleven years Beeks has honed its infrastructure provision and software development approach in direct response to its 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 iteration of Proximity Cloud is a pre-configured IaaS trading environment platform derived from an identified demand from global Exchanges for a secure, multi-client private cloud environment.

Explicitly designed for global Exchanges and Electronic Communication Networks (ECNs), Exchange Cloud is a multi-home version of Proximity Cloud, a fully configured and pre-installed, physical trading environment. While Proximity Cloud makes it easier to quickly deploy on premise, Exchange Cloud takes it one step further by introducing multi-home capabilities.

The expansion into trading analytics and launch of Analytics-as-a-Service (AaaS) 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

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.

Our main strategic priority is to continue to grow our customer base both for public, private and secure cloud deployment as well as complementary performance-analytics solutions.

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

#POWEREDBYBEEKS

CHIEF EXECUTIVE'S REVIEW

OUR VISION IS SIMPLE:

Build. Connect. Analyse. Providing end-to-end outsourcing of financial services compute environments.

I'm delighted to report on a record trading performance for Beeks in the year, with our enlarged team executing on the opportunity in front of them. The strong demand for our product offering from both existing and new customers saw us deliver record revenue growth of 57% to over £18.3m, underlying EBITDA of £6.3m and an exit ACMRR of £19.3m, all ahead of initial market expectations and thus providing a strong basis for further growth in the current year.

Since our IPO in FY18, we have been focused on extending our offering to meet the needs of the world's largest financial services organisations, investing in our product set and team. These investments saw the launch in August 2021 of Proximity Cloud, wrapping up our low-latency private cloud product into a pre-built, physical cabinet and delivered to site, for those customers who wish to benefit from the cloud within their own infrastructure. And in June 2022, the launch of Exchange Cloud, the adaption of our offering specifically for the requirements of Exchanges, enabling them to provide secure, low-latency cloud computing to their customers.

In less than one year post launch, Proximity Cloud accounts for 12% of this year's total revenue having been purchased by some of world's leading financial services organisations. All of these contracts have the potential to expand, and we have a growing sales pipeline. Meanwhile, Exchange Cloud has now launched with our first customer, InterContinental Exchanges, revenue from which underpins our FY23 expectations, and we are in conversation with many of the largest Exchanges in the world.

The success of our investment strategy can be seen in the typical deal sizes we are now securing, with several deal sizes in the TCV range of between £1.5m and £3m secured in the year. Moving into this type of contract will naturally increase the length of our sales cycles, but we are now in multiple conversations which could transform our business. Meanwhile, our underlying base of business continues to grow, as our customers expand their use of our offerings within both the mid-market and the Tier 1 space. The investments into our team mean that more than half our technical team are now software engineers, a considerable shift in focus for us, providing us with the resources to continue to expand our offerings in line with the requirements of our evolving customer base.

We see a considerable opportunity ahead, and while the macro environment presents challenges to all businesses, we believe the shift of the financial services sector to cloud computing will continue at pace and our pipeline of business with both existing and potential new customers provides us with a considerable runway of visible revenue.

FINANCIAL PERFORMANCE

Revenue in the year grew by 57% to £18.3m (2021: £11.6m), resulting in an increase in underlying EBITDA of 52% to £6.3m (2021: £4.1m). Beeks has 76% (2021: 93%) recurring revenue, changed by the introduction of more up-front revenue in relation to Proximity Cloud sales (information on the Proximity Cloud revenue recognition accounting policy is in Note 2 of the Consolidated Financial Information). Customer retention remained within target and our ACMRR grew 40% to £19.3m at 30 June 2022.

Operating margins have reduced in the year, in line with the Board's expectations, given the level of investment into product and capacity. We expect operating margins to increase in the medium terms as we grow in scale, however we are also cognisant that the global macro-economic climate and growing inflationary pressures and supply chain pressures may have some impact on our operating margins in the short term. We remain well funded and are confident in our ability to navigate such issues helped by our recently improved statement of financial position strength. This will allow us to benefit from holding higher levels of fixed asset inventory to deploy against our growing sales pipeline.

OPERATIONAL EXPANSION

This was another year of significant investment across the business, in which we expanded our offering and team in order to strengthen our position in the rapidly growing cloud computing market.

Headcount increased to an average of 89 in the year, up from 73 in the year to 30 June 2021. The hires have predominantly been in the area of product development to support the roll out and evolution of Proximity Cloud and Exchange Cloud. We have also instigated our first graduate recruitment programme, as part of our commitment to support the local community. This will involve working in partnership with two local universities to onboard software developer graduates, network engineer graduates and back-office graduates. We will also be supporting Strathclyde University's summer intern scheme by welcoming several interns to our Software Development team to support with their workplace learning with a view to welcoming them to Beeks once they have graduated.

In September 2021, we acquired a new premises for the Group headquarters and moved in during February 2022. With roughly three times the square footage, the larger premises is suitable to provide the necessary space to fulfil the Group's further growth potential and we have found to be beneficial in attracting talented team members to the Group.

Our growing partnership with IPC has enabled us to expand our geographical data centre footprint in Toronto and Sydney. We have also launched services in Zurich, Geneva, Amsterdam, Washington DC, with Mexico scheduled for later in the year. We now have data centres in 14 locations and will continue with our approach of expanding into areas where we already have customer demand.

PRODUCT ROADMAP

With the initial launches of Proximity Cloud and Exchange Cloud now complete, the team continues to build out the functionality of both offerings, with further releases planned for later in the year. We have a product roadmap that extends out for the next couple of years and see significant opportunity by investing resources in our two major product lines: our Private/Public and our Proximity/Exchange Cloud offerings.

CUSTOMERS

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

LAND AND EXPAND

We have been successful at reaching new Tier 1 customers through the execution of our Land and Expand strategy.

This focuses on growing our Tier 1 customer base, with organisations of varying sizes, ranging from proof of concepts to large scale phase 2 roll-outs, with expansion opportunities across the majority.

Significant new customers secured in the year include:

/ $1m Proximity Cloud multi-year contract with a leading technology and service provider to global financial markets

/ $2.2m Proximity Cloud contract over 4 years with one of the world's largest Foreign Exchange brokers

/ $2m Proximity Cloud initial contract over 5 years with a North American bank via a partner

/ £4.4m Private Cloud contract over 5 years with a European Tier 1 client via a partner

We have also had success at 'expanding' our contracts during the period: with additional revenue coming from deals that have grown in size since being signed - an initial $1m contract for global private cloud solution increased to $7.9m by year end, and an increased initial contract for an open banking provider that is now seven times its initial monthly commitment with further expansion opportunities ahead across our client base.

FUTURE GROWTH AND OUTLOOK

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.

The majority of financial services organisations around the world are exploring how to utilise the power of the cloud to support their ambitions. This presents us with a considerable opportunity and through our Private Cloud, Proximity Cloud and Exchange Cloud, we have the offering to address it.

The Board is confident in achieving results for FY23 in line with market expectations, with the potential for considerable additional growth given the size of the pipeline for Exchange Cloud. These types of discussions however will naturally take time to flow through into contracts and revenues.

We will continue to invest into the development of our offering and increased sales and marketing activities to capitalise on our early successes in this significant market. We have a considerable and growing pipeline and look to the future with confidence.

Gordon McArthur

GORDON MCARTHUR
CEO
8 October 2022

FINANCIAL REVIEW

Key Performance Indicator Review	FY22	FY21	Growth
Revenue[1] (£m)	18.29	11.62	57%
ACMRR (£m)	19.30	13.80	40%
Gross Profit (£m)	7.94	5.33	49%
Gross Profit margin[2]	43.4%	45.9%	(2.5%)
Underlying EBITDA[3] (£m)	6.31	4.14	52%
Underlying EBITDA margin[4]	34.5%	35.7%	(1.2%)
Underlying Profit before tax[5] (£m)	2.06	1.61	28%
Underlying Profit before tax margin[6]	11.3%	13.9%	(2.6%)
Profit before tax (£m)	0.07	1.26	(94.8%)
Underlying EPS[7] (pence)	4.49	3.14	43%

[1] Revenue excludes grant income and rental income

[2] Gross profit margin is statutory gross profit divided by Revenue

[3] Underlying EBITDA is defined as profit for the year excluding amortisation, depreciation, finance costs, taxation, acquisition costs, share-based payments, exchange rate gains/losses on statement of financial position translation and exceptional non-recurring costs

[4] Underlying EBITDA margin is defined as Underlying EBITDA divided by Revenue

[5] Underlying profit before tax is defined as profit before tax excluding amortisation on acquired intangibles, acquisition costs, share-based payments, exchange rate gains/losses on statement of financial position translation and exceptional non-recurring costs

[6] Underlying profit before tax margin is defined as Underlying profit before tax divided by Revenue

[7] Underlying EPS is defined as profit for the year excluding amortisation on acquired intangibles, acquisition costs, share-based payments, exchange rate gains/losses on statement of financial position translation and exceptional non-recurring costs divided by the number of shares

[8] Underlying profit before tax margin has been added as a KPI in the current year for additional key trading profitability information. Dividend per share has been removed following the change in dividend policy in the prior year

REVENUE

FY22 was an exceptional year in terms of revenue growth. Group revenues grew by 57% to £18.29m (2021: £11.62m) driven mainly by both Tier 1 growth and new sales relating to Proximity Cloud. Proximity Cloud has a different revenue recognition profile under international accounting standards due to the preconfigured nature of the appliance and associated performance obligations. As such, a significant proportion of the total contract value is recognised upfront on delivery of the Proximity Cloud to the client. Proximity Cloud sales of three contracts contributed towards £2.28m (12%) of the overall Group revenue in the year (FY21: £0m). Refer to Note 3 for a further breakdown of the Group's revenues. 76% of revenues were recurring with Tier 1 customers now representing 34.7% of delivered revenue (2021: 18%).

GROSS PROFIT

Statutory gross profit earned increased 49% to £7.94m (2021: £5.33m), with gross margin reduced in line with expectations following a significant investment in both hardware infrastructure and software development costs in the current year. The Group has undergone a major period of investment over the past few years in capacity, people and product which has culminated in the successful launch of both Proximity and Exchange Cloud. The sales of Proximity Cloud have underpinned the current year's revenue growth and there is also a strong pipeline of these deals as we look forward to the year ahead. The investment in both Proximity Cloud and Exchange Cloud including Analytics during the year has incurred internal gross capitalised development costs of £2.59m (2021: £1.98m) in line with the recruitment drive in the year.

UNDERLYING ADMINISTRATIVE EXPENSES

Underlying administrative expenses, which are defined as administrative expenses less share-based payments and non-recurring costs, have increased by £2.0m from £3.94m to £5.94m primarily as a result of headcount increases within our software development function. We had an average headcount of 89 throughout the year (2021: 73) therefore gross staff costs have increased by 28% from £4.41m to £5.62m. Given a high proportion of recruitment has been to support our Proximity and Exchange Cloud development, some of these costs are capitalised. Net staff costs, which is defined as total staff costs less capitalised development costs, has increased by 16%. Most of our headcount increase 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 2% to £6.31m (2021: £4.14m). 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. The key adjusting items are share-based payments, amortisation and grant income.

Underlying Profit before tax increased to £2.06m (2021: £1.61m).

Statutory Profit before tax decreased to £0.07m (2021: £1.26m) mainly as a result of the fact there was a one-off write back of £1.99m due to the contingent consideration due to VMX Ltd in FY21 that was not paid. The other reconciling differences are shown on the following table:

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Statutory Profit Before Tax	66	1,255
Add back:		
Acquisition costs/post acquisition integration costs	-	140
Share-based payments	1,661	546
Other Non-recurring costs	28	165
Amortisation of acquired intangibles	802	806
Impairment of goodwill	-	994
Deduct:		
Write back of contingent consideration	-	(1,989)
Grant income	(419)	(309)
Exchange rate (gains)/losses on intercompany translation	(81)	-
Underlying profit for the year	**2,057**	**1,608**

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
EBITDA[2]	6,811	4,454
Grant Income	(419)	(309)
Exchange rate (gains)/losses on intercompany translation	(81)	-
Underlying EBITDA	6,311	4,145

[1] Other non-recurring costs in the year relates to head office relocation expenses with no further property moves anticipated due to the purchase of Riverside building. Prior year non-recurring costs were incurred due to refinancing, acquisition transition costs and Covid-19 related expenditure. All of these costs are not expected to recur and are therefore disclosed separately to trading results.
[2] EBITDA is defined as earnings before depreciation, amortisation, acquisition costs, share based payments and non-recurring costs

TAXATION

The Effective Tax Rate ('ETR') for the period was -1,144.64%, (2021: -27.81%).

The overall effective tax rate has benefited from the UK super-deduction on plant and machinery assets, deferred tax on share options not previously recognised and prior year adjustments for R&D claims.

See tax Notes 10 and 14 for further details.

EARNINGS PER SHARE

Underlying earnings per share increased 43% to 4.49p (2021: 3.14p). Underlying diluted earnings per share increased to 4.19p (2021: 2.99p). The increase in underlying EPS is as a result of both the increased underlying profitability when compared to last year and also the additional taxation credits when compared to the prior year. This has more than offset the dilution as a result of the equity raise in April 2022. See Note 25 for further details.

Basic earnings per share decreased to 1.43p (2021: 3.07p). The decrease in basic EPS is largely as a result of last year's one-off gain on the revaluation of the contingent consideration and subsequent increase in statutory profit after tax in FY21. Diluted earnings per share has also decreased to 1.42p (2021: 3.07p).

STATEMENT OF FINANCIAL POSITION AND CASH FLOWS

The statement of financial position shows an increase in total assets to £44.7m (2021: £22.9m) with operating cash flows during the year increased by 66% to £6.7m (FY21: £4.04m). Our Equity Raise in April 2022 saw us strengthen our Consolidated Statement of Financial Position by raising net proceeds of £14.3m to fund the next stage of our growth. The cash raised in April 2022 will provide us with the ability for additional infrastructure capacity and product development (including internal and external resource) for Exchange Cloud, investment into the recent and future expected contract wins and for additional working capital, including advanced purchases of IT rack capacity, computer servers and other associated hardware to help minimise impact from global supply chain issues.

We referred to 2021 as our "Year of Product" and have made further investment in our two new strategic product lines of Proximity and Exchange Cloud (with pre-configured built-in analytics) of £2.6m (2021: £2.0m). This is offset by amortisation and further helped by the Scottish Enterprise Grant award of which £0.4m was recognised against the development costs for the year.

Our strategy is always to have sufficient infrastructure capacity both across our global data centre network and to hold a sufficient level of IT Inventory at our Glasgow head office. As such, a proportion of our capital spend during the year is to satisfy the growing pipeline demand for the year ahead. Investment in property, plant and equipment hardware infrastructure was again significant with over £5.2m (2021: £4.7m) of additions (excluding property and new leases in accordance with IFRS 16) throughout our expanding global network and supporting the client and revenue growth made during the year.

