Europe | Middle East | Americas | Asia Pacific

cloudBuy plc
Annual Report and Accounts
2017

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cloudBuy plc is registered in England, no. 3732253

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Chairman's Statement

2017 has been all about focusing on a smaller number of key opportunities and driving them through to 'go live' and revenue generation. We have been successful in this with the majority of our projects and where there was limited likelihood of revenue we have terminated projects to ensure that our resources have been concentrated in the right areas.

Our largest project is PHBChoices which we are rolling out with our partner NHS Shared Business Services. We have live clients across England and a strong pipeline of organisations evaluating the solution. We have continued to develop the technology to support the direct employment of carers (Personal Assistants) and have a unique offer for NHS customers, Personal Budget Holders and Individuals who want to 'self-fund'.

In the UK we have an opportunity with the implementation of the General Data Protection Regulation (GDPR) as the cloudBuy platform is built to support 'privacy by design' which is at the heart of GDPR. Our customers are implementing the directive and this is particularly important in the NHS where patient data is classified as sensitive under GDPR.

Globally we have cut back our initiatives to a small number that are revenue generating and we continue to work with resellers as our preferred delivery mechanism in these areas. We are satisfied with our live projects in Asia Pacific and North America which are delivering revenue.

We have been supported by our major investor Roberto Sella in this, who invested a further £1.7m in December 2017. This is anticipated to be sufficient to take us to profitability based on forecast revenues from existing projects.

2017 has been a year of consolidation and has left us in good shape for 2018 and our drive for profitability.

Ronald Duncan
Executive Chairman
15th March 2018

Strategic Report

Operational highlights

UK

We have continued to focus on the roll out of PHBChoices, with ongoing development of the system to support our customers' requirements.

One of the key areas for development has been around the employment of Personal Assistants (PAs). Service provision in Health is characterised by the direct employment of carers (PAs) rather than purchases of goods or the use of agency staff. On average our Personal Budget Holders employ 3 PAs, with a small number employing in excess of 10. In response to this requirement, we have developed a comprehensive Personal Assistant Solution which encompasses setting up PAs, rostering and timesheets, electronic payroll and integrated budget management. Our partner NHS Shared Business Services has developed a PHBPayroll service alongside their major NHS payroll business to provide payroll services to PHB's. Currently over 90% of our Personal Budget Holders directly employ staff rather than using care agencies. We believe that this technology development is significant, as we are not aware of a competitor with this functionality and service capability.

Supporting the employment of PAs has been critical in securing new CCGs as we now have 11 CCGs live and transacting with 23 contracted and a strong pipeline and a number in the process of signing contracts.

The market is continuing to develop with PHB's becoming more mainstream as the CCGs are actively pursuing the NHS's aspirations.

The impending implementation of the General Data Protection Regulation (GDPR) is beneficial to us as the cloudBuy technology platform will meet the requirements of GDPR 'out of the box' and this is particularly critical in the area of Patient Identifiable Data which is classified as sensitive in GDPR. Clients are actively working to ensure that they are GDPR compliant and both PHBChoices and the cloudBuy platform will provide this assurance

The University of Exeter is finalising their implementation which has involved the integration of cloudBuy technology, a new finance system and sourcing technology. The solution is regarded as 'next generation' and the university is particularly pleased with our supplier adoption success, where we have increased their key supplier base ten-fold compared to the previous incumbent. We are receiving enquiries from other UK universities interested to learn about the project and our technology.

After initial progress, the FSB marketplace will not be launched, and no further revenue will be recognised.

Asia Pacific

United Overseas bank (UOB) has been working with us to develop their marketplace which is in pilot with approximately 11,000 buyers registered and a selected group of flagship suppliers approaching go-live. The contract is revenue generating and as we move further into the transactional phase of the project we will add transaction fees to our ongoing licence and development fees.

New South Wales Health Share spend analysis project is live in 16 hospitals with further potential for growth. Substantial savings have been identified by the use of the service which the hospitals are using to recoup. The client continues to benefit from our international benchmark on medical and surgical items.

We have closed the Mumbai sales and account management operation as opportunities have proved to be slower than anticipated to close.

North America

Our project with York District School Board in Ontario is live following a successful pilot and is being rolled out with 101 schools and 19 administrative locations live in the region. To date, 5 key suppliers have been loaded onto the system. cloudBuy will earn future revenues based on a small percentage of transactions processed.

Middle East

We have continued to work with eFinance in Egypt to scope and design a new emarketplace.

Cost and Operational Efficiencies

The business has been simplified in 2016 and 2017 and now only has sales and marketing costs in countries where there is sufficient revenue to show a profit for the country before the allocation of central overheads. Further cost reductions have continued in the second half of 2017 with the cost base in India being significantly reduced, as well as a reduction in Senior Management costs. These latest cost reductions will enable the business to show a further reduction in operating costs in 2018.

Board Composition

Jonny Holden left the Board and Company on 11 August 2017. Jonny joined cloudBuy in January 2014 and was instrumental in establishing our relationships with major banks and in winning the contract with UOB and we thank him for his contribution during his time at cloudBuy.

Research and Development

Investment in the Group's products to enhance Intellectual Property is a key foundation of future growth. Research and Development principally represents the cost of employee time spent on new products and features. Investment in Research and Development decreased in the year to £575,261 from £623,649 in 2016.

Financial Results

In the year ended 31 December 2017, the group's revenue decreased by 12% to £1,504,067 (2016: £1,714,491) and the loss before taxation reduced to £2,747,599 (2016: loss of £4,271,795).

Sales of Web and ecommerce services decreased by 8% £1,067,308 (2016: £1,165,734).

Revenue from company formation services decreased by 23% to £376,818 (2016: £492,542) in the year reflecting Companies House's continued increase in market share in electronic formations.

Revenue from coding customers increased by 7% to £59,941 (2016: £56,215).

Gross margin for the year was 85% (2016: 83%), reflecting the change in mix with a lower decrease in Web and ecommerce services which have a higher gross margin.

Operating expenses before share based payments reduced to £3,462,787 (2016: £4,778,206). The reduction is as a result of management action to improve efficiency and reduce costs with staff costs (excluding share based payments) reducing year on year by £1,216,389 to £2,050,730. A total of £164,352 was charged as share based payments, representing the calculated "cost" of share options granted to employees and shares issued to them under the Share Incentive Plan (2016: charge £694,360).

At 31 December 2017 the Group had cash and cash equivalents of £2,459,912 (31 December 2016: £1,035,826).

