The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Regulation 11 of the Market Abuse Regulations (Amendment) (EU Exit) Regulations 2019/310 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Aeorema Communications plc / Index: AIM / Epic: AEO / Sector: Media

15 November 2021

Aeorema Communications plc (‘Aeorema’ or ‘the Company’ or ‘the Group’)

Final Results

Aeorema Communications plc, the AIM-traded live events agency, announces its audited results for the year ended 30 June 2021.

Overview

- Repositioned the Company into providing virtual online conferences and events in place of our traditional activities of live events
- Experiencing unprecedented demand for bespoke services from a wide range of major blue chip clients across a range of industries
- Revenues of £5,094,518 (2020: £5,475,425)
- Loss after taxation of £164,926 (2019: loss of £197,427)
- Return to profitability during last 3 months of H2 2021
- H1 2022 revenues are anticipated to be greater than any prior interim period on record
- Robust cash position of £1.3 million as at the date of this announcement

For further information visit www.aeorema.com or contact:

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Chairman's Statement

I am truly excited to report on a year of transition which reflects the way in which your Company has successively navigated the uncharted waters of COVID-19 and the effective shutdown of World economies.

In fact, we were one of the industries that was hardest hit. Clearly, in a Covid-19 world, demand after March 2020 disappeared as event after event was cancelled. For further information and analysis about the impact of COVID-19 on the Group during the year ended 30 June 2021 please see the business review in the Strategic Report.

As I've previously stated, huge credit goes to our talented team of specialised executives who took the opportunity early on, in the void that had been created, to turn their talent inwards and reposition the Company into providing virtual online conferences and events in place of our traditional activities of live events. We also made a strategic shift to providing consultancy services and engaging with clients at a higher advisory level on their communications strategies.

As a consequence, I am delighted to report that the success of this repositioning has meant that we are experiencing unprecedented demand for our bespoke services from a wide range of major blue chip clients spread across a diverse range of industries. We have also taken the opportunity to add talent to our team which has enhanced our skillset and offering.

A further benefit that flows to us from implementing this strategy is that we are not affected by the supply chain and distribution problems and inflationary pressures commonly being cited on a regular basis by other companies as a reason to issue profit warnings.

I am greatly encouraged by the development of our virtual online business coupled with the fact that we should inevitably see further growth as and when our industry returns to staging live conferences and events alongside the virtual online offering which will clearly remain a viable option, now it has been introduced and in light of a greater drive to reduce carbon emissions as a result of business travel.

The outlook for the first six months of the new financial year is very strong. We remain on track to report record revenues for H1 2022, greater than any prior interim period on record, and are confident of growth in revenues for the full year ending 30 June 2022.

The cash position as at the date of this announcement is £1.3 million. As we come out strongly of this challenging period the board will continue to monitor progress, but at this point it is too soon to comment on future dividends.

I want to thank our shareholders for their support through the most difficult period in the Company's history and look forward to rewarding them for this support.

Mike Hale

Chairman, 12 November 2021

Chief Executive Officer's Report

Successful and enduring growth after a period of change is a rewarding reflection on the tenacity within our Group. It fills me with pride to consider the last twelve months, where, despite the difficulties faced, Aeorema Communications has strategically developed more than in any previous years.

We have spent the last year cementing and building on our expertise in multi-format and virtual events. Our foundations in video communications, alongside raw in-house talent in broadcast and content production, put us in exceptional stead in the virtual event environment.

Our growing consultative and strategic approach has also placed Cheerful Twentyfirst in a leading position to support our client roster across disciplines. At the intersection of live events, on demand content and remote audiences, we are in a very strong position to leverage account growth and multi-service communication planning into 2022 and onwards.

Our continued commitment to exceptional client service levels saw Cheerful Twentyfirst adapt to a defined account-led approach this year. This shift has reinforced client partnerships and made communications strategy paramount to how we do business.

Our inherent creativity proved once again to be a cut above the rest. The agency was awarded Creative Team of the Year for the third year running, an accolade that reflects the calibre of ideas within our walls and something we continue to invest in. Our winning card, that same imaginative spark has been a driving force for year-on-year growth in our moving image, content and creative divisions.

Internationally, our US team continues to grow in line with client demand in North America. We now have staff based in New York City and LA, with both teams expected to continue to grow in 2022.

We were delighted to add a plethora of new clients across diverse sectors globally including finance, professional services, advertising, IT, fashion, Fintech, and beverages. Most recently, we have also added a gaming giant to our client roster. These recent client wins pay heed to our diversification strategy and shift to innovative, hybrid solutions tailored to client requirements.

Venue sourcing and luxury events agency Eventful was inevitably impacted by the restrictions on live events and travel but they have been successful in cross-selling complementary services across Group clients. Their successful integration into the business has delivered a number of new clients, with their order book already seeing venue bookings and enquiries into next year and onwards. As confidence in live event formats return, we anticipate this success to grow proportionally.

