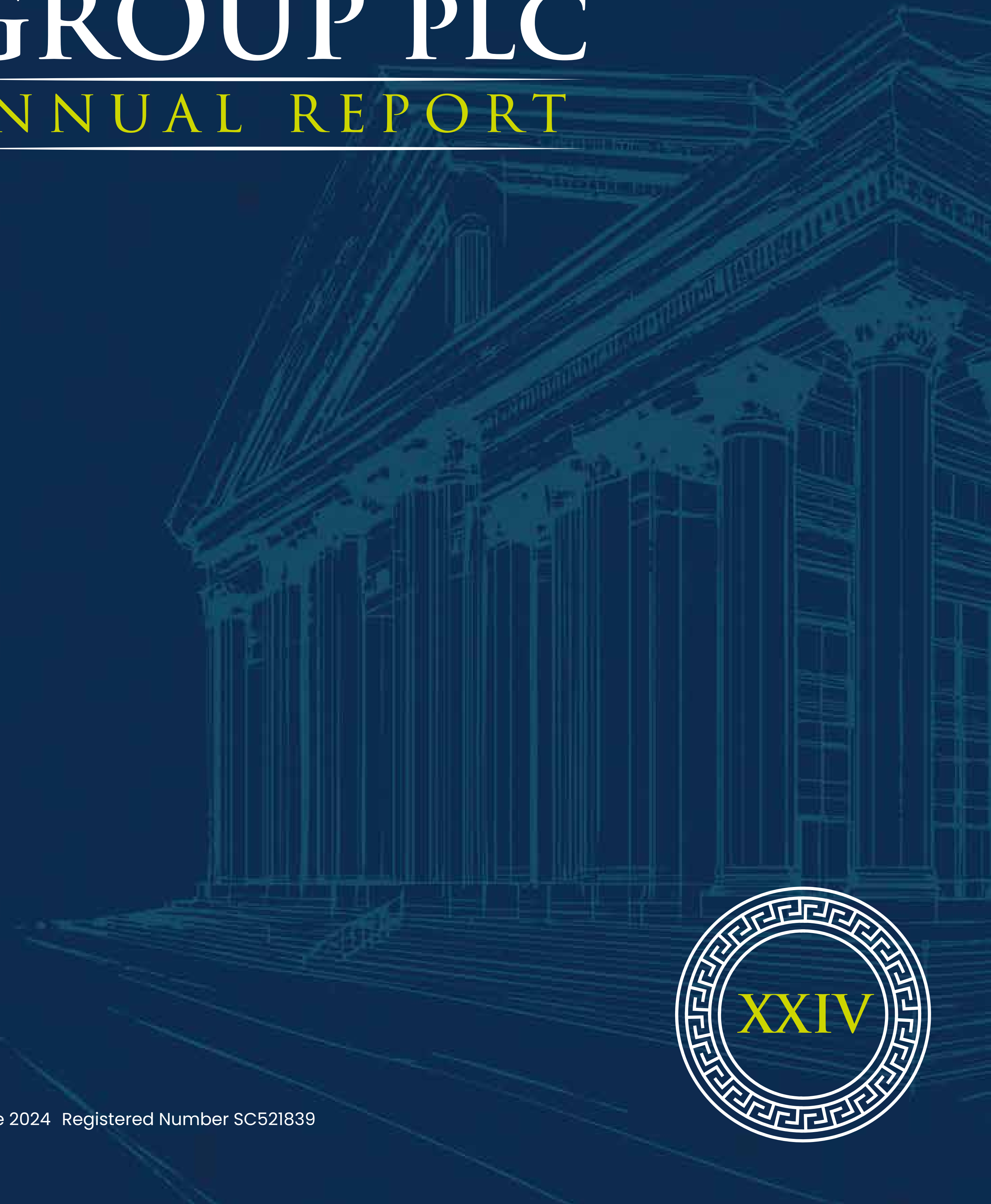
BEEKS FINANCIAL CLOUD GROUP PLC

ANNUAL REPORT



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30 June 2024 Registered Number SC521839

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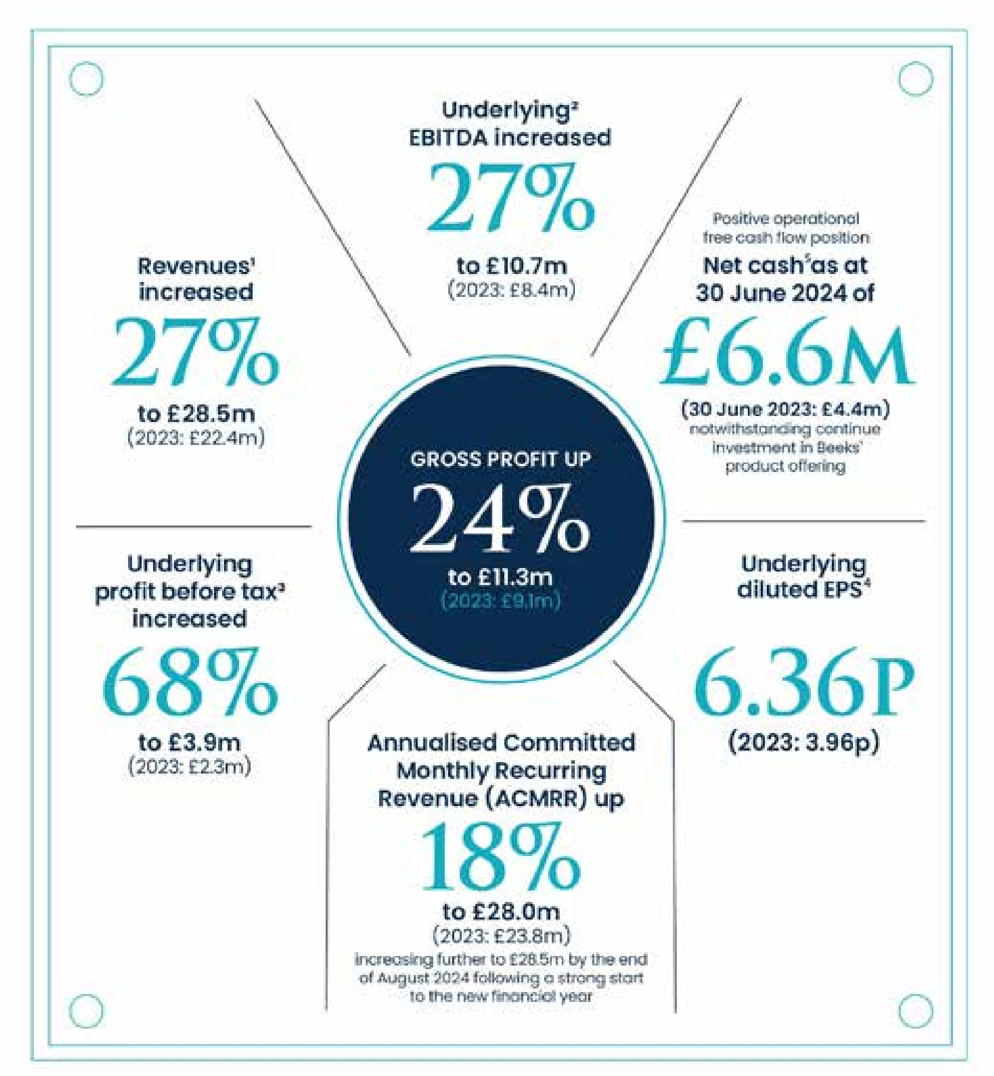
Financial and Operational Highlights



[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

[5] Positive operational free cash flow position, with Net cash5 as at 30 June 2024 of £6.6m (30 June 2023: £4.4m) notwithstanding continued investment in Beeks' product offering

STATUTORY EQUIVALENTS

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

- Profit before tax was £1.46m (2023: Loss before tax £0.65m)
- Basic EPS was 3.33p (2023: Loss per share 0.14p)

OPERATIONAL HIGHLIGHTS

Significant growth of Tier 1 customer base and expansion with existing customers

- Post-period multi-year Exchange Cloud® contract with one of the largest exchange groups globally received regulatory approval, as announced in February. Beeks remains under a Non-Disclosure Agreement (NDA) with the exchange until the product's launch, which remains on track.
- Further significant extensions of the JSE contract, including the launch of JSE's Colo 2.0 offering in September 23 and the addition of a second data centre location, as announced in August 24
- Significant Proximity Cloud® wins including £5m contract with one of the world's largest banking Groups, and a $3.6m (c£2.7m) contract in aggregate over a five-year period with a Tier 1 investment manager
- Private Cloud Contracts to a value of $4m (c£3m) signed in July, including a significant win, via a partner, with one of the UK's largest banks
- Further expansion potential remains across the vast majority of existing customers

Investment in enhanced security and continued product innovation:

- Completed industry-leading SOC 2 Type 1 security compliance for Proximity and Exchange Cloud® Products, as announced in March, and successfully achieved ISO 22301 the Global standard for Business Continuity Management
- Strategic partnership with Securities & Trading Technology (STT) to meet the evolving needs of global financial markets, and a collaboration with BlueVoyant, to enhance security protection
- Investment and implementation of new layered security defences & mitigations including; Privileged Access Management (PAM), External Attack Surface Management (EASM), and the Security Awareness Training Platform.
- Major Analytics releases providing new features, with ongoing investment into Artificial Intelligence in Beeks Analytics, implementing the next version of AI capability

Investment in inventory, team and sales and marketing, to deliver on the growth opportunity:

- Strengthened our team with the appointment of key personnel in strategic regions, including a Head of APAC and a Technical Pre-Sales Specialist.
- Increased brand awareness through participation in key industry conferences, including events in Istanbul, London, Chicago, New York, Boca Raton, and Johannesburg.
- Further investment into inventory, ensuring the Group is capable of delivering against all contracts either signed or in the immediate pipeline.

OUTLOOK

- Material growth in sales pipeline for Exchange Cloud®, with several major international exchanges entering the final stages of contracting, and others at earlier points in the sales funnel
- Significant opportunity to scale Exchange Cloud® through expansion with existing customers, the JSE contract serving as an example of the expansion potential once a customer has signed
- Favourable market trends as the financial services sector continues to shift to cloud computing
- Even at this early stage of the year, the Board is confident in achieving results for FY25 in line with its expectations, underpinned by high levels of recurring revenue, a strong pipeline, an established, international reputation and a significant market opportunity.

"This has been another year of strong trading with double-digit growth across the board. Demand for our product is stronger than ever, fuelling a regular flow of new contract wins and extensions that offer long-term, recurring revenues. The expansion of our customer base is a testament to the value of our offering becoming increasingly recognised by the market and has resulted in a record sales pipeline. Exchange Cloud® continues to offer the most exciting opportunity with a pipeline comprising of some of the world's largest exchanges. Supported by favourable market trends and our increasingly recognised international reputation, we are confident in driving this momentum into the next financial year and beyond."

Gordon McArthur, CEO

OUR COMPANY AT A GLANCE

WHAT WE DO

Beeks Financial Cloud Group plc, trading as Beeks Group, is the market leader in cloud compute, connectivity, and analytics for the financial markets, including capital markets and payments. Since 2011, we've been delivering low-latency, secure, and scalable private cloud solutions tailored specifically for these sectors.

Our comprehensive product suite includes bare metal and virtual private servers, dedicated servers, connectivity, colocation, on-premise solutions, and advanced performance analytics. These offerings are optimised for high-frequency trading and other time-sensitive operations, enabling clients to execute trades sub-millisecond timeframes.

Through our cloud-based Infrastructure-as-a-Service (IaaS) model, we empower financial institutions to rapidly deploy and connect to over 200 trading venues, exchanges, and cloud providers worldwide. This allows firms to avoid the costs and complexities of building their own infrastructure while benefiting from a scalable, on-demand solution.

With SOC2 and ISO 27001 certifications, security is embedded in everything we do, safeguarding trading operations and ensuring compliance. Our infrastructure is optimised for high performance, low latency, and operational resilience, making Beeks the go-to choice for the financial markets and payments industry.

Headquartered in the UK, we operate across major financial hubs including New York, London, Hong Kong, Tokyo, Singapore, and Sydney. Supported by our 24/7 Network Operations Centre (NOC), we provide reliable infrastructure management, enabling firms to focus on growth and innovation.

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
- Montreal, Canada
- Johannesburg, South Africa

CHAIRMAN'S STATEMENT

Beeks has yet again proven its leading position and reputation in providing advanced technology solutions the capital markets, catering to the needs of the largest financial organisations globally. Revenues to the 30 June 2024 increased by 27% to £28.5m (2023: £22.4m), and underlying EBITDA by 27% to £10.7m (2023: £8.4m). The Group delivered an exit ACMRR of £28.0m (2023: £23.8m), up 18% in the year, providing a strong basis for continued growth in FY24.

Strong progress has been made against our financial and strategic objectives in FY24, exemplified by another set of impressive financial results, representing a period of significant growth. We are delighted to have now moved into a more profitable and operationally cash-generative position, yet again delivering double-digit increases in revenue, EBITDA, PBT and ACMRR, driven by a strong performance across Beeks' Private, Proximity and Exchange Cloud® offerings.

I am particularly pleased with the strategic progress made during the year. Notwithstanding the strong performance across our Private and Proximity Cloud® products, we continue to be highly optimistic about Exchange Cloud®'s transformational prospects for Beeks. With three exchanges now signed up to the offering and clear traction gained during the period under review, we look forward to capitalising on the offering's steadily increasing momentum.

I would like to take this opportunity to extend my thanks to the team at Beeks, without whom such a pleasing performance would not have been possible.

It is clear that we have a solid foundation on which to grow, bolstered by increasing levels of revenue visibility for FY25 and beyond. The conversion of our new customer sales pipeline remains a core focus moving forwards, and the current period has started very encouragingly, with significant new contracts already secured, providing confidence in the delivery of FY25 financial results in line with the Board's expectations.

Mark Cubitt, Chairman
4 October 2024

The Beeks Empire

For over 13 years,

Beeks has built the infrastructure shaping the future of financial markets. Like the Romans, who laid the groundwork for history's most resilient structures, we've constructed a robust global network. Our infrastructure, spanning key financial districts worldwide, is purpose-built for low-latency trading, supporting today's financial institutions with the stability and performance they need.

Our architecture doesn't rest on borrowed foundations. Beeks empowers customers with their own environments, giving them the flexibility and control to drive future growth. With Beeks, customers don't just use the cloud... they command it.

More than a technology provider, Beeks stands as an architect of tomorrow's financial world, fortifying the foundations for markets of the future.

Strategic Report

MARKET OVERVIEW

"Cloud has become essentially indispensable. However, the tables are turning: business outcomes are now shaping cloud models, rather than the other way around."
Sid Nag, Vice President Analyst at Gartner

Growth in Cloud Adoption

As cloud computing continues to drive digital transformation, its role in financial markets and payments is evolving. What was once a tool to enable innovation is now being shaped by the specific needs of financial institutions. The global IaaS market is forecast to grow significantly, but the focus is shifting from basic infrastructure provision to solving complex business challenges like regulatory compliance, cybersecurity, sustainability, and operational efficiency.

Regulatory Compliance and Data Sovereignty

As regulations grow more stringent, particularly in the EU and US, cloud providers must ensure robust compliance frameworks. Financial institutions need cloud solutions that can address data residency requirements while maintaining operational efficiency. Beeks, with its SOC2 certification and extensive experience in regulated markets, is well-positioned to meet this demand.

Cybersecurity

As cyber threats become more sophisticated, financial institutions are prioritising security above all else. They require cloud infrastructure that not only offers low-latency and scalability but also protects sensitive financial data. Beeks' partnership with BlueVoyant and our in-house cybersecurity measures give us a competitive edge in this rapidly growing area of concern.

Sustainability and Green Finance

Cloud infrastructure is increasingly seen as a tool to help financial firms meet their sustainability goals. By migrating to cloud environments, institutions can reduce their carbon footprint compared to traditional on-premise data centres. Beeks' global network of energy-efficient data centres aligns with the sustainability objectives of financial institutions, making us a valuable partner for firms focused on green finance initiatives.

Real-time Data and Analytics

In financial markets, real-time data is critical for decision-making. Cloud solutions that deliver ultra-low latency and high-performance analytics are in high demand. Beeks' infrastructure is designed to handle the real-time data needs of financial institutions, enabling clients to make quicker, more informed decisions in fast-moving markets.

Payment Modernisation

The payments industry is evolving rapidly, with new technologies like real-time payments and Central Bank Digital Currencies (CBDCs) becoming mainstream. Financial institutions need scalable cloud solutions that can adapt to these innovations. Beeks' flexible infrastructure supports the complex requirements of modern payment systems, positioning us at the forefront of this transformation.

AI in Risk Management

Artificial Intelligence is increasingly being used to manage risk and detect fraud in financial services. Institutions require cloud environments that can support complex AI models and provide the computational power needed for real-time risk analysis. Beeks offers the infrastructure to meet these growing demands, allowing financial firms to deploy AI solutions at scale.