Risks and Uncertainties facing the Business

We have been able to manage our resource levels in the Web and ecommerce services space since sales and lead times are long and there is enough time to resource up where required.

There is an ongoing risk of information security. We have well established systems that have been operating successfully since 1999 to manage and mitigate this risk. A single incident could result in severe reputational and monetary damage to the company and its shareholder value and we continue our work to prevent this from occurring using our internal processes and external audit to ISO 9001 (business processes), ISO 27001(Information Security) and PCI/DSS level 1 (highest level accreditation for Payment Card Industry Data Security Standard). Our solutions are built with data protection as a core tenant and they will be GDPR compliant by the effective date of 25 May 2018.

Outlook

We will continue to focus our resources on continuing to simplify the business which has already derived substantial reductions in operating costs. The main strategy for growth remains PHBChoices where we expect to see revenue in 2018 growing from the initial current level.

Signed on behalf of the Board by:

Lyn Duncan
CEO
15th March 2018

Board of Directors & Advisors

Ronald Duncan
(Executive Chairman and Chief Information Officer)
Ronald Duncan co-founded cloudBuy PLC in 1999. Prior to cloudBuy PLC, he spent ten years running his own computer software development company, servicing projects using a range of computer languages and platforms. Ronald studied Physics at Cambridge and is a Chartered Physicist and Member of the Institution of Analysts and Programmers. He is a former UK downhill ski champion who competed internationally for ten years, including at two Olympics, and was chairman of the Snowsports GB, the governing body of skiing and snowboarding, from 2002-2004 and left the organisation in a strong position having won 3 world cups. He now speaks over 10 languages.

Lyn Duncan
(Chief Executive Officer)
Lyn Duncan co-founded cloudBuy PLC in 1999, having gained a particular interest in the procurement field and has been actively working in this area since the late 1980's when she worked with Henley Management Consultants on a product which integrated purchasing and marketing processes. Her wider interest in technology developed when working for BT as a manager of emerging technologies such as shared computing and email into BT's corporate client base through a series of flagship business centres. Prior to founding cloudBuy PLC, she worked as a management consultant (both at Oasis and as an independent consultant leading on national initiatives within the NHS) gaining over ten years' experience of leading technology-driven change initiatives in the public and private sector.

David Gibbon
(Chief Financial Officer and Company Secretary)
David has 19 years' experience as CFO for technology companies. Prior to joining cloudBuy, he was briefly Chief Financial Officer of Allocate Software plc, a provider of workforce and compliance optimisation solutions, until its take private by HgCapital. David had previously been CFO of Omnico Group which was formed through the merger of Clarity Commerce Solutions plc, an AIM-quoted POS software company, and Digipos, a POS hardware company. Prior to joining Omnico Group, David was CFO of Kewill plc.

Patrick (Paddy) Broughton
(Senior Non-Executive Director)
Patrick, who is based in Australia, is President of Asia Pacific. He is a very experienced banker who from 1987 to 1995 worked at JP Morgan, rising to European Head of FX Sales, prior to joining SG Warburg in Sydney in 1997. From 1998 until 2009 he rose to Head of Equity Capital Markets at ABN AMRO Rothschild in Sydney before being appointed as Global Head of Equity Origination for RBS and Chief Executive of Hoare Govett in London, a position which he held until 2012. He is currently Chairman of the Dixon Advisory Investment Committee.

David Chellingsworth
(Non-Executive Director)
David is a qualified Chartered Accountant and was formerly the Finance Director of cloudBuy between 1999 and 2001, before its flotation on AIM. He spent the majority of his career at British Gas. Subsequently, he served as Finance Director of Advanced Medical Solutions from 1994 to 1999 where he oversaw its successful

flotation on the Official List in 1996. Since leaving cloudBuy, David has acted as Finance Director of private companies, including Medtrade Limited and acted as financial consultant at UK Biobank Limited. David is Chairman of the Board's Audit Committee.

Michael Pasternak
(Non-Executive Director)
Michael is currently CEO of SAFE Holding Co., LLC a combined hydroponic and fish farm. He has a background in investment banking including senior positions at Saudi International Bank in London and Goldman Sachs in New York. Michael Pasternak is a resident of the USA and his experience will assist in cloudBuy’s expansion in Saudi Arabia and the USA.

Company Secretary
David Gibbon
Company number
03732253

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Auditor to the Company
James Cowper Kreston
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Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Solicitors
Pitmans
34 Bridge Street
Reading
Berkshire
RG1 2LU

Directors' Report

The Directors present their report with the Financial Statements of the Company and Group for the year ended 31 December 2017.

Result for the year
The results for the year ended 31 December 2017 and the financial position at that date are set out in the Financial Statements. The loss of the Group for the year after taxation amounted to £2,611,373 (2016: £4,114,659).

Key financial and non-financial performance indicators
The Board uses a range of financial and non-financial key performance indicators (KPIs) in the management of the group.

The main financial KPIs are the measurement against budget of sales (by business area), overheads, operating profit and cash flow. These are reviewed monthly by the Board.

The main non-financial KPIs are deal pipeline, volumes of transactions and user numbers.

Issue of shares

There were no issue of shares during the year

Dividend
The Directors do not recommend the payment of a dividend on the ordinary shares.

Research and development
During the year the Group expended £575,261 (2016: £623,649) on research and development activities. The nature of these activities is considered in the Strategic Report.

Directors
The names of the present Directors of the Company, together with brief career details, are shown on pages 7 and 8. In addition, Jonny Holden was a director until he left the Company on 11 August 2017.

The interests of the Directors in office at the year-end and at the date of this report in the 1p ordinary shares of the Company were as follows:

	31 December 2017 and date of this report	31 December 2016 or date of appointment if during 2017
	Number	**Number**
HL & RJ Duncan	18,487,981	18,487,981
D Gibbon	387,692	387,692
PH Broughton	2,609,371	2,609,371
D Chellingsworth	290,000	290,000
Michael Pasternak (Appointed 24 March 2016)	2,150,000	2,150,000

HL and RJ Duncan jointly hold nil (2016: 2,053,836) warrants to subscribe for ordinary shares at a price of 2p per share. These warrants are exercisable until April 2019.