During the year we took on additional borrowings of £1.5m against the £2.1m purchase of our new head office facilities in Glasgow. We paid down debt of £0.6m against our term loan and also fully repaid our revolving credit facility. This revolving credit facility is due to mature in December 2022 but we are in discussions with our lender on extending and increasing this facility in order to give us more flexibility in our working capital. Our net cash at the end of the year is £7.86m (30 June 2021: net debt £1.89m) and gross borrowings at £2.3m are 0.37 x Underlying EBITDA of £6.3m 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 2022, net assets were £30.7m compared to net assets of £13.8m at 30 June 2021.

FRASER MCDONALD
Chief Financial Officer
8 October 2022

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 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

The below risks have been identified by the Board as the principal risks that the Group face. These risks are reviewed on an ongoing basis and updated at each reporting period. Upon review of principal risks in the current financial year, the Group determined that whilst the following areas remained risks to the business, they were no longer classed as principal risks – reliance on key individuals, competition, achievement of strategic aims, damage to the Group's reputation or brand and the Group's counterparties may become insolvent or their circumstances may change.

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 Geo-Political issues and 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:

/ Implementation of a Security Incident and Event Management (SIEM) system to identify, intercept and manage threats and attacks
/ Improved internal anti-DDoS infrastructure and integration into SIEM
/ Enhanced security defences including endpoint management, data leakage protection and threat protection
/ 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
/ Maintained ISO 27001 (Information Security Management) certification.

This certification proves Beeks Financial Cloud Group PLC has structured its IT and cyber security to effectively manage risks and demonstrates to customers our robust policies protect against today's 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 with follow-up actions identified and reported against

c. Actions of third parties and suppliers

The Group 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 Group. This risk is being mitigated by:

/ Upgrading and enhancing of network infrastructure to improve stability and resilience
/ Cybersecurity monitoring of key supply chain and own external network
/ 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 relationships and to identify and resolve any potential issues

d. Volatility in energy prices and supply chain

Due to recent unprecedented global events, the wholesale cost of energy has risen sharply and remains volatile. The data centres we take services from are large consumers of electricity to power servers and provide cooling. Due to recent events, we expect electricity costs to materially increase next year. If such costs are not passed onto our customers or mitigated this could have an impact on profitability. The core of our existing customer agreements, to varying degrees, allow us to increase pricing due to increases in our costs. This is something we normally do annually albeit not at the levels we are foreseeing.

Beeks rely on building new infrastructure and expanding existing hosting environments in line with customer orders and the speed of getting new clients to market is one of Beeks' key selling points. The global supply chain shortages of electronic hardware caused by the pandemic-related economic downturn and the continuing reduced production of raw materials is well documented and affects all sectors. Beeks have been tracking the global situation at Board level since January 2021 and have taken steps to mitigate the risk. These include more direct communication with the key manufacturers (Supermicro, Juniper, Cisco), working more closely with distributors for visibility of their inventory forecast and building up levels of stock of key hardware devices to avoid delays in delivering solutions to clients.

e. 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

f. 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.

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 31 to 39 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. In the current year we have launched a number of additional benefits for our employees' health and well-being such as providing free access to the head office gymnasium (including free personal training and yoga classes). We have also improved the private healthcare benefits and are currently in the process of improving the Group pension scheme. These initiatives are designed both to retain and attract new employees to our business. Share ownership remains at the heart of our strategy with all employees (not just our Board members) eligible to participate in our Long-Term Incentive Programme (LTIP) following a period of continuous employment.
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. During the year the Group participated in two FX Expo events in both Cyprus and Thailand where senior management as well as sales and marketing met with key customers and prospective customers to help engage in conversations on their cloud computing strategies.

d. The CEO and COO continue to engage with a number of key strategic partners to ensure we monitor the quality of our suppliers to optimise operational efficiency, ensure we receive the best level of service and continue to contract on favourable terms to support the business. For more details on how the Group engages with suppliers, see the Directors' report on page 24.

e. The impact of the Group's operations on the community and the environment: the impact on both the community and the environment is factored into the Group's decision-making process. During the year the Group helped both local and international projects in sponsoring a local and African football team.

f. The Board engages with shareholders throughout the year through the annual and half-year results, trading updates, regulatory news service announcements, the Annual General Meeting, the investor roadshows and the investor pages on the Beeks Group website. The Board receives detailed feedback reports via our various advisors, on views of shareholders and covering analysts. Throughout the year the Board have maintained open and effective engagement with shareholders and investors on key topics such as strategy, Environmental, Social and Governance ("ESG") and business performance. During the year management met with existing and prospective shareholders during the equity raise and at half-year and full-year results.

g. 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 and Exchange Cloud offerings and their 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 assessed the implications of the new products, Proximity Cloud at the beginning of the financial year and Exchange Cloud at the end of the financial year. The Board was presented with management's view (supported by professional 3rd party advisers) on the revenue recognition characteristics of these new products as well as the likely impact on financial forecasts for the year depending on likely delivery dates. The Board also reviewed the strategic priorities placed on key revenue streams now grouped under Private/Public and Proximity/Exchange Cloud offerings. The view was formed that historic reporting of retail and analytics revenue has been superseded by these new strategic revenue segments. For further information on this, refer to Note 3 Operating Segments within the Notes to the Consolidated Financial Statements. The Board reviewed the Group's cash position and working capital requirements during the year before proceeding with the equity raise in April 2022. Quantum of raise and alternative financing were all considered before the process was initiated with the Board being kept informed throughout the process. Given previous engagements and platforms with retail investors, it was decided to extend the equity raise to include retail as well as institutional investors.	Shareholders, Employees, Customers, Suppliers, Environment

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 Beeks' 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 ISO 27001 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. As noted in the Chief Executive Officer's review on page 16, Principal Risks and Uncertainties on page 17 and the Corporate Governance report on page 313, the Board has formally considered the risk mitigating measures as a result of Brexit and global supply chain issues through the use of alternative suppliers and 3rd party carriers to minimise potential impact.	Shareholders, Employees, Customers, Suppliers, Environment

The strategic report on pages 10 to 21 has been approved by the Board and signed on its behalf by:

Gordon McArthur

GORDON MCARTHUR
CEO
8 October 2022

BOARD OF FLIGHT DIRECTORS

MARK CUBITT
NON-EXECUTIVE CHAIRMAN
AGE 59

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 46

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 Master's in Business Information Management from Glasgow Caledonian University.

FRASER MCDONALD
CHIEF FINANCIAL OFFICER
AGE 48

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 54

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 63

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

RESULTS AND DIVIDENDS

The Group's audited financial statements for the year ended 30 June 2022 are set out on pages 63 to 111 The Group's profit for the year after tax amounted to £0.68m. (2021: £1.6m). £nil dividends were paid during the year (2021: £nil) following consultation with shareholders during FY21 to change our dividend policy and put dividends on hold and further re-invest in the business.

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 10 to 21.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on pages 223 and 23 and the Directors who served during the year are listed on page 36. Details of Directors' interests in the Group's shares are set out below.

The Directors' interest in the Company's £0.00125 ordinary share capital are detailed in the table below.

	2022 Shares	2022 Options	2021 Shares	2021 Options
Gordon McArthur	24,593,440	-	26,290,410	-
Mark Cubitt	70,707	-	70,707	-
William Meldrum	41,450	-	23,500	-
Fraser McDonald	44,118	839,742	44,118	713,369

INSURANCE FOR DIRECTORS AND OFFICERS

The Group 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, 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.

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 Consolidated Statement of Financial Position 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.

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 17 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 charged at a fixed rate, other than the term loan which is charged at the base rate of interest plus margin. Therefore, the Group has limited 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 10 to 21 including the potential impact of the macro-economic climate. 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 12 to 15.

Over the past two years since the response to the Covid-19 pandemic was initiated in the UK, there has been a limited impact on Beeks' trading as referenced in previous reports. It appears clear that global economies will experience some negative factors in the short-term, from intensifying inflationary pressures on energy prices, supply chain challenges combined with geo-political uncertainties. While Beeks will not be immune to this economic backdrop, the requirement for organisations to be supported with their hybrid cloud challenges will continue to grow for the foreseeable future.

We take great comfort from the resilience of our business model. 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 macro-economic climate may create, particularly on the SME segment of the market.

Note 15 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.

The Directors are of the opinion that the Group can operate within its current debt facilities and comply with its banking covenants. Given the accelerated investment profile over the past period, the Group requested waivers in December 2021 and March 2022 from their cash covenants to support the accelerated investment within the business ahead of the equity raise in April 2022.

At the end of the financial year, the Group had net cash of £7.8m (2021: Net debt £1.89m). 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 to December 2023, and associated risks, including the potential impact of the current economic climate.

We have run appropriate scenarios applying reasonable downside sensitivities and are confident we have the resources to meet our liabilities as they fall due including the base case assumption of our existing loan facilities not being made available at the end of current terms (December 2022).

We have also run reverse stress test scenarios in order to identify circumstances where cash reserves would be depleted. The circumstances that would lead into such scenarios (such as moving from revenue growth to revenue attrition) are not considered plausible given the historic track record and trading prospects of the Group.

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 Group 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 44.

STREAMLINED ENERGY AND CARBON REPORTING

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

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors are responsible for preparing the annual 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 UK-adopted international accounting standards and have elected to prepare the Parent Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework').

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 UK-adopted international accounting standards have been followed for the Group financial statements and whether applicable UK Accounting Standards have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements; and
/ Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will continue in business.

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 UK 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
8 October 2022

REPORT ON REMUNERATION

DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2022

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2022 which sets out our Directors' Remuneration policy and provides details of amounts earned by Directors in respect of the year ended 30 June 2022.

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 2006, 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 Directors and is chaired by Mark Cubitt.

REMUNERATION COMMITTEE REPORT

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.

	Basic salary £'000	Benefits In kind ^ £'000	Total £'000	Pension £'000
2022				
Executive Directors				
Gordon McArthur	25	-	25	1
Fraser McDonald	109	-	109	3
Non-executive Directors				
Mark Cubitt	35	-	35	-
William Meldrum	35	-	35	-
Kevin Covington	35	-	35	-
Total	**239**	**-**	**239**	**4**
2021				
Executive directors				
Gordon McArthur	30	-	30	1
Fraser McDonald	104	-	104	3
Non-executive directors				
Mark Cubitt	35	-	35	-
William Meldrum	35	-	35	-
Kevin Covington	17	-	17	-
Total	**221**	**-**	**221**	**4**

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 Directors.

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 21.

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

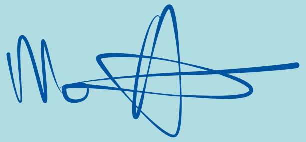
The aggregate amount of gains realised by Directors, who served during the year, on the exercise of share options during the year was £133,051 (2021: £43,180).

For the year ended 30 June 2022, share options awards have been proposed to the Remuneration Committee as part of the LTIP.

These options will have a three-year vesting period 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 and are expected to be approved during October 2022.

DIRECTORS' SHARE INTERESTS

The Directors' shareholdings in the Company are shown in the Directors' Report on page 24.



MARK CUBITT
Chairman of the Remuneration Committee
8 October 2022

Director	Date of Grant	Share Options	Vesting Date	Lapse Date	Exercise Price (£)
Fraser McDonald	17 Oct 19	538,922	17 Oct 22	17 Oct 29	0.00125
Fraser McDonald	19 Oct 20	105,820	19 Oct 23	19 Oct 29	0.00125
Fraser McDonald	26 Nov 21	195,000	26 Nov 24	26 Nov 31	0.00125

During the year ended 30 June 2022, share options exercised by the Director, Fraser McDonald are shown below:

Fraser McDonald	6 Sept 18	68,6271	6 Sep 21	6 Sep 28	0.00125

CORPORATE GOVERNANCE

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

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 Beeks' stakeholders, including shareholders, lenders, 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 Group 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 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 global data centres with secure setup
/ 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
/ Proximity Cloud offering fully-managed and configurable compute, storage and analytics rack built with low latency hardware that allow capital markets and financial services customers to run compute, storage and analytics on-premise
/ Exchange Cloud, an evolution of Proximity Cloud that has been explicitly designed for global

financial Exchanges and Electronic Communication Networks (ECNs), offering a secure, multi-client cloud environment which they could offer to their customers

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 and in turn delivers value to our shareholders.

The Group's strategy can be viewed on page 9.

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 CEO 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 CEO 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 CEO 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.

During the year, as a result of enquires and demand from private shareholders, the Board, with support from the NOMAD allowed private shareholders to participate in the equity raise via a third-party provider. Historically equity raises were only open to institutional shareholders.

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

In addition to its shareholders, the Group believes its main stakeholders are its employees and clients. The Group 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 Group believes 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 Group's culture. Staff are also encouraged to develop their skills and budget is always identified for staff training and development. The Group 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 ORGANISATION

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 CEO 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 16 to 21.

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.

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 2022, the PLC Board comprises the independent Non-Executive Chairman, the CEO, 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 41,450 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 is also currently non-executive chairman of AIM listed Concurrent Technologies plc and a non-executive director of private company, RHA Technologies Ltd based in Glasgow. 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 2022.

The attendance of each director is shown on page 36.

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 CEO's responsibility to ensure they are delivered upon. To facilitate this, the CEO 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 2022 the PLC board comprises the Non-Executive Chairman, the CEO, the CFO and the Non-Executive Directors. Short biographies of the Directors are given on pages 23 and 24. 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 45 to 46. 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 the experience of the Board members, to have a combined nomination and remuneration committee.

The Audit Committee met three times during the year and the Nominations and Remuneration Committee met once 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 2022.

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 22 and 23.

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 CEO's role is critical in developing and maintaining the sustainability and effectiveness of the Group. Specifically, the CEO'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 CEO 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 CEO 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 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's 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; and
/ 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 PROGRAME

The Board is scheduled to meet twelve 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:

	Board meetings		Audit Committee		Remuneration Committee	
	Possible	Attended	Possible	Attended	Possible	Attended
Executive Directors						
Gordon McArthur	12	12	3	3	1	1
Fraser McDonald	12	12	3	3	1	1
Independent Non-executive Directors						
Mark Cubitt	12	12	3	3	1	1
William Meldrum	12	12	3	3	1	1
Kevin Covington	12	12	3	3	1	1

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 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.

During the financial year ended 30 June 2022, the business reviewed matters including revenue recognition and capitalisation of R&D activities. Similar to the prior year, technical accounting papers were prepared, reviewed and assessed 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 CEO's responsibility to ensure they are delivered upon.

To facilitate this, the CEO 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; **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 at the very core of who we are, why we are successful and why we continue to attract some of the best talent around! We are committed to providing a unique, non-corporate environment surrounded by smart interesting people doing smart interesting work, and have some fun in the process. This applies to our teams working in Glasgow, London, the US and our remote workers around the world.

Positive Workplace Culture

The Beeks Group has had something of a transformation in the last year which has been driven by our state of the art new Headquarters based in Renfrew, Glasgow. Coming out of lockdown, we believed it was crucial to keep the Beeks culture at the forefront of who we are after being separated for so long, and having so many new faces join us during the pandemic.