Positioning for the Future

With an addressable market that includes over 21,000 banks and hundreds of global exchanges, Beeks is uniquely positioned to capitalise on the continued growth of cloud adoption in financial services. As the demand for real-time data processing increases, particularly for high-frequency trading and risk management, Beeks' ultra-low latency infrastructure ensures our clients remain competitive in fast-paced markets.

Our cloud solutions are also built to support the growing integration of artificial intelligence (AI) in financial services, particularly in areas such as risk management, fraud detection, and automated trading strategies. As AI adoption scales, financial institutions will rely on cloud providers like Beeks to handle the complex computational workloads required to deliver real-time insights and improve decision-making.

As more financial organisations adopt cloud-first IT strategies, there's a growing trend towards outsourcing

functions that demand hands-on infrastructure expertise, especially for performance-sensitive front-office operations. Beeks is well positioned to provide these specialised services and seize this opportunity.

As firms seek cloud solutions that address not just scalability, but also complex regulatory, security, and sustainability challenges, Beeks is ready to deliver innovative and secure infrastructure that ensures operational resilience and growth for financial institutions worldwide.

BUSINESS MODEL

#PoweredbyBeeks

For over thirteen years, Beeks has been a trusted partner for financial markets and payments, providing cloud compute and infrastructure solutions tailored to the unique demands of this fast-paced, high-stakes sector. Our mission is to deliver ultra-low latency, secure, and high-performance cloud infrastructure that optimises operations in capital markets, financial services, and payments.

Beeks is strategically positioned as the market leader in cloud solutions for financial markets and payments, offering cloud deployment options across a global network of financial data centres. Whether it's on-premise or cloud-based, we support clients in building robust, scalable cloud strategies. Our on-demand services ensure that financial firms maintain peak operational performance while lowering costs and mitigating risks.

As cloud adoption accelerates within financial services, Beeks leads the way in delivering cutting-edge infrastructure and analytics. We are one of the few companies globally that can provide a fully integrated solution that combines low-latency compute, secure connectivity, and real-time analytics to optimise the performance of financial trading environments.

Innovations and Solutions

One of our core offerings, Proximity Cloud®, is a fully configured and pre-installed physical trading environment tailored to the needs of global exchanges. This secure, private cloud solution offers a seamless and rapid deployment, reducing time to market and operational complexities for clients.

Following the success of Proximity Cloud®, we introduced Exchange Cloud®. Designed specifically for financial exchanges and Electronic Communication Networks, Exchange Cloud® is a multi-tenant iteration of Proximity Cloud®, empowering exchanges to act as cloud service providers. This solution enhances scalability, security, and compliance while enabling exchanges to offer their clients customisable, co-located cloud services.

We've also enhanced our market-leading analytics capabilities through Beeks Analytics. Our product delivers packet-level monitoring and deep insights into network traffic, helping clients to optimise their trading infrastructure. Beeks Analytics now features flexible, user-friendly dashboards powered by Grafana, offering intuitive visualisations and integration options for financial enterprises. The modularity of Beeks Analytics ensures that clients can scale the solution to fit their needs, whether it's just the VMX-Capture layer or the full analytics suite.

What We Provide

As the market leader in cloud infrastructure for financial markets and payments, Beeks offers a comprehensive range of cloud compute, private cloud, connectivity, and analytics solutions, tailored specifically to meet the demands of this fast-moving industry:

- Compute on Demand: High-performance virtual and dedicated servers, delivering ultra-low latency compute power in key financial hubs. Our infrastructure supports real-time trading, with the flexibility to scale up or down based on market demand
- Private Cloud: Through Proximity Cloud® and Exchange Cloud®, we provide secure, pre-configured environments for capital markets. These private cloud solutions enable operational resilience, enhanced security, and reduced latency, giving financial institutions the control and agility they need to respond to market shifts efficiently
- Low-Latency Connectivity: Our global connectivity services, including WAN, private networks, and cross-connects, ensure reliable, ultra-low latency connections. These are optimised for high-frequency trading and other time-sensitive financial operations, helping our clients maintain a competitive edge

- Beeks Analytics: Our real-time performance monitoring and analytics platform empowers clients with full transparency and control over their trading infrastructure. By capturing and analysing network traffic, clients can optimise performance, enhance decision-making, and improve operational efficiency

Our solutions are designed with flexibility and scalability in mind, enabling clients to manage their resources efficiently and adapt to changing market conditions. By combining industry-leading infrastructure, managed cloud services, advanced analytics, and low-latency connectivity, Beeks continues to set the standard as the trusted partner for financial institutions worldwide.

STRATEGY

At Beeks, our purpose is to deliver secure, scalable, and rapid deployment cloud solutions for financial enterprises of all sizes. Our vision is to enable our clients to operate with speed, agility, and resilience in a rapidly changing market.

Our core strategic goal is to continue expanding our customer base across public, private, and hybrid cloud deployments, along with our advanced analytics solutions. We will achieve this by continuously innovating, building on the success of our products like Proximity Cloud® and Exchange Cloud®®, and refining our offerings to meet the evolving demands of financial institutions.

To support our growth and meet increasing demand, we will continue to enhance our product development roadmap, introducing new features and capabilities that address industry challenges such as regulatory compliance, cybersecurity, and sustainability. Additionally, we aim to broaden our reach into new asset classes and geographies, leveraging the significant opportunities we have identified in these markets.

By maintaining our focus on innovation, scalability, and client success, Beeks is well-positioned to continue leading the way in cloud infrastructure for financial markets and payments.

SALES AND MARKETING

In 2024, our marketing strategy has evolved to reflect Beeks' commitment to becoming the market leader in financial markets and payments infrastructure. We've focused on strengthening our brand positioning, aligning our messaging to clearly communicate our unique value in low-latency cloud infrastructure for financial services.

Our focus this year has been on solidifying Beeks' position within both institutional and retail markets. We've enhanced our participation in high-impact industry events such as Finacle Conclave, FIA Boca, and JSE Trade Connect. These engagements have allowed us to showcase how Beeks' low-latency compute solutions address the critical needs of financial institutions, capital markets, and trading firms.

A critical part of our strategy is targeting regional markets with tailored messaging. We embarked on an Asia Roadshow, attending events such as FISD AsiaFIC and the FIX Trading Community AsiaPac Trading Summit, demonstrating our solutions to key players in growth markets. This focus on region-specific engagement supports our efforts to build stronger relationships with institutional clients and ensures our offerings are aligned with local market demands.

Looking ahead, the upcoming World Federation of Exchanges event in November is a prime opportunity for Beeks to highlight Exchange Cloud® as the go-to infrastructure solution for exchanges and trading venues. This will further bolster our brand presence, positioning us as the leader in cloud infrastructure for financial markets, while reinforcing our expertise in high-performance, low-latency solutions.

To support this strategic growth, we've placed a renewed emphasis on brand positioning and thought leadership. By focusing on low-latency technology and the critical role it plays in financial trading and payments processing, we continue to differentiate Beeks from larger cloud providers. Our memberships with STAC and FIA strengthen our standing in the industry, providing platforms to showcase our expertise and engage with key decision-makers.

As we continue to grow, our strategy is to enhance Beeks' thought leadership and brand visibility in the financial markets space. By leveraging data-driven marketing initiatives and focusing on targeted campaigns, we are well-positioned to further solidify our leadership in low-latency cloud infrastructure. This strategic focus is designed to meet the unique needs of institutional financial clients, driving growth and cementing Beeks' role as the trusted provider of cutting-edge infrastructure for financial markets and payments.

Strategic Report –Chief Executive's Review

CHIEF EXECUTIVE'S REVIEW

FY24 has been another year of strong progress for Beeks. Our impressive financial performance, driven by the conversion of our sales pipeline into significant new customer wins, represents yet another period of double-digit top and bottom line growth. Our consistent growth rate since becoming a listed business now leaves us in a more profitable and operationally cash-generative position, providing a strong basis for the continued delivery of accelerated growth.

We now have an established profile in the global financial services industry. Customers clearly recognise the value of our offering, with the benefits for the customer and their clients alike increasingly understood in the sector. The significant new contracts signed demonstrate the demand for our solutions and serves as material proof of the financial services sector shifting to cloud computing. With our increasingly established and international profile, we are confident in our ability to seize the opportunity ahead of us.

Our confidence in the ability of our Exchange Cloud® offering to transform the financial status of our business continues to grow. The contract with the Johannesburg Stock Exchange (JSE) is an example of how an Exchange Cloud® contract can rapidly expand following adoption. Since the launch with JSE in September 2023, two further expansions have been secured, due to the huge demand from JSE customers. We anticipate each Exchange Cloud® contract will materially expand over multiple years, providing a sustained runway of growth. Our sales pipeline for the offering has developed materially in the year, with several of the world's leading exchanges entering the final stages of contracting, and others at earlier points in the sales funnel.

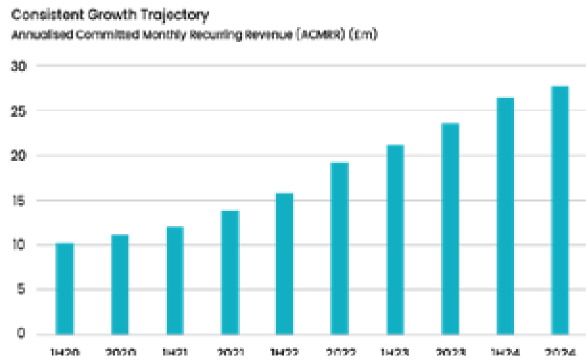
We have also continued to demonstrate a strong performance across our Private and Proximity Cloud® products, further executing against our land and expand strategy.

With our increasingly established and international profile, we are confident in our ability to seize the opportunity ahead of us.

Financial performance

Revenue in the period grew by 27% to £28.5m (2023: £22.4m), resulting in an increase in underlying EBITDA of 27% to £10.7m (2023: £8.4m). Significantly, this year we have successfully improved operating profit margins with underlying profit before tax growth of 68% to £3.9m (FY23: £2.3m), as well as a positive operational free cash flow position, with net cash increasing to £6.6m at 30 June 2024 (2023: £4.4m) notwithstanding continued investment in Beeks' product offering.

Growth was largely driven by the significant Exchange and Proximity Cloud® contracts with Tier 1 customers as Beeks continues to achieve new wins and scale with existing customers, our ACMRR growing 18% to £28.0m at 30 June 2024 (2023: £23.8m). Our customer retention remains high, and we continue to have a strong recurring revenue profile, with 84% of revenue in the year recurring (2023: 91%).



Operational Expansion

We made some key hires during the year however headcount remained broadly in line with the previous period. Headcount as at 30 June 2024 increased to 105 from 103 as at 30 June 2023, with the marginal increase representing a number of senior hires focussed on specific growth areas of the business. Senior hires included a new Head of Software Development, Head of Site Reliability Engineering and Head of APAC sales.

We now have a right sized sales team led by personnel with valuable experience in financial markets, providing confidence in ongoing momentum moving forward. We have also made a strategic senior hire with experience in AI to support the new developments in artificial intelligence within our Analytics offering, an area that has had continued focus this year.

We have continued to increase our data centre presence in the year both in existing locations and expanding in areas driven by customer demand. We will continue to evaluate new locations in line with our sales pipeline.

Product roadmap

We remain focused on evolving the functionality of our product offerings and during the year we continued to enhance our product set.

We have continued investing into the security of our products this year and were delighted to achieve the Service Organization Control 2 (SOC 2) compliance for our Proximity Cloud® and Exchange Cloud® products, as announced in March. SOC 2 compliance, the widely respected and recognised standard developed by the American Institute of Certified Public Accountants (AICPA), demonstrates Beeks' commitment to ensuring the security of customer data and strengthens Beeks' reputation as a trusted partner in the financial services sector, assuring clients that their core business functions are supported by a secure infrastructure.

In April we were also pleased to announce a strategic partnership with Securities & Trading Technology (STT), a leader in trading, clearing, and surveillance technology. This collaboration introduces a service-based solution that combines Beeks' financial cloud infrastructure with STT's trading and clearing systems to meet the evolving needs of global financial markets; streamlining operation, reducing costs, and enhancing market competitiveness by covering all aspects of exchange trading. The partnership enhances Beeks' solutions and demonstrates our dedication to innovation and value-creation for the financial markets.

This comes following continued investment into cybersecurity measures, such as the significant partnership with cybersecurity company BlueVoyant that was announced in January, enhancing Beeks' cybersecurity defences with their award-winning Managed Extended Detection and Response offering.

We have increased investment into Artificial Intelligence in the year. We believe that the latency and client experience insights that our analytics product provides can become an essential part of the capital markets front-office trading workflow. The open architecture and transparent commercial model of Beeks Analytics offers us a unique position to exploit this opportunity. During the year we implemented the next version of AI capability. Our Analytics product serves as an additional revenue stream as it is a stand-alone supplementary software that customers can access.

Sales and Marketing

Having made strategic hires during the year, gaining senior personnel with extensive industry experience and connections to enhance our sales and marketing strategies, we feel confident in our ability to delivering on our growth opportunity, particularly on scaling Exchange Cloud® to reach new customers.

Our professional memberships serve as a valuable platform for Beeks to engage and establish connections with industry experts. These connections can potentially result in business opportunities, partnerships, and collaborations as well as offer access to valuable competitor insights. Furthermore, they set us apart from large-scale cloud service providers.

Customers

Beeks continues to support a diverse clientele, including banks, brokers, hedge funds, cryptocurrency traders and exchanges as well as insurance companies, financial technology firms, payment providers, and Independent Software Vendors (ISVs).

During the year we made material leaps in our sales pipeline for Exchange Cloud®, a multi-home, fully configured and pre-installed physical trading environment fully optimised for global exchanges to offer cloud solutions to their end users. Significant Exchange Cloud® wins include:

- The launch of the Johannesburg Stock Exchange's (JSE) Colo 2.0 offering in September 2023, providing JSE customers with leading edge innovative hosting and connectivity solutions
- Significant extension of the JSE contract, announced in March, to meet stronger than anticipated customer demand for the solution, with the contract expanded again in August 2024, post period end, to a second data centre location, to meet the needs of large banks' regulatory requirements for dual location disaster recovery
- Post-period multi-year Exchange Cloud® contract with one of the largest exchange groups globally received regulatory approval, as announced in February. Beeks remains under an NDA with the exchange until the product's launch, which remains on track

We have also continued to demonstrate a strong performance across our Private and Proximity Cloud® products, further executing against our land and expand strategy.

Notable wins during the year include:

- Private Cloud Contracts to a value of $4 million (c£3 million) signed in July, including a significant win, via a partner, with one of the UK's largest banks
- $1.3 million (c£1 million) Proximity Cloud® contract win with a Tier 1 investment manager, announced in November. Subsequent expansion of this initial $1.3 million (c£1 million) Proximity Cloud® contract to a value of $3.6 million (c£2.7 million) in aggregate over a five-year period, as announced in February
- £5 million contract with one of the world's largest banks, announced in March

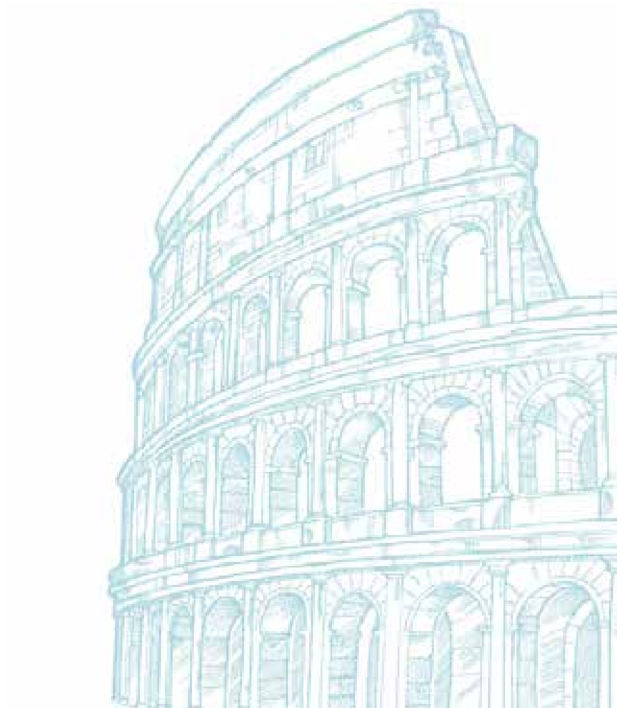
As demonstrated in the year, there is considerable potential for further expansion with existing customers across each of our product offerings. We have made strong progress with our Land and Expand strategy, with these extensions driving additional revenue from deals that grow in size since being signed.

Future Growth and Outlook

Looking ahead, we see a significant opportunity to scale with Exchange Cloud®. Our sales pipeline for the offering has developed materially in the year, with several of the world's leading exchanges entering the final stages of contracting, and others at earlier points in the sales funnel.