At the date of this report, the Directors had the following interest in options over ordinary shares

Name	Date of Grant	Number of Options	Exercise Price	Date Exercisable	Date Lapses
RJ Duncan	28 August 2009	300,000	1.75p	Note 1	28 August 2019
RJ Duncan	24 December 2012	332,867	11.625p	Note 1	24 December 2022
RJ Duncan	24 March 2016	1,751,042	10p	Note 2	24 March 2026
RJ Duncan	21 December 2016	250,000	6.5p	Note 3	21 December 2026
HL Duncan	28 August 2009	187,500	1.75p	Note 1	28 August 2019
HL Duncan	24 December 2012	332,867	11.625p	Note 1	24 December 2022
HL Duncan	24 March 2016	1,359,245	10p	Note 2	24 March 2026
HL Duncan	21 December 2016	250,000	6.5p	Note 3	21 December 2026
D Gibbon	24 March 2016	1,341,667	10p	Note 2	24 March 2026
D Gibbon	21 December 2016	250,000	6.5p	Note 3	21 December 2026
P Broughton	24 March 2016	300,000	10p	Note 2	24 March 2026
D Chellingsworth	21 December 2016	75,000	6.5p	Note 3	21 December 2026

Note 1: Exercisable 3 years after issue
Note 2: Exercisable in 36 equal monthly instalments commencing one year after issue
Note 3: Exercisable in 24 equal monthly instalments commencing one month after issue

Going concern
As detailed in note 2.2 of the financial statements the directors have analysed the combination of the nature of the Group's business, its cash balance and the current economic climate to allow the Group to continue trading for a period of 12 months from the date these accounts were agreed.

Having considered these uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future and as such have prepared the financial statements on the going concern basis. They have reached this conclusion having reviewed the Group's accounts, budgets and forecasts.

Financial Instruments
The risk exposure of the Group and how the Group addresses this is detailed in note 20 of the Financial Statements.

Directors' and officers' liability insurance
The Company has maintained throughout the year and continues to maintain liability insurance for its Directors and officers.

Substantial shareholdings
As at 15 March 2018 the Company had been notified under the Disclosure and Transparency Rules of the following interests of 3% or more in its issued share capital:

	Number of ordinary Shares	Percentage
RJ & HL Duncan	**18,487,981**	14.17%
Roberto M. Sella	**14,700,000**	11.27%
DJ Holloway	**8,842,181**	6.78%
Herald Investment Management	**4,994,986**	3.83%

The following details are required to be disclosed in this report to comply with the conditions of The Takeover Code. Mike Pasternak who is a director of cloudBuy is deemed to be acting in concert with Roberto Sella for the purposes of the Takeover Code. The holdings of Roberto Sella and Mike Pasternak are as follows:

Shareholder	**Interest in issued share capital on 31 December 2017**	**Percentage interest in issued share capital on 31 December 2017**	**Total interest Note 1**	**Percentage total interest (Note :1)**
Roberto Sella*	14,700,000	11.27%	301,204,965	72.24%
Mike Pasternak*	2,150,000	1.65%	2,150,000	0.52%
Total	16,850,000	12.92%	303,354,965	72.76%

* Mike Pasternak who is a director of CloudBuy is deemed to be acting in concert with Roberto Sella for the purposes of the Takeover Code.

Note 1- Assuming all the convertible Loan Notes (including the maximum number of PIK CLS and New PIK CLS) are converted in full at 6.5p per share in the case of Existing CLS and 2p in the case of the New CLS.

By Order of the Board

David Gibbon

David Gibbon
Secretary
15th March 2018

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with IFRS as adopted by the European Union ("EU").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

a) select suitable accounting policies and then apply them consistently;
b) make judgements and estimates that are reasonable and prudent;
c) state whether they have been prepared in accordance with IFRSs adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the cloudBuy plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

A resolution approving the re-appointment of James Cowper Kreston will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board by:

Ronald Duncan
Executive Chairman
15th March 2018

Independent Auditor's Report to the Members of cloudBuy plc

We have audited the financial statements of cloudBuy plc for the year ended 31 December 2017 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/ukp.cfm.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- the financial statements have been prepared in accordance with the requirements of Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the information given in the Chairman's Statement, Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Robert Holland

Robert Holland FCA (Senior Statutory Auditor)
For and on behalf of
James Cowper Kreston
Chartered Accountants and Statutory Auditors
Overbridge Square
Hambridge Lane
Newbury
RG14 5UX

15th March 2018

Group Statement of Comprehensive Income

For the year ended 31 December 2017

Particular	Notes	2017 £	2016 £
Revenue	4	**1,504,067**	1,714,491
Cost of sales		**(226,872)**	(297,915)
Gross Profit		**1,277,195**	1,416,576
Administrative expenses		**(3,462,787)**	(4,778,206)
Share based payments	19	**(164,352)**	(694,360)
Operating loss	5	**(2,349,944)**	(4,055,990)
Finance income -interest received		**-**	292
Finance costs	8	**(397,655)**	(216,097)
Loss on ordinary activity before taxation		**(2,747,599)**	(4,271,795)
Income tax expenses	9	**136,226**	157,136
Loss for the year attributable to equity shareholder of parents		**(2,611,373)**	(4,114,659)
Other comprehensive income – item which will or may be reclassified to profit and loss			
Exchange gain arising on translation of foreign operation		**114,520**	(359,186)
Total Comprehensive Income		**(2,496,853)**	(4,473,845)
Loss per share			
basic and diluted	**10**	**1.9**	3.2

Revenue and operating loss for the year all derive from continuing operations.

The loss attributable to the owners of the parent company is a loss of £2,611,373(2016 – loss of £4,114,659). Total comprehensive income attributable to owners of the parent company is a loss of £2,496,853 (2016 – loss of £4,473,845).

Statement of Financial Position

For the year ended 31 December 2017

Particular	Notes	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Assets					
Non current assets					
Goodwill	11	**-**	-	**-**	-
Other intangible assets	12	**4,357**	9,865	**4,357**	9,865
Property, plant and equipment	13	**64,216**	181,683	**53,729**	98,336
Investment	14	**-**	-	**40,000**	40,000
		68,573	191,548	**98,086**	148,201
Current Assets					
Trade and other receivables	15	**463,509**	522,344	**2,040,434**	2,383,533
Taxes recoverable		**-**	207,136	**-**	207,136
Cash and cash equivalents	16	**2,459,912**	1,035,826	**2,445,766**	968,391
		2,923,421	1,765,306	**4,486,200**	3,559,060
Total assets		**2,991,994**	1,956,854	**4,584,286**	3,707,261
Liabilities					
Current liabilities					
Trade and other payables	17	**(1,163,932)**	(1,018,951)	**(1,056,233)**	(837,833)
Current tax liabilities		**-**	-	**-**	-
Financial liabilities - borrowings	18	**-**	-	**-**	-
		(1,163,932)	(1,018,951)	**(1,056,233)**	(837,833)
Non current liabilities					
Financial liabilities - borrowings	18	**(5,675,526)**	(3,073,621)	**(5,706,903)**	(3,104,998)
Total liabilities		**(6,839,458)**	(4,092,572)	**(6,763,136)**	(3,942,831)
Total net (liabilities)/assets		**(3,847,464)**	(2,135,718)	**(2,178,850)**	(235,570)
Shareholder's equity					
Called up share capital	19	**1,304,327**	1,304,327	**1,304,327**	1,304,327
Share premium account	19	**5,534,165**	5,534,164	**5,534,165**	5,534,164
Other reserve		**2,215,040**	1,594,285	**1,585,010**	964,255
Share based payment reserve		**1,151,466**	987,114	**1,151,466**	987,114
Currency translation		**(194,328)**	(308,847)	**-**	
Accumulated losses		**(13,858,134)**	(11,246,761)	**(11,753,817)**	(9,025,430)
Total equity attributable to equity shareholders of the parent		**(3,847,464)**	(2,135,718)	**(2,178,850)**	(235,570)

