The Information communicated within this announcement is deemed to constitute information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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

19 October 2020

Aeorema Communications plc ('Aeorema', 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 2020.

Overview

- Earnings enhancing acquisition of Eventful Ltd.
    - access to the venue sourcing and incentive travel events market
    - successful integration, diversifying and enhancing offering to existing and new clients
- Addition of Strategy Director and associated team in May delivering results - focusing on brand strategy and communications
- An encouraging number of multi-national blue-chip client wins seen in 2020 so far
- Virtual events offering expanded
- Team adapting quickly and capitalising on an increasing requirement for virtual and hybrid events
- Post-period end, opening of an office in New York to service clients in North America
- Revenues of £5,475,425 (2019: £6,765,280)
- Operating loss (pre-exceptional items) of £175,043 (2019 profit restated: £384,483)
- Maintained strong cash position - £1,721,217 at 30 June 2020

The Company's annual general meeting ("AGM") is expected to be held in late November and a separate announcement will be made in due course to confirm postage of the Annual Report and Accounts for the year ended 30 June 2020 and the notice of AGM to shareholders, as well as availability of the documents on the Company's website www.aeorema.com.

****ENDS****

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

Mike Hale	Aeorema Communications plc	Tel: +44 (0) 20 7291 0444
John Depasquale / Liz Kirchner (Corporate Finance) Kelly Gardiner (Sales)	Allenby Capital Limited (Nominated Adviser and Broker)	Tel: +44 (0)20 3328 5656
Catherine Leftley	St Brides Partners Ltd	Tel: +44 (0) 20 7236 1177

Chairman's Statement

This year saw a complete reshaping of the events business. It went from live to virtual overnight. Our industry was faced with event cancellations, national lock downs and global travel bans. Despite these major challenges, I am pleased to report the Group has finished the year in a strong, secure, and promising position.

Notwithstanding the challenges we have all faced in recent months with the COVID-19 pandemic, Aeorema has adapted quickly to the changes in the live events industry and is now capitalising on the increasing requirement for virtual and hybrid events.

The Group was able to make a first significant acquisition within the year and diversify its operating businesses to meet the requirements of the new environment.

In March, the Group acquired Eventful Ltd ("Eventful"). Eventful provides venue sourcing, strategic event planning and management and incentive travel services. The acquisition was immediately earnings enhancing and gave Aeorema access to the venue sourcing market which rounded out the Group's offering to clients. It also opened doors to new clients and opportunities to cross-sell. Despite the challenges I am pleased to report Eventful posted profits before tax of £11,223 for the 3 month period post-acquisition. The team recently launched a pioneer incentive product that helps clients continue to use this strong motivation tool and, despite the current travel challenges, this has had a good initial client reaction.

The Group has made significant executive appointments during the year. We also made some strategic hires from a highly successful creative and award-winning brand experience agency delivering events worldwide, including creating a new senior Strategy Director role. This team gave us an opportunity to strengthen our brand engagement and strategic skills and has diversified and enhanced the offering to existing and new clients, as well as providing the Group with a wider and valuable network of blue-chip contacts across multiple industries, offering opportunities for cross-selling. With the integration of the team complete and them now working together sharing client relationships, some significant introductions have been made which has led to some significant and highly profitable work from a major multinational technology client. Several other global clients are expected to follow due to this new team's expertise.

As we have reported in recent months, we anticipated making a loss for the year as a result of the postponement and cancellation of a number of live events. We saw revenue decrease 19% to £5,475,425 (2019: £6,765,280) resulting in an operating loss (pre-exceptional items) of £175,043 (2019 profit: £384,483). The Group's cash position remains strong with in excess of £1 million as at the date of this announcement. However, given continuing uncertainties, the Board is not recommending the payment of a full year dividend. It is the Board's intention to return to paying dividends as soon as possible.

Outlook

As mentioned, there has been a major shift in traditional event delivery and the ways clients communicate with their stakeholders. Even ahead of the COVID-19 pandemic, it was clear that there were going to be a number of changes to the live events industry and the way live events were being run and staged. There was already an increasing focus put on digital and hybrid events, particularly with the desire for a more environmentally sustainable method of running events, but the immediate impact of the COVID-19 pandemic created an acceleration of the need for digital and hybrid events. Aeorema, with its experience and ability to be agile, has been quick to adapt.

