

**aeorema**  
communications plc

Consolidated Directors' Report  
& Financial Statements

Year Ended 30 June 2023

22  
23



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# Chairman's Statement

I am incredibly proud to report record-breaking revenue of £20.2m and our first ever seven figure profit before tax ("PBT") of £1.045m for the year ended 30 June 2023. Since the new management team took over in late 2017, our business has grown dramatically with revenue increasing more than fivefold and profit quadrupling. This has been achieved while navigating a pandemic, which brought much of the global events industry to its knees and tough economic conditions. This achievement is testament to the dedication and hard work of our talented employees, the loyalty of our clients, and the strategic vision of our leadership team. I would therefore like to thank them all for their belief in Aeorema.

We have invested heavily in the business to ensure we continue our momentum both in EMEA and North America. As we celebrate our remarkable revenue growth, our underlying profitability this year has underpinned a deliberate strategy to reinvest a substantial portion of our earnings back into the structure and foundations of our business. Much of this expenditure is one-off in nature and leaves us well positioned to take advantage of the many opportunities we see in our high value and global sector. Hence, the net profit margin for FY 2023 belies the underlying strong fundamentals of our business and depth of client relationships and work.

We have invested in our team in a tight labour market whilst enduring a spike in recruitment costs, and we have strengthened our HR team to support our increasingly global team going forwards. We have also upscaled our IT infrastructure including better project management and accountancy tools, designed to enhance the reporting processes across our growing business. We have also continued to invest in our US office, including the recruitment of key team members, and continue to build brand recognition in North America while developing key client relationships for future US-focused work.

All of these areas of investments have already begun to yield positive results. They are enhancing our efficiencies and ability to respond to changing market dynamics, to provide more strategic and creative solutions, expand our client base, strengthen client relationships and maintain the high-quality standards our clients have come to know and appreciate from Aeorema.

The business continues to move at pace, and we have achieved these record financial results two years ahead of our internal targets and our internal five year plan that was set out at the height of the pandemic in 2020. Looking ahead, we see significant opportunities in EMEA and North America and the opportunity to increase the work we undertake for existing clients as well as new ones and to establish a presence at additional major "tent pole" events.

At an operating company level, our core Cheerful Twentyfirst business remains strong and our strategy to invest in our team which commenced last year is proving successful as we continue to both retain global brands and expand the scope of work we are doing for them. Alongside this, our Sales and Marketing team is achieving great success bringing in fantastic brands within many sectors including professional services, technology, media and marketing.

Meanwhile, we are delighted that Eventful has returned to profit and, under the new leadership of Claire Gardner, who has been with the business for 12 years, there is great excitement about what Eventful can achieve over the coming years.

Looking forward, we are now consolidating the results of our recent investments and creating a strong platform for further growth across the Group. We believe that this provides the potential for our 2024 financial year to be another record year for the Group, albeit one which we expect will be heavily weighted towards our second half as many brands are delaying projects and pushing them into the first half of calendar year 2024; the second half of our financial year. Nonetheless, we expect a strong year overall and, as contracts are signed and projects scheduled, the greater clarity will allow us to update the market.

We have a robust cash position as at the date of this announcement of £1.9million and I am delighted to confirm that we are proposing a final dividend for the year, reflecting the growth we have achieved and the confidence we have for the future. The dividend proposed is 3 pence per share (a 50% increase on the dividend paid in 2022 of 2 pence per share). Subject to the proposed dividend being approved by shareholders at the forthcoming Annual General Meeting, it will be paid on 19 January 2024 with a record date of 22 December 2023 and an ex-dividend date of 21 December 2023.

We remain open to acquisition opportunities that are priced sensibly, are the right fit for our organisation and that can deliver value for our shareholders.



I have never been so positive about the future of Aeorema. Cheerful Twentyfirst is robust and ever growing, Eventful is thriving and, under the new leadership of André Shahrdar in our US office, we believe we can achieve great things in North America.

In closing, I would like to extend once more a big thank you to our amazing management team, our dedicated, brilliant and talented teams at Cheerful Twentyfirst and Eventful and our wonderful and loyal investors. Your unwavering support and commitment has been instrumental in making this year a resounding success.



**M Hale**  
**Chairman**

13 November 2023



# Chief Executive Officer's Report

This has been another exceptional year, achieved through the delivery of extremely creative and consistently high-quality work for our clients, coupled with the commercial agility to develop new markets around the world.

Within the last few months alone, Cheerful Twentyfirst, our creative brand experience agency, has delivered events and experiences in New York, Austin, Tokyo, Brussels, London, Paris, Berlin and of course, Cannes, France. I am hugely pleased with the new ways we are working to delight our clients and build our agency brands across the globe. Creativity and our strong CSR (Corporate Social Responsibility) ethos is at the heart of what we do, but it is our expertise and experience in enabling our clients to communicate effectively with their audiences which has seen us become not only a leading operator but also thought leaders in our industry.

After 12 years at Cannes Lions, June 2023 was our busiest year ever. At this marketing and advertising industry 'tent pole' event we partnered with the most ambitious global brands to deliver seven world class, award nominated, client activations. A particular highlight was the Sport Beach activation we created with Stagwell Global, a multi-billion-dollar NASDAQ listed company. Built on shifting sands, the unique 420 capacity sports stadium brought fans out of the stands and onto the court itself to break down barriers and build long-lasting partnerships for marketers, brands and athletes alike. With over 5,000 guests attending this activation, AdWeek called Sport Beach a "total game changer" for how brands can connect with audiences through events. I'm very proud of the dynamic experiential strategy we adopted, and it has become a cornerstone for ongoing success into 2024.

Our strength in brand experience and activation continues to drive new interest and offer new opportunities. We are modelling new revenue growth streams on the back of our repeated success at Cannes Lions, as we apply our expertise at more 'tentpole' events around the world. In tandem, we continue to see significant growth in our strategic consultancy offering, which has opened new revenue streams within our businesses and introduced new skill sets into our teams.

Achieving our internal five-year revenue goals two-years earlier than expected has, in a large part, been down to our Client Services team. It has been a pleasure to see this part of the business thrive, having moved to an account-based model in 2021. The purpose of this change was to strengthen client relationships, secure repeat work and retain client contracts. I'm delighted to say that this has proved very successful, with us achieving 100% client retention, and an average year-on-year increase in revenue of 47% across our flagship clients.

In addition to our people and profit successes, our dedication to creative excellence has not gone unnoticed within our industry. This year, we had the honour of being named Global Agency of the Year at the C&IT Awards, alongside Creative Team of the Year for the fifth year running at the CN Agency Awards. A real highlight was being awarded the coveted Grand Prix award for the first time as the overall winner of the night at the events and communications industry's prestigious micebook Awards 2023. These accolades are testament to the hard work and commitment of our talented teams and reinforce our position as a leader in our field.

Further afield, our North American arm, Cheerful Twentyfirst Inc., has reported its most successful year to date. After only three years in the North American market, we've broken significant ground with new logo brands and key talent hires. The most exciting being the appointment of our US President, André Shahrदार, who joined in May 2023 and who we believe will be instrumental in our future growth and success in the North American market.

Eventful, our events and incentives agency, has had an excellent 12 months too, reporting year-on-year revenue growth of 140%. The synergy between Eventful and Cheerful Twentyfirst continues to strengthen and open opportunities for cross-client introductions and joint projects. This is particularly the case following the completion of three global events that used both agencies services. The promotion of Claire Gardiner to Managing Director of Eventful in May 2023, having joined in 2011, is also hugely pleasing. I have no doubt that under her guidance we will continue to innovate and deliver extraordinary experiences for our clients, and I look forward to seeing what the next year brings for Eventful.

Across the Group, the investment we have made in our businesses and teams has been instrumental in our growth. This includes significant expansion in our HR and operations capability, which played key roles in implementing new infrastructure and systems to significantly improved processes and efficiencies. Key systems include, the implementation and global roll out of Scorio; our custom project management software, our submission to Ecovadis; an internationally recognised sustainability certification, and achieving ISO 27001; an international standard for information security, for our data security protocols. These initiatives, alongside strengthened HR support for our now 70+ full time staff, are already delivering a great return on investment. This includes stronger scoring during procurement exercises with target brands, and a greater ability to track time and productivity, which enables us to operate more cost effectively. Culturally, the Aeorema Group has also never been stronger, which is an important factor for a people centred business such as ours.

I couldn't be prouder of the remarkable accomplishments of our dedicated team, which we have expanded to include some of the best talent in the industry. We have not only met, but have exceeded our goals, and our agency brands are now recognised on a global scale.

I want to extend my heartfelt thanks to every member of the Aeorema Communications family for making this year an outstanding one. Your contributions and dedication are the driving force behind our success. I would also like to thank all of our shareholders for their continued support and belief in Aeorema, which is a very special company. To illustrate this further, I am delighted to include a snapshot of all our incredible milestones throughout the year.

Thank you once again, for joining us on this journey.



**Steve Quah**  
**Chief Executive Officer**

13 November 2023





# Milestones

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## North America

New York Office Launch  
Three Year Anniversary

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## Awards

Recognised as Global  
Agency of the Year

## North America

First in-market award  
recognition in the US  
Silver in the Corporate  
Content Awards

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22

## Awards

Finalists for a global  
workshop series with  
YouTube at the Campaign  
Experience Awards

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## Awards

Recognised as Creative  
Team of the Year  
5th Year in a Row, at the  
prestigious Conference  
News Awards

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## North America

US President Appointment -  
Andre Shahrदार joins  
Aeorema Communications

## Key Hire

Client Services Director  
appointed to drive client  
retention and lead our  
Accounts division

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## Cannes Lions 2023

Seven activations including  
the most ambitious beach  
build ever seen at Lions

## Eventful

Senior Management Promotion  
- Claire Gardner steps into new  
role as Managing Director

## Talent Awarded

C&IT recognises Head  
of Projects and Head of  
Incentives as A-Lister Alumni

## Key Hire

People and Culture  
Manager appointment



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**CSR**

Carbon Audit Complete. Planet Mark certifies Aeorema Comms as operationally carbon neutral for years 2019, 2020, 2021, supporting Gold standard community water programmes in Vietnam, Buenos Aires, Bulgaria. Work begins on the 2022 audit

01  
23

**CSR**

2023 Charter Launched

**Client Win**

Major Contract Awarded - Stagwell Sport Beach

**Internal**

Agency Conference sets the strategic direction for the next 12 months

02  
23

**Brand Playbook Launch**

Strategy and marketing teams come together to deliver a whitepaper on Generational Intelligence in audiences, and how to design experiences that engage all groups

07  
23

**Micebook Awards**

Winners of the Grand Prix, Best Creative Concept and Best Launch Event

**Brand Playbook**

Strategic insights presented at series of industry forums

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**Growth**

Two new Tier One global clients onboarded

**Awards**

Nominated as The Drums Experiential Agency of the Year, alongside four significant project nominations

**Sustainability**

Head of Moving Image and Executive Producer acknowledged as Power of 50 Industry Sustainability Champions

**Awards**

Steve Quah to be awarded a Fellowship for Live Events - for an exceptional career and his contributions to the Communications Industry

# Strategic Report

The Board presents its Strategic Report on the Group for the year ended 30 June 2023.