Company Registration Number 03732253

The financial statements on pages 15 to 36 were approved by the Board of Directors on 15th March 2018 and authorised for issue on 16th March 2018 and signed on their behalf by:

Ronald Duncan, Executive Chairman

Statement of Cash Flows

For the year ended 31 December 2017

Particular	Notes	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash flow from operating activities					
Loss before taxation		**(2,749,734)**	(4,271,795)	**(2,867,344)**	(4,405,845)
Adjustments for:					
Finance income/cost		**397,655**	215,805	**397,655**	214,177
Depreciation of property,		**108,880**	91,366	**55,310**	72,735
Plant & equipment					
Amortisation of other		**5,508**	18,461	**5,508**	18,461
Intangible assets					
Share based payments		**164,352**	694,360	**164,352**	694,360
Changes in working capital					
Trade and other receivables		**58,835**	(90,716)	**343,099**	(180,051)
Trade and other payables		**208,091**	(43,967)	**281,511**	(210,572)
Currency translation		**133,810**	(369,438)	**-**	-
Net cash used by operations		**(1,672,603)**	(3,755,924)	**1,619,909**	(3,796,735)
Tax (paid)/received					-
Net cash used in operating activities		**(1,672,603)**	(3,755,924)	**(1,619,909)**	(3,796,735)
Cash flows from investing activities					
Interest paid		**(1,307)**	(3,750)	**(713)**	(2,122)
Purchase of other intangible assets		**-**	(23,596)	**-**	(23,596)
Purchase of property, plant and equipment		**(10,702)**	(68,039)	**(10,702)**	(52,248)
Net cash used in investing activities		**(12,009)**	(95,385)	**(11,415)**	(77,965)
Cash flows from financing activities					
Issue of ordinary shares		**-**	133,000		133,000
Issue of loan notes		**3,108,700**	3,999,626	**3,108,700**	3,999,626
Interest received		**-**	292		292
Net cash generated from financing		**3,108,700**	4,132,918	**3,108,700**	4,132,918
Net increase/(decrease) in cash and cash equivalents		**1,424,088**	281,609	**1,477,376**	258,217
Cash and cash equivalents at beginning of period		**1,035,826**	754,217	**968,391**	710,174
Cash and cash equivalents at end of period	16	**2,459,912**	1,035,826	**2,445,766**	968,391

Statements of Changes in Shareholders' Equity

For the year ended 31 December 2017

Particular	Share Capital	Share premium	Other reserve	Share based payment reserve	Currency translation	Accumulated losses	Shareholder's equity
Group	£	£	£	£	£	£	£
At 31 December 2015	**1,283,865**	**5,421,626**	**630,030**	**292,754**	**50,339**	**(7,132,102)**	**546,512**
Share issued in the year	20,462	112,538	-	-	-	-	133,000
Convertible loan notes issued in the year	-	-	964,255	-	-	-	964,255
Share based payments	-	-	-	694,360	-	-	694,360
Exchange in year	-	-	-	-	(359,186)	-	(359,186)
Retained loss for the year	-	-	-	-	-	(4,114,659)	(4,114,659)
At 31 December 2016	**1,304,327**	**5,534,164**	**1,594,285**	**987,114**	**(308,847)**	**(11,246,761)**	**(2,135,718)**
Share issued in the year	-	-	-	-	-	-	-
Convertible loan notes issued in the year	-	-	620,755	-	-	-	620,755
Share based payments	-	-	-	164,352	-	-	164,352
Exchange in year	-	-	-	-	114,520	-	114,520
Retained loss for the year	-	-	-	-	-	(2,611,373)	(2,611,373)
At 31 December 2017	**1,304,327**	**5,534,164**	**2,215,040**	**1,151,466**	**(194,327)**	**(13,858,134)**	**(3,847,464)**

Statements of Changes in Shareholders' Equity

For the year ended 31 December 2017

Particular Company	Share Capital £	Share premium £	Other reserve £	Share based payment reserve £	Accumulated losses £	Shareholder's equity £
At 31 December 2015	**1,283,865**	**5,421,626**	**-**	**292,754**	**(4,776,721)**	**2,221,524**
Share issued in the year	20,462	112,538	-	-	-	133,000
Convertible loan notes issued in the year	-	-	964,255	-	-	964,255
Share based payments	-	-	-	694,360	-	694,360
Retained loss for the year	-	-	-	-	(4,248,709)	(4,248,709)
At 31 December 2016	**1,304,327**	**5,534,164**	**964,255**	**987,114**	**(9,025,430)**	**(235,570)**
Share issued in the year	-	-	-	-	-	-
Convertible loan notes issued in the year	-	-	620,755	-	-	620,755
Share based payments	-	-	-	164,352	-	164,352
Retained loss for the year	-	-	-	-	(2,278,387)	(2,278,387)
At 31 December 2017	**1,304,327**	**5,534,164**	**1,585,010**	**1,151,466**	**(11,753,817)**	**(2,178,850)**

Notes to the Financial Statements

For the year ended 31 December 2017

1 General information

cloudBuy plc ("the Company") and its subsidiaries (together "the Group)" provides an integrated software platform for eprocurement and ecommerce the trading of goods and services between purchasers such as public sector bodies and their suppliers, along with the analysis and coding of spend and product data. The Group also provides services to new businesses, including incorporation, company secretary services and filing annual returns, using its software platform. The Company is a public limited company which is listed on the Alternative Investment Market of the London Stock Exchange and is incorporated and operates in the UK.

The address of the registered office is:
5 Jupiter House,
Calleva Park,
Aldermaston,
Berkshire RG7 8NN.