We have introduced innovative ways of running virtual events and making them more successful; we have launched a robust and flexible technology platform to help run virtual events and this has had a very positive response from clients; we have launched a New York office to service our clients there and to enter the extremely large USA events market - this office has already enabled us to win projects that we would not have won without it. We will continue to look for ways to help our clients in this environment and grow our business and revenue and although we believe the physical events business will return, it will be different with many hybrid physical and virtual events. With our foundations, and the exceptional hard work undertaken by every member of the team so far this year, we are ideally positioned to be a leader in this new market.

The Board and I want to congratulate and thank all the staff. They have faced unique challenges with great energy and commitment. They have protected cash flow and have also driven new initiatives. They have contained costs and critically they have maintained morale and creativity in the most trying of circumstances.

We also want to thank our shareholders. Your support has been excellent and very much appreciated and we remain motivated by this support to grow revenue and profit.

M Hale
Chairman
16 October 2020

Chief Executive Officer's Report

The Year of the Great Reset. This year we saw a complete shift from traditional channels to virtual world communications. I am as proud as ever of our Cheerful Twentyfirst and Eventful teams, who were at the coal-face as live events were wiped off the board and replaced with virtual briefs.

Our agencies embraced the pivot to virtual events like a new pitch, exploring best practice and creative ways to break out of the traditional mould and to build an experience to suit. The enlarged team moved quickly and strategically to pioneer the rapid shift to virtual and brought our clients with us along the way. Through March, April and May we focused our agency approach on supporting our clients through this transition, and developing their trust with virtual and its opportunities. And there are so many opportunities.

It is difficult to pick one highlight from this financial year. I'm delighted to share several moments that stand out. The Cheerful Twentyfirst agency rebrand in September 2019, where our new bold colours and dynamic logo aligned our branding with our modern agency values. We celebrated multiple major award wins, including the Global Campaign Experience Awards and Creative Team of the Year for the second year running. Our experiential projects with new clients, who shared, "I've worked with different production companies over the years, but Cheerful Twentyfirst is far and away the best – words cannot describe how good you are." Then there is our international work in Cannes during 2019, where we delivered a revolutionary and sustainable brand activation that continues to garner attention for innovation and creative flair to this day.

We have continued to invest in new offerings with the Eventful team and new talent as we see the shape of the agency adapting to virtual communications. Most notably, we welcomed our Strategy Director, Hannah Luffman, alongside new senior appointments in technical and creative. Hannah's reputation for client-work and experience in audience engagement has proved invaluable to our growth.

Outlook

Our delivery in the world of Virtual events has been enhanced by the curation of our own robust platform. We believe we were the first agency to curate a solution that holistically responded to clients' needs: agency creative, communications strategy and branding, packaged alongside a tried and tested platform offering. Fondly named KIT, launched post-period end, the platform is a sophisticated solution that hosts and delivers online events, with refined engagement tools that address specific needs. The secure technology is brandable and scalable, while giving users a personalised experience. Since KIT's launch in September, we have had many client requests for platform demonstrations.

Our expansion into the US was a historic moment for the agency. In September 2020 we very proudly opened our New York office and appointed New York talent. The expansion has already been highly successful and looks to yield strong traction with current US clients and in new opportunities. Within the first 10 business days of opening, we secured three new clients with live projects already underway on the East and West Coasts.

In equally as exciting news, our incentives business Eventful is unveiling a luxury product that will charter a new course for corporate rewards within the UK. In partnership with luxury hotels, we see this new offering as a significant opportunity to lead the way in restructuring and re-energising the local travel and incentives market both locally and abroad.

The development of the Group's offering to now include strategy and virtual experiences as chargeable avenues has reignited opportunities across the board. Excitingly and off the back of this, we are seeing bigger conversations and a bigger 'piece of the pie' with returning and new clients alike. I am optimistic that the momentum already seen in Q1 2020-2021 reflects continued positive growth ahead for both operating businesses. A strong finish to a challenging year, we continue to make waves in the UK and globally as Game Changers in purpose, strategy, creative and value.