## Principal activities

Aeorema Communications plc does not trade but incurs professional fees associated with its listing on the London Stock Exchange. Aeorema Limited (trading as Cheerful Twentyfirst) and Cheerful Twentyfirst, Inc. are live events agencies with film capabilities that specialise in devising and delivering corporate communication solutions. Eventful Limited is a consultative, high-touch service, assisting clients with venue sourcing, event management and incentive travel.

## Business review

The results for the year show revenue was £20,230,231 (2022: £12,207,253), operating profit was £1,092,920 (2022: £871,176) and profit before taxation was £1,045,960 (2022: £843,564).

The Group had net assets of £2,814,356 at the year-end (2022: £2,253,564) and net current assets of £1,761,557 (2022: £1,466,109).

The year ended 30 June 2023 was a highly successful year, with the Group achieving the highest revenue and profit before tax in its history. The Group experienced high growth with its two largest existing clients (refer to note 2) and won new business with a range of clients including the Group's largest brand activation at Cannes Lions International Festival of Creativity 2023 (refer to note 2).

Eventful Limited experienced a record year both in terms of revenue, up 138% (2022: 1,110% increase) compared with the previous year, and profits before tax of £205,559 (2022: £37,845 loss before tax). The year ended 30 June 2023 represented the first full year since the outbreak of COVID-19 which was unaffected by the pandemic and subsequent travel and social distancing restrictions. As a consequence, there was strong demand from clients to return to in-person events leading to a higher volume of enquiries and bookings compared with the previous year.

Cheerful Twentyfirst, Inc. continued to grow its revenue, up 13% (2022: 630% increase) compared with the previous year. However, investment in new hires, the office and business development and marketing meant that overall profits before tax were £317,467 compared with £716,075 in the previous year. The Group hired a new President for Cheerful Twentyfirst, Inc. who is tasked with growing the subsidiary's presence in the United States of America.

The Group's headcount grew during the year, hiring on average eight more employees compared with the previous year. These hires included roles essential to ensuring the Group continues to successfully deliver high quality events, including a Technical Director focused on supplier procurement and improving margins. The Group also invested in a number of roles necessary to support the client facing operations and facilitate future growth, including finance, human resources and IT.

The Group's gross profit margin has decreased from 25% in 2022 to 21% in 2023. In part the reduction is a consequence of the Stagwell Cannes Lions activation, a significant build project which historically has lower gross profit margins. However, this event does not account for the entire reduction and management's focus for the year ending 30 June 2024 is on improving the Group's gross profit margin.

Looking ahead, the Group has not currently experienced any difficulties associated with the ongoing war in Ukraine and conflict in Israel, the cost of living crisis or global economic struggles. Demand throughout the Group's trading subsidiaries remains strong, with new clients and projects in the pipeline for the coming year. However, the Board remain acutely aware of the economic difficulties faced both in the UK and globally, and continues to evaluate its investment plans, resourcing and future forecasts on a regular basis.

# Strategic Report

continued

## Key performance indicators

Year	2023 £	2022 £	2021 £	2020 £
Revenue	20,230,231	12,207,253	5,094,518	5,475,425
Operating profit / (loss)	1,092,920	871,176	(188,105)	(175,043)
Profit / (loss) before taxation	1,045,960	843,564	(159,698)	(217,924)

The Group experienced a 66% increase (2022: 140% increase) in revenue during the year.

Event revenue increased by 77% (2022: 160% increase) in comparison with the previous year. This increase was due in large part to the new client account model approach implemented in previous years and the introduction of client focused account directors which has allowed the Group to develop closer client relationships and grow the number and size of events delivered year on year. As a result of this account model initiative and a focus on marketing, the Group delivered its highest number of and largest ever events at The Cannes Lions International Festival of Creativity, including the new brand activation for Stagwell.

Film revenue decreased by 6% (2022: 52% increase) in comparison with the previous year. This reduction was largely due to a number of one off film projects in the previous year.

## Cashflows

Net cash inflow from operating activities was £1,456,588 compared with a net cash inflow of £921,695 for the year ended 30 June 2022. The cash position increased by £729,683 to £2,440,100 (2022: increase by £612,704 to £1,714,417).

## Capital expenditure

Total capital expenditure, including expenditure on tangible assets, was £325,027 compared with £179,475 for the year ended 30 June 2022.

## Employees

Our priority is to attract and retain talented employees and to harness their creativity to drive growth through development and delivery of services that bring value to our customers' business operations.

We continue to focus on ensuring that the performance of staff is measured against clear, business focused objectives and behavioural criteria through continual appraisals.

## Reward

The Group benchmarks employee salaries against the market and reviews salaries annually to ensure that we are paying at a level to attract and retain high-quality employees.

Key employees are offered access to a share option scheme, further details of which are provided in note 24 to the financial statements.



## **Equal opportunities**

We are committed to ensuring equal opportunities for our staff. We have introduced training which covers equal opportunities legislation and best practice. Our policy in respect of employment of disabled persons is the same as that relating to all other employees in matters of training, career development and promotion. Should employees become disabled during the course of their employment, we will make every effort to make reasonable adjustments to their working environment to enable their continued employment.

## **Safety, health and environment**

The commitment and participation of all employees is vital to efficient and effective occupational risk control. In order to meet our responsibility to protect the environment, staff and the business, the Group continues to focus on maintaining a risk aware culture.

We believe the Group maintains a low environmental impact. We therefore continue to work on the potential environmental impacts of energy consumption, waste and travel.

## **Directors' policies for managing principal risks**

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the business. Risk reviews are undertaken regularly by the respective business areas throughout the year to identify and assess the key risks associated with the achievement of our business objective.

## **Key risks of a financial nature**

The principal risks and uncertainties facing the Group are linked to customer dependency. Though the Group has a very diverse customer base in certain market sectors, key customers can represent a significant amount of revenue (see note 2). Key customer relationships are closely monitored but the loss of a key client could have an adverse effect on the Group's performance. Further details of risks, uncertainties and financial instruments are contained in note 27.

## **Key risks of a non financial nature**

The Group is operating in a highly competitive global market that is undergoing continual change. The Group's ability to respond to many competitive factors including, but not limited to technological innovations, product quality, customer service and employment of qualified personnel will be key in the achievement of its objectives, but its ultimate success will depend on the purchase spends of its customers and the buoyancy of the market.

On behalf of the Board

**S Haffner**  
*Director*

13 November 2023

# Directors' Report

The directors present their annual report and financial statements for the year ended 30 June 2023. The financial statements are for Aeorema Communications plc ("the Company") and its subsidiaries (together, "the Group").

## Directors

The following directors have held office since 1 July 2022:

M Hale  
S Quah  
R Owen  
S Haffner  
A Harvey  
H Luffman

In accordance with regulation 122 of the Company's Articles of Association, one third of the directors retire by rotation, or if their number is not three, or a multiple of three, the nearest to but not exceeding one third, and, being eligible, offer themselves for re-election.

## Dividend Declaration

The Board is proposing a dividend of 3 pence per share, subject to shareholder approval at the forthcoming AGM, to be paid on 19 January 2024 to shareholders on the register on 22 December 2023. The ex-dividend date for the final dividend will be 21 December 2023.

## Financial instruments

Details of financial instruments are given in note 27 to the financial statements.

# Directors' Report

*continued*

## Shareholdings

At 13 November 2023, the directors were aware that the following were directors with an interest in the Company and/or the beneficial owners of 3% or more of the Company's issued share capital:

<b>Directors</b>	<b>Number of shares</b>	<b>Percentages held</b>
M Hale	1,895,000	19.9
S Quah	481,010	7.6
A Harvey	140,000	1.5
R Owen	130,000	1.4
H Luffman	12,437	0.1
S Haffner	11,765	0.1

<b>Other shareholders with more than 3%</b>	<b>Number of shares</b>	<b>Percentages held</b>
B Geary	805,489	8.5
J Hicking	659,500	6.9
S Perring	474,666	5.0
Barnard Nominees Ltd	434,666	4.6
M Lauber	370,000	3.9
B Smith	300,000	3.2
J Curry	295,000	3.1
A Charlton	282,103	3.0



# Directors' Report

*continued*

## Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements. See note 1 for further information.

## Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, they have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all the relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to reappoint Hazlewoods LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

## Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom ("UK") and have elected under Company law to prepare the Company financial statements in accordance with IFRS as adopted by the UK.

The financial statements are required by law and IFRS adopted by the UK to present fairly the financial position of the Group and the Company and the financial performance of the Group and the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group and the Company for that period.

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and accounting estimates that are reasonable and prudent;
- ◆ state whether they have been prepared in accordance with IFRSs adopted by the UK;
- ◆ 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.

# Directors' Report

*continued*

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Aeorema Communications plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Section 172(1) of the Companies Act 2006**

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long-term strategy of the business below and consider that this strategy will continue to deliver long term success to the business and its stakeholders.

The Group is committed to maintaining an excellent reputation and strives to achieve high standards. We are highly selective about which co-contractors and freelancers are used to deliver best value while maintaining an awareness of the environmental impact of the work that they do and strive to reduce their carbon footprint.

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the company are considered to be the employees, suppliers and customers. Their importance to the business is considered below in the Corporate Governance Statement.

In ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly between all members of the Company.

On behalf of the Board

**S Haffner**

*Director*

13 November 2023

# Corporate Governance Statement

The Board recognises the importance of good corporate governance and has adopted the QCA (Quoted Companies Alliance) Corporate Governance Code. This document sets out how the Group complies with the QCA Corporate Governance Code and the Group's compliance with the code will be reviewed annually by the board.

My role as Chairman is to lead the board and to oversee its function and direction. I have ultimate responsibility for implementing the Group's corporate governance arrangements and am accountable to shareholders for the Group's delivery on its strategy.

The Group is committed to delivering returns for shareholders whilst looking after its stakeholders and recognises the importance of a culture which encourages ethical and fair behaviour. This culture is driven by the Group's senior management team.

This document sets out how we consider that Aeorema currently complies with the QCA Corporate Governance Code and explains areas in which we depart from this code. We consider that our approach is appropriate for a group of our size and stage of development and will endeavour to evolve our corporate governance arrangements in line with our growth as a group. We do not consider that any key governance related matters have occurred during the year.

**Mike Hale,**  
*Non-Executive Chairman*

## Overview

The Board is focussing on two key areas of growth within the current strategy and business model. One area is to increase revenue streams within the Group's operating companies (Aeorema Limited, Eventful Limited, Cheerful Twentyfirst, Inc. and Cheerful Twentyfirst B.V.) through key hires, focused account management and new business development. The other area is to grow the PLC's portfolio of companies through acquisitions and mergers. The organic challenge relies on retaining key accounts and maintaining the balance between building internal delivery teams and growing revenue streams and profits. Attracting the right talent on both a permanent and freelance basis is critical for creating the right impact for all clients and ensuring growth is sustainable. The Group is aiming to reduce its reliance on freelance staff and their associated higher costs. The Board has made a commitment to shareholders to ensure that any merger or acquisition is completed at the right price and benefits the future of the organisation. Therefore, due diligence and a sensible approach to valuations is key to achieving the right result for the Group.

Communication will continue with shareholders on several levels. The Chairman is available to speak to directly and the Group's broker will set up key shareholder meetings or conference calls following the announcement of half year and full year results. The Board considers that this approach to shareholder engagement has worked well and was pleased to see a good attendance of shareholders at its last AGM. The Company also utilises digital platforms to deliver investor presentations and Q&A sessions. Announcements will continue to be released through regulatory channels and added to the aeorema.com website.