2 Summary of significant accounting policies

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

2.1 Basis of accounting

These financial statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

As permitted under Section 408 of the Companies Act 2006 a separate statement of comprehensive income for the parent company has not been presented.

2.2 Going concern

The Group had a loss attributable to shareholders for the year of £2,611,373 and at the year-end had cash balances of £2,459,912. The directors of the Group have prepared detailed projections and cash flow forecasts through to 31 December 2018. In considering these cash flow forecasts, the directors have carefully considered the assumptions and sensitivities and have concluded that the Group will be able to continue trading within its current working capital position and they have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date the accounts were signed and as such have prepared the accounts on the going concern basis.

2.3 Consolidation

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefit from their activities. Subsidiaries are fully consolidated from the date on which control is transferred until the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The investment in subsidiaries in the Company's statement of financial position is shown at cost less provision for diminution in value.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

2.4 Goodwill

Goodwill arising on acquisitions represents the excess of the consideration given plus any associated costs for investments in subsidiary undertakings over the fair value of the identifiable assets and liabilities acquired. Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the Group. Provision is made for any impairment in the value of goodwill. The costs of integrating and reorganising acquired businesses are charged to the post acquisition statement of comprehensive income.

In accordance with IFRS1, the Group has applied the exemption from retrospectively recalculating goodwill which arose on acquisitions prior to 1 January 2006. This goodwill is included at its deemed cost, being the amount recorded under UK GAAP as at 1 January 2006. Goodwill is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of these cash generating units represents the group's investment in each country of operation by primary reporting segment.

Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.5 Other intangible assets

Other intangible assets are shown at historical cost less accumulated amortisation and impairment losses.

The costs directly associated with the development of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortised over their estimated useful lives. Other research and development expenditure is written-off to the statement of comprehensive income in the year in which it is incurred.

Amortisation is charged to administrative expense in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The useful lives are as follows:

- Software - 3 years
- Development expenditure - 3 years

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

2.6 Property, plant and equipment

All are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write each asset down to its estimated residual value on a straight-line basis over its estimated useful life, as follows:

- Computer equipment - 3 years
- Fixtures, fittings and equipment - 3 to 5 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in the statement of comprehensive income.

2.7 Impairment of assets

The Group assess at each statement of financial position date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

For goodwill and intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each statement of financial position date and whenever there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

2.8 Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group has become a party to the contractual provisions of the instrument.

2.8.1 Trade receivables

Trade receivables are initially recognised at fair value and then subsequently measured at amortised cost using the effective interest rate method. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2.8.2 Trade payables

Trade payables are initially recognised at fair value and then subsequently measured at amortised cost using the effective interest rate method. Trade payables are not interest bearing and are stated at their nominal value.

2.8.3 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest rate basis.

2.8.4 Convertible and non-convertible loan notes

Convertible loan notes are separated into the equity and liability components at the date of issue. The liability component is recognised initially at its fair value. Subsequent to initial recognition, it is carried at amortised carrying value using the effective interest method until the liability is extinguished on conversion or redemption of the loan notes. The equity component is the residual amount of the convertible bond after deducting the fair value of the liability component. This is recognised and included in equity, net of deferred tax effect, and is not subsequently remeasured.

Loan notes with no option to be converted to share capital and that will be repaid in cash, are recognised in liabilities.

2.8.5 Equity Instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.9 Share based payments

The group has applied the requirements of IFRS 2: Share-based Payments.

The group issues equity-settled share-based payments to its employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

2.10 Pensions

All pension schemes operated by the Group are defined contribution schemes. The costs are charged to the statement of comprehensive income in the year in which they are incurred.

2.11 Revenue

Revenue is measured at fair value of consideration received or receivable for goods sold and services provided to customers outside the Group, net of Value Added Tax and any discounts.

Where invoices are raised in advance of the income being earned through the performance of the service, the unearned portion is included in the accounts as deferred income, and released to the Profit and Loss Account as earned.

2.12 Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. The Group does not hold any assets under hire purchase contracts or finance leases and has not received any benefits as an incentive to sign a lease of whatever type.

2.13 Current and deferred taxation

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

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in jointly controlled entities, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

2.14 Provisions

Provisions are recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.15 Adoption of new or amended IFRSs

(a) The Company has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the year beginning 1 January 2016.

IFRS 14	Regulatory Deferral Accounts	(effective 1 January 2016)
IAS 16/38	Clarification of Acceptable Methods of Depreciation and Amortisation	(effective 1 January 2016)
	Annual Improvements 2012-2014 Cycle	(effective 1 January 2016)
IAS 1	Disclosure Initiative (Amendments to IAS 1)	(effective 1 January 2016)

(b) At that date of authorisation of these Financial Statements, the following Standards and Interpretations (International Financial Reporting Interpretation Committee – IFRIC), which have not been applied in these Financial Statements, were in issue but not yet effective:

IFRS 15	Revenue from Contracts with Customers	(effective 1 January 2018)
IFRS 16	Leases	(effective 1 January 2019)

The Directors have considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Group or that they would not have a material impact on the Group's financial statements.

3 Accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Goodwill has been tested for impairment by comparing the amount of goodwill against future forecast results including cash flows expected to be generated in the future by the appropriate asset, cash-generating unit, or business segment.
- The fair value of share-based payments is measured using a binomial model which inherently makes use of significant estimates and assumptions concerning the future applied by the directors.
- Capitalised development expenditure is reviewed for compliance with IAS 38 on an ongoing basis. The technical feasibility and commerciality of development expenditure is considered prior to capitalisation and the carrying values are compared against future forecast results including cash flows expected to be generated in the future for any indication of potential impairment.
- The convertible loan notes are apportioned between an equity element and a liability element. This apportionment is calculated applying judgements covering interest rates and discounts.

4 Revenue- Segmental Analysis

The Groups operating segments under IFRS have been determined with reference to the information presented in the management accounts reviewed by the Board of Directors.

The Group's main reportable segments are Company Formation and web and ecommerce services. These are managed from one operating platform and cannot be readily separated, so all management decisions in connection with these segments are taken to ensure the relevant skill sets are in place to maximise the return from these resources.

The Chief Operating Decision Maker, which is taken to be the Board of Directors, evaluates the performance and resource requirements of these segments in unison to ensure maximum efficiencies within the business. Resources are shared; in particular, technical support and research and development advances are shared between the two in the form of improvements and refinements being made to the underlying platform that hosts them.

The Directors consider the most beneficial method of splitting these segments to provide useful information to users of the accounts is to provide details down to the Gross Profit level only.