Outlook

We are entering a new phase as a global workforce and a pioneer agency challenging traditional ways of work. Our team will continue to operate with a flexible approach to remote working, but we see the office space as our key hub for community, brainstorm and idea generation, and team engagement. As our headcount ticks over into the low 50's, we're also investing in a new office space that can facilitate our team to work at its best.

The momentum generated by hard work, constant innovation and a tenacity to adapt has seen new green shoots across the Group. The agency continues to develop as the preferred partner for a growing roster of global, leading brands.

ESG remains at the heart of how we work. This year, we launched our first ever CSR (Corporate Social Responsibility) charter, pledging to enact real change across sustainability, diversity, ethical practice and industry engagement. We are committing now and forever to cultivating a culture of understanding and action-driven impact.

My most sincere thank you to our clients for your trust and partnership in the last twelve months.

And to our team, you have shown what it looks like to work with a fire in your heart and a twinkle in your eye. I could not be prouder of what we are building together.

Steve Quah
CEO, 12 November 2021

Strategic Report

Business review

The results for the year show revenue was £5,094,518 (2020: £5,475,425), operating loss pre-exceptional items was £188,105 (2020: £175,043) and loss before taxation was £159,698 (2020: £217,924). The Group had net assets of £1,514,980 at the year-end (restated 2020: £1,660,247) and net current assets of £1,019,047 (restated 2020: £938,932).

The year ended 30 June 2021 was a year significantly affected by the COVID-19 pandemic. International lockdowns, restrictions on national and international travel and social distancing measures imposed by Governments worldwide meant all live face-to-face events were either postponed or cancelled. The Group recognised the potential of virtual events during this period and made the pivot from producing live events to virtual events. The first few months proved very challenging, however, with the introduction of the Group's own virtual event platform, *KIT*, the Group's industry leading creative expertise and growing experience of producing and delivering virtual events the Group experienced an upturn in demand and revenue.

The Group delivered virtual events for both new and existing clients. The new clients include those operating across sectors such as finance, professional services, oil & gas, advertising, IT, fashion, Fintech, technology and beverages.

During the year the gross profit margin increased to 23% (restated 2020: 15%) and the gross profit was £1,182,142 (2020: £824,176). The increase in the gross profit margin was as a consequence of the company delivering virtual events rather than face-to-face events. Virtual events require more in-house time producing content, including motion graphics, film and design, and offering strategic consultancy. Face-to-face events usually have higher levels of direct costs including audio visual, set and stage which are all third party costs that reduce the margin. During the year the Group also received cancellation fees totalling £262,035 from a global media company in respect of the MIPCOM event held annually in October in Cannes.
Growing demand from both new and existing clients combined with the labour intensive nature of virtual events meant the Group hired on average 9 more employees compared with the previous year. These roles largely included project/production managers, project co-ordinators, designers (including digital) and digital solutions managers to ensure the Group continued to successfully deliver high quality events.

Eventful Limited was significantly affected by the impact of the COVID-19 pandemic throughout the year. Eventful Limited's core business operates within the hospitality and travel industry, offering venue sourcing and travel incentive services. The company struggled to generate demand while restrictions remained in place. As restrictions in the UK began to ease and the economy reopened in the latter months of the financial year the company experienced an increase in client enquiries for venues post year end.

Cheerful Twentyfirst, Inc. was formed on 1 July 2020 and became a 100% owned subsidiary of Aeorema Communications plc. The Board were keen for the Group to have a presence in the United States and the creation of a New York based subsidiary provided the perfect opportunity to expand the Group's operations in a new and exciting market. The company had a very successful first year of trading, producing virtual events and films for several new and existing clients in the United States, growing its headcount and moving into a new office shortly after the year end.

The Group has used the support provided by the UK government, including the Coronavirus job retention scheme, tax deferrals and the Coronavirus business interruption loan scheme to maintain a strong cash position despite the impact of COVID-19 on the business during the financial year. Despite the new clients and virtual events the Group has won, the challenges created by the social and economic impact of COVID-19 remain severe. The Board recognises the challenges facing the Group, and is actively monitoring the situation on a daily basis and is prepared to reduce overheads should this become necessary.

Key performance indicators

Year	**2021** **£**	**2020** **£**	**2019** **£**	**2018** **£**
Revenue	5,094,518	5,475,425	6,765,280	4,820,167
Operating (loss) / profit pre-exceptional items	(188,105)	(175,043)	384,483	299,735
(Loss) / profit before taxation	(159,698)	(217,924)	382,244	61,629

The Group experienced a 7% decrease in revenue during the year. The Group produced two large events in January 2020 prior to the onset of the COVID-19 pandemic. These two events had a significant impact on revenue in the prior year. Due to COVID-19 no events on a similar scale were held in the year ended 30 June 2021. Although demand steadily increased throughout the financial year, including the delivery of large events in May and June, these could not replace the revenue lost as a consequence of the COVID-19 pandemic.