With that we introduced a hybrid working week and looked for ways to encourage our people to want to come into the office. These included the introduction of several employee benefits including the Beeks fully equipped gym and facilities to help promote employee health and wellbeing.

Employee Benefits and Reward

As we continue to expand, so too does our benefits and rewards strategy. This year we have made a number of significant improvements which range from an upgraded Group pension fund to enhancing our private healthcare offerings for all employees to expand the level of cover as well as including dental care.

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 2018 to encourage employee share ownership after admission to AIM, with applications exceeding expectations. This scheme also acts as a substantial incentive for attracting potential candidates.

Recruitment, Tenure and Vacancies
The Company had another busy year increasing our headcount with particular investment in our technical teams including hiring two new Network Engineer Graduates from Glasgow Caledonian University and ending the year with a headcount of 89 employees.

There has also been a focus on supporting and encouraging internal moves with various internal promotions during the year and increased training as well as undertaking a Graduate Apprenticeship Programmes with a local university.

The targeted focus on increasing engagement, benefits and rewards, encouraging training, boosting morale and being seen as an employer of choice has gone a long way to attracting and retaining staff in an extremely buoyant labour market seeing us improve our YTD retention rate by 1% to 84%.

Diversity and Equal Opportunities
At the heart of the Company's approach to people is the provision of an environment where everyone 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. We have increased the gender split in our organisation by 4% to 22% in the last year with several initiatives to attract women to the organisation including a push to encourage female graduates to join our organisation.

Suppliers, customers & lenders
The Beeks Group believes strong business relationships with suppliers, lenders 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.

The CEO and CFO have regular communication with the Group's lender, Barclays Bank PLC keeping the bank informed of business performance, strategy and expected funding requirements.

Beeks recognise that a shared commitment to the values of ESG is compelling market players to establish partnerships to deliver workable and sustainable financial systems with one example being our partnership with trade comms leaders IPC to deliver accessible, cloud-based solutions that turbo-charge market participants' business. We are constantly seeking infrastructure partners with high ESG capability in line with our customers' requirements; and as we collaborate with others our own ESG preparedness expands and benefits from shared approaches.

Environment
Beeks' most recent dedicated server hosting solution, Proximity Cloud, features high density compute racks accommodating up to 80 servers within a data centre. By fitting up to 8 times more servers in a rack than other providers, we help organisations reduce their data centre footprint and achieve natural efficiencies in power consumption, cost and cooling.

Co-locating in data centres such as one the ones owned by Equinix, Beeks and our customers also benefit from Equinix' Corporate Sustainability Programme, ensuring reduced power consumption and heightened energy efficiency for cooling and lighting across the whole site.

Every ESG-sensitive operation would favour monitoring, fine-tuning and improving their existing infrastructure over acquiring new kit. This is also where Beeks' technology steps in as we offer cloud-based Analytics as a Service enabling businesses to get more granular insight into how their networks are performing, and how to optimise the existing stack.

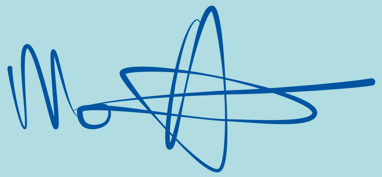
As such, Beeks' commercial model allows firms to commit for a shorter period of time than an on-prem data centre would demand and Beeks' IaaS eliminates the need for extra hardware; meaning less capital spend, more sustainable co-locations, and more rapid and cost-effective expansion into global, diverse and inclusive markets.

Local Community
We remain committed to hiring locally and a large proportion of our new headcount in the last year have been within commuting distance to our Glasgow office. We have begun an extensive graduate programme which will flourish in the coming years as we have also had several interns from Strathclyde and Glasgow University supporting our teams to support their studies.

We have increased our charitable activities in the year, including partnering with IPC to sponsor a football team in Africa and Scotland. Beeks and IPC are also beginning an initiative to make donations to local charities following each new Equinix data centre instance.

In addition, Beeks are proud sponsors of two local sports teams.

By order of the Board.



MARK CUBITT
Chairman
8 October 2022

REPORT OF THE AUDIT COMMITTEE

COMMITTEE ACTIVITIES IN THE FINANCIAL YEAR ENDING 30 JUNE 2022

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 36.

The Committee met three times in relation to the financial year ended 30 June 2022, two of the meetings were post year end, with the fourth meeting to approve the 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; and
/ Review the enhanced audit report.

Significant areas considered by the Audit Committee in relation to the 2022 financial statements are set out on page 37.

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

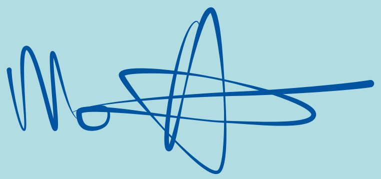
The Committee approves all non-audit work commissioned from the external auditors. During the year the fees paid to the Auditor were £121,025 for Group and subsidiary audit and £4,500 for the interim audit services.

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
8 October 2022

Areas of estimates	Matter Considered and Role of the Committee
Recoverability of Investment in VMX & Impairment of Goodwill	During the year ended 30 June 2022 the committee considered the impairment assessment prepared by management and critically assessed the inputs and assumptions 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 in line with the operating segments. As part of this process, the Committee considered the change in key operating segments in the year to public/private cloud and Proximity/Exchange Cloud in line with the strategic direction of the organisation, and consideration was given to the reasonableness of the impairment assessment of analytics goodwill now integrated within the public/private cloud segment.
Revenue recognition	The committee considered the risk associated with revenue recognition and considered new contracts awarded during the year. The committee considered management's assessment of revenue recognition in relation to the newly launched Proximity Cloud and critically assessed the principles, assumptions, judgements and estimates applied by management to identify and allocate amounts to each performance obligation.
Capitalisation and recoverability of intangibles	As the evolvement and development of Proximity/ Exchange Cloud and analytics products continued in the year to 30th June 2022, the committee assessed the capitalisation and recoverability of these intangibles in line with how the relevant criteria have been met given these capitalised costs are subsequent to the initial project having been completed. The committee critically assessed the inputs and resultant costs capitalised in line with the relevant accounting standard.

INDEPENDENT AUDITORS' REPORT

To the members of Beeks Financial Cloud Group PLC

OPINION

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 2022, 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 Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

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 2022 and of its profit for the year then ended;

/ have been properly prepared in accordance with UK-adopted international accounting standards; and

/ have been prepared in accordance with the requirements of 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 assessment of going concern and supporting information which covers the period to December 2023, including cash flow forecasts.

We evaluated how these forecasts were compiled, and assessed their reasonableness by validating underlying information and determining the mathematical accuracy of the model used;

/ We performed a retrospective review of management's previous forecasts by comparing those forecasts to actual results in the previous two financial years to determine the accuracy of management's forecasting. We also compared actual results subsequent to the reporting date to management's forecasts;

/ We challenged management on the key assumptions used within the forecasts, being the revenue and costs cash flows, testing their reasonableness by corroborating to supporting information as well as considering any known post balance sheet events;

/ We obtained forecast covenant compliance workings for the going concern assessment period and reperformed the calculations to corroborate their mathematical accuracy; while noting that all external debt facilities are due to be paid during the going concern assessment period;

/ We evaluated the reverse stress test scenario prepared by management and the likelihood of this occurring, also considering the mitigations available to management should such a scenario occur;

/ We reviewed the sensitivity analysis performed by management to assess whether this appropriately reflected plausible downside scenarios and the impact they could have on the Group's financial position; and

/ We assessed the adequacy of the disclosures in the financial statements, comparing them to management's going concern assessment.

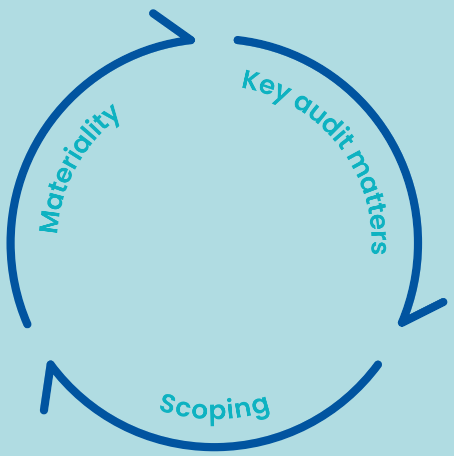
In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Group's business model including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, we assessed and challenged the reasonableness of estimates made by the Directors and the 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 financial statements' section of this report.

OUR APPROACH TO THE AUDIT



OVERVIEW OF OUR AUDIT APPROACH

Overall materiality: £277,500, which represents approximately 1.5% of the Group's revenue.

Key audit matters were identified as:
/ Revenue recognition (same as previous year);
/ Impairment of goodwill related to the Velocimetrics Limited cash-generating unit (CGU) (same as previous year); and
/ Capitalisation of development costs in intangible fixed assets (new).

We performed full-scope audit procedures on the financial information of Beeks Financial Cloud Limited, the largest UK trading company within the Group.

We performed an audit of one or more account balances, classes of transactions or disclosures on the financial information of Velocimetrics Limited. We performed specific audit procedures on Beeks Financial Cloud Group PLC (the parent company) 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.

Key changes in the scope of the audit from the prior year are in relation to Beeks Financial Cloud Group PLC (parent company) where we performed specific audit procedures compared to a full scope audit in the prior year. All of the procedures were performed from the Group's headquarters in Glasgow, UK as that is where all of the Group's accounting records are kept.

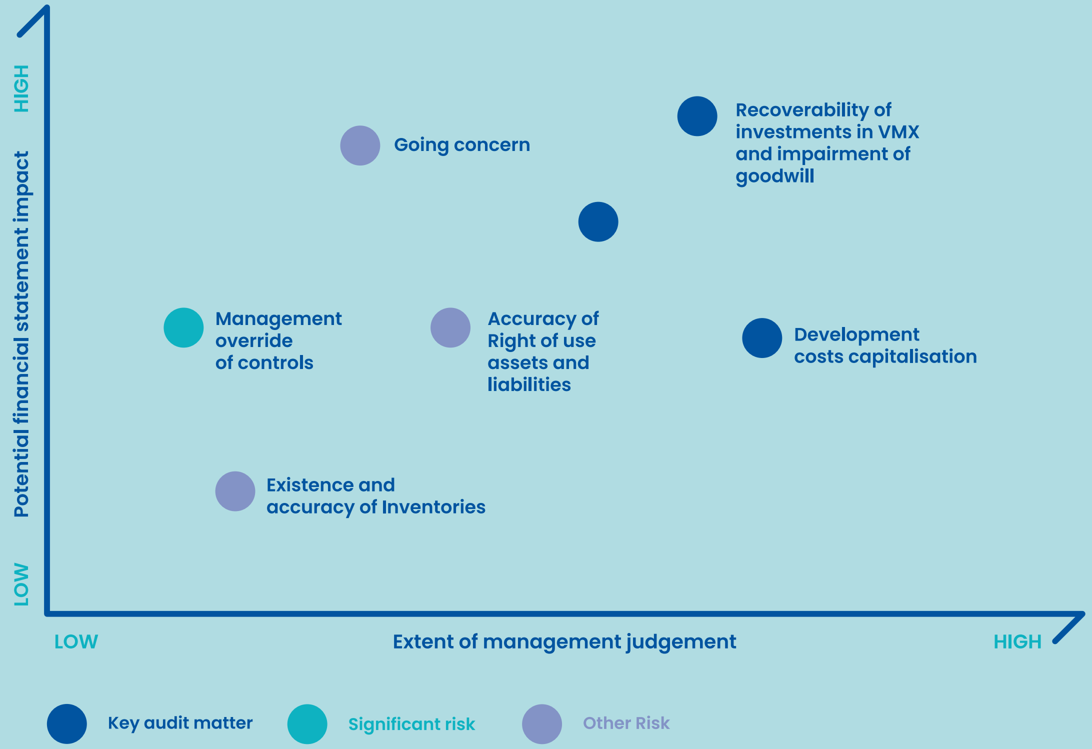
In total our audit procedures covered 100% of the Group's revenue and 86% of the Group's total assets.

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

Revenue recognition (Applicable to Beeks Financial Cloud Limited and Velocimetrics Limited ("VMX"))

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 £11.6m last year to £18.3m for the year ended 30 June 2022.

We have pinpointed the significant risk of fraud in revenue recognition to fall into three areas:

- manual adjustments to revenue that were outside of the normal pattern of journal entries expected, based on our understanding of the Group's pattern of revenue recognition;
- new contracts within VMX. Given the nature and terms of these contracts, they are usually more bespoke and involve elements of management judgement related to identification of performance obligations and allocation of the purchase price to those obligations. These new contracts contributed £0.38m of revenue in the year; and
- management judgements made in relation to a new revenue stream in the year known as "Proximity Cloud". Significant judgement and estimation was required by management in the application of IFRS 15 to this revenue stream, which contributed £2.28m of revenue in the period.

New contracts within VMX

VMX enters into contracts that span a period of four to five years. Determining the amount of revenue to be recognised from such contracts requires management estimation around the allocation of revenue to individual performance obligations. While the overall contracts are agreed on a commercial basis, these may not reflect the standalone prices of the performance obligations in line with the requirements of IFRS 15. This estimate is susceptible to potential error and management bias due to the subjectivity involved and can have a significant impact on the revenue recognised in the financial period.

How our Scope Addressed the Matter

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 fall outside of the standard posting cycle. Any anomalies identified were followed up with management and explanations were corroborated to supporting evidence, however no such items were noted;
- In addition to this, a sample of invoices was selected for testing to gain further evidence over the occurrence of these sales;
- We selected all new contracts within VMX and assessed whether revenue recognition was in accordance with the Group's accounting policies, and assessed management's assumptions and estimates in the allocation of revenue across performance obligations for reasonableness and consistency;
- For the Proximity Cloud revenue stream we assessed the technical paper provided by management outlining the accounting policies adopted for this stream, challenging management where required to ensure all areas of IFRS 15 have been considered and corroborating any assertions made within the paper to relevant supporting documentation and discussions with relevant individuals outside of the finance team. This included inspecting relevant contracts and obtaining a detailed technical understanding of the operation of the products, for which assistance was sought from our internal IT audit specialists; and
- We assessed whether the accounting policies adopted by the Directors are in accordance with the requirements of IFRS 15, and whether management applied them consistently and appropriately to revenue transactions.

Key Audit Matter

Proximity Cloud contracts

The Group enters into Proximity Cloud contracts that span a period of four to five years. Determining the performance obligations along with the amount of revenue to be allocated to these performance obligations requires management to make key judgements and estimates. The most significant of these judgements is the recognition of the main performance obligation at a point in time rather than over time, with the key estimate related to the costs expected to be incurred for future maintenance and upgrades when calculating the cost plus mark-up approach. These areas are susceptible to error and management bias given their subjectivity and can have a significant impact on the revenue recognised in the financial period.

Relevant disclosures in the Annual Report and Accounts 2022

- 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: Page 7: Section172 report, Performance of the Group including financial performance section
- Report of the Audit Committee, Page 45: Significant areas of estimates considered by the Audit Committee

How our Scope Addressed the Matter

Our results

Overall, our audit testing did not identify evidence of material misstatement in respect of Group revenue recognition.