From then on any further detail would necessitate arbitrary cost allocation that they do not use in managing the business and is not considered meaningful in terms of how resources are actually utilised. Similarly, any split of the statement of financial position assets would involve arbitrary allocation.

Coding International is the Company's 100% trading subsidiary however at the end of the year, the business of Coding International Ltd have been transferred to CloudBuy. Revenue from the customers of Coding International Ltd have been shown as separate reportable segment.

The revenue recognised and gross profit attributable between reportable segments is shown below:

2016

Particular	Company Formation services	Web and ecommerce Services	Coding Customer services	Total
	£	£	£	£
Revenue	492,542	1,165,734	56,215	1,714,491
Cost of sales	(227,659)	(70,256)	-	(297,915)
Gross Profit	264,883	1,095,478	56,215	1,416,576

2017

Particular	Company Formation services	Web and ecommerce Services	Coding Customer services	Total
	£	**£**	**£**	**£**
Revenue	**376,818**	**1,067,308**	**59,941**	**1,504,067**
Cost of sales	**(158,066)**	**(68,806)**	**-**	**(226,872)**
Gross Profit	**218,752**	**998,502**	**59,941**	**1,277,195**

5 Operating loss

	2017 £	2016 £
This is stated after the following:		
Staff costs (see note 7)	**2,215,082**	3,961,479
Depreciation of property, plant and equipment (see note 13)	**114,507**	91,366
Amortisation of other intangible assets (see note 12)	**5,508**	18,461
Research and development costs recognised as an expense	**575,261**	623,649

6 Auditors remuneration

Amounts payable to James Cowper Kreston in respect of audit and non-audit services

	2017 £	2016 £
Audit of company and consolidated accounts	**15,399**	14,950
Audit of subsidiaries	**1,030**	1,000
Other Services relating to:		
Taxation	**3,193**	3,100

7 Employees

	2017 £	2016 £
Staff costs including directors comprised:		
Wages and salaries	**1,867,631**	2,946,590
Pension	**8,822**	69,800
Social security costs	**174,277**	250,729
Share based payments	**164,352**	694,360
	2,215,082	3,961,479

	No.	No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management and administration	**7**	13
Technical and delivery	**49**	50
Sales and marketing	**7**	20
	63	83

Directors remuneration:

Emoluments for qualifying services:	2017 Salary/fees	2017 Pension	2017 Total	2016 Salary/fees	2016 Pension	2016 Total
	£	£	£	£	£	£
D Chellingsworth	**14,167**	**-**	**14,167**	25,000	23	25,023
RJ Duncan	**120,000**	**-**	**120,000**	135,139	10,000	145,139
HL Duncan	**120,000**	**386**	**120,386**	135,138	35,155	170,293
DKC Gibbon	**139,614**	**773**	**140,386**	142,345	310	142,655
JR Holden	**91,749**	**-**	**91,749**	170,250	124	170,374
	485,529	**1,159**	**486,688**	607,872	45,612	653,484

JR Holden left the business and resigned as a director on 11 August 2017 and received £30,000 as compensation for loss of office in addition to the salary amount shown above. None of the Directors exercised share options in the year.

8 Finance costs

	2017	2016
	£	£
Interest on loan notes	397,655	212,347
Interest on other borrowings	-	3,750
	397,655	216,097

9 Taxation

	2017	2016
	£	£
R&D tax credit	90,000	60,000
Adjustment in respect of prior years	46,226	97,136
Tax credit for the year	136,226	157,136

Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(2,747,597)	(4,271,795)
Loss on ordinary activities before taxation multiplied by Standard rate of UK corporation tax of 20% (2016: 20%)	(549,519)	(854,359)
Effects of:		
Expenses not deductible for tax purposes	2,000	2,000
Share based payments	64,397	138,872
Capital allowances less than depreciation and amortisation	7,884	5,732
R&D tax credit claim in respect of current year	(18,854)	(12,569)
Prior year	(48,960)	(97,136)
Carry forward of tax losses	404,092	660,324
Total tax credit	(136,226)	(157,136)

No deferred tax asset has been recognised in respect of the losses given the uncertainty regarding available future taxable profits.

10 Loss per share

The calculations for loss per share are based on the weighted average number of shares in issue during the year 130,432,664 (2016: 129,968,645) and the following losses:

	2017	2016
	£	£
Unadjusted earnings:		
Loss for the year attributable to equity shareholders of the parent	**(2,611,373)**	(4,114,659)
Add back:		
Share-based payments	**164,352**	694,360
Adjusted earnings	**(2,447,021)**	(3,420,299)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: share options and convertible loan note. The company has made a loss and these are therefore anti-dilutive.

11 Goodwill

	Cost	Provision for impairment	Carrying Value
Carrying Value **Group**	£	£	£
1 January 2016, 31 December 2016 and 2017	**96,274**	**(96,274)**	-

12 Other intangible assets

Group and Company	Computer Software	Development Expenditure £	Total £
Cost:			
01 January 2016	156,172	455,995	612,167
Additions	-	-	-
01 January 2017	156,172	455,995	612,167
Additions	-	-	-
31 December 2017	**156,172**	**455,995**	**612,167**
Amortisation:			
01 January 2016	146,308	455,995	602,302
Charges for the year	5,508	-	5,508
01 January 2017	151,816	455,995	607,810
Charges for the year	-	-	-
31 December 2017	**151,816**	**455,995**	**607,810**
Carrying value at 1 January 2016	4,730	-	4,730
Carrying value at 1 January 2017	9,865	-	9,865
Carrying value at 31 December 2017	**4,357**	**-**	**4,357**

13 Property, plant and equipment

Group	Fixture, fittings and equipment £	Computer equipment £	Total £
Cost:			
01 January 2016	319,758	1,091,344	1,411,102
Additions	4,188	63,851	68,039
Exchange	9,942	1,913	11,855
01 January 2017	333,888	1,157,108	1,490,996
Additions		10,702	10,702
Exchange	(1,742)	(11,919)	(13,661)
31 December 2017	332,146	1,155,891	1,488,037
Depreciation:			
01 January 2016	256,856	959,488	1,216,344
Charges for the year	11,000	80,366	91,366
Exchange	939	664	1,603
01 January 2017	268,795	1,040,518	1,309,313
Charges for the year	57,520	56,988	114,507
Exchange			-
31 December 2017	326,315	1,097,506	1,423,820
Carrying value at 1 January 2016	62,902	131,856	194,758
Carrying value at 1 January 2017	62,902	116,590	181,683
Carrying value at 31 December 2017	**5,831**	**58,386**	**64,216**