Event revenue decreased by 16% in comparison with the previous year. This was due to the factors mentioned above. The decrease in Aeorema Limited was 22%, however, this fall in revenue was offset by the growth in Cheerful Twentyfirst, Inc.

Film revenue grew by 64% in comparison with the previous year. This growth was largely due to the higher amount of film and motion graphics content that is required to produce and deliver virtual events compared with live face-to-face events and the film content produced by Cheerful Twentyfirst, Inc. The growth was 45% in Aeorema Limited compared with the previous year.

Eventful Limited experienced a 92% decrease in revenue during the year, compared with the previous 15 month period. The fall in revenue was a consequence of the COVID-19 pandemic and the subsequent impact on the hospitality and travel industry.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2021

	Notes	2021 £	2020 £ As restated
Continuing operations			
Revenue	**2**	**5,094,518**	**5,475,425**
Cost of sales		(3,912,376)	(4,651,249)
Gross profit		**1,182,142**	**824,176**
Other income	**3**	61,651	82,601
Administrative expenses		(1,431,898)	(1,081,820)
Operating (loss) / profit pre-exceptional items	**4**	**(188,105)**	**(175,043)**
Exceptional income	**5**	50,000	-
Exceptional costs		-	(23,184)
Operating (loss) / profit post exceptional items		**(138,105)**	**(198,227)**
Finance income	**6**	489	556
Finance costs	**7**	(22,082)	(20,253)
(Loss) / profit before taxation		**(159,698)**	**(217,924)**
Taxation	**8**	(5,228)	20,497
(Loss) / profit for the year		**(164,926)**	**(197,427)**
Other comprehensive income *Items that may be reclassified to profit of loss*			
Exchange differences on translation of foreign entities		(11,044)	-
Other comprehensive income for the year		**(11,044)**	**-**
Total comprehensive income for the year attributable to owners of the parent		**(175,970)**	**(197,427)**
(Loss) / profit per ordinary share:			
Total basic earnings per share	**11**	(1.78529)p	(2.16920)p
Total diluted earnings per share	**11**	(1.78529)p	(2.16920)p

The notes are an integral part of these financial statements.

Statement of Financial Position
As at 30 June 2021

	Notes	Group		Company	
		2021 £	**2020 £ As restated**	**2021 £**	**2020 £**
Non-current assets					
Intangible assets	**12**	571,431	573,931	-	-
Property, plant and equipment	**13**	103,477	85,952	-	-
Right-of-use assets	**14**	18,995	379,530	-	-
Investments in subsidiaries	**15**	-	-	1,172,253	1,141,540
Deferred taxation		-	7,611	30,253	30,253
Total non-current assets		**693,903**	**1,047,024**	**1,202,506**	**1,171,793**
Current assets					
Trade and other receivables	**16**	1,429,064	597,497	532,875	657,986
Cash and cash equivalents	**17**	1,101,713	1,721,217	5,844	11,298
Current tax receivable		10,758	-	-	-
Total current assets		**2,541,535**	**2,318,714**	**538,719**	**669,284**
Total assets		**3,235,438**	**3,365,738**	**1,741,225**	**1,841,077**
Current liabilities					
Trade and other payables	**18**	(1,417,467)	(1,226,222)	(139,760)	(191,136)
Bank loans	**19**	(54,089)	-	-	
Lease liabilities	**20**	(25,912)	(85,070)	-	-
Current tax payable		-	(68,490)	-	-
Provisions	**21**	(25,020)	-	-	-
Total current liabilities		**(1,522,488)**	**(1,379,782)**	**(139,760)**	**(191,136)**
Non-current liabilities					
Bank loans	**19**	(195,911)	-	-	-
Lease liabilities	**20**	-	(300,689)	-	-
Deferred taxation	**9**	(2,059)	-	-	-
Provisions	**21**	-	(25,020)	-	-
Total non-current liabilities		**(197,970)**	**(325,709)**	**-**	**-**
Total liabilities		**(1,720,458)**	**(1,705,491)**	**(139,760)**	**-**
Net assets		**1,514,980**	**1,660,247**	**1,601,465**	**1,649,941**
Equity					
Share capital	**22**	1,154,750	1,154,750	1,154,750	1,154,750
Share premium		9,876	9,876	9,876	9,876
Merger reserve		16,650	16,650	16,650	16,650
Other reserve		112,061	81,358	112,061	81,358
Capital redemption reserve		257,812	257,812	257,812	257,812
Retained earnings		(36,169)	139,801	50,316	129,495
Equity attributable to owners of the parent		**1,514,980**	**1,660,247**	**1,601,465**	**1,649,941**

The notes are an integral part of these financial statements.