We remain in a very strong position to continue our growth trajectory, boosted by high levels of recurring revenue, an established, international reputation and a significant market opportunity. Even at this early stage of the year, we are confident in our ability to achieve results for FY25 in line with the Board's expectations.

Gordon McArthur
CEO
4 October 2024



Strategic Report –financial Review

KEY PERFORMANCE INDICATOR REVIEW

	FY24	FY23	Growth
Revenue[1] (£m)	£28.49	£22.36	27%
ACMRR[2] (£m)	£28.00	£23.80	18%
Gross Profit (£m)	£11.34	£9.12	24%
Gross Profit margin[3]	39.8%	40.8%	(1%)
Underlying EBITDA[4] (£m)	£10.73	£8.42	27%
Underlying EBITDA margin[5]	37.7%	37.7%	-
Underlying Profit before tax[6] (£m)	£3.90	£2.32	68%
Underlying Profit before tax margin[7]	13.7%	10.4%	3.3%
Profit / (loss) before tax (£m)	£1.46	(£0.65)	325%
Underlying EPS[8] (pence)	£7.01	£4.31	63%

[1]Revenue excludes grant income and rental income

[2]ACMRR is Annualised Committed Monthly Recurring Revenue

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

[4]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

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

[6]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

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

[8]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

I am pleased to report on another year of strong financial performance, with good revenue growth reflecting a positive response by both new and existing customers to our growing cloud offering. Recurring revenues remain high as a % of revenue, with high customer retention across our portfolio. Steady margins, high levels of recurring revenues, strong cash generation and a well-funded balance sheet provides us a solid foundation as we look to the year ahead.

REVENUE

FY24 was another good year in terms of revenue growth. Group revenues grew by 27% to £28.5m (2023: £22.4m) driven by both Proximity, Exchange Cloud® as well as our core Private Cloud offering across both existing and new customers. It has been pleasing to see growth within both these areas. Proximity and Exchange Cloud® revenues grew by £3.0m and Private Cloud grew by £3.1m when compared to FY23. Refer to note 3 for a further breakdown of the Group's revenues. 84% of revenues (2023: 91%) were recurring with Tier 1 customers now representing 58% of delivered revenue (2023: 45%) and a high proportion of our recurring revenue on multi-year contracts. Historically we have always had high percentage levels of recurring revenue. The different revenue recognition principles of Proximity and Exchange Cloud®, where a significant proportion is recognised upfront, will mean more fluctuations in our percentage of recurring revenue each year depending on the mix of Private/Public/Proximity and Exchange Cloud® sales. It is pleasing to see another strong year of growth in contracted recurring revenue as represented by our ACMRR growth of 18% to £28.0m (2023: £23.8m).

GROSS PROFIT

Statutory gross profit earned, which is calculated by deducting from revenue variable cost of sales such as data centre costs, software licencing, connectivity charges and depreciation and amortisation on our server estate and internally developed software, increased 24% to £11.3m (2023: £9.1m), with gross margin relatively stable, albeit reduced by one percent due largely to increased software licencing costs. These additional licencing costs are not expected to recur into FY25 as we have transitioned our server licence estate from VMWare to OpenNebula which has a lower software licencing charge. The investment in both Proximity Cloud® and Exchange Cloud® including Analytics during the year has continued as we seek to enhance the customer experience. We have incurred internal gross capitalised development costs at a similar level to the previous year of £2.8m (2023: £2.9m). This is largely made up of our internal software team which is now well established.

With a strong pipeline of Proximity and Exchange Cloud® deals and with investment expected to be at a lower quantum when compared to sales growth, we anticipate gross margins to increase as these deals are converted into FY25.

UNDERLYING ADMINISTRATIVE EXPENSES

Underlying administrative expenses, which are defined as administrative expenses less share based payments and non-recurring costs, have increased by 5% from £7.0m to £7.4m primarily as a result of increases in staff costs. In line with our strategy, we maintained similar staffing levels from FY23 with an average headcount of 105 throughout the year (2023: 103) therefore these costs are largely as a result of inflationary pay increases. Other overhead costs have remained relatively flat during the year as we have worked hard to maintain margins. Hires will continue to be made in value add areas but we anticipate the trend of incremental headcount increases in support areas moving forward as deals are converted and we look to deliver better operating margins.

UNDERLYING EBITDA

Earnings before interest, tax, depreciation, amortisation and exceptional non-recurring costs ("Underlying EBITDA") increased by 27% to £10.7m (2023: £8.4m). 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, grant income and unrealised exchange rate gains and losses.

Underlying Profit before tax** increased to £3.9m (2023: £2.3m) as a result of the changes in the key financial metrics discussed on page 16.

Statutory Profit before tax increased to a profit of £1.5m (2023: Loss of £0.7m). The other reconciling differences are shown on the table following:

	YEAR ENDED 30 JUNE 2024	YEAR ENDED 30 JUNE 2023
	£'000	£'000
Statutory (Loss) / Profit Before Tax	1,459	(650)
Add back:		
Share Based Payments	2,326	2,291
Other Non-recurring costs*	29	136
Amortisation of acquired intangibles	304	489
Deduct:		
Grant Income	(275)	(267)
Exchange rate gains on intercompany translation	60	325
Underlying Profit before tax for the year	3,903	2,324

	YEAR ENDED 30 JUNE 2024	YEAR ENDED 30 JUNE 2023
	£'000	£'000
EBITDA**	10,940	8,362
Deduct:		
Grant Income	(275)	(267)
Exchange rate losses on intercompany translation	60	325
Underlying EBITDA	10,725	8,420

*Other non-recurring costs in the year relates exceptional costs in relation to one off staff termination payments, and other one off property costs. Prior year non-recurring costs were incurred due to refinancing and one off property costs. All of these costs are not expected to recur and are therefore disclosed separately to trading results

**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

***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 (50.3%), (2023: 86.3%).

The overall effective tax rate has benefitted from the UK Super-deduction on plant and machinery assets, deferred tax on share options and prior year adjustments for R&D claims.

See tax notes 9 and 12 for further details.

EARNINGS PER SHARE

Underlying earnings per share increased 63% to 7.01p (2023: 4.31p). Underlying diluted earnings per share increased to 6.36p (2023: 3.96p). The increase in underlying EPS is largely as a result of the increased underlying profitability in FY24. See note 24 for further details.

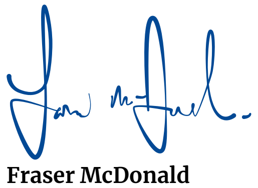
Basic earnings per share increased to 3.33p (2023: loss per share of 0.14p). The increase in basic EPS is as a result of the statutory profit in the period. Diluted earnings per share has also increased to 3.11p (2023: loss per share 0.13p)

STATEMENT OF FINANCIAL POSITION AND CASH FLOWS

The statement of financial position shows an increase in total assets to £49.5m (2023: £47.4m) with operating cash flows before movement in working capital during the year increased by 23% to £11.0m (2023. £9.0m). Our strategy is to always 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 spent to satisfy the growing pipeline demand for the year ahead. Investment in property, plant and equipment, hardware and infrastructure was again significant with £3.6m (2023: £4.1m) 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. We hold a stock supply of circa £1.5m in IT infrastructure which is capable of delivering against the immediate FY25 sales pipeline. As global supply chain issues are easing, we will not require these levels of stock which should assist working capital requirements going forward.

During the year we took advantage of preferential pricing with a supplier with additional borrowings via asset finance of £0.2m We repaid total debt of £1.8m against our borrowing facilities. Our net cash at the end of the year is £6.6m (30 June 2023: net cash £4.4m) and gross borrowings at £1.1m remain at 0.1x Underlying EBITDA of £10.7m which we believe is a very comfortable level of debt to carry given the recurring revenue business model and strong cash generation. We note the increases to the cost of borrowing and will look to maintain or reduce our interest rate cover as we move forward.

At 30 June 2024 net assets were £37.5m compared to net assets of £32.8m at 30 June 2023.



Fraser McDonald
Chief Financial Officer
4 October 2024

Strategic Report –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. Volatility in energy prices and supply chain are still monitored by the Board, although no longer considered to be principal risks.

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. Due to the nature of our services for clients in financial services, the most significant threats come from supply chain attacks, ransomware, and Distributed Denial of Service (DDoS). The Chief Information Security Officer (CISO) is accountable for the security control framework and risk mitigation strategies. The strategic partnership with BlueVoyant has continued to evolve providing Managed Extended Detection and Response (MXDR) and incident response services underpinned by the 24x7 Security Operations Centre (SOC)
- Investment and implementation of new layered security defences & mitigations including; Privileged Access Management (PAM), External Attack Surface Management (EASM), and the Security Awareness Training Platform
- Continued enhancements to DDoS protection infrastructure, mitigating against larger traffic volumes and identification of new attack techniques
- Extensive penetration testing of the Beeks infrastructure and services carried out by a trusted 3rd party provider
- Further commitment to the security assurance programme by obtaining ISO 22301 certification and completing a SOC 2 Type 1 report
  Furthermore, maintained compliance with standards and regulations such as ISO/IEC 27001, GDPR , NIST Cyber Security Framework (CSF) and Center for Internet Security (CIS)

b. Key systems failure, disruption and interruption

Any degradation or interruption to Beeks systems and services exposes the Group to risk in its position as a Cloud hosting provider to the financial sector. 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:

- Loss of data centre facilities such as power
- Interruption to telecommunication or other third party services
- Natural disasters
- Operating system issues, software failures or viruses
- Acts of war or terrorism

The technical teams and management at Beeks make operational stability and performance the highest priority and as a result, regular continuous improvement to systems and process are made. Examples that assist in mitigation of the risks are:

- Introduction of a Site Reliability Engineering (SRE) function whose primary focus is achieving the highest levels of reliability for our products and services for clients
- Continuous improvement of monitoring tailored to our systems, services and client base
- Upgrade and enhancement of internal network and compute infrastructure to improve stability and resilience

- Board Level focus on business risks and mitigations with follow-up actions identified and reported against

c. Actions of third parties and suppliers

Any disruption to Beeks relationship with third-party suppliers such as Data centres, internet providers and trading venues could be detrimental to the future business, operating results and/or profitability of the Group. This risk is being mitigated by:

- A thorough SOC2 compliant supplier on boarding procedure to ensure suppliers are fit for purpose and have in place appropriate practices and accreditations to mitigate risk
- Regular key supplier management meetings to ensure healthy ongoing relationship and to identify and resolve any potential issues
- Reviewing the performance of key suppliers and considering alternative options available in the market place. This reduces the risk of supply chain and service affecting issues by forging closer relationships and better understanding of our requirements and working practices
- 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

d. Other Operational risks

Management of unexpected peaks or troughs in client demand for delivery of Beeks systems services and ensuring that the appropriate levels of resource are in place to maintain quality remains as the highest operational risk. 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 33 to 41 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 at the core of our success and we continue our ongoing commitment to enhance their wellbeing and development, which remains at the heart of our strategy for success. Prioritising the well-being of our employees by offering competitive benefits, continuous learning opportunities, and a supportive work environment that champions diversity and inclusion. We prioritise our employee's well-being continuously offering a suite of on-site benefits for our teams to enjoy which includes access to the fully equipped gym, our own personal trainer and in-house yoga instructor as well as weekly relaxation or sports therapy sessions. For more recreational fun we also have the Beeks pool table, various comfortable break-out areas and our very own Beeks Bar. This is in addition to an excellent private medical insurance policy which now includes generous dental cover and access to annual full medical health checks.

In addition, and as part of commitment to creating the best employee experience for our team, we rolled out our Electric Car Scheme where our employees can benefit from saving up to 60% on a new electric car while supporting our company's sustainability journey. 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 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.

c. The Group remains committed to building and strengthening relationships with key suppliers, customers, and industry innovators. Regular engagement allows us to review operations, explore new opportunities, and ensure we are aligned with the needs of the financial markets.

This year, we prioritised key geographic regions through targeted roadshows and technical industry events. Our Asia-Pacific roadshow took us to key financial hubs like Hong Kong, Singapore, and Malaysia, where we met with leading industry players to discuss infrastructure optimisation and trading solutions. In the Americas, we hosted a roadshow in New York, engaging with tier-1 banks and exchanges to explore cloud computing strategies and the future of trading infrastructure.

We also took part in the ITRS Executive Roundtable dinner in Sydney, which brought together senior leaders for in-depth discussions on the future of financial services technology. This exclusive event strengthened our connections in the region and highlighted our commitment to fostering collaborative solutions.

Additionally, our participation in highly technical events such as the STAC Summits in New York, Chicago, Singapore and London enabled us to dive deep into discussions around benchmarking and performance standards. These summits are critical for connecting with the right audience in the capital markets space.

Other notable events included FIA Boca, JSE Trade Connect in Johannesburg, FIX Asia Pacific Trading Summit and FISD forums in Singapore. Senior leaders from Product Development, Sales, and Operations were actively involved, driving key conversations around low-latency trading and cloud solutions.

We also continue to maintain strong relationships with our strategic suppliers, ensuring operational efficiency and securing favourable terms for the business.

For further details on supplier engagement, please refer to the Directors' report on pages 26 to 28.

d. The impact of the Group's operations on the community and the environment: the impact on both the community and the environment is factored 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.

e. As referred to earlier in this report, under ESG, training and development has also been high on the people agenda with investment being made for upskilling existing employees in their relevant fields and adopting a global training plan to carve our clearer career paths across the organisation.

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 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 eleven 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.

The strategic report on pages 10 to 22 has been approved by the board and signed on its behalf by:

Gordon McArthur

Gordon McArthur, CEO
4 October 2024

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. The Board discussed the significant opportunity within the proximity and Exchange Cloud® pipeline whilst acknowledging the elongated sales cycle due to the size and complexity of these organisations.	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, security, product development 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. The Board discussed the implications of the revenue recognition of Exchange Cloud® when discussing contract nuances such as hardware ownership term and enforceable rights.	Shareholders, Employees, Customers, Suppliers, Environment
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. The Group has achieved certification in ISO 9001, ISO 14001, and ISO 22301 including maintaining compliance with ISO 27001. SOC 2 Type 1 compliance was also achieved for the Proximity Cloud® and Exchange Cloud® products. Risk control documents are presented at Board meetings on the Group's key risks which include an updated assessment of controls and mitigation actions required in respect of each out of appetite risk. During the year the Board discussed at length the cyber security threats and the associated risk mitigation strategies. The Board remains committed to invest in the cyber security strategy to enhance the overall maturity. The board authorised the establishment of two new boards/committees during the year: the Technical Board, which concentrates on the aligning the strategic technology roadmap with organisational objectives, and the Engineering Assurance Committee, which is focused on reviewing material engineering changes and associated investment requests. As noted in the Chief Executive Officer's review on page 13, Principal Risks and Uncertainties on page 20 and the Corporate Governance report on page 33, the Board has formally considered the risk mitigating measures as a result of Global Supply chain issues through the use of alternative suppliers and 3rd party carriers to minimise potential impact.	Shareholders, Employees, Customers, Suppliers, Environment

BOARD OF DIRECTORS

MARK CUBITT

NON-EXECUTIVE CHAIRMAN
AGE 61

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 also currently non-executive chairman of AIM listed Concurrent Technologies plc. 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 was a Chartered Accountant and remains 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 48

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 50

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.

KEVIN COVINGTON

NON-EXECUTIVE DIRECTOR
AGE 65

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.

WILLIAM MELDRUM

NON-EXECUTIVE DIRECTOR
AGE 56

Will is a partner at Longview Innovation, a US based venture capital firm, and a management consultant. Previously he was 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 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.

DIRECTOR'S REPORT

RESULTS

The Group's audited financial statements for the year ended 30 June 2024 are set out on pages 57 to 97. The Group's profit for the year after tax amounted to £2.2m (2023: loss after tax £0.10m).

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 23.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on pages 24 and 25 and the Directors who served during the year are listed on page 24. 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:

	2024		2023	
	SHARES	OPTIONS	SHARES	OPTIONS
Gordon McArthur	21,653,440	-	24,593,440	-
Mark Cubitt	70,707	-	70,707	-
William Meldrum	41,450	-	41,450	-
Fraser McDonald	-	719,742	44,118	909,742

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, asset financing, 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 16 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 limited 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 16 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 23 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 16 to 19.

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 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 levels of cash reserves including further financing facilities available . At the end of the financial year, the Group had net cash of £6.6m (2023: £4.4m) 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 sufficiently diverse portfolio of customers and suppliers with long-term contracts 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 2025, and associated risks including the risk of climate change and the impact on our data centre estate, useful economic life of assets, and the availability of bank and leasing facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities in respect of profitability and associated cash flow generation and are confident we have the resources to meet our liabilities as they fall due.

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 41.