The business is focused on building strong relationships with clients, staff, suppliers and freelancers. Account managers/directors continually gain feedback from clients and report back to management. Staff appraisals are regularly held, but the Group also has an open-door policy for staff feedback direct to management. Suppliers and freelancers are reviewed on an annual basis and relevant feedback is reported back to management. Management and heads of departments review strategy and use appropriate key performance indicators to monitor performance on a regular basis and the Board is informed with regular business updates at each board meeting.



# Corporate Governance Statement

*continued*

The aim of the Board is to function at the head of the Group's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value.

The Board currently consists of two executive directors and four non-executive directors. The Group does not have a Nomination Committee; the board collectively undertakes the functions of such a committee. The details of each board member along with their background and their role is listed on the website [aeorema.com](http://aeorema.com). Stephen Haffner, Richard Owen and Hannah Luffman exercise independent judgement in all matters relating to the Company. Mike Hale is not considered to be independent due to the size of his shareholding.

The CEO and Managing Director work full-time in the business and have no other significant outside business commitments. The Non-Executive Directors are required to be available to attend Board meetings and to deal with both regular and ad hoc matters. All Non-Executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and they have no conflicts of interest.

The Board and the Group's senior management team have a mix of relevant industry experience, public company experience and financial expertise which enables them to deliver on their strategy. Directors keep their skillsets up to date by attending relevant industry seminars as well as reviewing regulatory and accounting updates provided by the Group's professional advisers.

The Board undertakes an annual review of risk management across the business. Forecasting is reviewed monthly to ensure the staffing levels and overheads are aligned to expected revenue and profit. The board regularly reviews management accounts and forecasts. Contingency plans are reviewed regularly throughout the year and a business continuation plan is updated annually.

There is an Audit Committee consisting of Non-Executive Chairman Michael Hale, Non-Executive Director Stephen Haffner and Non-Executive Director Richard Owen. The terms of reference of the Audit Committee are to assist the board in the discharge of its responsibilities for corporate governance, financial reporting and internal control.

Its duties include maintaining an appropriate relationship with the company's auditors, keeping under review the scope and the results of the audit and its effectiveness. The audit last went out to tender for the financial year ended June 2019 and will be reviewed annually. Currently the tender process will occur every ten years.

As well as overseeing the tender process and reviewing the scope and effectiveness of the audit, the Audit Committee review the full year and interim financial statements, consider the impact of new accounting standards under IFRS on the Group's financial statements, as well as the implications of any significant events or circumstances that occur in the accounting period. The Audit Committee review the Group's financial performance throughout the year and monitor the integrity of any formal market announcements. They also monitor the Group's internal financial controls, ensuring all internal financial controls and risk management systems are effective, and suggest improvements where necessary.

The Remuneration Committee consists of Non-Executive Chairman Michael Hale, Non-Executive Director Stephen Haffner, Non-Executive Director Richard Owen and Non-Executive Director Hannah Luffman, and meetings are held at least once a year. The Remuneration Committee is responsible for reviewing the performance of the executives of the Group and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Group. This involves setting and approving the performance measures on which the pay scales are based. Richard Owen chairs the Remuneration Committee. Details of Directors' remuneration is set out in note 22 to the financial statements.

# Corporate Governance Statement

*continued*

The Board will continue to meet at least six times a year to review, formulate and approve the Group's strategy, budget, corporate actions and major items of capital expenditure. During the financial year ended 30 June 2023, the board met on 7 occasions. The Board's attendance record for the year ended 30 June 2023 was as follows;

Mike Hale – 100%  
Richard Owen – 100%  
Stephen Haffner – 100%  
Andrew Harvey – 86%  
Steve Quah – 86%  
Hannah Luffman – 86%

The Group currently departs from the QCA Code in a number of respects, and in particular:

- (i) Board evaluation: the Board currently runs a self-evaluation process on board effectiveness. It is intended that in the future the board will create a more formal process with annual reviews which will focus more closely on objectives and targets for improving performance;
- (ii) Induction, training and succession planning: the Group receives advice from its nominated adviser and external lawyers. The board will consider the introduction of a facility for directors to receive training on relevant new developments on a more regular basis. The Group has not adopted a policy on succession planning but made changes to its board in 2017 whereby two members of senior management joined the board as Joint Managing Directors in replacement of the exiting founders of the business. The Board proposes, to further consider succession planning as part of its regular review of board effectiveness;
- (iii) Board diversity: the Group is committed to a culture of equal opportunities for all employees regardless of gender and considers that it has a diverse workforce. The board aims to reflect this diversity over time in terms of its range of cultures, nationalities, gender and international experience.
- (iv) Senior Independent Director: the Group does not have a director designated as a Senior Independent Director. In light of the size of the board, and the Group's stage of development, the Board does not consider it necessary to appoint a Senior Independent Director at this stage, but will nevertheless keep this under review as part of the board's evaluation on board effectiveness. The Board also recognises that Richard Owen's length of service exceeds the QCA's guidelines regarding independence but nevertheless believes that he brings independent judgement to bear on all matters concerning the Group.

The Board intends to monitor its governance framework as the Group grows and will consider introducing additional board committees such as a nominations committee and potentially expanding its investor relations capabilities.

# Independent Auditor's Report

to the Members of Aeorema Communications plc

## Opinion

We have audited the financial statements of Aeorema Communications Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Statements of Financial Position, the consolidated and company Statements of Changes in Equity, the consolidated Statements of Cash Flows and notes 1 – 30 in the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2023 and of its profit for the year then ended;
- ◆ the group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- ◆ the financial statements have been prepared in accordance with the provisions of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

In making this assessment we have considered the directors' procedures for overseeing the activities of the Parent Company and the Group, and reviewing its results and forecasts. The application of those procedures has been supported by us reviewing Board minutes and other accessible documentation which confirm that the directors regularly benchmark key performance indicators which include but is not restricted to, reviewing the revenue pipeline and the frequent monitoring of available funds, anticipated cash outflows and financial headroom.

In conjunction with the evaluation of management's assessment of going concern, we have observed that resources are carefully planned and managed with the intention of ensuring that the Parent Company and the Group have sufficient resources available and accessible to ensure that the Parent Company's and the Group's commitments and obligations are capable of being met as they fall due.

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the financial statements gives a complete and accurate description of the directors' assessment of going concern.



# Independent Auditor's Report

to the Members of Aeorema Communications plc

continued

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Parent Company's and the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Parent Company and the Group will continue in operation.

In relation to the Parent Company's and the Group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' Statement of Responsibilities in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

## Key audit matters

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

### Key audit matter – group

#### Revenue recognition

The Group generates revenue facilitating live events, film production and through event management services.

Revenue is recognised based on the satisfaction of performance obligations and an assessment of when control is transferred to customers. In applying this policy, a certain amount of judgement is required.

Incomplete, non-occurring and inaccurate income recognition could have a material impact on the Group's earnings and we identified revenue recognition as a risk that required particular audit attention.

### How our audit addressed the key audit matter

We reviewed a sample of projects, including those with significant revenue recognised in the year and/or with significant contract assets or liabilities, to confirm that revenue had been recognised in a manner consistent with the Group's accounting policy, the principles of IFRSs as adopted by UK and the commercial substance of the contracts.

We confirmed the Group's recognition of revenue, and associated contract balances, to documentary evidence including correspondence between the Group, its customers and its contractors, as well as publicly available press releases made by the Group's customers.

In addition, we performed analytical review and cut off testing to ensure that revenue is properly recognised and recorded in the correct accounting period.

Our testing did not identify any material misstatements in the revenue recognition.

# Independent Auditor's Report

to the Members of Aeorema Communications plc

continued

## Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we use to determine the extent of testing needed, to reduce to an appropriately low-level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £311,000, which is 1.5% of the turnover of the Group. This is the amount representing the total magnitude of misstatements that we expect to influence the economic decisions of the users of these financial statements.

A key judgement in determining materiality (and performance materiality) is the appropriate benchmark to select. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions. We determined that the turnover of the Group is the key benchmark to use in setting materiality given the Group's objective to increase its trading and markets. When using turnover to determine overall materiality, our approach is to apply a percentage between 0.5% and 2% to the amount. In setting overall materiality, although the Parent Company is listed, we applied a rate of 1.5 % which is towards the higher end of the allowable percentage range, being not regulated.

We have considered performance materiality at a level of 80% of materiality for the Group's financial statements as a whole, which equates to £249,000. We applied this percentage in our determination of performance materiality given that there were no significant adjustments have been made in prior years.

Audit misstatement posting threshold is determined to be £16,000, which is 5% of materiality. This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of differences below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller differences which are indicators of fraud.

## An overview of the scope of our audit

Our audit scope included all components and was performed to Group materiality. Our audit work therefore covered 100% of group revenue, group profit and total group assets and liabilities. It was performed to the materiality levels set out above.

## Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Independent Auditor's Report

to the Members of Aeorema Communications plc

continued

## Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Parent Company and the Group, and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- ◆ adequate accounting records have not been kept, 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.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 13 and 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the Parent Company's and the Group's industry and its control environment and reviewed the Parent Company's and the Group's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

# Independent Auditor's Report

to the Members of Aeorema Communications plc

continued

We obtained an understanding of the legal and regulatory framework that the Parent Company and the Group operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Parent Company's and the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- ◆ reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- ◆ performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- ◆ enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- ◆ reading minutes of meetings of those charged with governance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Scott Lawrence (Senior Statutory Auditor)**

For and on behalf of Hazlewoods LLP, Statutory Auditor  
Staverton Court  
Staverton  
Cheltenham  
GL51 0UX

13 November 2023



# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 £	2022 £
Continuing operations			
<b>Revenue</b>	<b>2</b>	<b>20,230,231</b>	<b>12,207,253</b>
Cost of sales		(15,896,463)	(9,169,691)
<b>Gross profit</b>		<b>4,333,768</b>	<b>3,037,562</b>
Other income	3	-	3,743
Administrative expenses		(3,240,848)	(2,170,129)
<b>Operating profit</b>	<b>4</b>	<b>1,092,920</b>	<b>871,176</b>
Finance income	5	215	241
Finance costs	6	(47,175)	(27,853)
<b>Profit before taxation</b>		<b>1,045,960</b>	<b>843,564</b>
Taxation	7	(288,780)	(204,222)
<b>Profit for the year</b>		<b>757,180</b>	<b>639,342</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign entities		(119,547)	42,347
<b>Other comprehensive income for the year</b>		<b>(119,547)</b>	<b>42,347</b>
<b>Total comprehensive income for the year attributable to owners of the parent</b>		<b>637,633</b>	<b>681,689</b>
<b>Profit per ordinary share:</b>			
Total basic earnings per share	10	8.04398p	6.92078p
Total diluted earnings per share	10	6.83499p	5.80797p

The notes on pages 28 to 58 are an integral part of these financial statements.

# Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	Group		Company	
		2023 £	2022 £	2023 £	2022 £
<b>Non-current assets</b>					
Intangible assets	11	566,431	568,931	-	-
Property, plant and equipment	12	428,509	222,479	-	-
Right-of-use assets	13	696,986	823,772	-	-
Investments in subsidiaries	14	-	-	1,293,568	1,229,148
Deferred taxation	8	14,844	25,925	-	-
<b>Total non-current assets</b>		<b>1,706,770</b>	<b>1,641,107</b>	<b>1,293,568</b>	<b>1,229,148</b>
<b>Current assets</b>					
Trade and other receivables	15	3,502,522	3,130,035	713,588	689,332
Cash and cash equivalents	16	2,444,100	1,714,417	135,548	1,532
<b>Total current assets</b>		<b>5,946,622</b>	<b>4,844,452</b>	<b>849,136</b>	<b>690,864</b>
<b>Total assets</b>		<b>7,653,392</b>	<b>6,485,559</b>	<b>2,142,704</b>	<b>1,920,012</b>
<b>Current liabilities</b>					
Trade and other payables	17	(3,882,938)	(2,960,221)	(104,459)	(143,721)
Bank loans	18	(83,333)	(83,333)	-	-
Lease liabilities	19	(109,058)	(121,999)	-	-
Current tax payable		(74,736)	(177,790)	-	-
Provisions	20	(35,000)	(35,000)	-	-
<b>Total current liabilities</b>		<b>(4,185,065)</b>	<b>(3,378,343)</b>	<b>(104,459)</b>	<b>(143,721)</b>
<b>Non-current liabilities</b>					
Bank loans	18	(27,778)	(111,111)	-	-
Lease liabilities	19	(612,693)	(738,041)	-	-
Provisions	20	(13,500)	(4,500)	-	-
<b>Total non-current liabilities</b>		<b>(653,971)</b>	<b>(853,652)</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>(4,839,036)</b>	<b>(4,231,995)</b>	<b>(104,459)</b>	<b>(143,721)</b>
<b>Net assets</b>		<b>2,814,356</b>	<b>2,253,564</b>	<b>2,038,245</b>	<b>1,776,291</b>
<b>Equity</b>					
Share capital	21	1,192,250	1,154,750	1,192,250	1,154,750
Share premium		21,876	9,876	21,876	9,876
Merger reserve		16,650	16,650	16,650	16,650
Other reserve		233,375	168,956	233,375	168,956
Capital redemption reserve		257,812	257,812	257,812	257,812
Foreign translation reserve		(88,244)	31,303	-	-
Retained earnings		1,180,637	614,217	316,282	168,247
<b>Equity attributable to owners of the parent</b>		<b>2,814,356</b>	<b>2,253,564</b>	<b>2,038,245</b>	<b>1,776,291</b>

The notes on pages 28 to 58 are an integral part of these financial statements.

The profit for the financial year of the holding company was £338,795 (2022: £148,184).

The financial statements were approved and authorised by the board of directors on 13 November 2023 and were signed on its behalf by

**A Harvey**  
Director

**S Haffner**  
Director

Company Registration No. 04314540

# Consolidated Statement of Changes in Equity

As at 30 June 2023

Group	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Foreign translation reserve £	Retained earnings £	Total equity £
<b>At 30 June 2021</b>	<b>1,154,750</b>	<b>9,876</b>	<b>16,650</b>	<b>112,061</b>	<b>257,812</b>	<b>(11,044)</b>	<b>(25,125)</b>	<b>1,514,980</b>
Comprehensive income for the year, net of tax	-	-	-	-	-	-	639,342	639,342
Foreign currency translation	-	-	-	-	-	42,347	-	42,347
Share-based payment	-	-	-	56,895	-	-	-	56,895
<b>At 30 June 2022</b>	<b>1,154,750</b>	<b>9,876</b>	<b>16,650</b>	<b>168,956</b>	<b>257,812</b>	<b>31,303</b>	<b>614,217</b>	<b>2,253,564</b>
Comprehensive income for the year, net of tax	-	-	-	-	-	-	757,180	757,180
Dividend paid	-	-	-	-	-	-	(190,760)	(190,760)
Foreign currency translation	-	-	-	-	-	(119,547)	-	(119,547)
Share-based payment	-	-	-	64,419	-	-	-	64,419
Share issue	37,500	12,000	-	-	-	-	-	49,500
<b>At 30 June 2023</b>	<b>1,192,250</b>	<b>21,876</b>	<b>16,650</b>	<b>233,375</b>	<b>257,812</b>	<b>(88,244)</b>	<b>1,180,637</b>	<b>2,814,356</b>

Share premium represents the value of shares issued in excess of their list price.

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve. The reserve is not distributable.

Other reserve represents equity settled share-based employee remuneration, as detailed in note 24.

Capital redemption reserve represents a statutory non-distributable reserve into which amounts are transferred following redemption or purchase of a company's own shares.

Foreign translation reserve represents the accumulated gain or loss resulting from the translation of financial statements denominated in a foreign currency into the Group's reporting currency.

The notes on pages 28 to 58 are an integral part of these financial statements.

# Company Statement of Changes in Equity

For the year ended 30 June 2023

Company	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
<b>At 30 June 2021</b>	<b>1,154,750</b>	<b>9,876</b>	<b>16,650</b>	<b>112,061</b>	<b>257,812</b>	<b>50,316</b>	<b>1,601,465</b>
Comprehensive income for the year, net of tax	-	-	-	-	-	117,931	117,931
Share-based payment	-	-	-	56,895	-	-	56,895
<b>At 30 June 2022</b>	<b>1,154,750</b>	<b>9,876</b>	<b>16,650</b>	<b>168,956</b>	<b>257,812</b>	<b>168,247</b>	<b>1,776,291</b>
Comprehensive income for the year, net of tax	-	-	-	-	-	338,795	338,795
Dividends paid	-	-	-	-	-	(190,760)	(190,760)
Share issue	-	-	-	64,419	-	-	64,419
Share-based payment	37,500	12,000	-	-	-	-	49,500
<b>At 30 June 2023</b>	<b>1,192,250</b>	<b>21,876</b>	<b>16,650</b>	<b>233,375</b>	<b>257,812</b>	<b>316,282</b>	<b>2,038,245</b>

Share premium represents the value of shares issued in excess of their list price.

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve. The reserve is not distributable.

Other reserve represents equity settled share-based employee remuneration, as detailed in note 25.

Capital redemption reserve represents a statutory non-distributable reserve into which amounts are transferred following redemption or purchase of a company's own shares.

The notes on pages 28 to 58 are an integral part of these financial statements.



# Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	Group	
		2023 £	2022 £
<b>Net cash flow from operating activities</b>	26	<b>1,456,588</b>	<b>921,695</b>
<b>Cash flows from investing activities</b>			
Finance income	5	215	241
Purchase of property, plant and equipment	12	(325,027)	(179,475)
Repayment of leasing liabilities		(177,500)	(74,201)
<b>Cash used in investing activities</b>		<b>(502,312)</b>	<b>(253,435)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(83,333)	(55,556)
		(190,760)	-
Proceeds from borrowings		49,500	-
<b>Cash used in financing activities</b>		<b>(224,593)</b>	<b>(55,556)</b>
<b>Net increase in cash and cash equivalents</b>		<b>729,683</b>	<b>612,704</b>
Cash and cash equivalents at beginning of year		1,714,417	1,101,713
<b>Cash and cash equivalents at end of year</b>		<b>2,444,100</b>	<b>1,714,417</b>

The notes on pages 28 to 58 are an integral part of these financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 1 Accounting policies

Aeorema Communications plc is a public limited company incorporated in the United Kingdom and registered in England and Wales. The Company is domiciled in the United Kingdom and its principal place of business is 87 New Cavendish Street, London, W1W 6XD. The Company's Ordinary Shares are traded on the AIM Market.

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

The presentation currency is £ sterling.

### Going concern

The Board have reviewed the Group's detailed forecasts for the next financial year, other medium term plans, the impact of the war in Ukraine, the cost of living crisis and economic and political uncertainties both in the UK and globally, as well as considering the risks outlined in note 27. After doing so, the Directors, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

### Basis of Preparation

The Group and company financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK

The following are the new accounting standards or amendments applicable for 30 June 2023 yearend, which are effective for accounting periods beginning on or after 1 January 2022.

- ◆ Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards—Subsidiary
- ◆ Amendment to IFRS 9 Financial Instruments—Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- ◆ Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)
- ◆ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- ◆ Reference to the Conceptual Framework (Amendments to IFRS 3)

The Group does not believe that there is a material impact on the financial statements from the adoption of these standards.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## Future standards in place but not yet effective

The following new standards, amendments or interpretations to existing standards adopted in the United Kingdom, and are mandatory for the Group's accounting periods beginning on or after 1 January 2023 are as follows:

- ◆ Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1);
- ◆ Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- ◆ Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- ◆ Definition of Accounting Estimates (Amendments to IAS 8).

The Group did not early adopt the above new standards, amendments, or interpretations for 30 June 2023 yearend.

## Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2023. Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are consolidated until the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## Revenue

Revenue represents amounts (excluding value added tax) derived from the provision of services to third party customers in the course of the Group's ordinary activities.

As a result of providing these services, the Group may from time to time receive commissions from other third parties. These commissions are included within revenue on the same basis as that arising from the contract with the underlying third party customer.

The revenue and profits recognised in any period are based on the satisfaction of performance obligations and an assessment of when control is transferred to the customer.

For most contracts with customers, there is a single distinct performance obligation and revenue is recognised when the event has taken place or control of the content or video has been transferred to the customer.

Where a contract contains more than one distinct performance obligation (multiple film productions, or a project involving both build construction and event production) revenue is recognised as each performance obligation is satisfied.

The transaction price is substantially agreed at the outset of the contract, along with a project brief and payment schedule (full payment in arrears for smaller contracts; part payment(s) in advance and final payment in arrears for significant contracts).

Due to the detailed nature of project briefs agreed in advance for significant contracts, management do not consider that significant estimates or judgements are required to distinguish the performance obligation(s) within a contract.

For contracts to prepare multiple film productions, the transaction price is allocated to constituent performance obligations using an output method in line with agreements with the customer.

For other contracts with multiple performance obligations, management's judgement is required to allocate the transaction price for the contract to constituent performance obligations using an input method using detailed budgets which are prepared at outset and subsequently revised for actual costs incurred and any changes to costs expected to be incurred.

The Group does not consider any disaggregation of revenue from contracts with customers necessary to depict how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

Where payments made are greater than the revenue recognised at the reporting date, the Group recognises deferred income (a contract liability) for this difference. Where payments made are less than the revenue recognised at the reporting date, the Group recognises accrued income (a contract asset) for this difference.

A receivable is recognised in relation to a contract for amounts invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

At each reporting date, the Group assesses whether there is any indication that accrued income assets may be impaired by assessing whether it is possible that a revenue reversal will occur. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## Intangible assets - goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill acquired represents the excess of the fair value of the consideration and associated costs over the fair value of the identifiable net assets acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units, usually at business segment level or statutory company level as the case may be, for the purpose of impairment testing and is tested at least annually for impairment. On subsequent disposal or termination of a business acquired, the profit or loss on termination is calculated after charging the carrying value of any related goodwill.

## Intangible assets - other

Intangible assets are stated in the financial statements at cost less accumulated amortisation and any impairment value. Amortisation is provided to write off the cost less estimated residual value of intangible assets over its expected useful life (which is reviewed at least at each financial year end), as follows:

Intellectual property	25% straight line
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Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year that the asset is derecognised.

Fully amortised assets still in use are retained in the financial statements.

## Property, plant and equipment

Property, plant and equipment is stated in the financial statements at cost less accumulated depreciation and any impairment value. Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment over its expected useful life (which is reviewed at least at each financial year end), as follows:

Leasehold land and buildings	Straight line over the life of the lease
Fixtures, fittings and equipment	Straight line over four years

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year that the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements.

## Impairment

The carrying amounts of the Group's assets are reviewed at each period end to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual period end date and whenever there is an indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## Investments

Fixed asset investments are stated at cost less provision for diminution in value.