The loss for the financial year of the holding company was £79,179 (2020: £159,712 profit).

The financial statements were approved and authorised by the board of directors on 12 November 2021 and were signed on its behalf by

A Harvey
Director

S Haffner
Director

Company Registration No. 04314540

Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

Group	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 30 June 2019	**1,131,313**	**7,063**	**16,650**	**34,261**	**257,812**	**439,414**	**1,886,513**
Comprehensive income for the year, net of tax	-	-	-	-	-	(197,427)	(197,427)
Dividends paid	-	-	-	-	-	(90,505)	(90,505)
Share-based payment	-	-	-	47,097	-	-	47,097
Share issue	23,437	2,813	-	-	-	-	26,250
Prior year adjustment	-	-	-	-	-	(11,681)	(11,681)
At 30 June 2020	**1,154,750**	**9,876**	**16,650**	**81,358**	**257,812**	**139,801**	**1,660,247**
Comprehensive income for the year, net of tax	-	-	-	-	-	(175,970)	(175,970)
Dividends paid	-	-	-	-	-	-	-
Share-based payment	-	-	-	30,703	-	-	30,703
At 30 June 2021	**1,154,750**	**9,876**	**16,650**	**112,061**	**257,812**	**(36,169)**	**1,514,980**

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 are an integral part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2021

	Notes	Group

		2021 £	2020 £
Net cash flow from operating activities	**27**	**(708,814)**	**(99,006)**
Cash flows from investing activities			
Payment for Acquisition of Subsidiary, net of cash acquired		-	(128,331)
Finance income	**6**	489	556
Purchase of intangible assets	**12**	-	(10,000)
Purchase of property, plant and equipment	**13**	(59,179)	(61,400)
Repayment of leasing liabilities		(102,000)	(101,258)
Cash (used) / generated in investing activities		**(160,690)**	**(300,433)**
Cash flows from financing activities			
Dividends paid to owners of the Company		-	(90,505)
Proceeds from borrowings		250,000	-
Cash used in financing activities		**250,000**	**(90,505)**
Net (decrease) / increase in cash and cash equivalents		**(619,504)**	**(489,944)**
Cash and cash equivalents at beginning of year		1,721,217	2,211,161
Cash and cash equivalents at end of year		**1,101,713**	**1,721,217**

Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of the Statement of Financial Position amounts:

	Notes	Group		Company	
		2021 £	2020 £	2021 £	2020 £
Cash and cash equivalents	**17**	1,101,713	1,721,217	5,844	11,298
		1,101,713	**1,721,217**	**5,844**	**11,298**

The notes are an integral part of these financial statements.

Notes to the consolidated financial statements
For the year ended 30 June 2021

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 Moray House, 23/31 Great Titchfield Street, London, W1W 7PA. 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 COVID-19 pandemic had a significant impact on the Group. International lockdowns, disruption to international travel and social distancing measures all meant that no face-to-face events could take place during the year. Aeorema Limited and Cheerful Twentyfirst, Inc. adapted successfully and produced virtual events for both existing and new clients throughout the year. Due to the nature of virtual events Aeorema Limited and Cheerful Twentyfirst, Inc. increased their staff numbers to help deliver the events. The moving image department experienced growing demand and continued producing eye-catching films and content for both stand-alone projects and virtual events.

Eventful Limited was severely impacted by the pandemic. The company, unlike Aeorema Limited and Cheerful Twentyfirst, Inc. was not in a position to pivot towards virtual offerings due to the nature of its business. The hospitality and travel industry as a whole was affected and Eventful Limited experienced a sharp decline in demand for its services. The reduction in COVID-19 restrictions in the latter months of the year ended 30 June 2021 led to Eventful Limited receiving a steady increase in enquiries for venue sourcing and incentive travel services. This increase has continued post year end.
The Group continued to utilise the Coronavirus job retention scheme during the year, furloughing several employees (see note 3). The Group arranged payment plans with HMRC on a number of outstanding tax liabilities and obtained a Coronavirus Business Interruption Loan of £250,000 (see note 19) to manage the Group's working capital and cash reserves.

After reviewing the Group's detailed forecasts for the next financial year, other medium term plans and considering the risks outlined in note 28, 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 European Union.
The following new standards, amendments to standards and interpretations have been applied for the first time from 1 July 2020. Their adoption has not had a material impact on the financial statements:

- Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020); and
- Definition of a Business (Amendments to IFRS 3) (effective 1 January 2020).

Future standards in place but not yet effective

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Company's accounting periods beginning on or after 1 July 2021 have been adopted early.

The following standards and amendments are not yet applied at the date of authorisation of these financial statements:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The Group does not believe that there would have been a material impact on the financial statements from early adoption of these standards / interpretations.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2021. 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.

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 assets exceeds its recoverable amount, the asset is considered impaired and is written down to is recoverable amount.