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

The 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom 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;
- 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor and disclosure of information to auditor

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

AUDITOR

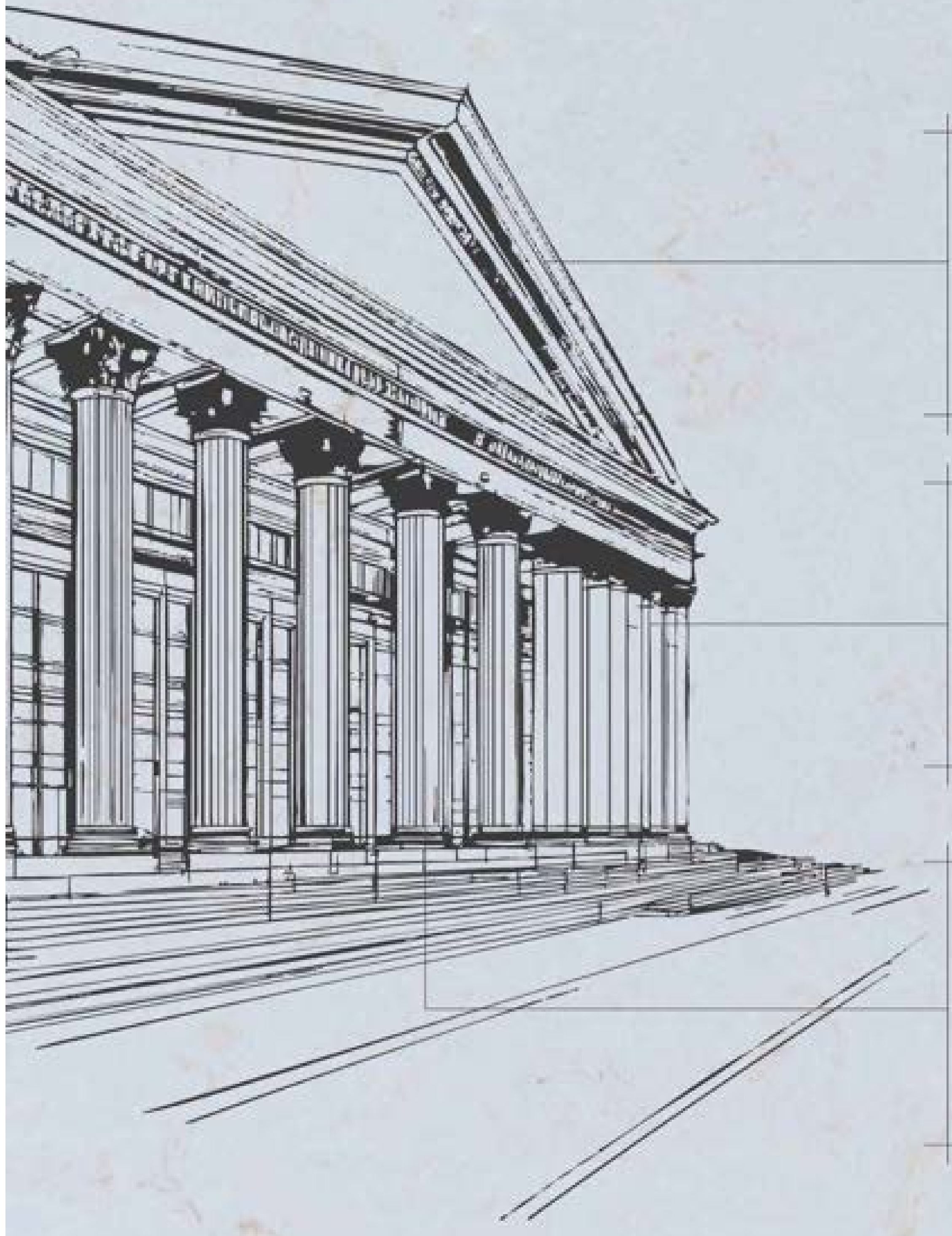
Haysmacintyre LLP were appointed auditors on the 22 March 2024 following a thorough tender process overseen by the Company's Board Audit Committee and will be confirmed in a vote of shareholders at the Company's next Annual General Meeting.

By order of the Board.

Fraser McDonald
Chief Financial Officer
4 October 2024

THE PILLARS OF FINANCIAL INFRASTRUCTURE

Drawing on the strength of the Roman-inspired architecture that has come to symbolise financial institutions worldwide, Beeks has developed its own enduring infrastructure for capital markets. Like the timeless columns supporting the world's most iconic trading houses, Beeks's purpose-built network provides the resilience, integrity, and power needed to drive the future of global finance.



TRUST AND INTEGRITY

Built with a commitment to security and compliance, Beeks's infrastructure supports the operational integrity essential for financial institutions, delivering trusted solutions across global markets.

WISDOM AND TRADITION

With over 13 years of exclusive focus on financial markets, Beeks combines deep industry knowledge with forward-looking innovation, creating solutions that are ready to meet tomorrow's challenges.

STRENGTH AND STABILITY

Engineered for performance and reliability, BeeksOs global network is designed to withstand the demands of modern trading, empowering institutions with the stability to adapt and grow.

Report on Remuneration

DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2024

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2024 which sets out our Directors' Remuneration policy and provides details of amounts earned by Directors in respect of the year ended 30 June 2024.

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 once and has granted options over ordinary shares in the company to some senior management, including an executive director, 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.

DIRECTORS' REMUNERATION

	BASIC SALARY	BENEFIT IN KIND	TOTAL	PENSION
	£'000	£'000	£'000	£'000
2023				
Executive Directors				
Gordon McArthur	63	1	64	5
Fraser McDonald	125	1	126	9
Non-executive Directors				
Mark Cubitt	35	–	35	–
William Meldrum	35	–	35	–
Kevin Covington	35	–	35	–
TOTAL	293	2	295	14
2024				
Executive Directors				
Gordon McArthur	100	2	102	10
Fraser McDonald	125	2	127	12
Non-executive Directors				
Mark Cubitt	35	–	35	–
William Meldrum	35	–	35	–
Kevin Covington	35	–	35	–
TOTAL	330	4	334	22

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 a director) 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:

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 30	0.00125
Fraser McDonald	26 Nov 21	195,000	26 Nov 24	26 Nov 31	0.00125
Fraser McDonald	2 Dec 22	70,000	2 Dec 25	2 Dec 32	0.00125
Fraser McDonald	20 Nov 23	50,000	20 Nov 26	20 Nov 33	0.00125

During the year ended 30 June 2024, share options exercised by the Director, Fraser McDonald are shown below:

Fraser McDonald		240,000			0.00125

The aggregate amount of gains realised by Directors, who served during the year, on the exercise of share options during the year was £388,000 (2023: £nil).

For the year ended 30 June 2024, 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 2024.

DIRECTORS' SHARE INTERESTS

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

Mark Cubitt
Chairman of the Remuneration Committee
4 October 2024

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:

- 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
- Colocation for customers to position their own computing power in our space, benefitting from our proximity to financial hubs
- In-house security software 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 hyperscalers
- 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 offers comprehensive monitoring and performance analysis to allow users to independently track and analyse real-time performance of every single price, quote or trade traversing business critical processes.

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 pages 10 to 23.

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.

PRINCIPLE 3: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIRIMPLICATIONS 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. As referenced within the Section 172(1) statement on page 21, the Group has taken number of actions to enhance the wellbeing and development of its employees. 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
- 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. The operational framework has developed during the year to enhance the Group's cyber security function as referenced throughout this report

More information on the Group's principal risks and internal control procedures are set out on pages 20 to 23.

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

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

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

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 2024, 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 10 times in the year ended 30 June 2024. The attendance of each director is shown on page 38.

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 2024 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 24 and 25. The Board is satisfied with the balance between Executive and Non-Executive Directors. The Board considers that its composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between Executive and Non-Executive Directors.

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

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

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

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

Board committees

The Board has established two committees to deal with specific aspects of the Board's responsibilities: the Audit Committee and the Nomination and Remuneration Committee. The Report of the Audit Committee can be found on pages 42 to 52. 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 two 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 December 2024.

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

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

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

The 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
- 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, security, sales & marketing, human resources 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 including an employee handbook that sets out details and guidelines on the culture of the Company and how this should be reflected in employees' individual conduct.

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

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

Board programme

The Board is scheduled to meet ten times each year in accordance with its scheduled meeting calendar, with additional meetings scheduled where necessary. The Group has a highly committed and experienced Board and is supported by qualified executive and senior management teams.

Board meetings held during the period under review and the attendance of directors is summarised below:

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

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against 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 2024, 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.

	BOARD MEETINGS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	Possible	Attended	Possible	Attended	Possible	Attended
Executive Directors						
Gordon McArthur	10	10	2	2	1	1
Fraser McDonald	10	10	2	2	1	1
Independent Non-executive Directors						
Mark Cubitt	10	10	2	2	1	1
William Meldrum	10	10	2	2	1	1
Kevin Covington	10	10	2	2	1	1

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. These committees are represented by the chairman and the other two non-executive directors. Board members not part of the Audit, Remuneration and Nominations committee are invited to join where it is considered to be appropriate. 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. Attendance at these committees is referenced in the Board Programme table above.

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 broker provides briefings on shareholder opinion and compile independent feedback from investor meetings. Information offered at the analysts' meetings together with financial press releases are available on the Company's website, www.beeksgroup.com.

The Annual General Meeting is used by the Directors to communicate with both institutional and private investors. Every shareholder will have access to a full annual report each year end and an interim report at the half year end.

Care is taken to ensure that any price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements. The Company strives to give a full, timely and realistic assessment of its business in all price-sensitive reports and presentations.

Environmental, Social, Governance

At Beeks, we are committed to building a sustainable and equitable future. We recognise that we have a responsibility to involves contributing positively to society and minimising our environmental impact where we can.

Environmental Responsibility

We are dedicated to reducing our carbon footprint and promoting environmental sustainability. Our initiatives include:

- Energy Efficiency: Implementing energy-efficient practices in our operations, including the use of renewable energy sources in our offices and adopting an electric car scheme available to all staff
- Sustainable Products: Developing digital products that reduce the need for paper-based transactions, thereby minimising waste and resource consumption
- Supply Chain Management: Partnering with vendors and suppliers who adhere to environmental best practices, ensuring that our supply chain is as sustainable as possible

Social Responsibility

Our commitment to social responsibility is reflected in our efforts to create positive social impact and foster an inclusive, diverse, and equitable environment. We are proud of the non-corporate culture we have created and which continues to attract and retain some of the best talent there is working in Glasgow, London, the US and remote workers on a global scale.

Our key areas of focus include:

Employee Wellbeing

We prioritise our employee's well-being continuously offering a suite of on-site benefits for our teams to enjoy which includes access to the fully equipped gym, our own personal trainer and in-house yoga instructor as well as weekly relaxation or sports therapy sessions. For more recreational fun we also have the Beeks pool table.

Positive Workplace Culture

Our unrivalled wellbeing offering contributions to the culture that Beeks are fostering. It is critical that we position ourselves in the market as a company different to the rest with our aggressive growth targets but a non-corporate working environment where people are happy to come to work.

Employee Benefits and Reward

As we continue to expand, so too does our benefits and rewards strategy. We continue to add to our suite of benefits and this year have enhanced our private healthcare offerings for all employees to expand the level of cover as well as including dental care.

In addition, and as part of commitment to creating the best employee experience for our team, we rolled out our Electric Car Scheme where our employees can benefit from saving up to 60% on a new electric car while supporting our company's sustainability journey.

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.

Recruitment, Tenure and Vacancies

The Company had another busy year increasing our headcount with particular investment in our technical teams including hiring new Network Engineer Graduates from Glasgow Caledonian University and ending the year with a headcount of 108 employees.

Succession planning has been a key initiative throughout the year with 11 internal promotions happening and career paths in place for many more over the coming months. Training and Development has also been high on the people agenda with investment being made for upskilling existing employees in their relevant fields and adopting a global training plan to carve our clearer career paths across the organisation. Earlier in the year our Head of HR & Talent Management graduated with her MSc. in Employment Law which was sponsored by Beeks and we are also supporting one of our Project Managers through her Business Management BA (hons).

This has seen us close the year on an impressive rolling retention rate of 94% and a turnover rate of 14% (the average turnover in the UK is 34%).

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. To raise additional awareness, this has been bolstered with the roll-out of compulsory compliance training in this area for the entire organisation to raise awareness.

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.

Supply Chain

At Beeks, we believe that the key to success is building strong relationships with our suppliers and customers. Our teams are dedicated in forging open and regular channels of communication with customers to ensure we meet their requirements and deliver the highest quality customer service. Our 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.

Beeks are aware that a shared commitment to the values of ESG is compelling market players to establish partnerships to deliver workable and sustainable financial systems. As an example, our partnership with IPC facilitates the delivery of accessible, cloud-based solutions that turbo-charge market participants' business. We mindfully work with 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' latest dedicated server hosting solution, Exchange 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. Beeks has plans to undergo an internal assessment for ESG in the near future. At present, Beeks commits to procuring energy from renewable sources whenever feasible and is increasing renewable energy sourcing by 2% each year.

Co-locating in data centres owned by large data centre providers, Beeks and our customers also benefit from their Corporate Sustainability Programme, ensuring reduced power consumption and heightened energy efficiency for cooling and lighting across the whole site. By offering co-location in 32 locations, Beeks leverages the sustainable innovation these providers offer and assists in the worldwide goal to reach 100% renewable

energy by 2030 by reducing operational emissions and moving towards a zero-carbon energy grid.

Every ESG-sensitive operation would benefit from in-depth monitoring, fine-tuning and improving their existing infrastructure over acquiring new equipment. Beeks' technology has developed on-premise and cloud-based Analytics as a Service enabling businesses to get more granular insight into how their networks are performing, and how to optimise their existing stacks within Data Centres and in the Cloud. Beeks' business model will now enable firms to enter into shorter commitments than the typical demand from on-premise data centres. Beeks' Infrastructure as a Service (IaaS) also removes the necessity for additional hardware, resulting in reduced capital expenditures, more environmentally friendly co-location options, and faster, cost-efficient expansion into global, diverse, and inclusive markets. Beeks is now equipped to assist our customers with their ESG audits, providing clients such as Form3 with energy footprint calculations and support on fuel consumption for generator testing.

As part of our efforts to improve our environmental impact, and educate our people on how they can help, we have also rolled out compulsory ISO 14001 compliant training which now also forms part of our onboarding process. This training goes hand in hand with our newly established ISO 14001 accreditation.

In addition, the introduction of the employee Electric Car Scheme, Beeks is integrating a workforce that is more environmentally conscious. By educating employees of the financial benefits such as saving on National Insurance and Income Tax, and environmental benefits, Beeks can actively contribute to a reduction in our carbon footprint, resulting in fewer emissions, reduced noise pollution, and improved air quality.

Local Community and ESG Initiatives

We continue our commitment to hiring locally, proud to attract and retain the best talent in our head office, working hybrid hours. Our graduate programme continues to grow, with new Graduate Network Engineers joining our team this year. We also welcomed two software engineering interns from the University of Glasgow and the University of Strathclyde, further investing in the development of future talent.

In 2023/24, we've expanded our charitable activities and local sponsorships, focusing on grassroots sports, all Powered by Beeks. This year, we proudly sponsor Inverclyde Amateur Swimming Club, Kilsyth Athletic, Mosi Rovers in South Africa, Ashbourne Aztecs Junior Football Club, Bridge of Weir United, and Mixed Martial Arts competitor Robert McVitie. Through these partnerships, we support local communities, encouraging teamwork, physical activity, and personal development.

This focus on grassroots sports is an important part of our wider ESG strategy. By helping young athletes and community sports teams, we aim to promote well-being and provide opportunities for people to thrive.

Looking ahead, as we expand globally, we will continue to give back to local communities through initiatives like these. Whether through sports sponsorships or charitable support, we're committed to ensuring that every new region we enter benefits from our presence, with communities always Powered by Beeks.

By order of the Board.

Mark Cubitt
Chairman
4 October 2024

Report of the Audit Committee

COMMITTEE ACTIVITIES IN THE FINANCIAL YEAR ENDING 30 JUNE 2024

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 38. Board members not part of these committees are invited to attend meetings as and when it is deemed appropriate.