S Quah
CEO
16 October 2020

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 £	2019 £
Continuing operations			
Revenue	**2**	**5,475,425**	**6,765,280**
Cost of sales		(3,629,770)	(4,584,117)
Gross profit		**1,845,655**	**2,181,163**
Other income	**3**	82,601	-
Administrative expenses		(2,103,299)	(1,796,680)
Operating (loss) / profit pre-exceptional items	**4**	**(175,043)**	**384,483**
Exceptional items	**5**	(23,184)	-
Operating (loss) / profit post exceptional items		**(198,227)**	**384,483**
Finance income	**6**	556	611
Finance costs		(20,253)	(2,850)
(Loss) / profit before taxation		**(217,924)**	**382,244**
Taxation	**7**	20,497	(86,687)
(Loss) / profit and total comprehensive income for the year attributable to owners of the parent		**(197,427)**	**295,557**
(Loss) / profit per ordinary share:			
Total basic earnings per share	**10**	(2.16920)p	3.26564p
Total diluted earnings per share	**10**	N/A	3.22011p

There were no other comprehensive income items.

Statement of Financial Position

As at 30 June 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		£	£	£	£
Non-current assets					
Intangible assets	**11**	573,931	365,154	-	-
Property, plant and equipment	**12**	85,952	58,071	-	-
Right-of-use assets	**13**	379,530	13,486	-	-
Investments in subsidiaries	**14**	-	-	1,141,540	614,751
Deferred taxation		7,611	-	30,253	-
Total non-current assets		**1,047,024**	**436,711**	**1,171,793**	**614,751**
Current assets					
Trade and other receivables	**15**	597,497	1,612,345	657,986	977,427
Cash and cash equivalents	**16**	1,721,217	2,211,161	11,298	3,606
Total current assets		**2,318,714**	**3,823,506**	**669,284**	**981,033**
Total assets		**3,365,738**	**4,260,217**	**1,841,077**	**1,595,784**
Current liabilities					
Trade and other payables	**17**	(1,186,670)	(2,223,027)	(191,136)	(88,397)
Lease liabilities	**18**	(85,070)	(16,475)	-	-
Current tax payable		(68,490)	(74,616)	-	-
Total current liabilities		**(1,340,230)**	**(2,314,118)**	**(191,136)**	**(88,397)**
Non-current liabilities					
Lease liabilities	**18**	(300,689)	-	-	-
Deferred taxation	**8**	-	(7,529)	-	-
Provisions	**19**	(25,020)	(24,186)	-	-
Total non-current liabilities		**(325,709)**	**(31,715)**	**-**	**-**
Total liabilities		**(1,665,939)**	**(2,345,833)**	**-**	**-**
Net assets		**1,699,799**	**1,914,384**	**1,649,941**	**1,507,387**
Equity					
Share capital	**20**	1,154,750	1,131,313	1,154,750	1,131,313
Share premium		9,876	7,063	9,876	7,063
Merger reserve		16,650	16,650	16,650	16,650
Other reserve		81,358	34,261	81,358	34,261
Capital redemption reserve		257,812	257,812	257,812	257,812
Retained earnings		179,353	467,285	129,495	60,288
Equity attributable to owners of the parent		**1,699,799**	**1,914,384**	**1,649,941**	**1,507,387**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

Group	Share capital	Share premium	Merger reserve	Other reserve	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
At 30 June 2018	**1,131,313**	**7,063**	**16,650**	**-**	**257,812**	**249,829**	**1,662,667**
IFRS 16 adjustments	-	-	-	-	-	(10,222)	(10,222)
Adjusted balance at 1 July 2018	**1,131,313**	**7,063**	**16,650**	**-**	**257,812**	**239,607**	**1,652,445**
Comprehensive income for the year, net of tax	-	-	-	-	-	295,557	295,557
Dividends paid	-	-	-	-	-	(67,879)	(67,879)
Share-based payment	-	-	-	34,261	-	-	34,261
At 30 June 2019	**1,131,313**	**7,063**	**16,650**	**34,261**	**257,812**	**467,285**	**1,914,384**
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
At 30 June 2020	**1,154,750**	**9,876**	**16,650**	**81,358**	**257,812**	**179,353**	**1,699,799**

The prior year adjustment relating to the first time adoption of IFRS 16 is explained on pages 33 and 34 of the financial statements.