13 Property, plant and equipment (continued)

Company	Fixture, fittings and equipment £	Computer equipment £	Total £
Cost:			
01 January 2016	256,255	1,068,337	1,324,592
Additions	-	52,248	52,248
Exchange	-	-	-
01 January 2017	256,255	1,120,585	1,376,840
Additions	-	10,702	10,702
Exchange	-	-	-
31 December 2017	256,255	1,131,287	1,387,542
Depreciation:			
01 January 2016	255,999	949,770	1,205,769
Charges for the year	228	72,507	72,735
Exchange	-	-	-
01 January 2017	256,227	1,022,277	1,333,829
Charges for the year	28	55,282	55,310
Exchange	-	-	-
31 December 2017	256,255	1,077,559	1,333,817
Carrying value at 1 January 2016	256	118,567	118,823
Carrying value at 1 January 2017	28	98,308	98,336
Carrying value at 31 December 2017	**0**	**53,729**	**53,729**

14 Investments

Company	£
Subsidiary undertakings (at cost):	
Carrying value at 1 January 2016	**70,394**
Provision for impairment:	
1 January 2016 to 31 December 2016	**30,394**
Carrying value at 31 December 2017	**40,000**

The investments shown above represents the Company's 100% holding in the ordinary shares of @Software PLC and its wholly owned subsidiary Software Limited (incorporated in the United Kingdom; non-trading) and Coding International Limited (incorporated in the United Kingdom; provides coding services for use in procurement). The business of Coding International Limited was transferred to CloudBuy UK Plc as on 31st December 2017.

The Company also has 100% investments in cloudBuy India Private Limited, incorporated in India, which provides eCommerce solutions to Indian companies and cloudBuy Pty Limited, incorporated in Australia, which provides eCommerce solutions in the Asia Pacific region.

15 Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Prepayments and accrued income	**58,338**	212,510	**58,338**	206,519
Amounts owed by related undertakings	**-**	-	**1,583,658**	1,909,575
Other receivables	**72,029**	34,247	**68,479**	4,778
Trade receivables	**333,142**	275,587	**329,959**	262,661
	463,509	522,344	**2,040,434**	2,383,533

The Group's financial assets are fairly short term in nature. The directors consider that the carrying value of trade and other receivables approximates to the fair value.

16 Notes to the cash flow statement

Analysis of changes in net funds/debt

	Group		Company	
	31 December 2017	1 January 2016	**31 December 2017**	1 January 2016
Cash at bank and in hand	**2,459,912**	1,035,826	**2,445,766**	968,391
	2,459,912	1,035,826	**2,445,766**	968,391

Cash and cash equivalents (which are presented as a single class of asset on the face of the statement of financial position) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less.

17 Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade creditors	**110,271**	185,159	**111,282**	181,938
Other taxation and social security	**88,549**	118,531	**77,564**	86,239
Other creditors	**9,246**	59,003	**9,423**	7,947
Accrual and deferred income	**955,865**	656,258	**857,964**	561,709
	1,163,931	1,018,951	**1,056,233**	837,833

The Group's financial liabilities are fairly short term in nature and due for payment in a period of less than 6 months. In the opinion of the directors the book values equate to their fair value.

18 Borrowings

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Non current:				
Convertible loan notes	**4,001,101**	2,412,048	**4,001,101**	2,412,048
Non-convertible loan notes	**1,674,424**	661,573	**1,674,424**	661,573
Amounts owed to Group undertakings	**-**	-	**31,377**	31,377
	5,675,525	3,073,621	**5,706,902**	3,104,998

The amount owed to Group undertakings has no fixed repayment schedule.

The principal terms of the loan instruments are as follows:
For the Existing (April 2016) Loan Notes, all of which have been issued

Instrument (the "Instrument")	Interest bearing loan note instrument constituting 4,172,562 £1.00 secured convertible loan notes and 1,577,438 £1.00 secured non-convertible loan notes
Amount	Up to £5,750,000
Term	10 year term with an early repayment option on 5th anniversary
Drawdown	Minimum of £3,274,300 in first draw down then in increments of a minimum of £1 million in size
Interest	2.33%
Borrower Covenants	cloudBuy plc cannot issue any instrument that is pari passu or senior to the Instrument and/or the Loan Notes without the consent of the holder of the Loan Notes

Lender Covenants	None
Conversion price	6.5 pence (conversion at any time in full or in part at the election of loan note holder) or 1 penny (in the event that the outstanding amount of the Convertible Loan Notes (including principal and interest) has not been repaid or converted by the Final Redemption Date)
Security	The Loan Notes will be secured, by way of a secondary charge over the Company's assets, with the charge ranking behind the Company's clearing bank facility provider from time to time where the priority charge over the Company assets will be limited to £300,000 in value
Future Investment	Mr. Roberto Sella to have the right, but not the obligation, to participate in future equity fundraising by the Company at 80% of the price of other investors up to the end of the Term

For the New (December 2017) Loan Notes for the amounts issued

Instrument (the "Instrument")	Interest bearing loan note instrument constituting 1,700,000 £1.00 secured convertible loan notes
Amount	Up to £1,700,000
Term	10 year term with an early repayment option on 5th anniversary
Drawdown	Single amount drawn of £1,700,000
Interest	2.33%
Borrower Covenants	cloudBuy plc cannot issue any instrument that is pari passu or senior to the Instrument and/or the Loan Notes without the consent of the holder of the Loan Notes
Lender Covenants	None
Conversion price	2.0 pence (conversion at any time in full or in part at the election of loan note holder) or 1 penny (in the event that the outstanding amount of the Convertible Loan Notes (including principal and interest) has not been repaid or converted by the Final Redemption Date)
Security	The Loan Notes will be secured, by way of a secondary charge over the Company's assets, with the charge ranking behind the Company's clearing bank facility provider from time to time where the priority charge over the Company assets will be limited to £300,000 in value

19 Share capital and share premium

	Number of shares £	Ordinary shares £	Share premium £
At 1 January 2016	128,386,510	1,283,865	5,421,626
Share issued in connection with fund raising	2,046,154	20,462	112,538
At 31 December 2016	130,432,664	1,304,327	5,534,164
At 31 December 2017	**130,432,664**	**1,304,327**	**5,534,164**

The total authorised number of ordinary shares is 250 million (2016: 250 million) with a par value of 1p each.