The Committee met two times in relation to the financial year ended 30 June 2024, one meeting was post year end, with the second 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 the annual financial statements, the audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach to be adopted by the Auditor to address and conclude upon key estimates and other key audit areas, the basis on which the Auditor assesses materiality, the terms of engagement for the Auditor and an on-going assessment of the impact of future accounting developments for the Group
- Considered the Annual Report and Accounts in the context of being fair, balanced and understandable
- Considered the effectiveness and independence of the external audit
- Review the enhanced audit report

Significant areas considered by the Audit Committee in relation to the 2024 financial statements are set out below:

AREAS OF ESTIMATES	MATTER CONSIDERED AND ROLE OF THE COMMITTEE
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 specifically in relation to the proximity and Exchange Cloud® contracts in the year and the nuances within these contracts. The committee critically assessed the principles, assumptions, judgements and estimates applied by management to identify and allocate amounts to each performance obligation.
Capitalisation of intangibles	As the evolvement and development of proximity/Exchange Cloud® and analytics products continued in the year to 30th June 2024, the committee assessed the appropriateness of capitalisation of these intangibles in line with how the relevant criteria have been met and how management have applied judgement. The committee critically assessed the inputs and resultant costs capitalised in line with the relevant accounting standard, as well as the appropriateness of the cut off points in which amortisation commenced.
Hive-up/across of trade and assets of Velocimetrics Limited and Velocimetrics Inc	On the 31 December 2023 the group completed the Hive-up of VMX Inc into VMX Ltd, and the subsequent hive across of VMX Ltd into Beeks Financial Cloud Limited. The committee critically assessed the impact to Beeks Financial Cloud Limited and considered the calculations supporting the transfers of assets and liabilities. The committee reviewed the supporting papers prepared by management and third parties and considered the judgements taken on the accounting treatment used and the tax advice sought on the transfer of trading losses.
Recoverability of Deferred Tax Asset	The committee considered the appropriateness to recognise the deferred tax asset in the year, specifically assessing managements judgment to identify if there is sufficient forecastable future taxable profits to utilise the deferred tax asset on carried forward losses.

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, Haysmacintyre LLP, was appointed Auditor on 22 March 2024.

AUDIT AND NON-AUDIT FEES

The Committee approves all non-audit work commissioned from the external auditors. During the year the fees payable for the current year audit to the Auditor were £79,000 for the Group and £70,000 for the subsidiary audit. There were no fees paid to the Auditor for non-audit fees (2023: £20,250 paid to the previous Auditor for assurance related 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 QCA Corporate Governance Code, the requirements of the AIM Rules for Companies and 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
4 October 2024

Independent Auditor's Report to the members of Beeks Financial Cloud Group PLC

OPINION

We have audited the financial statements of Beeks Financial Cloud Group plc (the 'Company') and its subsidiaries (together the 'Group') for the year ended 30 June 2024 which comprise:

GROUP	COMPANY
• the Consolidated Statement of Comprehensive Income	• the Company Statement of Changes In Equity;
• the Consolidated Statement of Changes in Equity;	• the Company Statement of Financial Position;
• the Consolidated Statement of Financial Position;	• and related notes to the financial statements
• the Consolidated Statement of Cash flows;	
• and related notes to the financial statements including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2024 and of the Group's profit for the period then ended
- have been properly prepared in accordance with United Kingdom adopted international accounting standards IFRS
- have been prepared in accordance with the requirements of the Companies Act 2006

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, 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.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit scope covered all the Group's components, with varying levels of testing based upon the significance of each component. We performed a scoping assessment of the Group at the planning stage of the audit and subsequently updated this assessment for the year-end figures. We assessed the risk of material misstatement for each of the components and determined their significance based on the overall impact to the Group financial statements. This was performed as a result of there being only one subsidiary of the Group which has a signed statutory audit report, by taking into account the balances in each component which related to the significant risks as determined in our risk assessment, as well as any other balances determined to be significant when compared to the Group financial statements.

Subsidiaries with >10% of the Group balance for an area of significant risk were selected for testing, as well as balances with >35% impact on a line within the financial statements. We also assessed each group entity in relation to the risk of management override of controls. At 30 June 2024, the Company and Beeks Financial Cloud Limited were deemed to be the significant components of the Group. Velocimetrics Limited and Beeks FX VPS USA Inc were considered to be material components and therefore subject to specific procedures following our scoping assessment. The remaining entities were deemed insignificant to the audit of the Group financial statements based on the above metrics and therefore, the audit work on these components has been limited to analytical review and verification of bank balances to third-party confirmation, where considered appropriate. The audits of the Group and Company, as well as the audit procedures carried out on entities not subject to statutory audit being both overseas and United Kingdom subsidiaries were carried out by the Group engagement team.

We communicated with both the Directors and the Audit Committee our planned audit work via our audit planning report and relevant discussions throughout the audit process. We have communicated any issues to the Audit Committee and the Directors in our final audit findings report.

CONCLUSIONS RELATING TO GOING CONCERN

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.

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included consideration of the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the period 12 months from the date of the signing of the financial statements.

The risks that we considered most likely to affect the Group's financial resources or ability to continue operations over this period were adverse circumstances impacting timely conversion of contract assets and trade receivables to cash, growth in revenues, adverse changes in working capital trends and reliance on significant customers. We considered these risks through a review of the application of reasonably foreseeable downside scenarios that could arise with reference to the level of available financial resources indicated by the Group's financial forecasts and managements assessment of these risks, including potential mitigation available. This has been aligned with our review of the development of future products, sales pipeline of existing products and assessments performed by management in determining the market opportunities that they look to exploit.

Our audit procedures to evaluate the director's assessment of the Group and the Company's ability to continue to adopt the going concern basis of accounting included:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern;
- Discussing management's assessment of the Group's ability to remain a going concern;

- Evaluating the methodology used by the directors to assess the Group and the Company's ability to continue as a going concern including assessment and evaluation of the key assumptions used and judgements;
- Considering the sufficiency of financing facilities available to the Group over the period of management's assessment to December 2025, challenging management on the possibility of non-renewal of certain arrangement and mitigations that could be applied;
- Performing stress tests including sensitivity analysis to model the effect of changing assumptions made or amending key data used in management's cash flow forecasts and considering the impact on the Group's ability to adopt the going concern basis; and
- Reviewing the appropriateness of the directors' disclosures regarding going concern in the financial statements

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on:

- the overall audit strategy
- the allocation of resources in the audit
- directing the efforts of the engagement team

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

In determining the key audit matters we considered the:

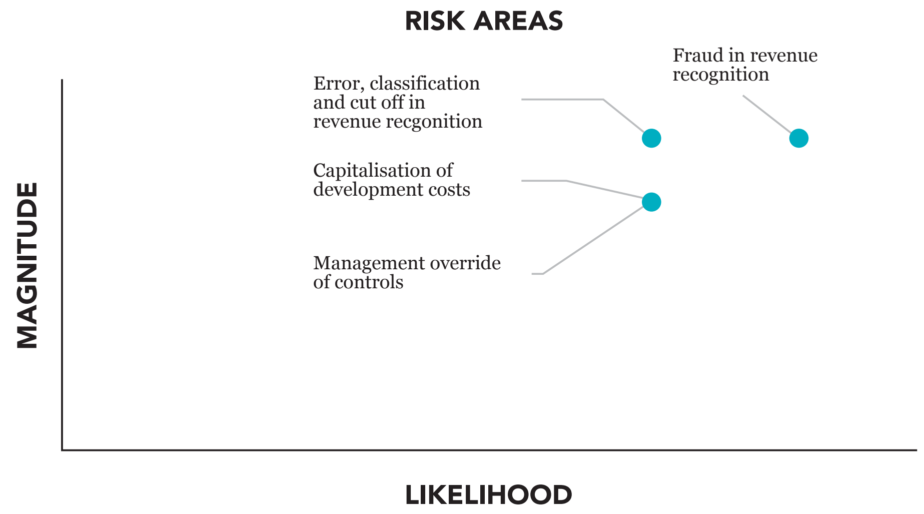
- Areas of higher risks of material misstatement or significant risks identified in accordance with ISA (UK) 315
- Significant audit judgements on financial statement line items that involved significant management judgement such as accounting estimates, and
- The impact of significant events and transactions during the period covered by the audit.

The following table summarises the key audit matters we have identified and rationale for their identification together we how we responded to each in our audit and our key observations.

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Revenue recognition The Group's revenue recognition policies are included within the accounting policies in note 1, the critical accounting judgements and key sources of estimation uncertainty related to revenue are included in note 2, and the components of revenue are set out in note 3. Revenue recognition has been identified as a significant risk area regarding misstatement as a result of fraud, error, classification and cut off. Group revenue has grown from £22.4m in the prior year to £28.5m in the year ended 30 June 2024. Revenue is derived from provision of access to IP, the sale of own intellectual property (IP), the provision and delivery of hardware, support and maintenance and the provision of consultancy services. The significant risk of fraud, error, classification and cut off was considered to fall into two categories: ◊ Manual adjustments to revenue that were outside the normal pattern of journal entries expected based on our understanding of the Group's pattern of revenue recognition ◊ Management judgements and estimates made in relation to new or modified contracts within the Proximity Cloud® or Exchange Cloud® revenue streams which involve significant judgement and estimation by management in the application of IFRS 15 The Group enters into Proximity Cloud® and Exchange Cloud® contracts that span four to five years. Management make key judgements and estimates in relation to the revenue recorded in relation to long term contracts, in particular as to the portions of revenue recorded at a point in time as well as over time.	In response to this risk, our work consisted of, but was not limited to, the following audit procedures in respect of all full scope components: ◊ Assessed the Group's accounting policy for each material revenue stream and obtained an understanding of the relevant business processes and controls assessing their design and implementation ◊ We utilised substantive audit data analytics on all revenue streams to identify any anomalies being transaction that fall outside the standard posting cycle ◊ We performed substantive tests of detail for a sample of revenue items recorded during the year to ensure that revenue had not been materiality overstated ◊ For new Exchange Cloud® and Proximity Cloud® contracts we obtained and scrutinised managements application of their accounting policies in accounting for contract revenue in accordance with IFRS 15. As part of this, we reviewed the estimates and judgements considered to be significant in the application of the accounting policy for these revenue streams, challenging management to ensure these were reasonable ◊ We have reviewed the allocation of revenue in accordance with the principles of IFRS 15 to identifiable performance obligations determined by management following a review of the contracts relating to the Exchange Cloud® and Proximity Cloud® revenue streams ◊ Our review also included an assessment of the appropriateness of the accounting for contract assets, trade receivables and contract liabilities ◊ We performed specific targeted testing around the reporting date, with June 2024 and July 2024 bank receipts and sales listings being reviewed and selecting a sample of significant sales or receipts. We agreed receipts and sales to supporting documentation ensuring that revenue has been recorded in the appropriate reporting period having determined when the performance obligations pertaining to these transactions were satisfied ◊ We have reviewed the disclosures included with the financial statements in respect of revenue including those made in the accounting policies in note 1, the critical accounting judgements and key sources of estimation uncertainty related to revenue as included in note 2, and the components of revenue as set out in segmental reporting within note 3

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Capitalisation of development costs in Intangible assets and application of IAS 38. The capitalisation of development costs has been identified as a significant risk area regarding misstatement as a result of fraud, and error in capitalisation of development costs and application of IAS 38. The net book value of the Group's capitalised development costs has grown from £5.6m in the prior period to £7.1m in the year ended 30 June 2024. The Group has capitalised £2.8m of development expenditure during the period in line with management's assessment of development costs and projects in line with IAS 38. The Group's accounting policy for intangible assets is included within the accounting policies in note 1, the critical accounting judgements and key sources of estimation uncertainty related to development costs are included in note 2, and the components of intangible assets are set out in note 10. The costs capitalised during the period relate to directly attributable costs relating to ongoing development projects. Significant judgement is required by management in assessing if the relevant conditions per IAS 38 have been met for development costs and in assessing if costs relate to enhancement of assets or maintenance of existing assets. These judgements are therefore susceptible to management bias or error.	In response to this risk, our work consisted of, but was not limited to, the following audit procedures in respect of all full scope components: ◊ We obtained and reviewed the Group research and development policy and critically assessed the application of the policy in line with the IAS 38 requirements ◊ We obtained the intangible fixed assets register and verified the brought forward figures to the prior year signed financial statements ◊ For the development projects ongoing in the year, we obtained management's assessment of additions in line with IAS 38 criteria ◊ We performed a sample test of capitalised additions to supporting documentation to assess whether it satisfied the development costs criteria. Consideration of the overall projects to which costs were attributable to were included in management's assessment and our review ◊ We discussed ongoing projects with members outside of the finance team to ensure we understood the commercial background of the projects and how this factored into the determination that a project is capital in nature ◊ We discussed additions relating to time costs with members outside of the finance team to assess the nature of the time spent and assess whether the capitalisation of these costs in line with IAS 38 was appropriate ◊ We critically assessed the costs and projects that moved from development phase to completed which is at the point of a major product release or upgrade in which that asset is made available for sale and release to customer ◊ We have reviewed the disclosures included within the financial statements in respect of intangible assets including those made in the accounting policies in note 1, the critical accounting judgements and key sources of estimation uncertainty in note 2, and the intangible assets disclosures in note 10

The following table shows our judgement of the likelihood and magnitude of each significant risk, the significant risks deemed to be key audit matters where fraud, error, classification and cut off in revenue recognition and capitalisation of development costs



OUR APPLICATION OF MATERIALITY

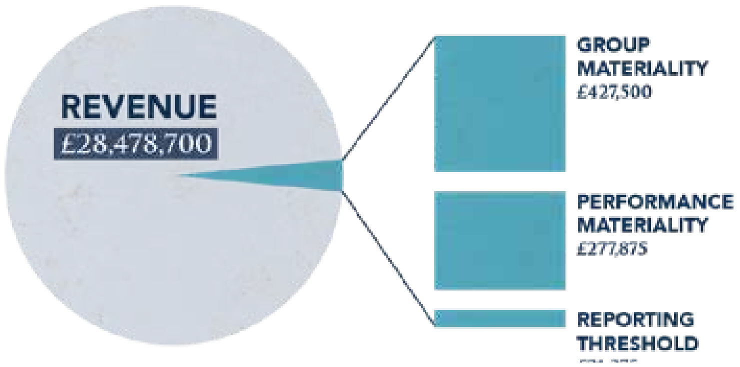
The scope and focus of our audit were influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Materiality	**£427,500**	**£216,000**
Benchmark	Materiality for the Group was determined to be 1.5% of Revenue for the period, based on the point at which we performed our audit planning and risk assessment.	Materiality has been based on 1% of gross assets but capped at £216,000 being the remaining available allocation of Group materiality as assessed as part of our Group scoping and component materiality allocation.
Basis for, and judgements used in the determination of materiality	Revenue has been used as the basis for materiality because profit before tax and adjusted profit before tax (adjusted to exclude amortisation, acquisition costs, share-based payments and exceptional non-recurring costs) have varied significantly year on year. Revenue has grown year on year but is considered to be more stable. When considering the usage of EBITDA, PBT and Revenue, the revenue metric was deemed the most appropriate on the basis that revenue is deemed a key figure for investors, alongside presenting the most stable figure of the three.	The Company is non trading and as such gross assets was deemed the most appropriate measure of materiality. As a result of Group scoping the allocation of Group component materiality to the Company resulted in a maximum allocation of £216,000. We have therefore capped the materiality to this figure and figures have been audited to this materiality.

Performance materiality – Based on our risk assessment and our review of the Group's control environment, performance materiality was set at 65% of materiality, being £277,875 for the Group and £140,400 for the Company. 65% was set as the benchmark for performance materiality to reflect our assessment and understanding of the control environment with consideration of findings in previous audits.

Reporting threshold – The reporting threshold to the audit committee was set as 5% of materiality, being £21,375 for the Group and £10,800 for the Company.

OVERALL MATERIALITY GROUP



OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the 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.

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 Company, or returns adequate for our audit have not been received from branches not visited by us
- the Company financial statements are not in agreement with the accounting records and returns
- certain disclosures of directors' remuneration specified by law are not made
- we have not received all the information and explanations we require for our audit

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements in respect of employment law, including but not limited to minimum wage regulation, and food standards requirements. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate manual journal entries to revenue and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- The evaluation of management's controls designed to prevent and detect irregularities
- We inspected relevant tax filings and considered these and other relevant correspondence for indications of non-compliance
- The identification and review of manual journals, in particular journal entries which shared key risk characteristics
- The review and challenge of assumptions, estimates and judgements made by management in their recognition of accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/. This description forms part of our auditor's report.

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.