Key Audit Matter	How our Scope Addressed the Matter
Impairment of Goodwill in Velocimetrics cash generating unit ("CGU") **We identified the carrying value of goodwill specifically in relation to the Velocimetrics CGU as one of the significant assessed risks of material misstatement due to error.** In the prior year, due to the performance of this CGU falling below expectations, an impairment charge of £0.1m was recognised. The remaining carrying value of this Goodwill is £0.9m (2021: £0.9m). Goodwill is allocated by the Group to individual CGUs on the basis of the Group's operations as disclosed in the segmental analysis, and as the board reviews results on this segmental level, the Group assesses impairment of goodwill on an equivalent segmental basis. 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 discounted cash flow model can significantly impact the results of the impairment review. During the year, the Directors reassessed their operating segments, which resulted in this element of goodwill being reallocated to the new Public/Private cloud segment, based on the current reporting structure of the Group. This assessment is highly judgemental and could be subject to management bias. We identified significant management judgements in the following areas: • Re-assessment of segments and the impact of this on allocated goodwill; • The allocation of assets and corporate assets to each CGU; • The cash flow forecasts, particularly revenue growth; and • The discount rate applied to those cash flows.	In responding to the key audit matter, we performed the following audit procedures: • We obtained management's technical paper related to the change in segments identified within the year, assessing whether this was determined in accordance with relevant accounting standards (IFRS 8 'Operating Segments') and corroborated key assumptions to supporting evidence such as internal board packs to evidence the way the Board look at the business; • We obtained management's assessment of the allocation of cash flows and assets, including corporate assets, to the relevant CGU, and assessed it for consistency and reasonableness; • We obtained the impairment model prepared by management and challenged key assumptions such as revenue growth based on our knowledge of the business, and other sources such as third-party industry reports; • We considered the historic accuracy of management's forecasting to inform certain sensitivities to be tested by the audit team; • We assessed the cash flow forecasts for consistency with the board-approved budget used by the Directors in their going concern assessment; • Costs and the allocation of sufficient corporate assets were considered and challenges made to management with regards to the reasonableness of overheads incorporated; • Assessed the discount rate in comparison to similar discount rates within the business in previous years, and this rate's sensitivity to reasonable changes; • Sensitivities were performed on the cash flows to bring together all evidence to identify any 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, and the rationale for the change in composition of CGUs.

Key Audit Matter	How our Scope Addressed the Matter
Relevant disclosures in the Annual Report and Accounts 2022 • 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: Page 45, Areas of estimates.	**Our results** **Based on our audit work, we have not identified evidence of material misstatement in respect of impairment of goodwill in the Velocimetrics CGU.**

Key Audit Matter	How Our Scope Addressed the Matter
Capitalisation of development costs in intangible fixed assets We identified that the capitalisation of development costs, specifically related to subsequent expenditure on additional phases of already existing assets as one of the significant assessed risks of material misstatement due to error. We are aware that development costs have been capitalised relating to subsequent expenditure which involves more complex judgements to differentiate between what is maintenance of the existing asset and what is an improvement that is eligible for capitalisation per IAS 38 'Intangible Assets'. We identified that £2.59m of development costs were capitalised in the year, with £2.44m related to subsequent expenditure on updated versions of assets which were already being amortised. IAS 38 sets out the criteria for recognising and measuring intangible assets and requires disclosures about them. The process for assessing whether development costs incurred are capitalised when all the relevant conditions have been met can be highly judgemental. We have identified significant management judgements in whether to capitalise these costs.	In responding to the key audit matter, we performed the following audit procedures: • Obtained a breakdown of the development costs incurred in the current period and management's technical paper setting out their rationale for the capitalisation of such costs with reference to applicable accounting standards. • We reviewed management's assessment setting out the relevant projects for which costs have been capitalised, and assessed whether these have been accounted for in line with IAS 38, specifically on how the relevant criteria have been met, including where the capitalised costs relate to newer versions of an already completed asset; • We selected a sample of capitalised costs during the period, agreeing each item to supporting documentation, such as timesheet and payroll records, discussions with individual employees and third-party invoices. This was to obtain evidence that the costs represented a valid transaction and that the associated amounts were appropriately capitalised per the requirements of IAS 38; We challenged management as to the key differences between the initial version of an asset, and the more up to date version, to assess whether subsequent expenditure was maintenance in nature or whether the costs related to substantially improving the original asset through additional functionality or features; and • We assessed management's determination of the useful estimated lives of the assets through discussions with relevant personnel and comparison with similar companies. We also assessed the point at which they became "in use" by reference to when this was communicated externally, through market announcements or customer correspondence.

Key Audit Matter	How Our Scope Addressed the Matter
Relevant disclosures in the Annual Report and Accounts 2022 • 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, Capitalised development costs. • Financial statements: Note 10 – Intangible assets; and • Report of the Audit Committee: Areas of estimates.	**Our results** **Overall, our audit testing did not identify any evidence of material misstatement in respect of the Group's capitalisation of development costs.**

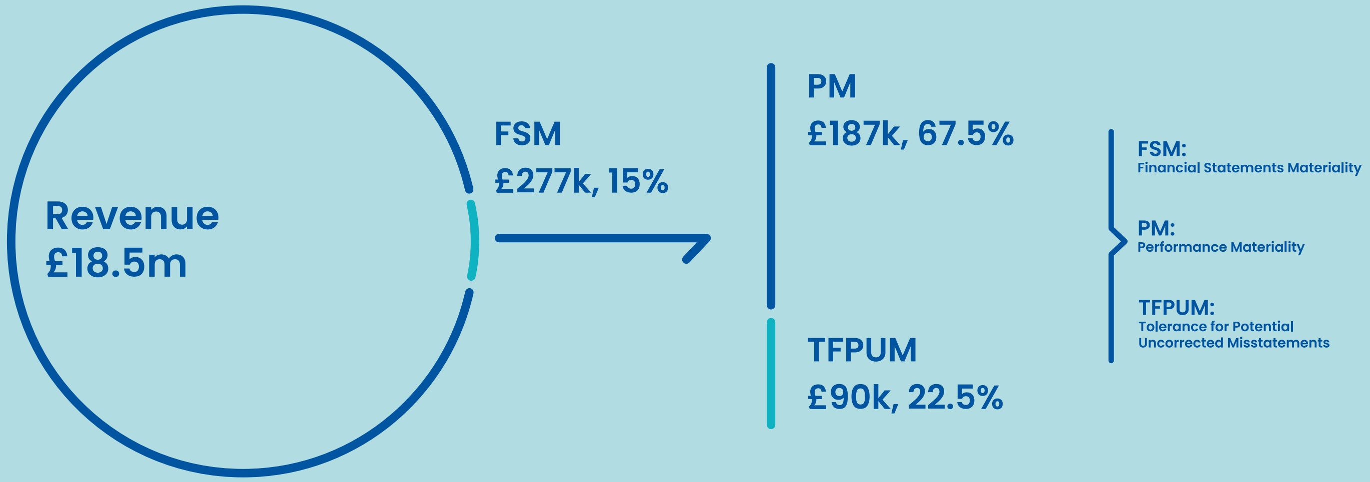
OUR APPLICATION OF MATERIALITY

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	Group
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	£277,500, which represents approximately 1.5% of the Group's revenue.
Significant judgements made by auditor in determining 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 by increasing its investment in its people, product and network to capture more customers in its growing markets. Materiality for the current year is higher than the level that we determined for the year ended 30 June 2021 to reflect an increase in revenue across the Group as a whole.
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	£187,312, which is approximately 67.5% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: We have determined 67.5% of materiality as performance materiality across the Group. This was considered appropriate as a result of the volume and individual amounts of audit adjustments in the prior period.
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 transactions with directors.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£13,900 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

OVERALL MATERIALITY

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



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 consider size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed on each component; and

/ We obtained an understanding of the component-level controls of the Group, 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, one was determined to be significant to the Group: Beeks Financial Cloud Limited. Full scope audit procedures were completed on this component.

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 and total assets (excluding balances which are eliminated on consolidation).

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 Limited;

/ Audit of one or more account balances, classes of transactions or disclosures of the component

(specific-scope audit) for Velocimetrics Limited;
/ Specific audit procedures on Beeks Financial Cloud Group PLC and Beeks FX VPS USA Inc.;
/ Analytical procedures at Group level (analytical procedures) for Beeks Financial Cloud Co. Ltd and Velocimetrics Inc.; and
/ We identified revenue recognition, impairment of goodwill in relation to VMX and capitalisation of development costs as key audit matters and the procedures performed in respect of those areas has been included in the key audit matters section of our report.

PERFORMANCE OF OUR AUDIT

/ In total, our full scope and specific-scope audit procedures covered 100% of the Group's total revenue, and 86% of the Group's total assets; and
/ The audit was performed by a combination of on site and remote procedures.

COMMUNICATIONS WITH COMPONENT AUDITORS

/ No component auditors were utilised throughout this audit; all work was performed by the Group engagement team.

CHANGES IN APPROACH FROM PREVIOUS PERIOD

/ Specific audit procedures were performed for the parent company for the purpose of the Group opinion, to obtain sufficient coverage in areas which were not deemed to be of increased levels of risk in the Group therefore not being considered significant components, which was a change from the prior period in which a full scope audit was performed.

OTHER INFORMATION

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 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 and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
/ certain disclosures of directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Directors' responsibilities statement, 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.

OTHER MATTER

We have reported separately on the parent company financial statements of Beeks Financial Cloud Group PLC for the year ended 30 June 2022. 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.

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 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: UK-adopted international accounting standards, the Companies Act 2006, the AIM Rules for Companies, the Quoted Companies Alliance (QCA) Corporate Governance Code and the relevant tax compliance regulations in the jurisdictions in which the Group operates.;

/ 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. 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. The procedures included:

- Evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- Journal entry testing, with a focus on manual journals with an impact on revenue outside of expectation, and journals processed by users where such entries were considered higher risk;
- Challenging assumptions and judgements made by management in areas of estimation; and
- Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on legal expenditure.

/ These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

/ We completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements;

/ 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;
- knowledge of the industry in which the Group operates; and
- understanding the legal and regulatory requirements specific to the Group;

/ Our communications 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. This is also reported as a 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 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.

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 ANDERSEN
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
Glasgow, 8 October 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Note	2022 £'000	2021 £'000
Revenue	3	18,289	11,615
Other Income	3	512	309
Cost of sales		(10,862)	(6,591)
Gross profit		**7,939**	**5,333**
Administrative expenses		(7,554)	(5,783)
Operating (loss)/profit	4	**385**	**(450)**
Analysed as			
Earnings before depreciation, amortisation, acquisition costs, share based payments and non-recurring costs:		**6,811**	**4,452**
Depreciation	11	3,213	2,020
Amortisation – acquired intangible assets	10	802	806
Amortisation – other intangible assets	10	726	231
Impairment of intangible assets	10	-	994
Non-recurring acquisition integration costs	4	-	140
Share based payments	21	1,661	546
Other non-recurring costs	4	24	165
Operating (loss)/profit		**(385)**	**(450)**
Gain on revaluation of contingent consideration		-	1,989
Finance income	6	21	5
Finance costs	5	(340)	(289)
Profit before taxation		**66**	**1,255**
Taxation	9	760	349
Profit after taxation for the year attributable to the owners of Beeks Financial Cloud Group PLC		**826**	**1,604**
Other comprehensive income			
Amounts which may be reclassified to profit and loss			
Currency translation differences		5	(157)
Total comprehensive income for the year attributable to the owners of Beeks Financial Cloud Group PLC		**831**	**1,447**
		pence	pence
Basic earnings per share	24	1.43	3.07
Diluted earnings per share	24	1.42	3.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following statement of financial position should be read in conjunction with the accompanying notes.

	Note	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	10	6,698	6,008
Property, plant and equipment	11	16,270	10,390
Deferred tax	12	4,201	896
		27,169	**17,294**
Current assets			
Trade and other receivables	14	5,600	2,210
Inventories	13	1,818	-
Cash and cash equivalents	15	10,160	3,372
		17,578	**5,582**
Total assets		**44,747**	**22,876**
Liabilities			
Non-current liabilities			
Borrowings	17	1,320	896
Lease liabilities	17	2,303	2,210
Deferred tax	12	2,968	617
Total non-current liabilities		**6,591**	**3,723**
Current liabilities			
Trade and other payables	18	5,139	4,143
Lease liabilities	18	1,280	656
Borrowings	17	978	589
Total current liabilities		**7,397**	**5,388**
Total liabilities		**13,988**	**9,111**
Net assets		**30,759**	**13,765**
Equity			
Issued capital	20	82	70
Share premium	22	23,775	9,452
Reserves	22	2,657	1,261
Retained earnings		4,245	2,982
Total equity		**30,759**	**13,765**

These financial statements were approved by the Board of Directors on 8 October 2022 and were signed on its behalf by:

Gordon McArthur.

Gordon McArthur,
Chief Executive Officer,
Beeks Financial Cloud Group Plc,
Company number: SC521839

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Issued capital	Foreign currency reserve	Merger reserve	Other reserve	Share based payments	Share premium Reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 July 2020	**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**	**(1447)**
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**
Profit after income tax expense for the year	-	-	-	-	-	-	826	826
Currency translation difference	-	5	-	-	-	-	-	5
Total comprehensive income	**-**	**5**	**-**	**-**	**-**	**-**	**826**	**831**
Deferred tax	-	-	-	-	-	-	167	167
Issue of share capital	12	-	-	-	-	14,323	-	14,335
Share based payments	-	-	-	-	1,661	-	-	1,661
Exercise of share options	-	-	-	-	(270)	-	270	-
Total transaction with owners	**12**	**-**	**-**	**-**	**1,391**	**14,323**	**437**	**16,163**
Balance at 30 June 2022	**82**	**(7)**	**705**	**(315)**	**2,274**	**23,775**	**4,245**	**30,759**

CONSOLIDATED CASH FLOW STATEMENT

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit before taxation for the year		66	1,255
Adjustments for:			
Depreciation and amortisation	**10/11**	4,741	3,059
Foreign exchange		(66)	(6)
Interest received	**6**	(21)	(5)
Gain on disposal of property, plant and equipment		(24)	-
Gain on revaluation of contingent consideration		-	(1,989)
Impairment		-	994
Bank charges	**5**	95	-
Loan interest	**5**	245	190
Share options	**21**	1,661	546
Operating cash flows		**6,697**	**4,044**
Increase in receivables	**14**	(3,014)	(874)
Increase in inventory	**13**	(988)	-
Increase in payables	**17/18**	1.765	2,336
Operational cash flows after movement in working capital		**4,460**	**5,506**
Corporation tax received/(paid)		44	(33)
Net cash generated from operating activities		**4,504**	**5,473**

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

Cash flows from financing activities			
Repayment of existing loan borrowings		(2,900)	(3,736)
Lease liabilities		(936)	(485)
Interest on lease liabilities	19	(131)	(99)
Deferred consideration		-	(460)
Issue of loans	17	3,670	3,050
Bank charges	5	(95)	-
Loan interest	5	(242)	(190)
Dividends paid		-	(180)
Proceeds from the issue of share capital	20	14,989	5,198
Interest received	6	21	5
Net cash generated from financing activities		**14,376**	**3,103**
Net increase in cash and cash equivalents		**6,788**	**1,939**
Cash and cash equivalents at beginning of year		**3,372**	**1,433**
Cash and cash equivalents at end of year	15	**10,160**	**3,372**

NOTES TO THE CONSOLIDATED 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 Riverside Building, 2 Kings Inch Way, Renfrew, Renfrewshire, PA4 8YU.