## Leases

In applying IFRS 16, for all leases (except as noted below), the Group:

- a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
- b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and
- c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short term leases (lease term of 12 months or less) and leases of low-value assets (such as photocopiers), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of comprehensive income.

## Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost less any provision for impairment.

## Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

## Cash and cash equivalents

Cash comprises, for the purpose of the Statement of Cash Flows, cash in hand and deposits payable on demand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents normally have a date of maturity of 3 months or less from the acquisition date.

Bank loans and overdrafts comprise amounts due on demand.

## Finance income

Finance income consists of interest receivable on funds invested. It is recognised in the Statement of Comprehensive Income as it accrues.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## Taxation

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets and liabilities are not discounted.

## Pension costs

The Group operates a pension scheme for its employees. It also makes contributions to the private pension arrangements of certain employees. These arrangements are of the money purchase type and the amount charged to the Statement of Comprehensive Income represents the contributions payable by the Group for the period.

## Financial instruments

The Group does not enter into derivative transactions and does not trade in financial instruments. Financial assets and liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provision of the instrument.

## Equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group's equity instruments comprise 'share capital' in the Statement of Financial Position.

## Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the reporting period. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Comprehensive Income.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

*continued*

## **Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

## **Share-based awards**

The Group issues equity settled payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

The fair value is estimated using option pricing models and is dependent on factors such as the exercise price, expected volatility, option price and risk free interest rate. The fair value is then amortised through the Statement of Comprehensive Income on a straight-line basis over the vesting period. Expected volatility is determined based on the historical share price volatility for the Company. Further information is given in note 24 to the financial statements.

## **Exceptional items**

Exceptional items are one off, material items outside the normal course of business which are not related to the Group's trading activities.

## **Significant judgements and estimates**

The preparation of the Group's financial statements in conforming with IFRS required management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and / or notes to the financial statements. For critical judgements that the directors have made in the process of applying the Group's accounting policies, see note 11 on goodwill impairment and note 13 on discount rate used to calculate right of use assets and lease liability.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 2 Revenue and segment information

The Group uses several factors in identifying and analysing reportable segments, including the basis of organisation, such as differences in products and geographical areas. The Board of directors, being the Chief Operating Decision Makers, have determined that for the year ending 30 June 2023 there is only a single reportable segment.

All revenue represents sales to external customers. Three customers (2022: two) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

	2023 £	2022 £
Customer One	3,015,981	1,916,827
Customer Two	2,474,089	-
Customer Three	2,258,852	1,816,883
<b>Major customers in the current year</b>	<b>7,748,922</b>	<b>3,733,710</b>

The geographical analysis of revenue from continuing operations by geographical location of customer is as follows:

	2023 £	2022 £
United Kingdom	11,491,547	7,586,982
United States	6,821,433	4,150,179
Rest of the World	1,917,251	470,092
	<b>20,230,231</b>	<b>12,207,253</b>

	2023 £	2022 £
Revenue from contracts with customers – Events	17,915,369	10,135,172
Revenue from contracts with customers – Film	1,675,186	1,785,367
Other revenue	639,676	286,714
<b>Total revenue</b>	<b>20,230,231</b>	<b>12,207,253</b>

Contract assets and liabilities from contracts with customers have been recognised as follows:

	2023 £	2022 £
Deferred income	809,774	839,326
Accrued income	1,350,233	875,002

Deferred income at the beginning of the period has been recognised as revenue during the period. Deferred income carried forward at the year end will be recognised within the next year.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 3 Other income

	2023 £	2022 £
<b>Other income</b>		
Coronavirus job retention scheme government grant	-	1,168
Business interruption payment grant	-	2,575
	<b>-</b>	<b>3,743</b>

During the prior year the Group received government grants under the UK government's coronavirus job retention scheme and the coronavirus business interruption loan scheme.

## 4 Operating profit

	2023 £	2022 £
<b>Operating profit is stated after charging or crediting:</b>		
<b>Cost of sales</b>		
Depreciation of fixtures, fittings and equipment	75,521	54,101
Amortisation of intangible assets	2,500	2,500
Staff costs (see note 23)	3,060,948	2,135,136
<b>Administrative expenses</b>		
Depreciation of right-of-use assets	126,786	82,361
Depreciation of leasehold land and buildings	34,243	1,935
(Profit) / loss on foreign exchange differences	31,888	14,465
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	12,600	7,842
Audit of the Company's subsidiaries	23,366	26,694
Interest on lease liabilities	39,212	21,191
Staff costs (see note 23)	1,321,451	1,107,745

## 5 Finance income

	2023 £	2022 £
<b>Finance income</b>		
Bank interest received	215	241

## 6 Finance costs

	2023 £	2022 £
<b>Finance costs</b>		
Coronavirus business interruption loan interest	7,963	6,662
Lease interest	39,212	21,191
	<b>47,175</b>	<b>27,853</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 7 Taxation

	2023 £	2022 £
<b>The tax charge comprises:</b>		
<b>Current tax</b>		
Current year	277,699	232,206
	<b>277,699</b>	<b>232,206</b>
<b>Deferred tax (see note 9)</b>		
Current year	11,081	(27,984)
	<b>11,081</b>	<b>(27,984)</b>
<b>Total tax charge in the statement of comprehensive income</b>	<b>288,780</b>	<b>204,222</b>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation from continuing operations	1,045,960	843,564
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.5% (2022: 19%)	214,422	160,277
Effects of:		
Non-deductible expenses	74,358	43,945
	<b>74,358</b>	<b>43,945</b>
<b>Total tax charge</b>	<b>288,780</b>	<b>204,222</b>

The Group has estimated losses of £375,762 (2022: £685,568) available to carry forward against future trading profits. Losses totalling £375,762 are in Aeorema Communications plc which is not currently making taxable profits, as all trading is undertaken by its subsidiaries Aeorema Limited, Eventful Limited and Cheerful Twentyfirst, Inc., therefore no deferred tax asset has been recognised in respect of this amount.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 8 Deferred taxation

Group	2023 £	2022 £
Property, plant and equipment temporary differences	(83,481)	(39,435)
Temporary differences	98,325	55,823
Tax losses	-	9,537
	<b>14,844</b>	<b>25,925</b>
At 1 July	25,925	(2,059)
Transfer to Statement of Comprehensive Income	(11,081)	27,984
<b>At 30 June</b>	<b>14,844</b>	<b>25,925</b>

## 9 Profit attributable to members of the parent company

As permitted by section 408 of the Companies Act 2006, the parent Company's Statement of Comprehensive Income has not been included in these financial statements. The profit for the financial year of the holding company was £338,795 (2022: £148,184).

## 10 Earnings per ordinary share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used and dilutive earnings per share computations:

	2023 £	2022 £
<b>Basic earnings per share</b>		
Profit for the year attributable to owners of the Company	757,180	639,342
<b>Basic weighted average number of shares</b>	<b>9,413,000</b>	<b>9,238,000</b>
Dilutive potential ordinary shares:		
Employee share options	1,665,000	1,770,000
<b>Diluted weighted average number of shares</b>	<b>11,078,000</b>	<b>11,008,000</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 11 Intangible fixed assets

Group	Goodwill £	Intellectual Property £	Total £
<b>Cost</b>			
At 30 June 2021	2,927,486	10,000	2,937,486
At 30 June 2022	2,927,486	10,000	2,937,486
<b>At 30 June 2023</b>	<b>2,927,486</b>	<b>10,000</b>	<b>2,937,486</b>
<b>Impairments and amortisation</b>			
At 30 June 2021	2,363,138	2,917	2,366,055
Charge for the year	-	2,500	2,500
At 30 June 2022	2,363,138	5,417	2,368,555
Charge for the year	-	2,500	2,500
<b>At 30 June 2023</b>	<b>2,363,138</b>	<b>7,917</b>	<b>2,371,055</b>
<b>Net book value</b>			
At 30 June 2021	564,348	7,083	571,431
At 30 June 2022	564,348	4,583	568,931
<b>At 30 June 2023</b>	<b>564,348</b>	<b>2,083</b>	<b>566,431</b>

Goodwill arose for the Group on consolidation of its subsidiaries, Aeorema Limited and Eventful Limited.

### Impairment – Aeorema Limited and Eventful Limited

Goodwill arises on acquisition of a business combination and represents the difference between the fair value of the consideration paid and the aggregate fair value of identifiable assets and liabilities acquired. Goodwill is tested annually for impairment, goodwill is impaired when the value in use exceeds the net asset value of the group's cash generating units (CGUs). The CGUs represent Aeorema Limited and Eventful Limited, being the lowest level within the group at which goodwill is monitored for internal management purposes.

The value in use has been calculated on a discounted cash flow basis using the 2023-24 budgeted figures as approved by the Board of directors, extended in perpetuity to calculate the terminal value and discounted at a rate of 10%. It is assumed that future growth will be 3% for venue sourcing activities and 4% for event and moving image production activities. Using these assumptions, which are based on past experience and future expectations, the recoverable amount of goodwill of £2,673,773 was determined to be higher than its carrying value, hence no impairment in the year.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## Sensitivity Analysis

<b>Aeorema Limited</b>	<b>4% Growth £</b>	<b>0% Growth £</b>	<b>Discount Rate of 5% £</b>	<b>Discount Rate of 15% £</b>
Value in use calculations	15,646,053	(712,679)	27,618,896	11,118,210
Carrying amount in financial statements	365,154	365,154	365,154	365,154
<b>Difference</b>	<b>15,280,899</b>	<b>(1,077,833)</b>	<b>27,253,742</b>	<b>10,753,056</b>

<b>Eventful Limited</b>	<b>3% Growth £</b>	<b>0% Growth £</b>	<b>Discount Rate of 5% £</b>	<b>Discount Rate of 15% £</b>
Value in use calculations	563,932	(798,256)	796,692	460,377
Carrying amount in financial statements	199,194	199,194	199,194	199,194
<b>Difference</b>	<b>364,738</b>	<b>(997,450)</b>	<b>597,498</b>	<b>261,183</b>

<b>Combined</b>	<b>4% Growth £</b>	<b>0% Growth £</b>	<b>Discount Rate of 5% £</b>	<b>Discount Rate of 15% £</b>
Value in use calculations	16,209,985	(1,510,935)	28,415,588	11,578,587
Carrying amount in financial statements	564,348	564,348	564,348	564,348
<b>Difference</b>	<b>15,645,637</b>	<b>(2,075,283)</b>	<b>27,851,240</b>	<b>11,014,239</b>



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 12 Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
<b>At 30 June 2021</b>	<b>58,536</b>	<b>229,007</b>	<b>287,543</b>
Additions	98,821	80,654	179,475
Disposals	(58,536)	(5,095)	(63,631)
Foreign exchange movement	-	329	329
<b>At 30 June 2022</b>	<b>98,821</b>	<b>304,895</b>	<b>403,716</b>
Additions	154,068	170,959	325,027
Disposals	-	(72,449)	(72,449)
Foreign exchange movement	-	(143)	(143)
<b>At 30 June 2023</b>	<b>252,889</b>	<b>403,262</b>	<b>656,151</b>
<b>Depreciation</b>			
<b>At 30 June 2021</b>	<b>58,536</b>	<b>125,530</b>	<b>184,066</b>
Charge for the year	1,935	54,101	56,036
Eliminated on disposal	(58,536)	(449)	(58,985)
Foreign exchange movement	-	120	120
<b>At 30 June 2022</b>	<b>1,935</b>	<b>179,302</b>	<b>181,237</b>
Charge for the year	34,243	75,521	109,764
Eliminated on disposal	-	(63,308)	(63,308)
Foreign exchange movement	-	(51)	(51)
<b>At 30 June 2023</b>	<b>36,178</b>	<b>191,464</b>	<b>227,642</b>
<b>Net book value</b>			
At 30 June 2021	-	103,477	103,477
At 30 June 2022	96,886	125,593	222,479
<b>At 30 June 2023</b>	<b>216,711</b>	<b>211,798</b>	<b>428,509</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 13 Right-of-use assets

Group	Leasehold Property £
<b>Cost</b>	
<b>At 30 June 2021</b>	<b>18,995</b>
Additions	887,138
Disposals	(18,995)
<b>At 30 June 2022</b>	<b>887,138</b>
<b>At 30 June 2023</b>	<b>887,138</b>
<b>Depreciation</b>	
<b>At 30 June 2021</b>	-
Charge for the year	82,361
Disposals	(18,995)
<b>At 30 June 2022</b>	<b>63,366</b>
Charge for the year	126,786
<b>At 30 June 2023</b>	<b>190,152</b>
<b>Net book value</b>	
At 30 June 2021	18,995
At 30 June 2022	823,772
<b>At 30 June 2023</b>	<b>696,986</b>

The right-of-use asset addition during the year relates to the Group's leasehold property at 87 New Cavendish Street, London, W1W 6XD. The Group entered the new leasehold in January 2022.