Jonathan Maddison

Jonathan Maddison
(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place
London
EC4R 1AG
4 October 2024

Consolidated Statement of Comprehensive Income

	Note	2024 £000	2023 £000
Revenue	3	28,487	22,357
Other Income	3	371	361
Cost of sales		(17,516)	(13,602)
Gross profit		11,342	9,116
Administrative expenses		(9,759)	(9,447)
Operating profit / (loss)	4	1,583	(331)
Analysed as			
Earnings before depreciation, amortisation, acquisition costs, share based payments and non-recurring costs:		10,940	8,362
Depreciation	11	(5,085)	(4,550)
Amortisation – acquired intangible assets	10	(326)	(489)
Amortisation – other intangible assets	10	(1,591)	(1,227)
Share based payments	21	(2,326)	(2,291)
Other non-recurring costs	4	(29)	(136)
Operating profit / (loss)		1,583	(331)
Finance income	6	250	101
Finance costs	5	(374)	(420)
Profit / (loss) before taxation		1,459	(650)
Taxation	9	734	561
Profit / (loss) after taxation for the year attributable to the owners of Beeks Financial Cloud Group plc		2,193	(89)
Other comprehensive income			
Amounts which may be reclassified to profit and loss			
Currency translation differences		8	77
Total comprehensive income / (loss) for the year attributable to the owners of Beeks Financial Cloud Group PLC		2,201	(12)
		Pence	Pence As Restated
Basic earnings / (loss) per share	24	3.33	(0.14)
Diluted earnings / (loss) per share	24	3.11	(0.13)

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

Consolidated Statement of Financial Position

	Note	2024 £000	RESTATED £000
Non-current assets			
Intangible assets	10	9,368	8,106
Trade and other receivables	14	3,287	1,891
Property, plant and equipment	11	16,739	17,952
Deferred tax	12	6,726	5,398
		36,120	33,347
Current assets			
Trade and other receivables	14	4,171	4,500
Inventories	13	1,506	1,767
Cash and cash equivalents	15	7,701	7,829
		13,378	14,096
Total assets		49,498	47,443
Liabilities			
Non-current liabilities			
Trade and other payables	18	136	531
Lease liabilities	17	1,283	2,047
Deferred tax	12	4,196	3,884
Total non-current liabilities		5,615	6,462
Current liabilities			
Trade and other payables	18	4,777	4,421
Lease liabilities	19	1,611	1,960
Borrowings	17	–	1,814
Total current liabilities		6,388	8,195
Total liabilities		12,003	14,657
Net assets		37,495	32,786
Equity			
Issued capital	20	83	82
Share premium	22	23,775	23,775
Reserves	22	6,297	4,879
Retained earnings		7,340	4,050
Total equity		37,495	32,786

These financial statements were approved by the Board of Directors on 4th October 2024 and were signed on its behalf by:

Gordon McArthur
Chief Executive Officer,

Beeks Financial Cloud Group plc,

Company number: SC521839

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

Consolidated Statement of Changes in Equity

	ISSUED CAPITAL	FOREIGN CURRENCY RESERVE	MERGER RESERVE	OTHER RESERVE	SHARE BASED PAYMENTS	SHARE PREMIUM	RETAINED EARNINGS	TOTAL EQUITY
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 July 2022	82	(7)	705	(315)	2,274	23,775	4,245	30,759
Profit after income tax expense for the year	–	–	–	–	–	–	(89)	(89)
Currency translation difference	–	77	–	–	–	–	–	77
Total comprehensive income	–	77	–	–	–	–	(89)	(12)
Deferred tax	–	–	–	–	–	–	(252)	(252)
Share based payments	–	–	–	–	2,291	–	–	2,291
Exercise of share options	–	–	–	–	(146)	–	146	–
Total transaction with owners	–	–	–	–	2,145	–	(106)	2,039
Balance at 30 June 2023	82	70	705	(315)	4,419	23,775	4,050	32,786
Profit after income tax expense for the year	–	–	–	–	–	–	2,193	2,193
Currency translation difference	–	8	–	–	–	–	–	8
Total comprehensive income	–	8	–	–	–	–	2,193	2,201
Deferred tax	–	–	–	–	–	–	181	181
Issue of share capital	1	–	–	–	–	–	–	1
Share based payments	–	–	–	–	2,326	–	–	2,326
Exercise of share options	–	–	–	–	(916)	–	916	–
Total transaction with owners	1	–	–	–	1,410	–	1,097	2,508
Balance at 30 June 2024	83	78	705	(315)	5,829	23,775	7,340	37,495

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

Consolidated Cash Flow Statement

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit / (loss) for the year before tax		1,459	(650)
Adjustments for:			
Depreciation of tangible fixed assets	11	5,085	4,737
Amortisation of intangible assets	10	1,917	1,698
Interest payable on bank loans	5	85	140
Lease liability interest	5	163	165
Share based payment charge	7	2,326	2,291
Proceeds from grant income		–	609
Operating cash flows		11,035	8,990
(Increase) in receivables	14	(1,343)	(1,667)
Increase in inventory	13	997	311
(Decrease) in payables	18	(171)	(696)
Operational cash flows after movement in working capital		10,518	6,938
Corporation tax received / (paid)		33	(6)
Net cash generated from operating activities		10,551	6,932
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(3,882)	(4,329)
Capitalised development costs	10	(2,909)	(2,822)
Net cash used in investing activities		(6,791)	(7,151)
Cash flows from financing activities			
Repayment of existing loan borrowings	17	(1,814)	(618)
Repayment of lease liabilities	17	(2,065)	(1,267)
Interest on lease liabilities	19	(163)	(165)
Interest payable on bank loans	5	(85)	(140)
Proceeds from asset finance	17	229	–
Net cash generated from financing activities		(3,898)	(2,190)
Net (decrease) in cash and cash equivalents		(138)	(2,409)
Effects of exchange rates on cash and cash equivalents		10	78
Cash and cash equivalents at beginning of year	15	7,829	10,160
Cash and cash equivalents at end of year	15	7,701	7,829

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

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 and products. The registered number of the Company is SC521839.

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 Financial Reporting Standards (IFRS) and with the requirements of the Companies Act 2006. The financial statements are prepared in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

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

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

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:

- Amendment to IAS 1 – Classification of liabilities as Current or Non-Current
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- 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: Non-current Liabilities with Covenants

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

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

There are no new accounting policies applied in the year ended 30 June 2024 which have had a material effect on these accounts.

Going concern

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
- The finance facilities available to the Group, including the availability of any short term funding required through the use of the Revolving Credit Facility

The financial position of the Group, its cash flows and liquidity position are described in the Chief Financial Officer's Report on pages 15 to 18.

The directors take 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 levels of cash reserves including further financing facilities available. At the end of the financial year, the Group had net cash of £6.58m (2023: Net cash £4.41m) 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 and suppliers with long-term contracts 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 2025, and associated risks including the risk of climate change and the impact on our data centre estate, useful economic life of assets, and the availability of bank and leasing facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities in respect of profitability and associated cash flow generation and are confident we have the resources to meet our liabilities as they fall due for a period of at least 12 months from the date of these financial statements.

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 ended 30 June 2024.

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

In line with IAS 21 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.

The Group's accounting policy for common control transactions is to recognize and measure such transactions at carrying amounts, with no gain or loss recognized in the financial statements. This policy ensures consistency and comparability in the treatment of transactions within the Group.

Revenue recognition

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

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

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

The below outlines all the Group's revenue streams and associated accounting policies:

Infrastructure as a Service (IaaS)

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 expected cost plus margin that would be received in a standalone sale of the performance obligations.

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
- 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 and installation 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 hardware 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 using the output method 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 a contract liability.

Proximity and Exchange Cloud® Services

Proximity and Exchange Cloud® are a fully-managed and configurable compute, storage and analytics racks 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 and Exchange 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
- Delivery of unspecified upgrades and future software releases
- Significant financing components

The delivery and installation of the hardware, and provision of the software licence are highly interrelated and considered to be one performance obligation. Management have assessed that the software is the predominant item within the performance obligation as it is the functionality and use of the developed software that provides benefit to the customer, furthermore the purpose of the contract is for provision of the software licence with the hardware being required to facilitate this. 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 to the customer. This is further explained in significant judgements.

The maintenance and technical support, 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 when made available over the period of service being rendered.

These 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 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 79.

Where such contracts include a significant 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 the head office 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 as relating to the Group's revenue generation, have been classified as cost of sales.

Where assets are purchased under a finance lease arrangement, they are recognised initially as Right of Use Assets and disclosed within the Property plant and equipment note 11. Assets that are subsequently sold as part of a Proximity or Exchange Cloud® contract are transferred to profit and loss as cost of sales.

Interest

Interest revenue is recognised as part of the financing component within some Proximity Cloud® and Software Licencing 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.

Other non-recurring costs

The Group defines other non-recurring costs 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.

To protect elements of our cash flows against the level of exchange rate risk, the Group entered into forward exchange contracts to hedge foreign exchange USD exposures arising on the forecast receipts and payments during the year. As at 30 June the group had a forward exchange contract to sell $1.3m USD (c£1m). This was rolled forward post year end. Had the amount been settled at the year-end spot rate it would have resulted in an exchange loss of $25,212 (c£19,161). The Group does not use derivative instruments.

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 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 amount 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 assets that are subject to the expected credit loss model are trade receivables and contract assets, 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.

Where a financing component is applicable, 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.

Inputs determining fair value measurements are categorised info different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted).
- Level 2: Observable direct or indirect inputs other than Level 1 inputs.
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of inputs used that has a significant effect on the fair value of the item. The Group measures a number of items at fair value, including;

- Trade and other receivables (note 14)
- Trade and other payables (note 18)
- Borrowings (note 17)
- Share based payments (note 21)

For more detailed information in relation to the fair value of the items above please refer to the applicable notes.

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. Where options are redistributed, options are measured at fair value at the redistribution 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. Fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability growth targets).

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.

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
- 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.

Where assets are purchased under a finance lease arrangement, they are recognised as Right of Use Assets and disclosed within the Property plant and equipment note 11. Where these assets are subsequently sold as part of a Proximity or Exchange Cloud® contract, they are transferred from PP&E to stock and thereafter to the profit and loss as cost of sales.

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.

Where inventories are purchased under a finance lease arrangement, they are recognised initially as Right of Use Assets and disclosed within the Property plant and equipment note 11.

Inventories that are subsequently sold as part of a Proximity or Exchange Cloud® contract are transferred to profit and loss as cost of sales.

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.

Assets held at Head Office are classified and disclosed as inventory until the point in which the assets purpose is identified. At the point, the asset will either be transferred to property, plant and equipment and sold under Infrastructure-as-a-Service (IaaS) or sold to a customer under a proximity or Exchange Cloud® solution and transferred to Cost of Sales within the Income statement.

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. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. 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 profit or loss 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 Consolidated statement of financial position, 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.

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
- 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 or where the asset is still in development and is not yet being amortised as it is not available for use. 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.

Amounts arising from the revaluation of non-monetary assets and liabilities held in foreign subsidiaries, and joint operations are held within the foreign currency reserve.

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
  - 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 and non-current borrowing liabilities (debt and asset finance but excluding lease 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 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 JUDGEMENT 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 69.

Principal 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 and Exchange Cloud®

The Proximity and Exchange 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:

a. the delivery and installation of the hardware and provision of the software licence (the appliance), recognised on a point in time basis; and

b. the stand ready services (support and maintenance) recognised over time

c. delivery of unspecified upgrades and future software releases recognised over time

The most significant judgement is that the delivery and installation of the hardware and provision of the software licence are considered to be one performance obligation, with the software considered the predominant item in the contract. This is considered to be the case as it is the functionality and use of the developed software that provides benefit to the customer, furthermore the purpose of the contract is for provision of the software licence with the hardware being required to facilitate this. As the contract is a right to use Beeks' software, revenue for both the software and hardware is recognised on a point in time basis upon delivery. As such, the Group consider this to be one performance obligation, recognised at a point in time basis, once the delivery and installation 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.

On the occasion that the title for hardware included within Proximity and Exchange Cloud® contracts is retained by the Group and as such, indicate the existence of a lease, management have applied judgment in order to determine the appropriate accounting treatment. Management have assessed that delivery and installation of the hardware, and provision of the software licence is one performance obligation under IFRS 15 as the two are considered to be non distinct. As a result the accounting treatment follows that of the predominant item within the performance obligation which has been assessed by management to be the software and as such is treated as revenue in accordance with IFRS 15 recognised at a point in time rather than a lease under IFRS 16.

Where judgement is required as to the present and enforceable rights and obligations of a proximity and Exchange Cloud® contract, management have applied judgement as to whether cut off periods are substantive either in nature or in financial quantum. These judgements have supported the enforceable term applied to the recognition of revenue on these types of contracts.

Please refer to Key Estimations below 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. At this point in time the customer has been granted the right to use the software licence. 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.

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. Time tracking and categorisation and the resultant capitalisation of development costs for software developers is done via an internal time tracking system with management using judgement for some senior employees who contribute to development projects. Cut off for project capitalisation is made based on the lifecycle and releases within the product roadmap. Any non-development costs are recognised in the statement of comprehensive income. See note 10 for further information.

Inventories / Property, Plant and Equipment

The Group applies judgement to the classification and disclosure of inventories within the financial statements. Assets held at Head Office are classified and disclosed as inventory given these assets could be resold to a customer under a proximity or Exchange Cloud® sale. At the financial year end, it would not be known whether the assets classified as inventories will be transferred to Property, Plant and Equipment and sold under Infrastructure As A Service, or sold customers as a proximity or exchange cloud solution.

Deferred tax

The Group applies judgement to the recognition of its deferred tax asset in relation to timing differences on share based payment charges and carried forward losses. Specifically in terms of losses carried forward, management apply judgement to determine if there is sufficient forecastable future taxable profits to utilise the deferred tax asset. Given current profit trajectory in line with future projections, management have concluded the recognition of the deferred tax asset is appropriate.

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.

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.

In the current year there is one customer that account for more than 10% of Group revenue. The total revenue for this customer amounts to £11.2m (2023: £7.1m).

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 30/06/24 (£'000)			Year ended 30/06/23 (£'000)		
	PUBLIC/ PRIVATE CLOUD	PROXIMITY/ EXCHANGE CLOUD	TOTAL	PUBLIC/ PRIVATE CLOUD	PROXIMITY/ EXCHANGE CLOUD	TOTAL
Over time						
Infrastructure/software as a service	22,723	–	22,723	19,162	–	19,162
Maintenance	388	–	388	537		537
Proximity Cloud®	–	378	378	–	454	454
Exchange Cloud®		53	53	–	–	–
Professional services	463	–	463	273	–	273
Over time total	23,574	431	24,005	19,972	454	20,426
Point in time						
Hardware/Software resale	826	–	826	529	–	529
Software licences	456	–	456	1,267	–	1,267
Set up fees	100	–	100	135	–	135
Software other	57	–	57	–	–	–
Proximity Cloud®	–	1,626	1,626	–	–	–
Exchange Cloud®	–	1,417	1,417	–	–	–
Point in time total	1,439	3,043	4,482	1,931	–	1,931
Total revenue	25,013	3,474	28,487	21,903	454	22,357

Revenues by operating segment, further disaggregated are as follows.

	2024	2023
	£'000	£'000
Revenues by geographic location are as follows:		
United Kingdom	7,140	5,660
Europe	2,861	3,119
US	11,140	9,193
Rest of World	7,346	4,385
Total	28,487	22,357

During the year £0.3m (2023: £0.3m) was recognised in other income for grant income received from Scottish Enterprise and £0.1m (2023: £0.1m) was recognised as rental income.

	2024	2023
	£'000	£'000
Non-Current Assets by geographic location are as follows:		
United Kingdom - Property, plant and equipment	8,343	9,235
Europe - Property, plant and equipment	1,416	1,610
Rest of World - Intangible assets	8,000	6,738
Rest of World – Goodwill	1,368	1,368
Rest of World - Property, plant and equipment	2,531	2,750
US – Property, plant and equipment	4,449	4,357
Total Non-Current Assets	26,107	26,058

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/(LOSS)

Operating Profit / (Loss) is stated after charging:

	2024	2023
	£000	£000
Staff costs (note 7)	7,198	6,909
Depreciation on owned assets (note 11)	3,789	3,140
Depreciation right-of-use assets (note 11)	1,296	1,410
Amortisation of acquired intangibles (note 10)	318	489
Amortisation of other intangibles (note 10)	1,599	1,227
Other cost of sales and admin*	10,681	7,191
Foreign exchange losses	38	256
Share based payments (note 21)	2,326	2,291
Other non-recurring costs	29	136

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

Auditor’s remuneration

	2024	2023
	£000	£000
Audit		
Fees payable for the audit of the consolidation and the parent company accounts	79	83
Fees payable for the audit of the subsidiaries	70	75
Non Audit		
Fees payable for the interim review of the group	-	5
Assurance related services	-	20
	149	183

5. FINANCE COSTS

	2024	2023
	£000	£000
Bank charges	126	115
Interest on loan liabilities	85	140
Interest expense	163	165
Total finance costs	374	420

6. FINANCE INCOME

	2024	2023
	£000	£000
Financing charge on Proximity Cloud® contracts	147	101
Bank interest received	103	-
Total finance income	250	101

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:The employee benefits expense during the year was as follows:

The employee benefits expense during the year was as follows:

	2024	2023
	£000	£000
Management and administration	21	22
Support and development staff	84	81
Average numbers of employees	105	103

Wages and salary costs directly attributable to the development of products are capitalised in intangible assets. The total additions capitalised in intangible assets relates to payroll costs and external third-party costs.

	2024	2023
	£000	£000
Wages and salaries	6,153	5,969
Social security costs	666	669
Other pension costs	379	271
Total employee benefits expense	7,198	6,909
Share based payments (note 21)	2,326	2,291

Refer to Note 10 for capitalised development costs.

8. DIRECTORS’ EMOLUMENTS

There are two directors (2023: two) who are accruing retirement benefits in respect of qualifying services.