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 UK-adopted International Accounting Standards and 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 following accounting policies.

The measurement bases and principal 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 (including the June 2020 Amendments to IFRS 17)
– Insurance Contracts;
/ Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
/ Amendments to IAS 1
– Classification of Liabilities as Current or Non-current;
/ Amendments to IFRS 3
– Reference to the Conceptual Framework;
/ Amendments to IAS 16
– Property, Plant and Equipment
– Proceeds before Intended Use;
/ Amendments to IAS 37
– Onerous Contracts
– Cost of Fulfilling a Contract;
/ Annual Improvements to IFRS Standards 2018-2020 Cycle
– Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases;
/ Amendments to IAS 1 and IFRS Practice Statement 2
– Disclosure of Accounting Policies;
/ Amendments to IAS 8
– Definition of Accounting Estimates; and
/ Amendments to IAS 12
– Deferred Tax related to Assets and Liabilities arising from a single transaction

None of these have been adopted early and the Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Adoption of new and revised Standards - amendments to IFRS that are mandatorily effective for the current year

There are no new accounting policies applied in the year ended 30 June 2022 which have had a material effect on these accounts. In addition, the Directors do not consider that the adoption of new and revised standards and interpretations issued by the IASB in 2021 has had any material impact on the financial statements of the Group.

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 10 to 21.

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; and
/ The finance facilities available to the Group, including the availability of any short-term funding required.

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 12 to 15.

Over the past two years since the response to the Covid-19 pandemic was initiated in the UK, there has been a limited impact on Beeks' trading as referenced in previous reports. It appears clear that global economies will experience some negative factors in the short-term, from intensifying inflationary pressures on energy prices, supply chain challenges combined with geo-political uncertainties.

While Beeks will not be immune to this economic backdrop, the requirement for organisations to be supported with their hybrid cloud challenges will continue to grow for the foreseeable future.

We take great comfort from the resilience of our business model. 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 macro-economic environment may create, particularly on the SME segment of the market. Note 16 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 £7.86m (2021: Net cash £1.9m) 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 to December 2023, and associated risks, including the potential impact of the current economic climate. We have run appropriate scenarios applying reasonable downside sensitivities and are confident we have the resources to meet our liabilities as they fall due including the base case assumption of our existing loan facilities not being made available at the end of current terms (December 2022).

We have also run reverse stress test scenarios in order to identify circumstances where cash reserves would be depleted. The circumstances that would lead into these are not considered plausible given the historic track record and trading prospects of the Group.

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 2022.

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 are 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 profit or loss. 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.

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
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 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.

Where an agreement includes a royalty fee as a result of future sales by a customer to third parties and there is a minimum amount guaranteed, this is recognised at point in time 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; and
- 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, as part of the set-up, 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 is recognised when control of the goods has transferred. For hardware, this occurs upon delivery of the item to the customer. For software, control is deemed to pass on provision of the licence key to the customer being the point in time the customer has the right to use the software.

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. Refer to Note 2 for more detail on these considerations.

Professional and consultancy services
Revenue from professional and 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.

Proximity Cloud Services
During the year, the Group launched a new product Proximity Cloud. Proximity Cloud is a fully-managed and configurable compute, storage and analytics rack built with industry-leading low latency hardware that allow capital markets and financial services customers to run compute, storage and analytics on-premise.

Revenue from the sale of Proximity Cloud contracts has been assessed under IFRS 15 and using the five step process, the following performance obligations have been identified:

- Delivery and installation of the hardware, and provision of the software licence;
- Delivery of maintenance and technical support over the contract; and
- Delivery of unspecified upgrades and future software releases.

The delivery and installation of the hardware, and provision of the software licence are highly interrelated and considered to be one performance obligation. This is recognised on a point in time basis when the control of the goods have been transferred, being when delivery of the item is completed and the right to use the software is granted.

The maintenance and technical support over the contract, as well as the delivery of the unspecified upgrades and future software releases are recognised evenly on an over time basis over the period of the contract. The performance obligation for both is considered to be that of standing ready to provide technical product support and unspecified updates, optional upgrades and enhancements on a when-and-if-available basis over the period of service being rendered.

The Proximity Cloud contracts include multiple deliverables. The Group applies judgement to determine the transaction price to be allocated between a) the delivery and installation of the hardware and provision of the software licence, recognised on a point in time basis and b) the stand ready services (support, maintenance, unspecified upgrades) recognised over time.

The Group applies the expected cost plus margin approach to the stand ready services and the delivery and installation of the hardware and provision of the software licence is estimated using the residual approach, given this is a new product to market and standalone selling prices are not directly observable. Further detail is provided within key judgement and estimations on page 91.

Where such contracts include a financing component, the Group also adjusts the transaction price to reflect the time value of money. Finance income is recognised as other income in the statement of the comprehensive income.

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.

RENTAL INCOME
Rental income from property leased out under operating leases is recognised in the statement of the comprehensive income as other income as these services are rendered, as the tenant occupies the space.

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 part of the financing component within some Proximity Cloud contracts. 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 flows 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 measured at amortised cost, 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 the 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 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 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 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

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.

For Proximity Cloud, given these contracts obtain a significant financing component, the Group has chosen to measure any loss allowance at an amount equal to lifetime expected credit losses.

FINANCIAL LIABILITIES

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 provides 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 based payment reserve in equity 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 retained earnings reserve. Amounts held in the share based payments reserve are transferred to Retained Earnings on exercise of the related options.

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

Where the Group entity incurs a share based payment charge relating to subsidiary employees, the charge is treated as a capital contribution in the subsidiary and an increase in investment in the Group entity.

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.

During the year the Group purchased a new headquarters. The property is valued at cost at date of acquisition.

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;
/ Freehold property over 50 years;
/ Computer Equipment over 5 years and over the length of lease; and
/ Office equipment and fixtures and fittings over 5-20 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.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to bringing the asset to its current condition. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any directly attributable selling expenses.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling prices less costs to complete and sell is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in profit or loss.

Leases
A lease is defined as a contract, or part of a contract, that conveys the right to use 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 Consolidated Statement of Financial Position. 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 Consolidated Statement of Financial Position 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. Where non-contractual payment discounts are subsequently received from suppliers, these are treated as a discharge of the lease liability with a credit recognised in the income statement.

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 state, right-of-use assets have been included in right of use assets and lease liabilities have been included in lease liabilities due within one year and after more than one year.

During the year, the Group disposed of a lease for the old headquarters. The right-of-use asset and lease liability were de-recognised of at the date of conclusion of the lease agreement and a corresponding gain was recognised.

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 Consolidated Statement of Comprehensive Income 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 as well as the purchase of Velocimetrics Ltd. 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. 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 is charged at the point of a major product release or upgrade in which that asset is made available for sale or release to the customer. Charges are recognised through cost of sales in the Consolidated Statement of Comprehensive Income 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.

A previously recognised impairment loss is reversed only if there is an indication that an impairment loss recognised in prior periods for an asset or cash-generating unit may no longer exist or may have decreased. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would be determined, net of depreciation, had no impairment loss been recognised for the asset or cost-generating unit in prior years. Such a reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

EQUITY

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

The share capital account represents the amount subscribed for shares at nominal value. Details on this can be found at Note 22.

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.

Trade receivables and trade 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 net 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 underlying EBITDA, underlying profit before tax and underlying diluted earnings per share.

The alternative performance measures provide management's view of the Group's financial performance and are not necessarily comparable with other entities. These alternative measures exclude significant costs (such as Share Based Payments) and as such, should not be regarded as a complete picture of the Group's financial performance. These measures should not be viewed in isolation, but as supplementary information to the rest of the financial statements.

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 Group considers underlying 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. Reference is also made to the right of use asset implication on depreciation in the year as a result of the Group taking additional space in data centres.

Underlying profit before tax

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

/ Amortisation charges on acquired intangible assets;
/ Exchange variances on statement of final position gains and losses;
/ 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.

Net cash/Net Debt

Net cash/net debt is a financial liquidity metric that measures the ability of a business to pay all its debts if they were to be called immediately. This is defined as current borrowing liabilities (excluding lease liabilities) + non-current borrowing liabilities – cash and cash equivalents.

Operational costs

Operational costs are defined as operating expenses less exceptional costs, share based payments and non-recurring costs. These costs are adjusted to reflect the true business operational trading costs.

Profit after Tax

Management believes that profitability measures after tax are not key measures that would specifically require alternative performance measures as they do not constitute trading results. Tax legislation is out with the control of the Group. Whilst the Group currently benefits from some tax relief such as R&D tax credits, the Group does not rely on these in terms of trading results or provide consideration of the tax impact of adjusted items for alternative performance measures. Further information on tax impact on profitability can be found on Note 9.

Annualised Committed Monthly Recurring Revenue

Annualised Committed Monthly Recurring Revenue (ACMRR) is committed recurring revenue. Management believes that ACMRR is a key measure as it provides investors with the total contracted committed revenue of the Group.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

KEY JUDGEMENTS

The key judgments in preparation of the financial statements are below:

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. The Group also applied several areas of judgement within the revenue recognition of Proximity Cloud contracts as outlined below.

Full details of the Group's revenue recognition policy can be found on page 73.

Principal v agent

Management is required to exercise its judgement in the classification of revenue recognition on either an agent or principal basis. Management have considered the primary indicators used to assess the agent/principal classification and has concluded that the Group acts as a principal in each sales transaction. This judgement has been reached on the basis that the Group holds the inventory risk, has control over the pricing over a particular service, takes the credit risk, and bears the responsibility to service the promise of the agreements. If management concluded that the Group acted as agent, then this would result in revenue being recognised on a net basis where margin earned would be recognised as revenue with nil costs being recognised.

Proximity Cloud
The Proximity Cloud contracts include multiple deliverables. The Group applies judgement to identify the performance obligations which ultimately feeds into the estimation of the transaction price to be allocated between them. The Group has identified the performance obligations as:

/ the delivery and installation of the hardware and provision of the software licence (the appliance), recognised on a point in time basis; and
/ the stand ready services (support, maintenance, unspecified upgrades) recognised over time.

Management considers that the delivery and installation of the hardware and provision of the software licence are highly interrelated as the Group could not fulfil its promise to deliver the software licence without delivery and installation of the hardware. As such, the Group consider this to be one performance obligation, recognised at a point in time basis, once the delivery of the appliance to the customer is complete and the relevant licence key has been provided.

Management considers that the stand ready services do not affect the customers' ability to use and benefit from the software licence and the software can function on its own without this support. As such, the provision of stand ready services is considered to be a separate performance obligation, recognised over time as the services are rendered.

Please refer to Key estimations on the next page for further information.

Software Licences
Management have applied judgement in determining the performance obligations of the delivery of software licenses and maintenances. Management have concluded that delivery of the software license key is one performance obligation, recognised upfront at a point in time when control of the goods has transferred, being the delivery of the software licence keys to the customer. The ongoing support and maintenance service is deemed a separate performance obligation and is recognised evenly over the period as the service is rendered.

Operating Segments / Cash Generating Units
The Group applies judgement over the operating segments to be reported in the financial statements. The key concept applied is to provide information used by management that will allow users to understand the entity's main activities, where these are located and how these are performing. In doing so, management exercise judgement over who the chief operating decision makers (CODMs) are, consider the discrete financial information available and determine what information is regularly reviewed by the CODMs. During the year ended 30 June 2022, following management judgement, the Group was re-organised into two main business segments for revenue purposes - public/private cloud and Proximity Cloud/Exchange Cloud. This was considered appropriate as the historic operating segments (Retail and Analytics) are no longer seen by the Group as individual revenue streams. The historic Retail part of the business is not part of the growth strategy and is considered as part of a wider public cloud offering and the Group now views Analytics as part both the public/private cloud offering and as part of the wider Exchange Cloud opportunity.

Also given the heavily integrated nature of the business, the CGU associated with analytics is now classed at operating segment level and as a result of this change, goodwill is allocated and tested against these new segments. Refer to Note 10 for further information on this.

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, and the inclusion of non-contractual discounts on lease payments.

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.

Where non-contractual payment discounts are subsequently received from suppliers, management use judgement to determine that these should be treated as a discharge of the lease liability with a credit recognised in profit or loss. If these non-contractual discounts were included as a deduction from the lease payments there would be a material reduction in the lease liability and right of use asset recognised on inception of the lease.

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.

Any non-development costs are recognised in the statement of comprehensive income. See note 10 for further information.

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.

Software licences and maintenance
Management have used observable evidence from maintenance support time, pricing models and industry practice comparisons to estimate the percentage of split between licence and maintenance for the sale of software licences that have an attached maintenance performance obligation.

Proximity Cloud
As noted above, the Proximity Cloud contracts include multiple deliverables, and the Group has identified the performance obligations as:

/ the delivery and installation of the hardware and provision of the software licence, recognised on a point in time basis; and
/ the stand ready services (support, maintenance, unspecified upgrades) recognised over time.

As a new product to market, standalone selling prices are not directly observable. As such, they are estimated using the methods outlined by IFRS 15, principally the expected cost plus margin and residual approach.

In order to allocate transaction price, Management have used all observable evidence that is available to them. First of all, an expected cost plus margin approach was applied to the stand ready services. This is based on the estimated amount of time and cost involved to provide the services based on recent evidence and similar services for other contracts.

The delivery and installation of the hardware and provision of the software licence is then estimated using the residual approach by reference to the total transaction price less the transaction price allocated to the stand ready services.

Within this assessment, key assumptions include:
/ Time and costs allocated to support proximity contracts
/ Margins to be applied to expected costs

Sensitivity analysis has also been performed on the assumptions that apply to transaction price including finance charges, margins to be applied and level of support (time and subsequent cost).

Revenue recognised in CY		**£2.2m**
	Change in estimate (%)	Range in revenue recognition (£)
Change in estimate of time and costs allocated to support proximity contracts	**(+/-) 20%**	**(+/-) £0.1m**

Nevertheless, as a new product to market, management recognise that these assumptions and estimates may be subject to change as these contracts mature. The contracts are monitored as they progress and estimates of revenue are taken into account for future contracts if circumstances change and as more observable evidence becomes available.

Where such contracts include a financing component, the Group also adjusts the transaction price to reflect the time value of money using at a rate applicable at the point of inception of the contract.

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 for details of the relevant estimates and sensitivities in the current year.