On 12 June 2015 2,172,520 ordinary shares were issued at 24p per share to the share incentive plan. On 23 July 2015 5,000,000 ordinary shares were issued at 20p under a placing of shares. On 24 March 2016 2,046,154 ordinary shares were issued for cash at 6.5p per share to certain directors and an employee of the Company and his spouse.

Subscribers to the share issues in August 2009 were granted warrants to subscribe for a total of 10 million new ordinary shares at 2p per share. The warrants were exercisable up to five years after issue. At the AGM in 2014 the extension of the exercise period by another five years was approved. There are warrants to subscribe for 2,053,836 shares outstanding.

During 2016 and 2017 the number of options granted under the cloudBuy plc Share Option Scheme to subscribe for ordinary shares in the Company changed as follows:

	2017 Number	Weighted average exercise price	2016 Number	Weighted average exercise price
At 1 January	**14,292,632**	**9.1p**	13,444,967	24.3p
Options granted during the year	**-**	**-**	4,155,000	8.2p
Options lapsed during the year	**(2,779,773)**	**9.9p**	(3,307,335)	24.6p
Cancelled	**-**	**-**	(7,659,954)	29.6p
Reissued	**-**	**-**	7,659,954	10.0p
Exercised in the year	**-**		-	-
At 31 December	**11,512,859**	**8.9p**	14,292,632	9.1p
Exercisable at the year end	**3,831,685**	**7.7p**	2,477,678	7.7p

The options at 31 December 2017 are as follows:

Number of options under grant	Subscription price per share	Exercise period
613,750	1.75p	August 2012 to August 2019
450,000	3.5p	October 2013 to October 2020

1,197,655	11.625p	December 2015 to December 2022
7,246,454	10p	March 2017 to March 2026
2,005,000	6.5p	January 2017 to December 2026

Share based payments

The Group has a share option scheme under which the Remuneration Committee can grant options over share in the Company to employees of the Group. Options are granted with a fixed option price equal, normally, to the market price of the shares under option at the date of grant. The contractual life of an option is normally 10 years. The scheme allows for performance criteria or market conditions to be attached to the options, but this has not generally been done. Options are valued using the Black Scholes option pricing model. The fair value of options granted and which remain open and the assumptions used in the calculations are as follows:

Grant Date	28 Aug 09	24 Oct 10	24 Dec 12	24 Mar 16	21 Dec 2016
Share price at grant date	1.6p	3.5p	11.625p	6.25p	3.45p
Exercise price	1.75p	3.5p	11.625p	10p	6.5p
Number of employees	37	31	9	4	11
Shares originally under option	2,930,795	3,150,000	2,303,604	2,000,000	2,155,000
Vesting period (years)	3	3	3	†	††
Expected volatility	90%	90%	65%	225%	225%
Expected life (years)	4	4	4		
Risk free rate	2.45%	1.75%	0.9%	1.4%	1.4%
Rate ceasing employment before vesting (total)	25%	25%	25%	0%	10%
Fair value per option	£0.003	£0.015	£0.04	£0.04 to £0.05	£0.02 to £0.03

† Vest in equal parts between 1st and 4th anniversary
†† 1,475,000 vest in equal parts between 1st and 24th month after issue; the balance vest in equal parts between 1st and 4th anniversary

No dividends were assumed. The expected volatility is based on the historical volatility of the Company's shares.

Share incentive plan

The Group has a share incentive plan under which shares can be awarded to all employees. The shares are held separately by the plan's Trustees. To date there have been three issues:

On 5 April 2012 1,878,288 ordinary shares were issued at 11.5p per share;
On 24 December 2012 1,703,229 ordinary shares were issued at 11.65p per share, and
On 15 October 2013 745,462 ordinary shares were issued at 33p per share.
On 12 June 2015 2,172,520 ordinary shares were issued at 24p per share.
Cost of the shares issued is charged to the profit and loss account over three years, the period for which the shares must be held by the trustees before becoming available to the relevant employee.

20 Financial instruments

	2017 £	2016 £
Financial assets		
Floating rate interest bearing - cash	**2,459,912**	1,035,826

Cash is held in current or short term deposit account.

All other finance assets are non-interest bearing.

There is no material difference between the book value of financial assets and liabilities noted above, and the fair value.

The main objective of the Groups treasury policy is to protect post-tax cash flows of the business from the adverse effects of financial risks.

The Groups financial assets and liabilities comprise cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The Group has no undrawn borrowing facilities. The Group is not exposed to significant foreign exchange risk.

The Group does not enter into instruments for speculative purposes. The Group is exposed to credit risk predominantly from trade receivables and cash and cash equivalents held with banks. The group's exposure to bad debts is reduced as its major customers tend to be public sector bodies.

The Group finances its operations through funds raised from share issues.

Sensitivity analysis has not been performed as any impact is considered immaterial.

21 Financial commitments

Present value of future commitments under non-cancellable operating leases:	2017 £	2016 £
Group		
Land and buildings, falling due		
– within 1 year	**51,409**	47,773
– within 2 to 5 years	**63,295**	63,294
– over 5 years	**20,710**	25,911
	135,413	136,978
Company		
Land and buildings, falling due		
– within 1 year	**40,000**	36,364

– within 2 to 5 years	**27,129**	27,129
	67,129	63,493

22 Related party transactions

Mr RJ Duncan and Mrs HL Duncan are the landlords of a property which is occupied by the Group. The annual rent is currently £24,000 (2016: £24,000). Isabella M Deas Limited, a company owned by Mr Duncan's parents and in which he has a minority interest, is the landlord of a second property which is occupied by the Group. The annual rent is currently £24,000 (2016: £24,000). The leases on both properties are due for renewal in August 2018.

There is no party which has ultimate control of the Group.

Key management compensation

	2017 £	2016 £
Short term employee benefits	**659,055**	855,051
Share based payment remuneration		304,462
		1,159,513

Share based payment remuneration represents the value of options granted to key management valued as described in note 19.

23 Non-trading subsidiaries

The company has incorporated a number of subsidiaries for the purpose of name preservation. These are non-trading, wholly owned and are incorporated in the United Kingdom unless otherwise specified:

cloudSell Limited, cloudBuy (HK) Ltd, cloudBuy Pty Ltd, cloudBuy Group Ltd, cloudBuy Holdings Ltd, cloudBuy Services Ltd, cloudBuy & Co Ltd, cloudBuy India Private Ltd, cloudBuy UK Ltd, cloudBuy International Ltd, cloudSell & Co Ltd, cloudSell Pty Ltd, cloudSell Group Ltd, cloudSell Services Ltd, cloudSell International Ltd, cloudSell UK Ltd, cloudSell Holdings Ltd, Cloud Incorporations Limited