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 23.

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 29 to 55 of the financial statements are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2020

	Notes	Group	
		2020 **£**	**2019** **£**
Net cash flow from operating activities	**25**	**(99,006)**	**981,846**
Cash flows from investing activities			
Payment for Acquisition of Subsidiary, net of cash acquired		(128,331)	-
Finance income	**6**	556	611
Purchase of intangible assets	**11**	(10,000)	-
Purchase of property, plant and equipment	**12**	(61,400)	(48,731)
Repayment of leasing liabilities		(101,258)	(91,000)
Dividends received by the Company		-	-
Cash (used) / generated in investing activities		**(300,433)**	**(139,120)**
Cash flows from financing activities			
Dividends paid to owners of the Company		(90,505)	(67,879)
Cash used in financing activities		**(90,505)**	**(67,879)**
Net (decrease) / increase in cash and cash equivalents		**(489,944)**	**774,847**
Cash and cash equivalents at beginning of year		2,211,161	1,436,314
Cash and cash equivalents at end of year		**1,721,217**	**2,211,161**

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	
		2020 **£**	**2019** **£**	**2020** **£**	**2019** **£**
Cash and cash equivalents	**16**	1,721,217	**2,211,161**	**11,298**	**3,606**
		1,721,217	**2,211,161**	**11,298**	**3,606**

Notes to the consolidated financial statements
For the year ended 30 June 2020

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. The imposition of international lockdowns and subsequent disruption caused to international travel meant that all physical events between March and June 2020 were either postponed or cancelled. Like most companies within the events industry, both Aeorema Limited and Eventful Limited had the majority of their jobs either cancelled or postponed until later in 2020 or early 2021. Aeorema Limited successfully held a few virtual events for a key client as a substitute for the physical events that could no longer take place, and the moving image department continued to produce and edit films remotely throughout the lockdown.

In response to the UK government's introduction of the Coronavirus job retention scheme the Group furloughed several employees (see note 3) and arranged deferrals and payment plans with HMRC for several outstanding tax liabilities.

Although the COVID-19 pandemic resulted in all the Group's live events being cancelled, including Cannes Lions, the pandemic has created opportunities for the Group to expand its offering to clients. The Group maintains its core businesses (physical events and exhibitions, moving image and venue sourcing), however, the Group has also shifted its focus towards providing virtual events via online platforms for clients. The impact of the COVID-19 pandemic on social distancing and international travel may be long-lasting, and the Group has successfully moved towards providing virtual events, delivering several virtual events post year end for both existing and new clients, with more in the pipeline, as well as launching a new online platform which can be used by clients to host their virtual events.

The Group has also expanded its operations by launching a new US subsidiary, Cheerful Twentyfirst Inc. The Group has delivered several events for US based clients and UK based clients with US based subsidiaries. The opening of a US subsidiary offers the Group's US based clients and new potential US clients the opportunity to work with a company that operates in the same time zone and can therefore provide an improved service and uses the same currency. The opening of a new office in the US is already proving successful with several new briefs received from US based clients since the launch post year end.

After reviewing the Group's detailed forecasts for the next financial year, other medium term plans and considering the risks outlined in note 26, 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's 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, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The following new standards, amendments to standards and interpretations have been applied for the first time from 1 July 2019. Their adoption has not had a material impact on the financial statements:

- IFRS 9 'Financial Instruments', effective 1 January 2019;
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (effective 1 January 2019);

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2020);
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) (Effective 1 June 2020).

The following new standards, amendments to standards and interpretations have been applied for the first time from 1 July 2019 and their adoption have had a material impact on the financial statements:

- IFRS 16 'Leases', effective 1 January 2019 (see page 33 for more details).

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 2020 have been adopted early.

The following standards and amendments are not yet applied at the date of authorisation of these 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).

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 2020. 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 the current year, the Group, for the first time, has applied IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. The impact of the adoption of IFRS 16 on the Company’s financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 July 2019.