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 key estimate on the vesting conditions that apply to share options relates to the achievement of annual objectives. Any cumulative adjustment prior to vesting is recognised in the 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 2022, the Group was reorganised from three operating segments, being institutional, retail and analytics into two main segments as a result of the strategic direction of the Group. The two new segments are public/private cloud and Proximity Cloud/Exchange Cloud. Retail and analytics segments are no longer reviewed in isolation by the chief operating decision makers and instead considered under the wider public/private cloud segment.

In the current year there are two customers that account for more than 10% of Group revenue (nil in prior year). The total revenue for these two customers amounts to £6.92m, with the largest customer accounting for £4.58m. £1.37m of this revenue has occurred within the Proximity Cloud operating segment, with the other £5.55m of revenue included within public/private cloud revenue.

Performance is assessed by a focus on the change in revenue across public/private cloud and new sales relating to Proximity Cloud/Exchange Cloud. 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 disaggregated are as follows:

	Year ended 30/06/22 £'000			Year ended 30/06/21 £'000		
	Public/Private Cloud	Proximity Cloud	Total	Public/Private Cloud	Proximity Cloud	Total
Over time						
Infrastructure/software as a service	13,057	-	13,057	9,781	-	9,781
Maintenance	518		518	685	-	685
Proximity Cloud		57	57			
Professional services	234	-	234	187	-	187
Over time total	**13,809**	**57**	**13,866**	**10,653**	**-**	**10,653**
Point in time						
Proximity Cloud	-	2,222	2,222	-	-	-
Hardware/Software resale	1,601	-	1,601	337	-	337
Software licences	520	-	520	556	-	556
Set up fees	80	-	80	69	-	69
Point in time total	**2,201**	**2,222**	**4,423**	**962**	**-**	**962**
Total revenue	**16,010**	**2,279**	**18,289**	**11,615**	**-**	**11,615**

	2022 £'000	2021 £'000
Revenues by geographic location are as follows:		
United Kingdom	5,849	3,214
Europe	2,508	2,282
United States	5,556	2,003
Rest of World	4,376	4,116
Total	**18,289**	**11,615**

During the year £419k (2021: £309k) was recognised in other income for grant income received from Scottish Enterprise and £93k (2021: £nil) was recognised as rental income.

	2022 £'000	2021 £'000
Non-Current Assets by geographic location are as follows:		
United Kingdom - Property, plant and equipment	8,132	3,980
Europe - Property, plant and equipment	1,717	727
Rest of World - Intangible assets	5,330	4,640
Rest of World - Goodwill	1,368	1,368
Rest of World - Property, plant and equipment	2,509	3,878
United States – Property, plant and equipment	3,912	1,805
Total Non-Current Assets	**22,968**	**16,398**

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 10. 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. Longer term contracts continue to be paid on a monthly basis.

4. OPERATING PROFIT

	Note	2022 £'000	2021 £'000
Staff costs	7	5,637	4,408
Depreciation	11	2,189	1,396
Depreciation right-of-use assets	11	1,024	626
Amortisation of acquired intangibles	10	802	806
Amortisation of other intangibles	10	726	231
Other cost of sales[1]		6,452	3,319
Impairment of intangible	10	-	994
Foreign exchange losses		(98)	47
Non-recurring acquisition integration costs		-	140
Share based payments		1,661	546
Other non-recurring costs – refinancing		-	37
Other non-recurring costs – head office relocation		24	25
Other non-recurring costs		-	103

[1]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	2022 £'000	2021 £'000
Audit		
Fees payable for the audit of the consolidation and the parent company accounts including the audit of the acquisition	63	37
Fees payable for the audit of the subsidiaries	59	28
Non Audit		
Fees payable for the interim review of the group	4	5
Total	**126**	**70**

5. FINANCE COSTS

	2022 £'000	2021 £'000
Bank charges	95	92
Loans and leasing	245	197
Total finance costs	340	289

6. FINANCE INCOME

	2022 £'000	2021 £'000
Financing charge on Proximity Cloud contracts	21	-
Exchange gain on intercompany retranslation	-	5
Total finance income	21	5

7. AVERAGE NUMBER OF EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

Including directors, the average number of employees (at their full time equivalent) during the year was as follows:

	2022 £'000	2021 £'000
Management and administration	32	25
Support and development staff	57	48
Average numbers of employees	**89**	**73**

The employee benefits expense during the year was as follows:

	Note	2022 £'000	2021 £'000
Wages and salaries		4,925	3,870
Social security costs		591	453
Other pension costs		121	86
Total employee benefits expense		**5,637**	**4,409**
Share-based payments	21	1,661	546

Wages and salaries directly attributable to the development of products are capitalised in intangible assets (Note 10).

8. DIRECTORS EMOLUMENTS

	2022 £'000	2021 £'000
Aggregate remuneration in respect of qualifying services	239	221
Aggregate amounts of contributions to pension schemes in respect of qualifying services	4	4
Other benefits in kind	2	2
Gain on exercise of options	133	43
Total Directors' emoluments	**378**	**270**
Highest paid director - aggregate remuneration (excluding share based payments)	109	104

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

9. TAXATION EXPENSE

	2022 £'000	2021 £'000
Current tax		
UK tax	-	(32)
Foreign tax on overseas companies	33	28
Total current tax	**33**	**(4)**
Origination and reversal of temporary differences	(435)	(272)
Prior year deferred tax adjustments	(358)	(73)
Total deferred tax	**(793)**	**(73)**
Tax on profit on ordinary activities	**(760)**	**(349)**

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:

	2022 £'000	%ETR movement	2021 £'000	%ETR movement
Profit before tax	**66**		**1,255**	
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	13	19%	238	19%
Effects of:				
Impact of super deduction	(170)	(257.81%)	(81)	(6,45%)
Expenses not deductible for tax purposes	243	(7.57%)	(95)	(7.57%)
R&D tax credits relief	(140)	(212.12%)	(95)	(7.57%)
Income not taxable	-	-	(377)	(30.04%)
Share option deduction	(173)	(262.12%)	9	0.72%
Prior year over-provision	-	0.00%	(32)	(2.55%)
Prior year deferred tax adjustments	(358)	(542.42%)	(73)	(5.82%)
Adjustment for tax rate differences	(175)	(265.15%)	58	4.62%
Foreign tax suffered	-	-	4	0.32%
Other	-	-	-	-
Total tax charge	**(760)**	**(1,151.51%)**	**(349)**	**(27.81%)**

The effective tax rate (ETR) for the year was –1,151.51% (2021: -27.81%).

10. INTANGIBLE ASSETS

Intangible assets	Acquired Customer Lists £'000	Development Costs £'000	Trade Name £'000	Goodwill £'000	Total £'000
Cost					
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 1 July 2021	**2,383**	**3,990**	**137**	**2,336**	**8,846**
Additions	-	2,590	-	-	2,590
Grant Funding received	-	(432)	-	-	(432)
Currency translation differences	147	-	-	-	147
As at 30 June 2022	**2,530**	**6,148**	**137**	**2,336**	**8,846**
Accumulated Amortisation					
As at 30 June 2020	**(552)**	**(331)**	**(7)**	**23**	**(867)**
Charge for the year	(277)	(733)	(27)	-	(1,037)
Impairment	-	-	-	-	(994)
Foreign exchange movements	56	-	-	-	59
As at 30 June 2022	**(773)**	**(1,064)**	**(34)**	**(968)**	**(2,839)**
Charge for the year	**(287)**	**(1,214)**	**(27)**	**-**	**(1,528)**
Foreign exchange movements	**(86)**	**-**	**-**	**-**	**(86)**
As at 30 June 2022	**(1,146)**	**(2,278)**	**(61)**	**(968)**	**(4,453)**
NBV as at 1st July 2021	**1,611**	**2,926**	**103**	**1,368**	**6,008**
NBV as at 30th June 2022	**1,384**	**3,870**	**76**	**1,368**	**6,698**

Development costs have been recognised in accordance with IAS 38 in relation to the network automation project and development of the Proximity Cloud (and two instances below) product, including analytics and its integration into this product. Development costs in relation to Proximity Cloud have a remaining useful of 4 years.

In addition, there are £1.7m of development costs relating to the development of Proximity Cloud V2/Exchange Cloud which will be amortised for five years commencing July 2023. All costs incurred during the preliminary stages of development projects are charged to profit or loss.

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 segmental analysis. As the Board reviews results on a segmental level, the Group monitors goodwill and annually assesses it on the same basis for impairment.
The carrying value of goodwill by each CGU is as follows:

The carrying value of goodwill by each CGU is as follows:	2022 £'000
Private/public cloud	1,368
Proximity/Exchange Cloud	-
Total goodwill	**1,368**

In the previous year, the £1,368k goodwill was allocated against the prior year operating segments. Following the changes to operating segments (as detailed within the Segment Information at note 3, goodwill has been allocated to the public/private segment and management have reviewed and confirmed that there is no indication of impairment. There is no requirement for an impairment review of the Proximity/Exchange Cloud segment in the current year as there are no associated indefinite life intangibles.

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 allocated to Public/Private Cloud. 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 (13.5%) and cost base assumptions that included contingency and investment to deliver against the weighted sales pipeline. Conservative mid-term and long term growth rates were estimated, which were less than both the Group's internal business plan and external market mid-term forecasts.

Based on an analysis of the impairment calculation's sensitivities to changes in key parameters (growth rate, discount rate and pre-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 2022, no change to the impairment provision against the carrying value of intangibles was required. The revaluation of these from prior year represents exchange adjustment only.

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

	Computer equipment	Office equipment and fixtures and fittings	Right of use	Freehold property	Total
Cost	£'000	£'000	£'000	£'000	£'000
As at 30 June 2020	**7,590**	**58**	**2,993**	**-**	**10,641**
Exchange adjustments	(12)	-	-	-	(12)
Additions	4,733	13	915	-	5,661
As at 1 July 2021	**12,311**	**71**	**3,908**	**-**	**16,290**
Stock transfers	(830)	-	-	-	(830)
Disposals	-	(54)	(485)	-	(539)
Exchange adjustments	7	-	-	-	7
As at 30 June 2022	**16,543**	**180**	**5,420**	**3,034**	**25,177**
Depreciation					
As 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 1 July 2021	(4,647)	(38)	(1,215)	-	(5,900)
Charge for the year	(2,134)	(28)	(1,024)	(27)	(3,213)
Exchange adjustments	3	-	-	-	3
Depreciation on disposals	-	18	185	-	203
As at 30 June 2022	**(6,778)**	**(48)**	**(2,054)**	**(27)**	**(8,907)**
N.B.V. 30 June 2021	**7,664**	**33**	**2,693**	**-**	**10,390**
N.B.V. 30 June 2022	**9,765**	**132**	**3,366**	**3,007**	**16,270**

Of the total additions in the year of £10.2m, £2m relates to right-of-use assets. £3m additions have also been recognised in relation to the purchase and refurbishment of the head office in Glasgow.

Disposals of £0.5m within right-of-use assets relate to the termination of the previous head office lease in Glasgow. A right-of-use liability of £0.4m was also disposed of as part of this lease assignation. £0.06m proceeds were received in relation to the disposal. All revenue generating depreciation charges are included within cost of sales. Non-revenue generating depreciation charges are included with admin costs.

12. NON-CURRENT ASSETS - DEFERRED TAX

Deferred tax is recognised at the standard UK corporation tax of 25% for fixed assets in the UK (2021: 25%). Deferred tax in the US is recognised at an average rate of 21% for 2022 (2021: 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 statement of financial position 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. The movement indeferred tax assets and liabilities during the year is as follows:

	2022 £'000	2021 £'000
The split of fixed and intangible asset are summarised as follows:		
Deferred tax liabilities	(2,968)	(617)
Deferred tax asset	4,201	896
Total deferred tax	**1,233**	**279**
Movements		
Opening balance	279	(151)
Charged to profit or loss (note 8)	793	345
Charged to goodwill/equity	167	85
Other movements	(6)	-
Closing balance	**1,233**	**279**

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

	Share Options £'000	Tax losses carried forward £'000	Accelerated tax depreciation and other movement £'000	Total deferred tax asset carried forward £'000	Total deferred tax (liability) carried forward £'000
At 1 July 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)**
Charge to income	281	2,747	110	3,138	(2,351)
Charge to equity	167	-	-	167	-
As at 30 June 2022	**671**	**3,377**	**153**	**4,201**	**(2,968)**

13. CURRENT ASSETS - INVENTORIES

	2022 £'000	2021 £'000
Materials	1,566	-
Consumables	252	-
	1,818	**-**

With the launch of Proximity Cloud in the current year, the Group now holds hardware which can be used in the sale of Proximity or Exchange Cloud contracts. Subsequent to the year end, if they are not used as part of a Proximity or Exchange Cloud sale, they will be reclassified as PPE at the point in which they are delivered into one of the Group's data centres. During the period, £0.99m of inventories were recognised as an expense in the period.

14. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Current assets – Trade and other receivables	2022 £'000	2021 £'000
Trade receivable	1,036	1,032
Less: allowance for impairment of receivables	(80)	(19)
	956	**1,013**
Prepayments	2,083	723
Contract asset	2,329	191
Other taxation	107	241
Other receivables	125	42
	5,600	**2,210**

The contract assets primarily relate to our rights to a consideration for goods or services delivered but not invoiced at the reporting date. The contract assets are transferred to receivables when invoiced. Contract liabilities relate to deferred revenue. At the end of each reporting period, these positions are netted on a contract basis and presented as either an asset or a liability in the Consolidated Statement of Financial Position. Consequently, a contract balance can change between periods from a net contract asset balance to a net contract liability balance in the statement of financial position.

Significant changes in the contract assets and the contract liability balances during the period are as follows:

	Contract assets £'000	Contract liabilities £'000
Balance at 1 July 2021	**191**	**982**
Transferred to receivables from contract assets from the beginning of the period	(191)	-
Revenues recognised during the period to be invoiced	2,329	-
Revenue recognition that was included in the contract liability balance at the beginning of the period	-	(979)
Remaining performance obligations for which considerations have been received	-	958
Balance at 30 June 2022	**2,329**	**961**

The credit risk relating to trade receivables is analysed as follows:

	2022 £'000	2021 £'000
Trade receivables	1,036	1,032
Less: allowance for impairment of receivables	(80)	(19)
	956	1,013

Movements in the allowance for expected credit losses are as follows:

	2022	2021
Opening balance	19	20
Additional allowance recognised	91	46
Receivables written off during the year as uncollectable	(30)	(47)
Closing balance	**80**	**19**

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 2022 is £74k (2021 - £8k). The increase in expected credit loss allowance is in line with the more challenging wider macroeconomic environment.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

Risk profiling category (ageing)	2022 £'000	ECL rate %	2022 ECL allowance £'000	2021 £'000	ECL rate %	2021 ECL allowance £'000
Current	923	-1.50%	14	706	-0.25%	2
0-30 days	20	-2.00%	0	90	-0.25%	0
30-60 days	8	-15.00%	1	36	-0.25%	0
60-90 days	40	-45.00%	18	181	-2.00%	4
Over 90 days	45	-90.00%	41	19	-8.00%	2
Total	**1,036**		**74**	**1,032**		**8**

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:

	2022 £'000	2021 £'000
Not yet due	923	706
Past due 1 to 3 months	68	307
Past due 3 to 6 months	45	19
	1,036	1,032

15. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash and bank balances	10,160	3,372
	10,160	3,372

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.

