cloudBuy PLC

(“**cloudBuy**” or “**The Company**”)

Final Results for the year ended 31 December 2017 and Date for AGM.

1. Audited Final results for the year ended 31 December 2017

Key Points

- Revenue for the year was £1,504,067, a reduction of 12% on 2016. This reduction was as a result of the end of 2 contracts in Q4 2016 and the continuing reduction in Company Formations revenue.
- Operating loss excluding share based payments was £2,185,592, a reduction of 35% on 2016. This improvement is as a result of cost reductions which have more than offset the reduction in revenue.
- Continuing cost initiatives are expected to result in a further reduction in administrative expenses in 2018.
- The business will continue to focus on generating revenue from existing customers with a particular focus on the PHBChoices UK Care Marketplace.
- Further investment of £1.7m from Roberto Sella in December 2017. This funding is anticipated to be sufficient to take the business to profitability based on forecast revenue from existing customers.

2. AGM

The Company's AGM will be held on 17 April 2018 at 11.00 am at its registered office, 5 Jupiter House, Calleva Park, Aldermaston, Berkshire RG7 8NN.

3. Publication of Report and Accounts and AGM notice

The report and accounts for the year ended 31 December 2017 and notice of Annual General Meeting ("AGM") will be distributed to shareholders today and will also be available on the website: investor.cloudbuy.com. Shareholders are encouraged to elect to receive reports by email, saving on printing and postage, this can be done at http://investor.cloudbuy.com/shareholders-registration-form.html

4. Extract from Annual Report and Accounts

The information included below is an extract from the Report and Accounts for 2017.

For further information, please contact:

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About cloudBuy PLC

cloudBuy, (AIM: CBUY), provides cloud solutions for buyers and sellers - and brings them together to trade securely and ethically via an increasing number of public e-marketplaces and private purchasing portals around the world, powered by cloudBuy e-commerce technology.

cloudBuy solutions for buyers help B2B purchasers understand and control their spend, to reduce costs and increase value. Our cloudSell solutions enable sellers of all sizes, from startups to corporates, reach new customers and grow their business.

cloudBuy's technology platform powers web sites, public marketplaces and private purchasing portals that enable all types of online interactions and relationships including, citizen and business to government, consumer to business, and business to business.

For more information visit: www.cloudbuy.com

Twitter: @cloudbuyplc

Extract from Annual Report and Accounts 2017

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

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		**(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	**1,585,006**	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)	**(11,753,814)**	(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, Plant & equipment		**108,880**	91,366	**55,310**	72,735
Amortisation of other Intangible assets		**5,508**	18,461	**5,508**	18,461
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		**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)**	**(3,847,465)**

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

Director's remuneration:

	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:

	2017	2017	2017	2016	2016	2016
Emoluments for qualifying services:	Salary/fees	Pension	Total	Salary/fees	Pension	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	(46,226)	(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.