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

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 (five years)
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.

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.

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.

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 25 to the financial statements.

Reclassification of wages
The Board of Directors have determined that due to the change in the business towards more labour intensive virtual events, it is appropriate to reallocate wages directly associated with the production of events and films from administrative expenses to cost of sales. The previous year's comparative figures have been restated.

Holiday pay accrual
A holiday pay accrual has been recognised for the first time due to the increase in staff costs, the impact of the COVID-19 pandemic and the subsequent shift by employees taking more annual leave post year end. A prior year adjustment totalling £39,552 has been made to recognise holiday pay accruals not included in prior periods. An adjustment of £27,871 has been made for the year ended 30 June 2019 and an adjustment of £11,681 has been made in the year ending 30 June 2020. The retained earnings brought forward at 30 June 2019 have been restated to be £439,414 (previously £467,285) and the retained earning brought forward at 30 June 2020 have been restated to be £139,801 (previously £179,353). This adjustment can be seen in the Consolidated Statement of Changes in Equity.

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 effect 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. There are no critical judgements that the directors have made in the process of applying the Group's accounting policies.

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 2021 there is only a single reportable segment.

All revenue represents sales to external customers. Three customers (2020: four) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

	2021 £	2020 £

Customer One	1,211,409	-
Customer Two	738,320	585,636
Customer Three	468,026	276,386
Major customers in the current year	**2,417,755**	**862,022**
Major customers in prior year		**2,879,430**
		3,741,452

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

Geographical market	**2021 UK £**	**2020 UK £**	**2021 USA £**	**2020 USA £**	**2021 Rest of the World £**	**2020 Rest of the World £**	**2021 Total £**	**2020 Total £**
Revenue	**3,907,873**	**5,255,473**	**1,055,096**	**143,515**	**131,549**	**76,437**	**5,094,518**	**5,475,425**

	2021 £	**2020 £**
Revenue from contracts with customers – Events	3,917,481	4,704,730
Revenue from contracts with customers – Film	1,177,037	715,620
Other revenue	-	55,075
Total revenue	**5,094,518**	**5,475,425**

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

	2021 £	**2020 £**
Deferred income	384,598	293,281
Accrued income	169,955	49,890

Deferred income at the beginning of the period has been recognised as revenue during the period.

3 Other income

Other income	**2021 £**	**2020 £**
Coronavirus job retention scheme government grant	56,501	82,601
Business interruption payment grant	5,150	-
	61,651	**82,601**

During the 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

Operating profit is stated after charging or crediting:	**2021 £**	**2020 £**
Cost of sales		
Depreciation of fixtures, fittings and equipment	40,885	31,871
Amortisation of intangible assets	2,500	417
Administrative expenses		
Depreciation of right-of-use assets	91,092	89,392
(Profit) / loss on foreign exchange differences	13,401	(726)
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	6,000	6,000
Audit of the Company's subsidiaries	20,622	19,000

Interest on lease liabilities	16,932	20,253
Staff costs (see note 24)	2,125,189	1,570,373

5 Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring, are considered as exceptional. The exceptional income totalling £50,000 included in the consolidated Statement of Comprehensive Income relates to the contingent consideration totalling £100,000 which forms part of the overall consideration for Eventful Limited in the previous year. Eventful Limited failed to meet the target set in the purchase agreement for the year ending 30 June 2021 and therefore the contingent consideration related to the year ended 30 June 2021 has been moved to the consolidated Statement of Comprehensive Income as exceptional income. The remaining contingent consideration totalling £50,000 is included in the Statement of Financial Position.

6 Finance income

Finance income	**2021** **£**	**2020** **£**
Bank interest received	489	556

7 Finance costs

Finance costs	**2021** **£**	**2020** **£**
Coronavirus business interruption loan interest	5,150	-
Lease interest	16,932	20,253
	22,082	**20,253**

8 Taxation

	2021 **£**	**2020** **£**
The tax charge comprises:		
Current tax		
Current year	(4,442)	(5,357)
	(4,442)	**(5,357)**
Deferred tax (see note 9)		
Current year	9,670	(15,140)
	9,670	**(15,140)**
Total tax charge in the statement of comprehensive income	**5,228**	**(20,497)**
Factors affecting the tax charge for the year		
Profit / (loss) on ordinary activities before taxation from continuing operations	(159,698)	(217,924)
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2020: 19%)	(30,343)	(41,406)
Effects of:		
Non-deductible expenses	15,021	20,909
Tax on foreign subsidiaries	20,550	-
	35,571	**20,909**
Total tax charge	**5,228**	**(20,497)**

The Group has estimated losses of £526,350 (2020: £375,762) available to carry forward against future trading profits. Losses totalling £476,152 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.