	2024	2023
	£000	£000
Aggregate remuneration in respect of qualifying services	330	292
Aggregate amounts of contributions to pension schemes in respect of qualifying services	22	14
Other benefits in kind	4	2
Gain on exercise of options	388	-
Total Directors’ emoluments	744	308
Highest paid director - aggregate remuneration (excluding share based payments)	125	126

9. TAXATION EXPENSE

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:

	2024	2023
	£000	£000
Current		
Foreign tax on overseas companies	222	65
R&D tax credit received	(121)	(95)
Total current tax	101	(30)
Origination and reversal of temporary differences	(835)	(531)
Total deferred tax	(835)	(531)
Tax on profit / (loss) on ordinary activities	(734)	(561)

The effective tax rate (ETR) for the year was 50.31% (2023: 86.31%).

	2024	% ETR	2023	% ETR
	£000	movement	£000	movement
Profit / (Loss) before tax	1,459		(650)	
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2023: 25%)	354	24%	(124)	21%
Effects of:				
Impact of super deduction	14	0.96%	(215)	(33.18%)
Expenses not deductible for tax purposes	554	37.97%	481	(74.23%)
R&D tax credits relief	(451)	30.91%	(89)	13.73%
Share option deduction	(1,059)	72.58%	(404)	62.35%
Prior year deferred tax adjustments	(144)	9.87%	(88)	13.58%
Capital gains/losses	(37)	2.54%	–	–
Adjustment for tax rate differences	–	–	(37)	4.01%
Foreign tax suffered	156	10.69%	40	0.32%
R&D tax credit received	(121)	–	(125)	–
Total tax charge	(734)	(50.31%)	(561)	86.31%

10. INTANGIBLE ASSETS

	ACQUIRED CUSTOMER RELATIONSHIP	DEVELOPED COSTS	IP ADDRESSES	TRADE NAME	GOODWILL	TOTAL
Cost	£000	£000	£000	£000	£000	£000
As at 30 June 2022	2,530	6,148	137	137	2336	11,151
Charge for year						
Additions	–	2,868	–	–	–	2,868
Grant funding received	–	(147)	–	–	–	(147)
Foreign exchange movements	(29)	–	–	–	–	(29)
As at 1 July 2023	2,501	8,869	–	137	2,336	13,843
Additions	–	2,796	104	–	–	2,900
Foreign exchange movements	(2)	–	–	–	–	(2)
As at 30 June 2024	2,499	11,665	104	137	2,336	16,741
Accumulated Amortisation						
As at 30 June 2022	(1,146)	(2,278)	–	(61)	(968)	(4,453)
Charge for the year	(345)	(1,343)	–	(27)	–	(1,715)
Foreign exchange movements	17	–	–	–	–	17
Grant funding received	–	414				414
As at 1 July 2023	(1,474)	(3,207)	–	(88)	(968)	(5,737)
Charge for the year	(263)	(1,627)	–	(27)	–	(1,917)
Foreign exchange movements	5	–	–	–	–	5
Grant income release	–	276	–	–	–	276
As at 30 June 2024	(1,732)	(4,558)	–	(115)	(968)	(7,373)
NBV as at 1st July 2023	1,027	5,662	–	49	1,368	8,106
NBV as at 30th June 2024	767	7,107	104	22	1,368	9,368

Development costs have been recognised in accordance with IAS 38 in relation to the Open Nebula project and development of the Proximity and Exchange Cloud® products, including analytics and its integration into this product. Development costs in relation to Proximity and Exchange Cloud® have a useful life of 5 years.

Brought forward development costs consist of £5.9m where £3.0m was capitalised in FY22 and £2.9m was capitalised in FY23. These assets now have a carrying value of £3.3m.

During the year, a total of £2.8m development costs relating to the development of Proximity Cloud®/Exchange Cloud® and £0.3m relating to the Open Nebula project were capitalised. These assets now have a carrying value of £2.9m.

As at 30 June 2024, £1.5m (2023: £1.6m) of development costs capitalised are currently being carried as work in progress not yet amortised. This relates to cost where projects have not yet been completed and made available to customers. All costs incurred during the preliminary stages of development projects are charged to profit or loss. Within the Proximity/Exchange Cloud® segment in the current year, an impairment review was carried out solely on the projects within development costs for which amortisation is yet to begin as no revenue has yet been generated from these items not yet under sale. No impairment indicators were found.

During the year, Beeks purchased IP Addresses for £0.1m due to the finite supply of IP addresses. Beeks have taken the view not to amortise this intangible asset given their value is not expected to be reduced over time.

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:

Goodwill has been allocated to the public/private segment and management have reviewed and confirmed that there is no indication of impairment.

	2024
	£'000
Private/public cloud	1,368
Proximity/Exchange Cloud®	-
Total goodwill	1,368

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 (15%, 2023: 15%) and cost base assumptions that included contingency and investment to deliver against the weighted sales pipeline. Conservative mid-term rates of 20% and terminal growth rates of 2% (2023: 2%) were estimated, which were significantly less than both the Group's internal business plan, external market mid-term forecast as well as historic performance.

Sensitivity analysis has been performed to show the impact of reasonable or possible changes in key assumptions. An increase in discount rate from 15% to 20% was applied with sales growth assumptions reduced. This resulted in no resultant indication of impairment.

An impairment review was carried out on the three development projects, for which amortisation is yet to begin, in line with the testing on impairment of intangible assets as referenced within the Group's accounting policies in note 1. For Exchange Cloud® and Analytics, the existing weighted sales pipeline was used as a typical pipeline profile for current and future years and cash flows on the business unit to which the goodwill relates were forecast. Discount rates and cost base assumptions were consistent to what has been detailed above in regards to the impairment testing on goodwill. For Open Integration, cost comparisons of the two platform were compared based on current pricing with discount rates again consistent with the impairment testing on goodwill.

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 2024, 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.

Note during the year the trade assets and liabilities of Velocimetric Inc were hived up to Velocimetrics Ltd and the subsequent trade assets and liabilities of Velocimetrics Ltd were hived across to Beeks Financial Cloud Ltd.
This revenue stream was already considered as a CGU and therefore had no impact on the Group's impairment assessments.

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 2022	16,543	180	5,420	3,034	25,177
Additions	3,950	146	2,149	5	6,250
Exchange adjustments	(3)	-	172	-	169
As at 1 July 2023	20,490	326	7,741	3,039	31,596
Additions	3,550	68	950	1	4,569
Transfer to stock	(175)	-	(595)	-	(770)
Exchange adjustments	(3)	-	(58)	-	(61)
As at 30 June 2024	23,862	394	8,038	3,040	35,334
Depreciation					
As at 30 June 2022	(6,778)	(48)	(2,054)	(27)	(8,907)
Charge for the year	(3,020)	(49)	(1,410)	(71)	(4,550)
Exchange adjustments	(30)	-	(157)	-	(187)
As at 1 July 2023	(9,828)	(97)	(3,621)	(98)	(13,644)
Charge for the year	(3,435)	(63)	(1,516)	(71)	(5,085)
Transfer to stock	78				78
Exchange adjustments	6	-	50	-	56
As at 30 June 2024	(13,179)	(160)	(5,087)	(169)	(18,595)
NBV as at 30 June 2023	10,662	229	4,120	2,941	17,952
NBV as at 30 June 2024	10,683	234	2,951	2,871	16,739

All revenue generating depreciation charges are included within cost of sales. Non-revenue generating depreciation charges are included with administrative expenses.

The Group recognises rental income for the rental of units at their Head Office property in Renfrew. This asset is disclosed as Freehold Property. Units are leased to tenants under operating leases with rentals payable quarterly. Full details on operating leases as a lessor can be found on note 19.

Assets held at Head Office are classified and disclosed as inventory until the point in which the assets purpose is identified. Where an asset is sold to a customer under a proximity or Exchange Cloud® solution, it is transferred to stock and subsequently transferred to Cost of Sales within the Income statement.

12. NON-CURRENT ASSETS - DEFERRED TAX

Deferred tax is recognised at the standard UK corporation tax of 25% for fixed assets in the UK (2023: 25%). Deferred tax in the US is recognised at an average rate of 21% for 2024 (2023: 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.

	2024	2023
	£000	£000
The split of the deferred tax asset and liabilities are summarised as follows:		
Deferred tax (liabilities)	(4,197)	(3,884)
Deferred tax asset	6,727	5,398
Total deferred tax	2,530	1,514
Movements		
Opening balance	1,514	1,232
Charge to profit or loss (note 9)	835	531
Charged to goodwill / equity	181	(252)
Other movement	–	3
Closing balance	2,530	1,514

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

	SHARE OPTIONS	TAX LOSSES C/FWD	ACCELERATED TAX DEPRECIATION AND OTHER MOVEMENT	TOTAL DEFERRED TAX ASSET CARRIED FORWARD	TOTAL DEFERRED TAX (LIABILITY) CARRIED FORWARD (TEMPORARY DIFFERENCES ON ASSETS)
	£000	£000	£000	£000	£000
At 1 July 2022	671	3,377	153	4,201	(2,968)
Charge to income	387	1,036	24	1,447	(916)
Charge to equity	(251)	–	–	(251)	–
As at 30 June 2023	807	4,413	177	5,397	(3,884)
Charge to income	709	601	(161)	1,149	(312)
Charge to equity	181	–	–	181	–
As at 30 June 2024	1,697	5,014	16	6,727	(4,196)

13. CURRENT ASSETS - INVENTORIES DEFERRED TAX

With the launch of Proximity Cloud® in the previous year, the Group 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, £0.7m (2023 – £nil) of inventories were recognised as an expense in the period through cost of sales. Of the £1.8m classified as inventories at 30 June 2023, £1.1m was subsequently transferred to PPE during the year at the point in which they were delivered into one of the Group's data centres.

	2024	2023
	£000	£000
Materials	1,084	1,315
Consumables	422	452
	1,506	1,767

14. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2024	2023 (Restated)
	£000	£000
Trade receivables	1,334	2,186
Less: allowance for impairment of receivables	(124)	(47)
	1,210	2,139
Prepayments	1,153	1,040
Contract asset	1,490	826
Other taxation	60	111
Other receivables	258	384
Trade and other receivables – current	4,171	4,500

	2024	2023 (Restated)
	£000	£000
Contract assets	3,287	1,891
Trade and other receivables – non-current	3,287	1,891

Contract assets primarily relate to our rights to consideration for goods or services delivered but not invoiced at the reporting date. The associated performance will either be the delivery of the bundled appliance for proximity/Exchange Cloud® contracts or the delivery of the licence key for software contracts.

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	CONTRACT LIABILITIES
	£000	£000
Balance at 1 July 2023	2,717	1,153
Transferred to receivables from contract assets from the beginning of the period	(2,155)	-
Revenues recognised during the period to be invoiced	4,215	-
Revenue recognition that was included in the contract liability balance at the beginning of the period	-	(703)
Remaining performance obligations for which considerations have been received	-	501
Balance at 30 June 2024	4,777	951

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

	2024	2023
	£000	£000
Trade receivables	1,334	2,186
Less: allowance for impairment of receivables	(124)	(47)
	1,210	2,139

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

	2024	2023
	£000	£000
Opening balance	47	80
Movement in allowances	92	(24)
Receivables written off during the year as uncollectable	(15)	(9)
Closing balance	124	47

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 2024 is £46k (2023 - £25k). The increase in expected credit loss allowance is in line with the revenue growth of the business.

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.

	2024	ECL RATE	2024 ECL ALLOWANCE	2023	ECL RATE	2023 ECL ALLOWANCE
Risk profiling category (ageing)	£'000	%	£'000	£'000	%	£'000
Current	438	-0.25%	-1	959	-10%	-1
0-30 days	582	-3.00%	-18	988	-1.00%	-10
30-60 days	161	-4.00%	-6	94	-2.00%	-2
60-90 days	5	-6.00%	-0	12	-5.00%	-1
Over 90 days	118	-18.00%	-21	88	-15.00%	-11
Total	1,304		-46	2,141		-25

The ECL rate in the current year has been reduced in line with the risk profile of trade receivables, historic trade losses and continued tight credit control procedures.

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.

For contract asset ECL rates, Beeks have concluded that there is minimal credit risk, as it is significantly unlikely that the customers associated with these contract assets default on their contracts. To be prudent, the Group have considered a 0.001% provision which equates to approximately £2,000 and therefore wholly trivial. As such, no additional provision has been incorporated against the value currently sitting within contract assets relating to Proximity or Exchange Cloud® sales.

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:

	2024	2023
	£000	£000
Not yet due	437	965
Due 1 to 3 months	768	1,115
Due 3 to 6 months	116	30
More than 6 months due	13	76
	1,334	2,186

15. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2024	2023
	£000	£000
Cash and bank balances	7,701	7,829
	7,701	7,829

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.

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 had potential exchange rate exposure within USD trade payable balances of £1,254,998 at 30 June 2024 (£1,255,542 at 30 June 2023) and potential exchange rate exposure within EUR trade payables balances of £61,880 (£59,768 at 30 June 2023). The Group had potential exchange rate exposure within USD trade receivables of £585,469 (£1,179,455 as at 30 June 2023) and potential exchange rate exposure within EUR trade receivables of £12,888 (£37,262 at 30 June 2023). The Group had potential exchange rate exposure within USD intercompany balances of £5,920,060 (£5,807,729 as at 30 June 2023) and within JPY intercompany balances of £188,311 (£189,028 as at 30 June 2023). The Group also has potential exchange rate exposure within USD bank balances of £7,127,773 (£3,644,955 as at 30 June 2023) and £110,650 within EUR bank balances (£607,023 as at 30 June 2023).

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. The Group has a total debt level of £1.1m all of which was held at a fixed rate under asset finance agreements.

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 following:

	2023	2022
	£000	£000
Cash and cash equivalents	7,701	7,829
Trade receivables	1,334	2,186
Contract asset	1,490	826
Other receivables	259	384
	10,784	11,225

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 £1,210,000 (2023: £2,139,000) 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 and contract assets. 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, minimum adjusted cash banking and LTV covenants. Judgement is required in assessing what items are allowable for the adjusted components.

The Board receives regular debt management forecasts which estimate the cash inflows and outflows over the next twelve months, so that management can ensure that sufficient financing is in place as it is required.

As at 30 June 2024, the Group's financial liabilities (excluding leases disclosed in Note 17) have contractual maturities (including interest payments where applicable) as summarised below:

	CURRENT			NON-CURRENT	
	Within 1 month	1–3 months	3–12 months	1–5 years	After 5 years
	£'000	£'000	£'000	£'000	£'000
Trade and other payables	3,772	935	206	–	–

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

Trade and other payables includes trade payables, accruals, contract liabilities, other taxation and social security and other payables.

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.

	2024	2023
	£000	£000
Total equity	37,495	32,786
Cash and cash equivalents	7,701	7,829
Capital	45,196	40,615
Total equity	37,495	32,786
Other loans	–	1,814
Lease liabilities	2,894	4,006
Overall financing	40,389	38,606
Capital-to-overall financing ratio	1.12	1.05

Other risks

Rental income from the head office 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. Any associated risk of the underlying asset used to generate this rental income is believed to be minimal given the building is utilised as the head office and the majority of staff are based there.

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

	2024	2023
	£000	£000
Lease liabilities	1,283	2,047
	1,283	2,047
Other loans		
Under one year	–	1,814
	–	1,814

During the year the group fully repaid the £0.5m of the term loan facility taken out from Barclays Bank in December 2020 and £1.3m of the property loan facility.

The group continues to retain a revolving credit facility of £3.5m which was unutilised as at 30 June 2024.

Barclays have been given security for the facility of the UK assets of the Group and an unlimited guarantee is afforded to Barclays.

During the year, the Group entered into one new asset financing arrangement of £0.2m. This asset financing agreement has been disclosed under lease liabilities (note 19).

Changes in liabilities arising from financing activities:

	LEASE LIABILITIES	LOANS	TOTAL
	£000	£000	£000
Balance at 1 July 2023	4,007	1,814	5,821
Lease liabilities additions IFRS 16	724	–	724
Proceeds from new leases under asset financing	229	–	229
Loan repayments	–	(1,814)	(1,814)
Lease repayments	(2,065)	–	(2,065)
Balance at 30 June 2024	2,895	–	2,895

Included within the lease liabilities balance of £2.9m is £1.1m of asset finance lease liabilities.

18. TRADE AND OTHER PAYABLES

	2024	2023
	£000	£000
Trade payables	2,792	2,937
Accruals	512	375
Contract liabilities	815	622
Other taxation and social security	324	373
Other payables	324	114
Trade and other payables – current	4,777	4,421

	2024	2023
	£000	£000
Contract liabilities	136	531
Trade and other payables – non-current	136	531

Non-current contract liabilities in the year relates deferred income from support contracts that span over one year.