The right-of-use asset is calculated on the assumption that the Group will remain in the premises for the duration of the 7 year lease agreement. A discount rate of 5% was used to calculate the right-of use asset. 5% was considered an appropriate rate based on the Group's weighted average cost of capital.

The disposal during the previous year relates to the Group's leasehold property at Moray House, 23-31 Great Titchfield Street, London, W1W 7PA. The Group left the premises in September 2021.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 14 Non-current assets - Investments

<b>Company</b>	<b>Shares in subsidiary £</b>
<b>Cost</b>	
At 30 June 2021	3,866,466
Increase in respect of share-based payments	56,895
<b>At 30 June 2022</b>	<b>3,923,361</b>
Increase in respect of share-based payments	64,419
Incorporation of subsidiary	1
<b>At 30 June 2023</b>	<b>3,987,781</b>
<b>Provision</b>	
At 30 June 2021	2,694,213
At 30 June 2022	2,694,213
<b>At 30 June 2023</b>	<b>2,694,213</b>
<b>Net book value</b>	
At 30 June 2021	1,172,253
At 30 June 2022	1,229,148
<b>At 30 June 2023</b>	<b>1,293,568</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertakings	Country of registration or incorporation	Shares held		Profit / (loss) before tax for the year ended 30 June 2023	Net assets at year ended 30 June 2023
		Class	%	£	£
Aeorema Limited	England and Wales	Ordinary	100	781,754	1,097,075
Eventful Limited	England and Wales	Ordinary	100	205,559	140,109
Twentyfirst Limited (Dormant)	England and Wales	Ordinary	100	-	1,362
Cheerful Twentyfirst, Inc.	United States of America	Ordinary	100	317,467	424,412
Cheerful Twentyfirst B.V.	The Netherlands	Ordinary	100	(9,427)	(7,635)

During the year the Group formed Cheerful Twentyfirst B.V., a Dutch company based in Amsterdam. Aeorema Communications plc holds 100% of the share capital in Cheerful Twentyfirst B.V.

The registered address of Aeorema Limited, Eventful Limited and Twentyfirst Limited is 64 New Cavendish Street, London, W1G 8TB. The registered address of Cheerful Twentyfirst, Inc. is 85 Broad Street, Floor 16, New York, NY, 10004. The registered address of Cheerful Twentyfirst B.V. is Strawinskylaan 569, 1077 XX, Amsterdam.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 15 Trade and other receivables

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Trade receivables	1,649,905	1,980,121	-	-
Related party receivables	-	-	689,087	666,017
Other receivables	170,188	78,536	8,819	14,982
Prepayments and accrued income	1,682,429	1,071,378	15,682	8,333
	<b>3,502,522</b>	<b>3,130,035</b>	<b>713,588</b>	<b>689,332</b>

All trade and other receivables are expected to be recovered within 12 months of the end of the reporting period. The fair value of trade and other receivables is the same as the carrying values shown above.

Trade and other receivables are assessed for impairment based upon the expected credit losses model. The credit losses historically incurred have been immaterial and as such the risk profile of the trade receivables has not been presented.

At the year end, trade receivables of £308,531 (2022: £694,325) were past due but not impaired. These amounts are still considered recoverable. The ageing of these trade receivables is as follows:

	Group	
	2023 £	2022 £
Less than 90 days overdue	160,286	566,605
More than 90 days overdue	148,245	127,720
	<b>308,531</b>	<b>694,325</b>

## 16 Cash at bank and in hand

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Bank balances	2,444,100	1,714,417	135,548	1,532
	<b>2,444,100</b>	<b>1,714,417</b>	<b>135,548</b>	<b>1,532</b>



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 17 Trade and other payables

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Trade payables	1,587,052	796,671	21,604	5,411
Related party payables	-	-	67,355	67,355
Taxes and social security costs	36,528	466,847	-	-
Other payables	121,581	124,737	-	50,000
Accruals and deferred income	2,137,777	1,571,966	15,500	20,955
	<b>3,882,938</b>	<b>2,960,221</b>	<b>104,459</b>	<b>143,721</b>

All trade and other payables are expected to be settled within 12 months of the end of the reporting period. The fair value of trade and other payables is the same as the carrying values shown above.

## 18 Bank Loans

	2023 £	2022 £
<b>Bank Loan</b>		
Current	83,333	83,333
Non-current	27,778	111,111
	<b>111,111</b>	<b>194,444</b>

On 15 October 2020 the company received a Floating Rate Basis Coronavirus Business Interruption Loan (CBIL) of £250,000 from Barclays Bank UK PLC to cover the company's working capital commitments during the COVID-19 pandemic. For the first twelve months interest on the loan is paid by the UK government, after this point interest will be paid at a margin of 2.28%, in addition to monthly capital repayments of £6,944 to the final repayment date of 15 October 2024.

Under IFRS 9, the loan should be initially recognised at fair value and subsequently accounted for at amortised cost. However, the difference between the nominal value and fair value is not material, therefore the full nominal value of the loan is recognised with the interest charge for the period of £7,963 being charged to profit and loss. This is offset by the equal amount of government grant income being recognised.

The bank loan is secured by a fixed and floating charge over the company's present and future assets.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

19 Leases		
<b>Group</b>	<b>2023</b>	<b>2022</b>
	£	£
<b>Right-of-use assets</b>		
Buildings	696,986	823,772
	<b>696,986</b>	<b>823,772</b>
<b>Group</b>	<b>2023</b>	<b>2022</b>
	£	£
<b>Lease liabilities</b>		
Current	109,058	121,999
Non-current	612,693	738,041
	<b>721,751</b>	<b>860,040</b>
<b>Group</b>	<b>2023</b>	<b>2022</b>
	£	£
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	142,000	213,000
One to five years	639,000	710,000
More than five years	-	71,000
	<b>781,000</b>	<b>994,000</b>
<b>Group</b>	<b>2023</b>	<b>2022</b>
	£	£
<b>Interest on lease liabilities</b>	39,212	21,191
	<b>39,212</b>	<b>21,191</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 20 Provisions

<b>Group</b>	<b>Leasehold dilapidations £</b>	<b>Total £</b>
<b>At 1 July 2021</b>	<b>25,020</b>	<b>25,020</b>
Charged to statement of comprehensive income	14,480	14,480
<b>At 30 June 2022</b>	<b>39,500</b>	<b>39,500</b>
Charged to statement of comprehensive income	9,000	9,000
<b>At 30 June 2023</b>	<b>48,500</b>	<b>48,500</b>

<b>Group</b>	<b>Leasehold dilapidations £</b>	<b>Total £</b>
Current	35,000	35,000
Non-current	13,500	13,500
	<b>48,500</b>	<b>48,500</b>

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 21 Share capital

	2023 £	2022 £
Authorised		
28,000,000 Ordinary shares of 12.5p each	3,500,000	3,500,000

<b>Allotted, called up and fully paid</b>	<b>Number</b>	<b>Ordinary shares £</b>
At 30 June 2021	9,238,000	1,154,750
At 30 June 2022	9,238,000	1,154,750
Shares issued during the year	300,000	37,500
<b>At 30 June 2023</b>	<b>9,538,000</b>	<b>1,192,250</b>

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

See note 24 for details of share options outstanding.

## 22 Directors' emoluments

The remuneration of directors of the Company is set out below.

	<b>Salary, fees, bonuses and benefits in kind 2023 £</b>	<b>Salary, fees, bonuses and benefits in kind 2022 £</b>	<b>Pensions 2023 £</b>	<b>Pensions 2022 £</b>	<b>Total 2023 £</b>	<b>Total 2022 £</b>
M Hale	-	-	-	-	-	-
S Haffner	16,250	15,000	-	-	16,250	15,000
R Owen	20,000	20,000	-	-	20,000	20,000
S Quah	219,375	151,057	9,375	7,500	228,750	158,557
A Harvey	165,000	112,377	7,657	6,172	172,657	118,549
H Luffman	16,250	4,558	-	-	16,250	4,558
	<b>436,875</b>	<b>302,992</b>	<b>17,032</b>	<b>13,672</b>	<b>453,907</b>	<b>316,664</b>

During the year M Hale waived his right to fees of £15,000 (2022: £15,000)

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

The share options held by directors who served during the year are summarised below:

Name	Grant date	Number awarded	Exercise price	Earliest exercise date	Expiry date
S Quah	22 August 2018	300,000	29.00p	17 November 2020	22 August 2028
A Harvey	22 August 2018	300,000	29.00p	17 November 2020	22 August 2028
S Quah	29 April 2021	100,000	31.00p	5 November 2023	29 April 2031
A Harvey	29 April 2021	100,000	31.00p	5 November 2023	29 April 2031
S Quah	29 April 2021	100,000	50.00p	5 November 2023	29 April 2031
A Harvey	29 April 2021	100,000	50.00p	5 November 2023	29 April 2031
S Quah	29 April 2021	100,000	70.00p	5 November 2023	29 April 2031
A Harvey	29 April 2021	100,000	70.00p	5 November 2023	29 April 2031

Fees for S Haffner are charged by Harris & Trotter LLP, a firm in which he is a member (see note 25).