9 Deferred taxation

	2021 £	2020 £
Property, plant and equipment temporary differences	(16,826)	(13,978)
Temporary differences	(25,023)	(8,664)
Tax losses	39,790	30,253
	(2,059)	**7,611**
At 1 July	7,611	(7,529)
Transfer to Statement of Comprehensive Income	(9,670)	15,140
At 30 June	**(2,059)**	**7,611**

10 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.

11 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. In view of the group loss for the year, options to subscribe for ordinary shares in the company are anti-dilutive and therefore diluted earnings per share information is presented in line with basic earnings per share.
The following reflects the income and share data used and dilutive earnings per share computations:

	2021 £	2020 £
Basic earnings per share		
(Loss) / profit for the year attributable to owners of the Company	(164,926)	(197,427)
Basic weighted average number of shares	**9,238,000**	**9,101,356**
Dilutive potential ordinary shares: Employee share options	1,920,000	1,020,000
Diluted weighted average number of shares	**11,158,000**	**10,121,356**

12 Intangible fixed assets

Group	Goodwill £	Intellectual Property £	Total £
Cost			
At 30 June 2019	2,728,292	-	2,728,292
Acquisitions	199,194	10,000	209,194
At 30 June 2020	2,927,486	10,000	2,937,486
At 30 June 2021	**2,927,486**	**10,000**	**2,937,486**
Impairments and amortisation			

At 30 June 2019	2,363,138	-	2,363,138
Charge for the year	-	417	-
At 30 June 2020	2,363,138	417	2,363,555
Charge for the year	-	2,500	2,500
At 30 June 2021	**2,363,138**	**2,917**	**2,366,055**
Net book value			
At 30 June 2019	365,154	-	365,154
At 30 June 2020	564,348	9,583	573,931
At 30 June 2021	**564,348**	**7,083**	**571,431**

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 2021-22 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 2.50% for event and moving image production activities. Using these assumptions, which are based on past experience and future expectations, there was no impairment in the year.

13 Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 30 June 2019	**58,536**	**138,649**	**197,185**
Additions	-	59,591	59,591
Acquisition of subsidiary	-	1,809	1,809
Disposals	-	(26,867)	(26,867)
At 30 June 2020	**58,536**	**173,182**	**231,718**
Additions	-	59,179	59,179
Disposals	-	(3,354)	(3,354)
At 30 June 2021	**58,536**	**229,007**	**287,543**
Depreciation			
At 30 June 2019	**58,536**	**80,578**	**139,114**
Charge for the year	-	31,871	31,871
Eliminated on disposal	-	(25,219)	(25,219)

At 30 June 2020	**58,536**	**87,230**	**145,766**
Charge for the year	-	40,885	40,885
Eliminated on disposal	-	(2,585)	(2,585)
At 30 June 2021	**58,536**	**125,530**	**184,066**
Net book value			
At 30 June 2019	-	58,071	58,071
At 30 June 2020	**-**	85,952	85,952
At 30 June 2021	**-**	**103,477**	**103,477**

14 Right-of-use assets

Group	**Leasehold** **£**
Cost	
At 30 June 2019	404,574
Additions	455,436
Disposals	(404,574)
At 30 June 2020	455,436
Lease modification adjustment	(436,441)
At 30 June 2021	**18,995**
Depreciation	
At 30 June 2019	391,088
Charge for the year	89,392
Eliminated on disposal	(404,574)
At 30 June 2020	75,906
Charge for the year	91,092
Lease modification adjustment	(166,998)
At 30 June 2021	**-**
Net book value	
At 30 June 2019	13,486
At 30 June 2020	379,530
At 30 June 2021	**18,995**

The right-of-use asset relates to the Group’s leasehold property at Moray House, 23-31 Great Titchfield Street, London, W1. In March 2021 the Group gave notice to its landlords of its intent to vacate the premises. Under the terms of the lease agreement the Group is required to give a minimum of 6 months’ notice and therefore the Group is scheduled to leave the premises on 9 September 2021.

The right-of-use asset was calculated on the assumption that the Group would remain in the premises for the duration of the 10 year lease agreement. However, due to the Group's intent to vacate the premises early and with only just over 2 months remaining on the lease at the year end the right-of-use asset has been modified.

The valuation of the right of use asset is adjusted at the lease modification date, and the present value of future lease payments adjusted for depreciation to the year end. The corresponding lease liability modification is recognised in note 20.