19. LEASES

The Group leases assets including the space in data centres in order to provide infrastructure services to its customers and also hardware for data centres. Information about leases for which the Group is a lessee is presented as follows:

Right-of-use-assets

	LEASEHOLD PROPERTY AND IMPROVEMENT
	£000
Balance at 1 July 2023	4,120
Additions	950
Transfer to stock	(595)
Depreciation	(1,516)
Foreign exchange	(8)
Balance at 30 June 2024	2,951

The right-of-use assets are disclosed as non-current assets and are disclosed as property, plant and equipment (note 11).

Right-of-use lease liabilities

	2024	**2023**
	£000	**£000**
Maturity analysis:		
Within one year	**(1,674)**	**(2,068)**
Within two years	**(1,044)**	**(1,574)**
Within three years	**(274)**	**(461)**
Within four years	**-**	**(12)**
Add: unearned interest	**98**	**108**
Total lease liabilities	**(2,894)**	**(4,007)**
Analysed as:		
Non-current (Note 18)	**(1,283)**	**(2,047)**
Current (Note 19)	**(1,611)**	**(1,960)**
	(2,894)	**(4,007)**

The Group does not face a significant liquidity risk with regard to its lease liabilities. The interest expense on lease liabilities amounted to £0.2m for the year ended 30 June 2024 (2023: £0.2m). 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 2024, in relation to leases under IFRS 16, the Group recognised the following amounts in the Consolidated statement of comprehensive income:

	2024	2023
	£000	£000
Depreciation charge	1,516	1,410
Interest expense	163	165

Payments for short-term lease expenses in relation to data centre space have not been disclosed below and are instead reflected within other cost of sales under note 4.

Amounts recognised in the Consolidated statement of cash flows:

	2024	2023
	£000	£000
Amounts payable under leases:		
Short-term and low value lease expense	–	10
Repayment of lease liabilities within cash flows from financing activities	2,065	1,432

The Group recognises rental income for the rental of units at their Head Office property in Renfrew. Units are leased to tenants under operating leases with rentals payable quarterly. Lease income from operating leases where the group is a lessor is recognised on a straight-line basis over the lease term. The total recognised in profit or loss during the period is as follows:

	2024	2023
	£000	£000
Rental income from operating leases	96	94

As part of this, The Group receives rental payments on a quarterly basis. The amounts due to be received over the next 5 years are as follows:

	2024	2023
	£000	£000
Within 1 year	96	96
Between 1 and 2 years	96	96
Between 2 and 3 years	96	96

20. EQUITY - ISSUED CAPITAL

		2024	2023	2024	2023
		shares	shares	£000	£000
Ordinary shares – fully paid		66,541,009	65,571,434	83	82
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	£0.00125	1
EMI Share options exercised	24 October 2018		32,200	£0.00125	–
EMI Share options exercised	20 June 2019		111,800	£0.00125	1
New share issue	14 April 2020		363,458	£0.00125	–
EMI Share options exercised	9 November 2020		44,118	£0.00125	–
New share issue	15 December 2020		430,946	£0.00125	1
New share issue	26 April 2021		4,347,827	£0.00125	5
EMI Share options exercised	15 November 2021		264,705	£0.00125	–
New share issue	25 April 2022		9,090,910	£0.00125	12
EMI Share options exercised	16 January 2023		21,946	£0.00125	–
EMI Share options exercised	5 April 2023		106,796	£0.00125	–
EMI Share options exercised	31 May 2023		35,928	£0.00125	–
Balance	30 June 2023		65,571,434		82
Share options exercised	13 November 2023		137,724	£0.00125	–
Share options exercised	16 January 2024		197,630	£0.00125	–
Share options exercised	28 March 2024		520,729	£0.00125	1
Share options exercised	26 April 2024		58,037	£0.00125	–
Share options exercised	12 May 2024		28,455	£0.00125	–
Balance	30 June 2024		66,514,009		83

Ordinary shares

During the year, 942,575 share options were exercised.

21. SHARE BASED PAYMENTS

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

	2024		2023	
	Number of share options	Weighted Average Fair Value price per share (£)	Number of share options	Weighted Average Fair Value price per share (£)
Outstanding at the beginning of the year	6,233,043	1.35	4,925,668	1.20
Exercised during the year	(942,575)	0.97	(164,640)	1.24
Issued during the year	1,443,000	1.06	1,549.000	0.83
Forfeited during the year	–	–	(76,955)	1.43
Outstanding at the end of the year	6,733,468	1.26	6,233,043	1.35

The Group granted a total of 1,443,000 share options on 20th November 2023.

Shares were forfeited during the year where employees left the business, with their share options not being fully redistributed within the Group.

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

	GRANT 4A	GRANT 4B	GRANT 5A	GRANT 5B	GRANT 5C	GRANT 6A	GRANT 6B	GRANT 6C
Shares	1,022,500	597,150	604,000	462,500	462,500	395,000	524,000	524,000
Date of grant	26th November 2021	26th November 2021	2nd December 2022	2nd December 2022	2nd December 2022	20th November 2023	20th November 2023	20th November 2023
Exercise price	£0.00125	£0.00125	£0.00125	£0.00125	£0.00125	£0.00125	£0.00125	£0.00125
Unvested expiry date	26th November 2024	26th November 2024	2nd December 2025	2nd December 2025	2nd December 2025	20th November 2025	20th November 2025	20th November 2025

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	GRANT 5A
Shares	264,706	1,574,850	1,042,063	1,022,500	597,150	632,150	604,000
Share price (£)	1.02	0.84	0.945	1.575	1.575	1.575	1.43
Volatility	5%	5%	5%	5%	5%	5%	5%
Annual risk free rate	4%	4%	4%	4%	4%	4%	4%
Exercise strike price (£)	0.00125	0.00125	0.00125	0.00125	0.00125	0.00125	0.00125
Time to maturity (yrs)	3	3	3	3	3	2	3

	GRANT 5B	GRANT 5B	GRANT 6A	GRANT 6B	GRANT 6C	TOTAL
Shares	462,500	462,500	395,000	632,150	604,000	6,662,419
Share price (£)	1.43	1.43	1.065	1.065	1.065	
Volatility	5%	5%	5%	5%	5%	
Annual risk free rate	4%	4%	4%	4%	4%	
Exercise strike price (£)	0.00125	0.00125	0.00125	0.00125	0.00125	
Time to maturity (yrs)	3	3	3	3	2	

The total expense recognised from share based payments transactions on the Group's profit for the year was £2.3m (2023: £2.3m).

Expected volatility was determined at the date of grant from historic volatility, adjusted for events that were not considered to be reflective of the volatility of the share price going forward.

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:

	2024	2023
	£000	£000
Withdrawals from the director, Gordon McArthur	10	53

During the financial year, Beeks Financial Cloud Limited received services in the normal course of its business and at arm's length from A&B Property and Rental Services Scotland Limited, a company owned by Gordon McArthur. During the year, Beeks Financial Cloud Limited paid for services of £6,145 (2023: £17,700) to A&B Property and Rental Services Scotland Limited and the amounts due at the year-end was £nil (2023: £nil).

The Group recognise that the total withdrawals from the director exceeded the limit as defined in the Companies Act 2006 requiring shareholder approval. To rectify this, the amounts due by the director will be repaid subsequent to the financial year end.

Key management personnel

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

	2023	2022
	£000	£000
Wages and salaries	330	292
Social security costs	36	37
Other pension costs	22	14
Other benefits in kind	4	2
Share based payments	155	188

24. EARNINGS PER SHARE

	2024	Restated 2023
	£000	£000
Profit / (Loss) after income tax attributable to the owners of Beeks Financial Cloud Group PLC	2,193	(89)
	Pence	Pence
Basic (loss)/earnings per share	3.33	(0.14)
Diluted earnings / (loss) per share	3.11	(0.13)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	65,905,797	65,446,755
Adjustments for calculation of diluted earnings per share:		
Dilutive impact of share options	4,023,763	4,736,830
Options over ordinary shares	610,795	125,611
Weighted average number of ordinary shares used in calculating diluted earnings per share	70,540,354	70,309,196
Profit / (Loss) before tax for the year	1,459	(650)
Share Based payments	2,326	2,291
Amortisation on acquired intangibles	304	489
Exceptional non-recurring costs	29	136
Exchange rate losses/(gains) on intercompany translation and unrealised currencies	60	325
Grant income	(275)	(267)
Tax effect	720	494
Underlying profit for the year	4,623	2,818
Weighted average number of shares in issue - basic	65,905,797	65,446,755
Weighted average number of shares in issue - diluted	72,688,673	71,143,541
Underlying earnings per share - basic	7.01	4.31
Underlying earnings per share - diluted	6.36	3.96

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 Year end 31st December
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 2024, until they are satisfied in full.

26. PRIOR PERIOD ADJUSTMENT

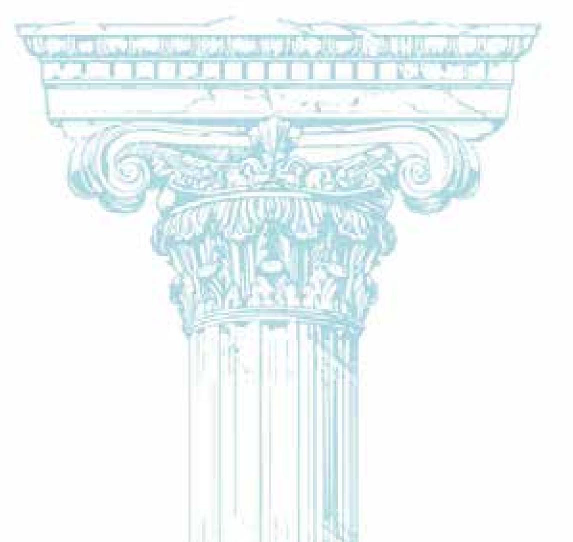
During the year, it was identified that the ageing of current and non-current contract assets and contract liabilities was not accurately disclosed within the prior year consolidated statement of financial position and respective notes. This error has been corrected within the correct ageing profiles restated in the figures for 2023 and the total impact on the consolidated statement of financial position is shown below:

	Reinstated 2023
	£000
Increase in non-current assets	1,891
Decrease in current assets	(1,891)
Impact on total assets	-
Increase in non-current liabilities	531
Decrease in current liabilities	(531)
Impact on total liabilities	-
Impact on net current assets	(1,360)
Impact on net assets	-

The prior year adjustment previous has a net impact of £nil on net assets. There is also no resulting impact on the consolidated statement of comprehensive income and therefore no impact to EPS and diluted EPS.

27. ULTIMATE CONTROLLING PARTY

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



Company Statement of Financial Position

	Note	2024 £000	2023 £000
Non-current assets			
Investments	4	7,042	5,906
Property, plant and equipment	5	4,075	4,443
Deferred tax	6	968	506
		12,085	10,855
Current assets			
Trade and other receivables	7	23,901	22,259
Cash and cash equivalents		130	171
		24,031	22,430
Total assets		36,116	33,285
Current liabilities			
Trade and other payables	8	965	681
Lease liabilities	8	547	472
		1,512	1,153
Non-current liabilities			
Lease liabilities	9	224	597
		224	597
Total liabilities		1,736	1,750
Net assets		34,380	31,535
Equity			
Issued capital	11	83	82
Share premium	12	23,775	23,775
Reserves		6,534	5,124
Retained earnings		3,988	2,554
Total equity		34,380	31,535

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 £404,988 (2023: £714,819).

These financial statements were approved by the Board of Directors and were authorised for issue on 4th October 2024 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

	CALLED UP SHARE CAPITAL £000	MERGER RESERVE £000	SHARE BASED PAYMENTS £000	SHARE PREMIUM £000	PROFIT AND LOSS ACCOUNT £000	TOTAL EQUITY £000
Balance at 1 July 2022	82	705	2,274	23,775	3,158	29,994
Loss after income tax expense for the year	–	–	–	–	(595)	(595)
Total comprehensive income	–	–	–	–	(595)	(595)
Deferred tax	–	–	–	–	(155)	(155)
Share based payments	–	–	2,291	–	–	2,291
Exercise of share options	–	–	(146)	–	146	–
Total transaction with owners	–	–	2,145	–	(9)	2,136
Balance at 30 June 2023	82	705	4,419	23,775	2,554	31,535
Profit after income tax expense for the year	–	–	–	–	405	405
Total comprehensive income	–	–	–	–	405	405
Deferred tax	–	–	–	–	113	113
Share based Capital	1	–	–	–	–	1
Share based payments	–	–	2,326	–	–	2,326
Exercise of share options	–	–	(916)	–	916	–
Total transaction with owners	1	–	1,410	–	1,029	2,440
Balance at 30 June 2024	83	705	5,829	23,775	3,988	34,380

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 57 to 97. 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
- Company profit and loss account

Going concern

The Company has net current assets of £34.38m at 30th June 2024 (2023: £31.53m).

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 2024). 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.

Depreciation on property, plant and equipment 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
- Leasehold property over the lease term
- 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.

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 key judgment in preparation of the financial statements is below:

Deferred tax

The Company applies judgement to the recognition of it's deferred tax asset in relation to timing differences on share based payment charges and carried forward losses. Specifically in terms of losses carried forward, management apply judgement to determine if there is sufficient forecastable future taxable profits to utilise the deferred tax asset. Given current profit trajectory in line with future projections, management have concluded the recognition of the deferred tax asset is appropriate.

Intercompany

The Company carries intercompany balances due from it's subsidiary entities within the Group. Management have assessed recoverability of these intercompany balances and deem no issues in terms of credit losses. The Group companies have adequate net assets to assist in the recovery of intercompany balances.

3. STAFF COSTS

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

	2024	2023
	£000	£000
Management and administration	21	21
Support and development	11	9
Total employees	32	30

Cost of employment (including directors):

	2024	2023
	£000	£000
Wages and salaries	1,915	1,891
Social security costs	214	228
Other pension costs	131	99
Total employee benefits expense	2,260	2,218

4. INVESTMENTS

	2024	2023
	£000	£000
Shares in Group undertakings	7,042	5,906

During the year, the Group charged share based payments of £1,135,494 (2023: £1,179,535) 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	FIXTURES AND FITTINGS	RIGHT OF USE	TOTAL
Cost	£000	£000	£000	£000
As at 1 July 2022	3,034	104	-	3,138
Additions	5	95	1,407	1,507
As at 1 July 2023	3,039	199	1,407	4,645
Additions	1	8	226	235
Transferred to stock	-	-	(304)	(304)
As at 30 June 2024	3,040	207	1,329	4,576
Depreciation				
As at 1 July 2022	27	5	-	32
Charge for the year	71	21	77	169
As at 1 July 2023	98	26	77	201
Charge for the year	71	30	199	300
As at 30 June 2024	169	56	276	501
NBV as at 30 June 2023	2,941	173	1,329	4,443
NBV as at 30 June 2024	2,871	151	1,053	4,075

A security is held against the property in respect of the subsidiary's debt to the lender.

£0.3m additions in the year relate to right-of-use assets held under IFRS16 (2023 - £1.4m). Where a right-of-use asset is sold to a customer under a proximity or Exchange Cloud® solution, it is transferred to stock within Beeks Financial Cloud Ltd and subsequently transferred to Cost of Sales within its Income statement.

6. DEFERRED TAX

	2024	2023
	£000	£000
Tax losses carried forward	506	590
Credit to profit or loss	350	70
Share based payments, recognised in equity	112	(155)
Deferred tax asset	968	506

7. DEBTORS

	2024	2023
	£000	£000
Prepayments	252	133
Amounts due from Group undertakings	23,500	22,099
Trade debtors	–	1
Other receivables	149	26
	23,901	22,259

Management have assessed recoverability of intercompany balances and deem no issues in terms of credit losses. The Group has adequate net assets to assist in recovery of intercompany balances.

8. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2024	2023
	£000	£000
Trade payables	267	259
Accruals	221	229
Other taxation and social security	266	155
Other payables	211	19
Lease liabilities	547	472
	1,512	1,134

9. NON-CURRENT LIABILITIES

	2024	2023
	£000	£000
Lease payables	224	597
	224	597

10. LEASES

The company has a brought forward lease for a data centre space in Slough, England. The company also holds a right of use lease by virtue of an asset finance lease with the liability contracted to Beeks Financial Cloud Group plc. Information about leases for which the company is a lessee is presented below:

Right of use assets

	LEASEHOLD PROPERTY
Right-of-use-assets	£000
Balance at 1 July 2023	1,330
Additions	226
Transfer to stock	(304)
Depreciation	(199)
Balance at 30 June 2023	1,053

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

Right-of-use lease liabilities

	2024	2023
	£'000	£'000
Maturity analysis:		
Analysed as:		
Current (Note 8)	547	472
Non-current (Note 9)	224	597
	771	1,069

The interest expense on lease liabilities amounted to £50,000 for the year ended 30th June 2024 (2023 - Nil). Lease liabilities are calculated are calculated at the present value of the lease payments that are not paid at the commencement date.

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. CONTINGENT LIABILITIES

The Company had no material contingent liabilities at 30 June 2024.

15. ULTIMATE CONTROLLING PARTY

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

NOTES

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