16. 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 cost with the exception of contingent consideration with is measured at Fair Value through profit or loss.

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 £111,000 (30 June 2021 £172,000). A 10% movement in the Euro rate would have an impact on the Group's profit and equity by approximately £14,300 (£49,000 at 30 June 2021).

The Group had potential exchange rate exposure within USD trade payable balances of £1,512,444 at 30 June 2022 (£1,210,143 at 30 June 2021) and potential exchange rate exposure within EUR trade payables balances of £26,500 (£18,100 at 30

June 2021). The Group had potential exchange rate exposure within USD trade receivables of £403,700 (£182,000 at 30 June 2021) and potential exchange rate exposure within EUR trade receivables of £9,300 (£7,900 at 30 June 2021).

Cash flow and interest rate risk
The Group has relatively limited exposure to interest rate risk in respect of cash balances and long-term borrowings held with banks and other highly rated counterparties. Loans are at variable rates of interest based on the Bank of England's base rate therefore the Group is subject to changes in interest rates. Given the relatively low level of debt the Board do not consider this to be a significant risk. At a total debt level of £2.3m, a 1% increase in interest rates will give rise to an additional annual interest rate charge of £23,000.

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:

	2022 £'000	2021 £'000
Cash and cash equivalents	10,160	3,372
Trade receivables	1,036	1,032
Contract asset	2,329	191
Other receivables	104	43
	13,629	4,638

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 £956,000 (2021: £1,013,000) 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 statement of financial position 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 management's 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 its current debt facilities and complies both with its gross borrowings to adjusted EBITDA and minimum adjusted cash banking covenants.

As disclosed within the going concern note, the Group requested waivers in December 21 and March 22 from their cash covenants to support the accelerated investment within the business ahead of the equity raise in April 2022. 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. Given the higher cash balances following the equity raise during April the Group is currently looking at putting surplus cash 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 2022, 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	
Liquidity risk	Within 1 month £'000	1–3 months £'000	3–12 months £'000	1–5 years £'000	After 5 years £'000
Trade and other payables	4,409	683	49	-	-
Borrowings	-	211	767	1,320	-

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.

	2022 £'000	2021 £'000
Total equity	30,759	13,765
Cash and cash equivalents	10,160	3,372
Capital	**40,919**	**17,137**
Total equity	**30,759**	**13,765**
Other loans	2,297	1,485
Lease liabilities	3,583	2,866
Overall financing	**36,639**	**18,116**
Capital-to-overall financing ratio	**1.12**	**0.95**

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

	2022 £'000	2021 £'000
Other loans	1,320	896
Lease liabilities	2,303	2,210
	3,623	3,106
Other loans		
Under one year	978	589
Between one to five years	1,320	896
	2,298	1,485

The bank loan derives from a £1.8m term loan facility taken out from Barclays Bank in December 2020 and a £1.47m property loan facility taken out from Barclays Bank in December 2021.

The term loan is repayable in 8 quarterly instalments of £0.15m which commenced in March 2021 along with a bullet balance repayable at Maturity in December 2022.

The property loan is repayable in 8 quarterly instalments of £0.03m which commenced in December 2021 along with a bullet balance repayable at Maturity in September 2023.

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 available revolving credit facility balance of £2.2m was unutilised as at 30 June 2022. Barclays have been given security for the facility of the UK assets of the Group and an unlimited guarantee is afforded to Barclays.

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

Changes in liabilities ariding from financing activities:

	Lease liabilities £'000	Loans £'000	Total £'000
Balance at 1 July 2021	2,866	1,485	4,351
Lease liabilities additions IFRS 16	1,492	-	1,492
Proceeds from new loans	-	3,670	3,670
Loan repayments	-	(2,858)	(2,858)
Lease repayments	(1,031)	-	(1,031)
Balance at 30 June 2022	3,327	2,297	5,624

18. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Trade payables	3,378	2,538
Other loans	978	589
Lease liability	1,280	656
Accruals	575	472
Contract liabilities	961	982
Other taxation and social security	192	128
Other payables	33	23
VAT	-	-
Deferred consideration	-	-
Contingent consideration	-	-
	7,397	5,388

19. LEASES

The Group leases assets including the space in data centres in order to provide infrastructure services to its customers. During the year, the Group disposed of a lease used for its old 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 2021	2,653
Additions	1,998
Disposals	(300)
Depreciation	(1,024)
Balance at 30 June 2022	3,327

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

LEASE LIABILITIES

	Note	2022 £'000	2021 £'000
Maturity analysis:			
Within one year		(1,407)	(806)
Within two to five years		(2,408)	(2,269)
Add: unearned interest		232	209
Total lease liabilities		(3,583)	(2,866)
Analysed as:			
Non-current	18	(2,303)	(2,210)
Current	19	(1,280)	(656)
		(3,583)	(2,866)

The Group does not face a significant liquidity risk with regard to its lease liabilities. The interest expense on lease liabilities amounted to £131k for the year ended 30 June 2022 (2021: £99k). 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 2022, in relation to leases under IFRS 16, the Group recognised the following amounts in the Consolidated Statement of Comprehensive Income:

	2022 £'000	2021 £'000
Short-term and low value lease expense	10	25
Depreciation charge	1,024	619
Interest expense	131	99

Amounts recognised in the consolidated statement of cash flows:

	2022 £'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	1,067	558

20. EQUITY - ISSUED CAPITAL

	2022 shares	2021 shares	2022 £'000	2021 £'000
Ordinary shares - fully paid	65,406,764	56,051,149	82	70

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	-
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**
EMI Share options exercised	15 November 2021	264,705	£.00125	-
New share issue	9 November 2020	9,090,910	£.00125	12
Balance	**30 June 2022**	**65,406,764**		**82**

ORDINARY SHARES

During the year 9,090,910 ordinary shares were issued for a total consideration of £15.00m resulting in a premium over the nominal value of £11,364. Transaction costs of £0.67m were netted off against the premium.

During the year, 264,705 share options were exercised. The share price at the exercise date was £1.94. The Director, W Meldrum, purchased 17,950 shares during the year. The share price at the purchase date was £1.94.

21. SHARE-BASED PAYMENTS

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

	2022 £'000	2021 £'000
Outstanding at the beginning of the year	2,916,973	1,889,662
Exercised during the year	(264,705)	(44,118)
Issued during the year	2,273,400	1,071,429
Outstanding at the end of the year	4,925,668	2,916,973
Exercisable at the end of the year	-	-

The Group granted a total of 2,273,400 share options to members of its management team on 26th November 2021. These share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Grant 2	Grant 3	Grant 4A	Grant 4B	Grant 4C	Total
Shares	1,580,838	1,071,429	1,012,500	630,450	630,450	4,925,668
Date of grant	17-10-2019	09-10-2020	26-11-2021	26-11-2021	26-11-2021	
Exercise price	£0.00125	£0.00125	£0.00125	£0.00125	£0.00125	
Vesting date	17-10-2022	09-10-2023	26-11-2024	26-11-2024	26-11-2024	

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

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 2	Grant 3	Grant 4A	Grant 4B	Grant 4C	Total
Shares	264,706	1,580,838	1,071,429	1,012,500	630,450	630,450	5,190,373
Share price (£)	1.02	0.84	0.945	1.575	1.575	1.575	
Volatility	5%	5%	5%	5%	5%	5%	
Annual risk free rate	4%	4%	4%	4%	4%	4%	
Exercise strike price (£)	0.00125	0.00125	0.00125	0.00125	0.00125	0.00125	
Time to maturity (yrs)	3	3	3	3	3	2	

The total expense recognised from share based payments transactions on the Group's profit for the year was £1,661,273 (2021: £546,363).

These share options vest on the achievement of challenging growth targets. It is management's intention that the Group 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.

22. 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 initially arose on the share for share exchange reflecting the difference between the nominal value of the share capital in Beeks Financial Cloud Group PLC and the value of the Group being acquired, Beeks Financial Cloud Limited. The merger reserve then increased upon acquisition of Velocimetrics Ltd in FY 2018, reflecting the difference between the nominal value of the share capital issued from Beeks Financial Cloud Group PLC and the value of the shares issued to the owners of Velocimetrics Ltd.
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. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings represents retained profits and losses.

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.

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:

	2022 £'000	2021 £'000
Withdrawals from the director, Gordon McArthur	41	4

Beeks Financial Cloud Limited previously 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 £nil (2021: £123,480) to Ofelia Algos Limited and the amounts due to Beeks Financial Cloud Limited at the year-end were £nil (2021: £20,682).

KEY MANAGEMENT PERSONNEL

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

	2022 £'000	2021 £'000
Wages and salaries including social security costs	239	221
Social security costs	27	24
Other pension costs	4	4
Other benefits in kind	2	2
Share based payments	316	141

24. EARNINGS PER SHARE

	2022 £'000	2021 £'000
Profit after income tax attributable to the owners of Beeks Financial Cloud Group PLC	826	1,604
	Pence	**Pence**
Basic earnings per share	1.43	3.07
Diluted earnings per share	1.42	3.07
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	57,885,241	52,276,498
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	96,454	15,351
Weighted average number of ordinary shares used in calculating diluted earnings per share	57,981,696	52,291,848

	2022 £'000	2021 £'000
Profit before tax for the year	66	1,255
Acquisition costs	-	140
Share Based payments	1,661	546
Amortisation on acquired intangibles	802	806
Exceptional non-recurring costs	28	165
Impairment of Intangibles assets / goodwill	-	994
Grant income	(419)	(309)
Gain on revaluation of contingent consideration	-	(1,989)
Exchange gains/losses on statement of financial position retranslation	(81)	-
Tax effect	542	34
Underlying profit for the year	**2,599**	**1,642**
Weighted average number of shares in issue - basic	57,885,241	52,276,498
Weighted average number of shares in issue - diluted	61,985,547	54,915,279
Underlying earnings per share - basic	4.49	3.14
Underlying earnings per share - diluted	4.19	2.99

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 Group 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	Riverside Building, 2 Kings Inch Way, Renfrew, Renfrewshire, PA4 8YU	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

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 2022, until they are satisfied in full.

26. ULTIMATE CONTROLLING PARTY

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

INDEPENDENT AUDITORS' REPORT

To the members of Beeks Financial Cloud PLC

OPINION

Our opinion of the parent financial statements is unmodified

We have audited the parent company financial statements of Beeks Financial Cloud Group PLC for the year ending 30 June 2022, which comprise the Company statement of Financial Position, the Company Changes in Equity and Notes to the Financial Statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards, including Financial Reporting Standard 101: Reduced Disclosure Framework (UK 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 2022;

/ have been properly prepared in accordance with UK 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 included:

/ Obtaining management's assessment of going concern and supporting information which covers the period to December 2023, including cash flow forecasts. We evaluated how these forecasts were compiled, and assessed their reasonableness by validating underlying information and determining the mathematical accuracy of the model used;

/ We performed a retrospective review of management's previous forecasts by comparing those forecasts to actual results in the previous two financial years to determine the accuracy of management's forecasting. We also compared actual results subsequent to the parent company reporting date to management's forecasts;

/ We challenged management on the key assumptions used within the forecasts, being the revenue and costs cash flows, testing their reasonableness by corroborating to supporting information as well as considering any known post balance sheet events;

/ We obtained forecast covenant compliance workings for the going concern assessment period and reperformed the calculations to corroborate their mathematical accuracy; while considering that all external debts are currently due to be paid during the going concern assessment period;

/ We evaluated the reverse stress test scenario prepared by management and the likelihood of this occurring , also considering the mitigations available to management should such a scenario occur;

/ we reviewed the sensitivity analyses performed by management to assess whether they appropriately reflected plausible downside scenarios and the impact they could have on the parent company's financial position in the future;

/ We assessed the adequacy of the disclosures in the financial statements, comparing them to management's going concern assessment.

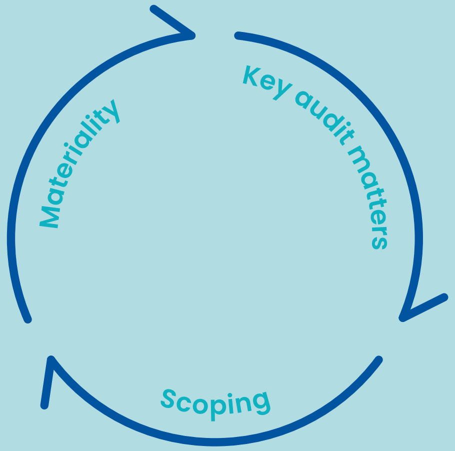
In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the parent company's business model including effects arising macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Directors and 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 financial statements' section of this report.

OUR APPROACH TO THE AUDIT



OVERVIEW OF OUR AUDIT APPROACH

Overall materiality: £277,500, which represents approximately 1% of the parent company total assets, capped at Group materiality.

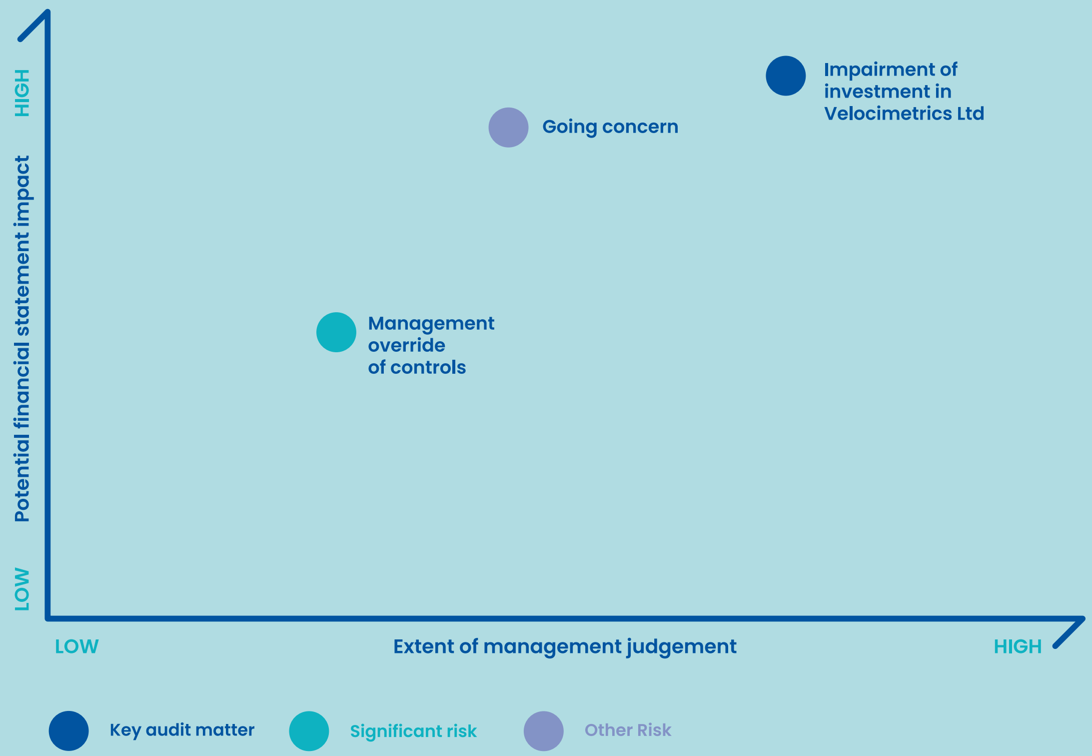
The only key audit matter identified was the risk of impairment of the company's investment in Velocimetrics Limited. This was also the only key audit in the prior year.