15 Non-current assets - Investments

Company	**Shares in subsidiary £**
Cost	
At 30 June 2019	3,308,964
Increase in respect of share-based payments	47,097
Acquisition of subsidiary	479,692
At 30 June 2020	**3,835,753**
Increase in respect of share-based payments	30,703
Acquisition of subsidiary	10
At 30 June 2021	**3,866,466**
Provision	
At 30 June 2019	2,694,213
At 30 June 2020	2,694,213
At 30 June 2021	**2,694,213**
Net book value	
At 30 June 2019	614,751
At 30 June 2020	1,141,540
At 30 June 2021	**1,172,253**

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**	
		Class	**%**
Aeorema Limited	England and Wales	Ordinary	100
Eventful Limited	England and Wales	Ordinary	100
Twentyfirst Limited (Dormant)	England and Wales	Ordinary	100

Cheerful Twentyfirst, Inc.	United States of America	Ordinary	100

During the year the Group formed Cheerful Twentyfirst, Inc., a US company based in New York. Aeorema Communications plc holds 100% of the share capital in Cheerful Twentyfirst, Inc.

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.

16 Trade and other receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
Trade receivables	964,490	306,198	-	-
Related party receivables	-	-	517,003	641,134
Other receivables	93,015	76,112	3,872	5,002
Prepayments and accrued income	371,559	215,187	12,000	11,850
	1,429,064	**597,497**	**532,875**	**657,986**

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 £76,504 (2020: £157,239) were past due but not impaired. These amounts are still considered recoverable. The ageing of these trade receivables is as follows:

	Group	
	2021	**2020**
	£	**£**
Less than 90 days overdue	39,419	33,712
More than 90 days overdue	37,085	123,527
	76,504	**157,239**

17 Cash at bank and in hand

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
Bank balances	1,101,713	1,721,217	5,844	11,298
	1,101,713	**1,721,217**	**5,844**	**11,298**

18 Trade and other payables

	Group		Company	
	2021 £	**2020 £ As restated**	**2021 £**	**2020 £**
Trade payables	492,163	209,770	5,395	6,001
Related party payables	-	-	67,365	67,355
Taxes and social security costs	310,148	381,777	-	-
Other payables	91,002	113,582	50,000	100,000
Accruals and deferred income	524,154	521,093	17,000	17,780
	1,417,467	**1,226,222**	**139,760**	**191,136**

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.

19 Bank Loans

	2021 £	2020 £
Bank Loan		
Current	54,089	-
Non-current	195,911	-
	250,000	**-**

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 £5,150 being charged to the 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.

20 Leases

The balance sheet shows the following amounts relating to leases:

Group	2021 £	2020 £
Right-of-use assets		
Buildings	18,995	379,530
	18,995	**379,530**

Group	2021 £	2020 £
Lease liabilities		
Current	25,912	85,070
Non-current	-	300,689
	25,912	**385,759**

21 Provisions

Group	**Leasehold dilapidations** **£**	**Total** **£**
At 1 July 2020	**25,020**	**25,020**
Charged to statement of comprehensive income	-	-
At 30 June 2021	**25,020**	**25,020**

Group	**Leasehold**	**Total**

	dilapidations £	£
Current	25,020	-
Non-current	-	25,020
	25,020	**25,020**

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.

22 Share capital

	2021 £	2020 £
Authorised		
28,000,000 Ordinary shares of 12.5p each	3,500,000	3,500,000

Allotted, called up and fully paid	**Number**	**Ordinary shares** **£**
At 1 July 2019	9,050,500	1,131,313
At 30 June 2020	**9,238,000**	**1,154,750**
At 30 June 2021	**9,238,000**	**1,154,750**

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 25 for details of share options outstanding.

23 Directors' emoluments

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

	Salary, fees, bonuses and benefits in kind 2021 £	Salary, fees, bonuses and benefits in kind 2020 £	Pensions 2021 £	Pensions 2020 £	Total 2021 £	Total 2020 £
M Hale	-	13,333	-	-	-	13,333
S Haffner	15,000	14,250	-	-	15,000	14,250
R Owen	20,000	19,333	-	-	20,000	19,333
S Quah	139,268	146,050	5,000	6,469	144,268	152,519
A Harvey	103,653	112,643	4,000	5,219	107,653	117,862
	277,921	**305,609**	**9,000**	**11,688**	**286,921**	**317,297**

During the year M Hale waived his right to fees of £15,000 (2020: £1,667)

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	25 April 2013	300,000	16.50p	25 April 2016	24 April 2023
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 26).

24 Employee information

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

Number of employees	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Administration and production	37	28	5	5

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

Employment costs	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Wages and salaries	1,846,938	1,333,194	35,000	46,917
Social security costs	205,253	159,082	-	-
Pension costs	42,295	31,000	-	-
Share-based payments	30,703	47,097	-	-
	2,125,189	**1,570,373**	**35,000**	**46,917**

25 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 2021	Number of options 2020
		From	To		
25 April 2013	16.5p	25 April 2016	24 April 2023	300,000	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	300,000	-
29 April 2021	50.0p	5 November 2023	29 April 2031	300,000	-
29 April 2021	70.0p	5 November 2023	29 April 2031	300,000	-
				1,920,000	**1,020,000**

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

	Number of options 2021	Weighted average exercise price 2021 £	Number of options 2020	Weighted average exercise price 2020 £
Outstanding at beginning of the year	1,020,000	0.25	1,200,000	0.25
Granted during the year	900,000	0.50	-	-
Outstanding at end of the year	1,920,000	0.37	1,020,000	0.25
Exercisable at the end of the year	900,000	0.25	300,000	0.17

The exercise price of options outstanding at the year-end was £0.369 (2020: £0.250) and their weighted average contractual life was 7.6 years (2020: 6.6 years).