## 23 Employee information

The average monthly number of employees (including directors) employed by the Group during the year was:

Number of employees	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
Administration and production	63	55	5	5

The aggregate payroll costs of these employees charged in the Statement of Comprehensive Income was as follows:

Employment costs	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Wages and salaries	3,759,340	2,827,204	52,500	39,558
Social security costs	429,412	294,872	-	-
Pension costs	129,228	63,910	-	-
Share-based payments	64,419	56,895	-	-
	<b>4,382,399</b>	<b>3,242,881</b>	<b>52,500</b>	<b>39,558</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 24 Share-based payments

The Group operates an EMI share option scheme for key employees. Options are granted to key employees at an exercise price equal to the market price of the Company's shares at the date of grant. Options are exercisable from the third anniversary of the date of grant and lapse if they remain unexercised at the tenth anniversary or upon cessation of employment. The following option arrangements exist over the Company's shares:

Date of grant	Exercise price	Exercise period		Number of options 2023	Number of options 2022
		From	To		
25 April 2013	16.5p	25 April 2016	24 April 2023	-	300,000
22 August 2018	29.0p	17 November 2020	22 August 2028	600,000	600,000
14 June 2019	26.0p	14 June 2022	14 June 2029	120,000	120,000
29 April 2021	31.0p	5 November 2023	29 April 2031	200,000	200,000
29 April 2021	50.0p	5 November 2023	29 April 2031	200,000	200,000
29 April 2021	70.0p	5 November 2023	29 April 2031	200,000	200,000
23 May 2022	60.0p	23 May 2025	23 May 2032	100,000	150,000
19 October 2022	71.0p	19 October 2025	19 October 2032	110,000	-
				<b>1,530,000</b>	<b>1,770,000</b>

Details of the number of share options and the weighted average exercise price outstanding during the year are as follows:

	Number of options 2023	Weighted average exercise price 2023 £	Number of options 2022	Weighted average exercise price 2022 £
Outstanding at beginning of the year	1,770,000	0.40	1,920,000	0.37
Granted during the year	110,000	0.71	150,000	0.60
Cancelled during the year	(50,000)	(0.60)	(300,000)	(0.50)
Exercised during the year	(300,000)	(0.17)	-	-
Outstanding at end of the year	1,530,000	0.48	1,770,000	0.40
Exercisable at the end of the year	720,000	0.28	1,020,000	0.25

The exercise price of options outstanding at the year-end was £0.481 (2022: £0.404) and their weighted average contractual life was 6.8 years (2022: 6.5 years).



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value as 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. The estimated fair value of the options is measured using an option pricing model. The inputs into the model are as follows:

<b>Grant date</b>	<b>22 August 2018</b>
Model used	Black-Scholes
Share price at grant date	29.0p
Exercise price	29.0p
Contractual life	10 years
Risk free rate	0.75%
Expected volatility	40.33%
Expected dividend rate	0%
Fair value option	14.800p

  

<b>Grant date</b>	<b>14 June 2019</b>
Model used	Black-Scholes
Share price at grant date	26.0p
Exercise price	26.0p
Contractual life	10 years
Risk free rate	0.75%
Expected volatility	40.33%
Expected dividend rate	0%
Fair value option	12.894p

  

<b>Grant date</b>	<b>29 April 2021</b>
Model used	Black-Scholes
Share price at grant date	30.5p
Exercise price	31.0p
Contractual life	10 years
Risk free rate	0.84%
Expected volatility	153.96%
Expected dividend rate	0%
Fair value option	30.060p

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

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<b>Grant date</b>	<b>29 April 2021</b>
Model used	Black-Scholes
Share price at grant date	30.5p
Exercise price	50.0p
Contractual life	10 years
Risk free rate	0.84%
Expected volatility	153.96%
Expected dividend rate	0%
Fair value option	29.943p

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<b>Grant date</b>	<b>29 April 2021</b>
Model used	Black-Scholes
Share price at grant date	30.5p
Exercise price	70.0p
Contractual life	10 years
Risk free rate	0.84%
Expected volatility	153.96%
Expected dividend rate	0%
Fair value option	29.845p

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

<b>Grant date</b>	<b>23 May 2022</b>
Model used	Black-Scholes
Share price at grant date	60.0p
Exercise price	60.0p
Contractual life	10 years
Risk free rate	2.31%
Expected volatility	175.63%
Expected dividend rate	0%
Fair value option	59.707p

<b>Grant date</b>	<b>19 October 2022</b>
Model used	Black-Scholes
Share price at grant date	71.0p
Exercise price	71.0p
Contractual life	10 years
Risk free rate	3.87%
Expected volatility	177.03%
Expected dividend rate	0%
Fair value option	26.581p

The expected volatility is determined by calculating the historical volatility of the parent company's share price. For the share options issued prior to the year ended 30 June 2021 the historical volatility of the parent company's share price is calculated over the last three years. For share options issued after 1 July 2021 the historical volatility is calculated over the last 10 years. The method used to determine the historical volatility of the parent company's share price changed in the prior year as a consequence of the COVID-19 pandemic. The impact of the COVID-19 pandemic on the parent company's share price was significant and not considered an appropriate measure of the parent company's share price volatility. The extension of the period to 10 years was considered appropriate. The risk free rate is based on the yield from gilt strip government bonds with a similar life to the expected life of the options.

The Group recognised the following charges in the Statement of Comprehensive Income in respect of its share-based payment plans:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Share-based payment charge	64,419	56,895

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 25 Related party transactions

The Group has a related party relationship with its subsidiaries and its key management personnel (including directors). Details of transactions between the Company and its subsidiaries are as follows:

	2023 £	2022 £
<b>Amounts owed by subsidiaries</b>		
Total amount owed by subsidiaries	689,087	666,017
<b>Amounts owed to subsidiaries</b>		
Total amount owed to subsidiaries	67,355	67,355

### Aeorema Limited

The company received dividends totalling £350,000 during the year (2022: £125,000) from its subsidiary, Aeorema Limited. The company transferred a VAT receivable of £33,245 (2022: £17,424) to Aeorema Limited due to being part of a common VAT group.

Aeorema Limited transferred a net amount of expenses to Aeorema Communications plc during the year of £36,250 (2022: £24,558).

Aeorema Limited paid expenses totalling £237,135 (2022: £114,052) on behalf of Aeorema Communications plc during the year.

During the year, Aeorema Limited made a net transfer of cash of £186,800 to Aeorema Communications plc (2022: £10,000).

### Cheerful Twentyfirst, Inc.

The company received dividends totalling £150,000 during the year (2022: £125,000) from its subsidiary, Cheerful Twentyfirst, Inc.

### Eventful Limited

The company received dividends totalling £100,000 during the year (2022: £25,000) from its subsidiary, Eventful Limited.

### Compensation of key management

The compensation of key management (including directors) of the Group is as follows:

	2023 £	2022 £
Short-term employee benefits	442,158	302,991
Post-employment benefits	17,032	13,672
	<b>459,190</b>	<b>316,663</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

The share options held by directors of the Company are disclosed in note 23. During the year, a charge of £49,905 (2022: £49,905) was recognised in the Consolidated Statement of Comprehensive Income in respect of these share options.

During the year S Quah received an interest-free loan of £40,000 (2022: £nil). At the year end, £10,000 (2022: £10,000) was outstanding.

Harris and Trotter LLP is a firm in which S Haffner is a member. The amounts charged to the Group for professional services are as follows:

<b>Harris and Trotter LLP – charged during the year</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Aeorema Communications plc	16,250	15,000
Aeorema Limited	11,450	9,650
	<b>27,700</b>	<b>24,650</b>

At the year end, the Group had an outstanding trade payable balance to Harris and Trotter LLP of £5,000 (2022: £5,630).

## 26 Cash flows

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit / (loss) before taxation	1,045,960	843,564
Depreciation of property, plant and equipment	109,764	56,036
Depreciation of right-of-use assets	126,786	82,361
Amortisation of intangible fixed assets	2,500	2,500
Loss on disposal of fixed assets	9,141	4,646
Share-based payment expense	64,419	56,895
Finance income	(215)	(241)
Interest on lease liabilities	39,212	21,191
Exchange rate differences on translation	(119,455)	42,138
	<b>1,278,112</b>	<b>1,109,090</b>
Increase in trade and other payables	931,716	1,557,234
Decrease in trade and other receivables	(372,487)	(1,700,972)
Taxation paid	(380,753)	(43,657)
<b>Cash generated / (used) from operating activities</b>	<b>1,456,588</b>	<b>921,695</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## 27 Financial instruments

### Financial instruments recognised in the consolidated statement of financial position

All financial instruments are recognised initially at their transaction cost and subsequently measured at amortised cost.

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
<b>Financial Assets</b>				
Trade and other receivables	3,170,326	2,933,659	589,087	666,017
Cash and cash equivalents	2,444,100	1,714,417	135,548	1,532
Investments in subsidiaries	-	-	1,293,567	1,229,148
<b>Total</b>	<b>5,614,426</b>	<b>4,648,076</b>	<b>2,018,202</b>	<b>1,896,697</b>
<b>Financial Liabilities</b>				
Trade and other payables	1,819,744	1,115,852	88,959	122,766
Accruals	1,328,001	732,640	17,000	20,955
<b>Total</b>	<b>3,147,745</b>	<b>1,848,492</b>	<b>105,959</b>	<b>143,721</b>

The Group is exposed to risks that arise from its use of financial instruments. There have been no significant changes in the Group's exposure to financial instrument risk, its objectives, policies and processes for managing those from previous periods. The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash and cash equivalents and trade and other payables.

### Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk at 30 June 2023 was £1,649,905 (2022: £1,980,121). Trade receivables are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The credit risk associated with trade receivables is minimal as invoices are based on contractual agreements with long-standing customers. Credit losses historically incurred by the Group has consequently been immaterial.

### Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to meet its liabilities when they fall due. The Group monitors cash flow on a regular basis. At the year end, the Group has sufficient liquid resources to meet its obligations of £3,147,899 (2022: £2,327,501).

### Market risk

Market risk arises from the Group's use of interest bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate. At the year end, the cash and cash equivalents of the Group net of bank overdrafts was £2,444,100 (2022: £1,714,417). The Group ensures that its cash deposits earn interest at a reasonable rate.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

continued

## Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. At the year end, total equity was £2,814,356 (2022: £2,253,564).

## 28 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £129,228 (2022: £63,910). At the end of the reporting period £17,475 (2022: £12,021) of contributions were due in respect of the period.

## 29 Dividends

In respect of the current year, the directors propose that a final dividend of 3 pence per share (2022: 2 pence) be paid to shareholders on 19 January 2024. The dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as liabilities in these consolidated financial statements. The proposed dividends are payable to all shareholders on the Register of Members on 22 December 2023. The total estimated dividend to be paid is £286,140. The payment of this dividend will not have any tax consequences for the Group.

## 30 Contingent liability

### Company

The Company is a member of a group VAT registration with all other companies in the Aeorema Communications group and, under the terms of the registration, is jointly and severally liable for the VAT payable by all members of the group. At 30 June 2023 the Company had no potential liability under the terms of the registration.

# Company Information

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<b>Directors</b>	M Hale	(Non-Executive Chairman)
	S Haffner	(Non-Executive Director)
	R Owen	(Non-Executive Director)
	H Luffman	(Non-Executive Director)
	S Quah	(Chief Executive Officer)
	A Harvey	(Managing Director)

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<b>Secretary</b>	S Haffner
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<b>Company number</b>	04314540
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<b>Registered office</b>	101 New Cavendish Street 1st Floor South London W1W 6XH
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<b>Financial advisers</b>	Harris & Trotter LLP 101 New Cavendish Street 1st Floor South London W1W 6XH
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<b>Nominated adviser and broker</b>	Allenby Capital Limited 5 St. Helens Place London EC3A 6AB
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<b>Auditors</b>	Hazlewoods LLP Staverton Court Staverton GL50 0UX
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<b>Solicitors</b>	Howard Kennedy LLP No. 1 London Bridge London SE1 9BG
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<b>Bankers</b>	Barclays Bank plc P O Box 32106 London NW1 2ZH
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<b>Registrar</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU
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# Director Profiles



**Mike Hale**

*Non-Executive Chairman*

Mike Hale has spent most of his career in the marketing and advertising sectors. His roles have included Chairman and CEO of Young and Rubicam Australia, Chairman and CEO of FCB Australia and Board Director of Saatchi and Saatchi UK. He also established his own eponymous agency which he built into one of Australia's leading independent agencies and which he sold. He has also been involved with business and strategic planning for major Australian and international companies including British Airways, Unilever, Epson, Toshiba, NRMA and BMW. His extensive marketing and advertising experience with blue-chip companies, both in the UK and Australia, will be highly beneficial to the Company's plans for growth and expansion.