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

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.

Key Audit Matter	How Our Scope Addressed the Matter
Impairment of investment in Velocimetrics Limited ("VMX") We identified the potential impairment of the investment in VMX as one of the most significant assessed risks of material misstatement due to error. In the prior year, an impairment of the investment in VMX was recognised, resulting in an investment in shares in group undertakings with a carrying value of £4.045m. There is a risk that these values are now further impaired. The process for assessing whether an impairment exists under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex and requires calculation of 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. It is highly judgemental and subject to management bias. The selection of certain inputs into the discounted cash flow model can significantly impact the result of the impairment review. The key inputs impacting the model are considered to be: • Revenue growth, which is driven by annual recurring revenue and the pipeline of future sales opportunities; and • The discount rate applied to the forecast cash flows.	In responding to the key audit matter, we performed the following audit procedures: • We obtained management's impairment assessment, including their discounted cash flow model and associated sensitivities and challenged the key assumptions within this such as revenue growth based on our knowledge of the business, and other sources such as third-party industry reports; • We assessed the cash flow forecasts for consistency with the board-approved budget used by the Directors in their going concern assessment; • We assessed the reasonableness of the discount rate applied by management, taking into account the prior year rate as well as any known changes to macro-economic conditions or risks specific to the investment that might impact this rate; • Costs were considered and challenges made to management with regards to the reasonableness of overheads incorporated, with these being reduced from previous years with a change in focus of the overall group; • Assessment of the sensitivities performed by management to assess whether there was evidence of 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 and Accounts 2022 • Financial statements: Note 2, Investments and Note 2 – Critical accounting judgements and key sources of estimation uncertainty, Investments	**Our results** Our audit testing did not identify evidence that any further material impairment charge was required against the carrying value of the investments in VMX.

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:

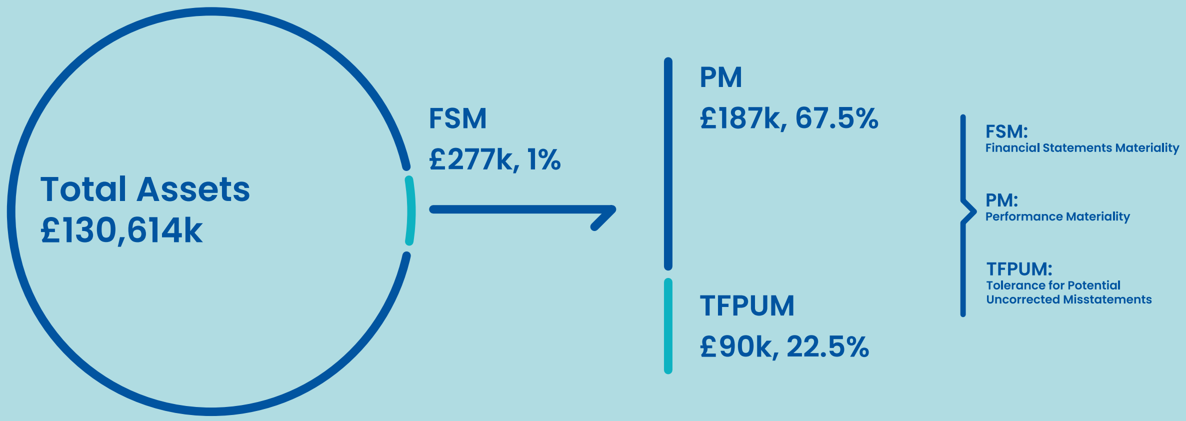
Materiality Measure	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£277,500 which represents approximately 1% of the parent company's total assets, capped at group materiality.
Significant judgements made by auditor in determining 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 2021 to reflect the increase in total assets, particularly in intercompany receivables and plant, property and equipment as a result of the purchase of the new Head Office.
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	£187,312 which is approximately 67.5% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: We have determined 67.5% of materiality as performance materiality across the Group. This was considered appropriate as a result of the volume and individual amounts of audit adjustments in the prior period.

Materiality was determined as follows:

Materiality Measure	**Parent Company**
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 transactions with directors.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	Threshold for communication £13,900 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

OVERALL MATERIALITY

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



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 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 (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 matters section, was the valuation of the investment in VMX, where the impairment assessment was audited to gain assurance over the valuation of the investment at year end.

PERFORMANCE OF OUR AUDIT

/ The audit was performed by a combination of on site and remote procedures.

Changes in approach from previous period

/ There were no material changes in the scope of the audit as compared with the prior year.

OTHER INFORMATION

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.

OPINION

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; 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

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 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 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;

/ 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. 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 processed by users where such entries were considered higher risk;
- Challenging assumptions and judgements made by management in areas of estimation;
- 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.

/ We completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements;

/ These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

/ 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.
- understanding the legal and regulatory requirements specific to the parent company.

/ Our communications with management and the Audit Committee in respect of non-compliance with laws and regulations and fraud included the potential for management override of controls, including in areas of judgement or estimation;

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

OTHER MATTER

We have reported separately on the Group financial statements of Beeks Financial Cloud Group PLC for the year ended 30 June 2022. 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 ANDERSEN
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
Glasgow
8 October 2022

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2022 £'000	2021 restated £'000
Assets			
Non-current assets			
Investments	4	4,727	4,045
Property, plant and equipment	5	3,106	347
Deferred tax	6	590	313
		8,423	**4,705**
Current assets			
Trade and other receivables	7	22,028	7,368
Cash and cash equivalents		163	1,930
		22,191	**9,298**
Total assets		**30,614**	**14,003**
Liabilities			
Current liabilities			
Non-current liabilities			
Trade and other payables	8	620	383
Lease liabilities	8	–	72
Total current liabilities		**620**	**455**
Non-current liabilities			
Lease liability	9	–	368
Total non-current liabilities		–	368
Total liabilities		**620**	**823**
Net assets		**29,994**	**13,180**
Equity			
Issued capital	11	82	70
Share premium	12	23,775	9,452
Reserves		2,979	1,588
Retained earnings		3,158	2,070
Total equity		**29,994**	**13,180**

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 £714,819 (2021: £1,958,641).

These financial statements were approved by the Board of Directors and were authorised for issue on 8th October 2022 and are signed on its behalf by:

GORDON MCARTHUR
Chief Executive Officer
Company name, Beeks Financial Cloud Group PLC
Company number, SC521839

COMPANY STATEMENT OF CHANGES IN EQUITY

	Issued capital £'000	Merger reserve £'000	Share based payments £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2020	**64**	**705**	**374**	**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
Exercise of share options	-	-	(38)	-	38	-
Dividends paid	-	-	-	-	(180)	(180)
Total transactions with owners	6	-	509	5,149	(73)	5,585
Balance at 30 June 2021	**70**	**705**	**883**	**9,452**	**2,070**	**13,180**
Profit after income tax expense for the year	-	-	-	-	715	715
Total comprehensive income	**-**	**-**	**-**	**-**	**715**	**715**
Deferred tax	-	-	-	-	103	103
Issue of share capital	12	-	-	14,323	-	14,335
Share based payments	-	-	1,661	-	-	1,661
Exercise of share options	-	-	(270)	-	270	-
Total transactions with owners	**12**	**-**	**1,391**	**14,323**	**373**	**16,099**
Balance at 30 June 2022	**82**	**705**	**2,274**	**23,775**	**3,158**	**29,994**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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 Riverside Building, 2 Kings Inch Way, Renfrew, Renfrewshire, PA4 8YU. 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 is a holding company that holds investments in subsidiaries and holds various central overheads and salary costs. 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 71 to 88. 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.
/ Capital management disclosures.

Going concern

The Company has net current assets of £21.57m at 30th June 2022 (2021: £8.84m).
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 to December 23). For this reason they continue to adopt the going concern basis in preparing the financial statements. Further information can be seen in the Going Concern note within the Directors' Report in the Group accounts.

Revenue

Revenue arises from intercompany management charges, stated net of VAT. Such charges are recognised in the period they are earned.

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.

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.

During the year the Group purchased a new headquarters. The property is valued at cost at date of acquisition.

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:

/ Freehold property over 50 years
/ Fixtures and fittings over 5-20 years

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

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 Company 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 Company; the Company 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 Company has the right to direct the use of the identified asset throughout the period of use.

At the lease commencement date, the Company recognises a right-of-use asset and a corresponding lease liability on the statement of financial position. 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 Company. The Company 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 Company 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 statement of financial position 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 Company 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 Company 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 Company 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 Company 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 statement of financial position, 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.

Critical accounting estimates and key sources of estimation uncertainty
The key estimates in preparation of the financial statements are below:

Carrying value of investments
The Company carries out an impairment review whenever events or changes in circumstance indicates that the carrying value of an investment is possible. In addition, the Company carries out an impairment review where there are indicators of impairment. An impairment is recognised when the recoverable amount is less than the carrying amount. The impairment tests 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. Management performed a full impairment assessment on the carrying value of the investment of Velocimetrics Ltd. 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%) (FY 21: 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 years 2-5 was assumed at 3% (FY 21: 3%) and a terminal value of 2% (FY 21: 2%) was used following the 5 year cash flow projection. Sensitivities were then performed against a range of possible downside scenarios including further downside weighting against the sales pipeline and changing of the discount rate. Management concluded, based on the range of possible outcomes, and sensitivity of both the sales pipeline and discount rate, that there were no indications of impairment or reversal of the prior year's impairment.

3. STAFF COSTS

Average monthly number of employees (including directors) by activity:

	2022 £'000	2021 £'000
Management and administration	28	22

Cost of employment (including directors):

	2022 £'000	2021 £'000
Wages and salaries	1,472	1,399
Social security costs	241	170
Pension costs	45	34
Total employee benefits expense	**1,758**	**1,603**

4. INVESTMENTS

	2022 £'000	2021 £'000
Shares in Group undertakings	4,727	4,045

During the year, the Group charged share based payments of £681,456 (2021: £308,144) to employees of the subsidiary companies. As a result, the investment in subsidiaries has increased during the year to reflect this.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Fixtures and fittings £'000	Leasehold property £'000	Total £'000
Cost				
As at 1 July 2020	-	-	-	-
Additions (Prior period adjustment)	-	-	416	416
As at 1 July 2021 (Restated)	**-**	**-**	**416**	**416**
Additions	3,034	104	-	3,138
Disposals	-	-	(416)	(416)
As at 30 June 2022	**3,034**	**104**	**-**	**3,138**
Depreciation				
As at 1 July 2020	-	-	-	-
Charge for the year (Restated)	-	-	69	69
As at 1 July 2021 (Restated)	-	-	69	69
Charge for the year	27	5	-	32
Eliminated on disposal	-	-	(69)	(69)
As at 30 June 2022	27	5	-	32
NBV 30 June 2021	**-**	**-**	**347**	**347**
NBV 30 June 2022	**3,007**	**99**	**-**	**3,106**

A security is held against the property in respect of the subsidiary's debt to the lender.
In the year to 30 June 2021, additions were restated from £nil to £416K and the related depreciation charge restated from £nil to £69K. Details of this prior period adjustment are included at note 17.

6. DEFERRED TAX

	2022 £'000	2021 £'000
Tax losses carried forward	487	244
Share based payments, recognised in equity	103	69
Deferred tax asset	590	313

7. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2022	Reinstated 2021
Prepayments and accrued interest	151	75
Amounts due from Group undertakings	21,857	7,293
Trade debtors	1	-
Other recievables	19	-
	22,028	**7,368**

Management have assessed recoverability of intercompany balances and deem no issues in terms of credit losses.

In the year to 30 June 2021, amounts due from Group undertakings were restated from £7,275K to £7,368K. Details of this prior period adjustment are included at Note 17.

8. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2022	Reinstated 2021
Trade payables	160	23
Accruals	263	148
Other taxation and social security	187	205
Other payables	10	7
Lease liability	-	72
	620	**455**

In the year to 30 June 2021, the current lease liability was restated from £nil to £72K. Details of this prior period adjustment are included at Note 17.

9. NON-CURRENT LIABILITIES

	2022 £'000	Restated 2021 £'000
Lease liability	-	368
	-	**368**

In the year to 30 June 2021, the non-current lease liability was restated from £nil to £368K. Details of this prior period adjustment are included at Note 17.

10. LEASES

The Company had a lease for the Head Office in relation to its old Glasgow Headquarters. This was disposed of during the current year.

Information about leases for which the Company is a lessee is presented below:

	Leasehold property £'000
Right-of-use-assets	
Balance at 1 July 2021	**416**
Additions	-
Depreciation	(69)
Disposals	(347)
Balance at 30 June 2022	**-**

The right-of-use assets in relation to leasehold property are disclosed as PPE (Note 5).

	Note	2022 £'000	2021 £'000
Maturity analysis:			
Analysed as:			
Non-current	8	-	368
Current	9	-	72
		-	**440**

The interest expense on lease liabilities amounted to £12,559 for the year ended 30th June 2022. Lease liabilities are calculated are calculated at the present value of the lease payments that are not paid at the commencement date.

FLIGHT NOTES

11. EQUITY – ISSUED CAPITAL

For details of the issued share capital see note 20 in the Group notes.

12. 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 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 PLC and the value of the Group being acquired, Beeks Financial Cloud Limited.

13. 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.

14. CAPITAL COMMITMENTS

The Company had no material capital commitments at 30 June 2022.

15. CONTINGENT LIABILITIES

The Company had no material contingent liabilities at 30 June 2022.

16. ULTIMATE CONTROLLING PARTY

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

17. PRIOR PERIOD ADJUSTMENT

During the year, it was identified that contracts recognised as right of use assets and liabilities had been incorrectly recognised within another subsidiary of the Group when the contractual obligation lay in the Company. This error has been corrected by restating the values of the right of use asset, depreciation and right of use liabilities and trade and other receivables in the prior year.

The right of use assets have been restated from £nil to £416k and the right of use depreciation restated from £nil to £69k. The current right of use liability was restated from £nil to £72k and the non-current right of use liability restated from £nil to £368k. Trade and other receivables have been restated from £7,275K to £7,368K.

The retained earnings and SOCI were not materially impacted by this adjustment. Whilst an increase in depreciation is noted, an increase in Group management recharges offsets this as it is all contained within the same financial statement line.

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