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:

Grant date	25 April 2013
Model used	Black-Scholes
Share price at grant date	16.5p
Exercise price	16.5p
Contractual life	10 years
Risk free rate	0.5%
Expected volatility	104%
Expected dividend rate	0%
Fair value option	14.889p

Grant date	22 August 2018
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

Grant date	14 June 2019
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

Grant date	29 April 2021
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

Grant date	29 April 2021
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

Grant date	29 April 2021
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

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 during the year ended 30 June 2021 the historical volatility is calculated over the last 10 years. The risk free rate is the official Bank of England base rate.

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

	2021 **£**	**2020** **£**
Share-based payment charge	30,703	47,097

26 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:

	2021 **£**	**2020** **£**
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	517,003	641,134
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,365	67,355

The company received no dividends during the year (2020: £300,000) from its subsidiary, Aeorema Limited. The company transferred a VAT receivable of £19,221 (2020: £22,977) 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 £20,000 (2020: £27,667).

Aeorema Limited paid expenses totalling £113,352 (2020: £503,734) on behalf of Aeorema Communications plc during the year.

During the year, Aeorema Limited made a net transfer of cash of £10,000 to Aeorema Communications plc (2020: £110,505).

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

	2021 **£**	**2020** **£**
Short-term employee benefits	277,921	305,609
Post-employment benefits	9,000	11,688
	286,921	**317,297**

The share options held by directors of the Company are disclosed in note 23. During the year, a charge of £21,002 (2020: £41,556) was recognised in the Consolidated Statement of Comprehensive Income in respect of these share options.

During the year A Harvey received an interest-free loan of £10,000. At the year end, £10,000 (2020: £Nil) was outstanding.

During the year S Quah received an interest-free loan of £10,000. At the year end, £10,000 (2020: £Nil) 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 is as follows:

Harris and Trotter LLP – charged during the year	2021 £	2020 £
Aeorema Communications plc	15,000	14,250
Aeorema Limited	12,850	14,700
	27,850	**28,950**

At the year end, the Group had an outstanding trade payable balance to Harris and Trotter LLP of £5,630 (2020: £5,640).

27 Cash flows

	Group	
	2021 £	**2020 £**
Cash flows from operating activities		
Profit / (loss) before taxation	(159,698)	(217,924)
Depreciation of property, plant and equipment	40,885	31,871
Depreciation of right-of-use assets	91,092	89,392
Amortisation of intangible fixed assets	2,500	417
Loss on disposal of fixed assets	769	1,648
Share-based payment expense	30,703	47,097
Finance income	(489)	(556)
Interest on lease liabilities	16,932	20,253
Exchange rate differences on translation	(11,044)	-
Revaluation of right-to-use asset	(5,311)	-
	6,339	**(27,802)**
Increase / (decrease) in trade and other payables	191,244	(1,075,254)
(Increase) / decrease in trade and other receivables	(831,592)	1,014,847
Taxation paid	(74,805)	(10,797)
Cash generated / (used) from operating activities	**(708,814)**	**(99,006)**

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

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

	Group		Company	
	2021 £	**2020 £**	**2021 £**	**2020 £**
Financial Assets				
Trade and other receivables	1,227,460	432,202	517,003	641,134
Cash and cash equivalents	1,101,713	1,721,217	5,844	11,298
Investments in subsidiaries	-	-	1,166,593	1,141,540
Total	**2,329,173**	**2,153,419**	**1,689,440**	**1,793,972**
Financial Liabilities				
Trade and other payables	833,165	734,131	122,760	173,356

Accruals	139,555	227,812	17,000	17,780
Total	**972,720**	**961,943**	**139,760**	**191,136**

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 2021 was £964,490 (2020: £306,198). 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 Company have 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 meets its obligations of £1,036,700 (2020: £1,407,185).

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 £1,101,713 (2019: £1,721,217). The Group ensures that its cash deposits earn interest at a reasonable rate.

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 £1,514,980 (restated 2020: £1,660,247).

29 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £41,946 (2020: £31,000). At the end of the reporting period £9,237 (2020: £5,608) of contributions were due in respect of the period.

30 Dividends

As a consequence of the ongoing COVID-19 pandemic, the Board have decided that no final dividend will be paid to shareholders.

31 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 2021 the Company had no potential liability under the terms of the registration.

32 Control

There is no overall controlling party.