**Stephen Haffner**

*Non-Executive Director*

Steve Haffner has 35 years' accounting experience having qualified as a chartered accountant in 1989. He has spent over 30 years at Harris and Trotter LLP, during which time he became Head of the Audit Department. He was appointed as Partner to the firm in 1994. Steve joined Aeorema as Company Secretary in 2014 and as a Director in 2015. He is a Fellow of The Institute of Chartered Accountants in England and Wales.



**Richard Owen**

*Non-Executive Director*

Richard was formerly Executive Chairman of AIM listed Insig Ai (INSG) Plc and an Executive Director of its subsidiary Pantheon Leisure Plc. Richard has extensive involvement and experience in corporate and strategic planning, acquisitions and finance. Richard holds various other private company directorships.



**Hannah Luffman**  
*Non-Executive Director*

Hannah has 15 years of experience in marketing and commercial strategy across both global brands and fast-growing, challenger agencies. Hannah is Director of Global Marketing for a large cloud data firm, headquartered in North America. Hannah's extensive experience in marketing and events and development into new markets will be highly beneficial to the company's ambitious growth plans, as well providing research and insights to the corporate marketing landscape.



**Steve Quah**  
*Chief Executive Officer*

Steve Quah is a founder and Chief Executive Director at Cheerful Twentyfirst and oversees the management of all events. With extensive expertise in both theatrical and digital brand experiences, Steve is the driving force behind the company's strong creative service ethos. Steve brings over thirty years of unique insight, innovation and experience to the company and continues to focus the team on delivering game changing events for all clients. With a passion for creating award winning brand experiences, Steve has produced over 400 corporate productions and numerous live events for some of the world's largest brands including Vodafone, Google, KPMG, Clifford Chance, LG, Disney, BBC, News UK, Stagwell and Microsoft to name but a few.



**Andrew Harvey**  
*Managing Director*

Andrew Harvey is the Managing Director and has over twenty five years' experience producing events, branded content and interactive projects. Andrew joined Cheerful Twentyfirst in 1999 and helped significantly grow the branded content division winning numerous awards. Andrew has worked at many levels within the company including Account Manager, Head of Moving Image, Senior Event Producer and Director of Operations. Andrew has delivered award winning projects for global brands including HSBC, Nokia, McKinsey & Company, Mars Wrigley, White & Case, GE Alstom, Oliver Wyman, PubMatic and Babcock. Andrew currently oversees all aspects of the agency's operations.

# Notice of Annual General Meeting

*Aeorema Communications plc (Incorporated and registered in England and Wales with company number 4314540)*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Aeorema Communications plc will be held at the offices of Aeorema Communications plc, 87 New Cavendish Street, London W1W 6XD on 14 December 2023 at 09.00 a.m. for the transaction of the following business:

**As Ordinary Business** to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the report of the directors of the Company and the audited accounts for the Company for the year ended 30 June 2023.
2. To re-appoint Steven Quah as a Director of the Company, who retires in accordance with Article 22 of the Company's Articles of Association.
3. To re-appoint Richard Owen as a Director of the Company, who retires in accordance with Article 22 of the Company's Articles of Association.
4. To re-appoint Hazlewoods LLP as auditors of the Company and to authorise the Directors to fix their remuneration.
5. To declare a final dividend on the ordinary shares of 12.5 pence each in the capital of the Company for the year ended 30 June 2023 of 3 pence per ordinary share

**As Special Business** to consider and, if thought fit, pass the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolutions 7 and 8 will be proposed as Special Resolutions:

6. That the directors of the Company (the "Directors") be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and/or to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to a maximum nominal amount of £397,416.625, provided that this authority shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution save that the Company may prior to the expiry of such period make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares in the Company and to grant Rights pursuant to any such offer or agreement as if this authority had not expired.

7. That, subject to the passing of Resolution 6 set out above, the Directors be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 6 above, as if section 561(1) of the Act did not apply to such allotment provided this power shall be limited to:

- (i) the allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register on a fixed record date where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such equity securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory or by virtue of shares being represented by depositary receipts or any other matter); and
- (ii) the allotment to any person or persons (otherwise than pursuant to sub-paragraph (i) of this Resolution above) of equity securities up to an aggregate nominal amount of £119,225,

provided that the power given by this Resolution shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

# Notice of Annual General Meeting

*continued*

*Aeorema Communications plc (Incorporated and registered in England and Wales with company number 4314540)*

8. That the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) on the AIM Market of the London Stock Exchange plc of ordinary shares of 12.5 pence each in the capital of the Company (“Ordinary Shares”) provided that:
- (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 953,800 Ordinary Shares;
  - (ii) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 1 pence;
  - (iii) the maximum price (exclusive of expenses) which shall be paid for an Ordinary Share shall be an amount equal to 105 per cent. of the average middle market quotations taken from the AIM Appendix to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
  - (iv) unless renewed the authority hereby conferred shall expire on the earlier of the Company’s Annual General Meeting in 2024 or eighteen months from the passing of this Resolution unless such authority is renewed, varied or revoked prior to such time; and
  - (v) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

**Stephen Haffner**

Company Secretary

Registered Office:

101 New Cavendish Street

London W1W 6XH

Dated: 13 November 2023



# Notes

- (1) A member entitled to attend and vote at the above-mentioned annual general meeting (the “Meeting”) is entitled to appoint a proxy or proxies to exercise any or all of his rights to attend, speak and vote at the Meeting instead of him. All members are entitled to attend and vote at the Meeting, whether or not they have returned a form of proxy.
- (2) Please note that a hard copy form of proxy is not included with this notice.

You can vote either:

- ◆ by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
- ◆ you may request a hard copy form of proxy directly from the registrars, Link Group, on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
- ◆ in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

The instrument appointing a proxy must reach the Company’s registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL not less than 48 hours before the time of holding of the Meeting or adjourned meeting (excluding any part of a day that is not a working day).

- (3) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a ‘CREST Proxy Instruction’) must be properly authenticated in accordance with Euroclear UK & International Limited (“Euroclear”) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer’s agent (ID RA10) (not less than 48 hours before the time of the Meeting or adjourned meeting

(excluding any part of a day that is not a working day). For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (4) Unless otherwise indicated on the Form of Proxy, CREST voting or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
- (5) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those members of the Company on the register 48 hours before the time set for the Meeting shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.
- (6) A copy of the register of Directors’ interests in shares in the Company and copies of the Directors’ service contracts of more than one year’s duration will be available for inspection at the registered office of the Company during office hours only on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this notice until the date of the Meeting and at the place of the Meeting for at least 15 minutes prior to and during the Meeting.



# Explanatory Notes to the Notice of Annual General Meeting

This year, eight Resolutions are proposed at the Annual General Meeting and the purpose of each of the Resolutions is as follows:

## Ordinary Business

### Resolution 1: The Accounts and Reports

The directors of the Company (the “Directors”) will present their report and the audited financial statements for year ended 30 June 2023, together with the auditors’ report thereon.

### Resolutions 2 and 3: Re-election of retiring directors

The existing articles of association of the Company (the “Articles”) require that a proportion of the Directors are to retire at each Annual General Meeting. Accordingly Steven Quah and Richard Owen are therefore retiring and offering themselves for re-appointment.

### Resolution 4: Appointment of Auditors

The Company is required to appoint auditors at each Annual General Meeting at which accounts are laid before shareholders, to hold office until the next such meeting. This Resolution proposes that Hazlewoods LLP be re-appointed as auditors for the current year and to authorise the Directors to fix their remuneration.

### Resolution 5: Approval of Declaration of Dividend

The Board is proposing a dividend of 3 pence per share, subject to shareholder approval at the AGM, to be paid on 19 January 2024 to shareholders on the register on 22 December 2023. The ex-dividend date for the final dividend will be 21 December 2023.

## Special Business

### Resolution 6: Directors’ power to allot securities

Section 549 of the Companies Act 2006 (the “Act”) stipulates that the Directors cannot allot shares or rights to subscribe for shares in the Company (other than the shares allotted in accordance with an employee share scheme) unless they are authorised to do so by the shareholders in a general meeting. The Directors’ general authority to allot shares was granted at the annual general meeting held in 2022 and is due to expire at the conclusion of the Annual General Meeting in 2023. Resolution 6 seeks a new general authority from shareholders for the Directors to allot ordinary shares up to an aggregate nominal value of £397,416.625 (being 3,179,333 ordinary shares), representing approximately 33.3 per cent of the nominal value of the issued ordinary share capital of the Company as at the date of the notice. The Directors do not have any present intention of exercising this authority, but they consider it desirable that the specified amount of ordinary shares be available for issue so that they can more readily take advantage of possible opportunities. Unless renewed, revoked, varied or extended, this authority will expire at the earlier of the date which is 15 months from the passing of this resolution and the conclusion of the next Annual General Meeting of the Company.

# Explanatory Notes to the Notice of Annual General Meeting

*continued*

## **Resolution 7: Disapplication of pre-emption rights**

If the Directors wish to allot any shares for cash in accordance with the authority proposed in Resolution 6, the Act requires that new shares must generally be offered first to shareholders in proportion to their existing holdings. These are the pre-emption rights of shareholders. In certain circumstances, it may be in the interests of the Company for the Directors to be able to allot some shares for cash without having to offer them first to existing shareholders.

In line with common practice, Resolution 7 therefore seeks approval for an authority to empower the Directors to allot shares for cash other than in accordance with the statutory pre-emption rights, in connection with a rights issue and other pre-emptive offers and otherwise up to a maximum nominal amount of £119,225 (being 953,800 ordinary shares) representing approximately 10 per cent of the nominal value of the issued ordinary share capital of the Company.

In addition, there are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident outside the UK. To cater for this, this Resolution also permits the Directors to make appropriate exclusions or arrangements to deal with such difficulties.

Unless renewed, revoked, varied or extended, this authority will expire at the earlier of the date which is 15 months from the passing of this resolution and the conclusion of the next Annual General Meeting of the Company.

## **Resolution 8 – Share buybacks**

This resolution is to renew the authority for the Directors to purchase the Company's own ordinary shares under certain stringent conditions. This resolution specifies the maximum number of ordinary shares which may be acquired (being 953,800 ordinary shares which are approximately 10 per cent of the Company's issued ordinary share capital as at 13 November 2023) and the maximum and minimum prices at which shares may be bought. The Directors do not have any present intention of using the authority which will be used only when the Directors consider that it would be in the best interests of the shareholders generally and the effect would be to enhance earnings per share. Shares purchased will be cancelled or held as treasury shares as defined in section 724(5) of the Act.

At 13 November 2023, no treasury shares were held by the Company.

## **Recommendation**

The Directors believe that the proposals in Resolutions 1 to 8 are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that shareholders vote in favour of each Resolution as they intend to do in respect of their own beneficial shareholdings.

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