The Company has applied IFRS 16 using the full retrospective approach, with restatement of the comparative information. The application of IFRS 16 has resulted in the profit before taxation for the year ended 30 June 2019 increasing by £7,234 to £382,244 (previously £375,010). The application of IFRS 16 has also resulted in the Group’s net assets decreasing by £2,988 to £1,914,384 (previously £1,917,372).

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

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.

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 23 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 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 2020 there is only a single reportable segment.
All revenue represents sales to external customers. Four customers (2019: five) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

	2020 £	2019 £
Customer One	1,336,172	-
Customer Two	841,905	905,578

Customer Three	701,353	-
Customer Four	585,636	951,189
Major customers in the current year	**3,465,066**	**1,856,767**
Major customers in prior year		**2,916,027**
		4,772,794

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

Geographical market	**2020 UK £**	**2019 UK £**	**2020 Europe £**	**2019 Europe £**	**2020 Rest of the World £**	**2019 Rest of the World £**	**2020 Total £**	**2019 Total £**
Revenue	**5,255,473**	**6,693,163**	**71,424**	**61,764**	**148,528**	**10,353**	**5,475,425**	**6,765,280**

	2020 £	**2019 £**
Revenue from contracts with customers	5,420,350	6,696,305
Other revenue	55,075	68,975
Total revenue	**5,475,425**	**6,765,280**

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

	2020 £	**2019 £**
Deferred income	293,281	333,305
Accrued income	49,890	245,989

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

3 Other income

Other income	**2020 £**	**2019 £**
Coronavirus job retention scheme government grant	82,601	-

During the year the Group received government grants under the UK government's coronavirus job retention scheme.

4 Operating profit

Operating profit is stated after charging or crediting:	**2020 £**	**2019 £**
Cost of sales		
Depreciation of fixtures, fittings and equipment	31,871	21,525
Amortisation of intangible assets	417	-
Administrative expenses		

Depreciation of right-of-use assets	89,392	80,915
(Profit) / loss on foreign exchange differences	(726)	9,229
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	19,000	17,000
Interest on lease liabilities	20,253	2,850
Staff costs (see note 22)	1,570,373	1,221,559

5 Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring, are considered as exceptional. During the year, the Group incurred expenditure totalling £23,184 (2019: £nil) related to the acquisition of Eventful Limited. This cost has been included in the consolidated Statement of Comprehensive Income as an operating exceptional cost.

6 Finance income

Finance income	**2020** **£**	**2019** **£**
Bank interest received	556	611

7 Taxation

	2020 **£**	**2019** **£**
The tax charge comprises:		
Current tax		
Prior period adjustment	-	2,288
Current year	(5,357)	74,616
	(5,357)	**76,904**
Deferred tax (see note 8)		
Current year	(15,140)	9,783
	(15,140)	**9,783**
Total tax charge in the statement of comprehensive income	**(20,497)**	**86,687**
Factors affecting the tax charge for the year		
Profit / (loss) on ordinary activities before taxation from continuing operations	(217,924)	382,244
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	(41,406)	72,626
Effects of:		
Non-deductible expenses	20,909	11,773
Prior period adjustment	-	2,288
	20,909	**14,061**
Total tax charge	**(20,497)**	**86,687**

The Group has estimated losses of £375,762 (2019: £375,762) available to carry forward against future trading profits. These losses are in Aeorema Communications plc which is not currently making taxable profits as all trading is undertaken by its subsidiaries Aeorema Limited and Eventful Limited, therefore no deferred tax asset has been recognised in respect of this amount.

8 Deferred taxation

	2020 **£**	**2019** **£**
Property, plant and equipment temporary differences	(13,978)	(8,555)
Temporary differences	(8,664)	1,026
Tax losses	30,253	-
	7,611	**(7,529)**
At 1 July	(7,529)	2,254
Transfer to Statement of Comprehensive Income	15,140	(9,783)
At 30 June	**7,611**	**(7,529)**

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.

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. 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 not presented.

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

	2020 **£**	**2019** **£**
Basic earnings per share		
(Loss) / profit for the year attributable to owners of the Company	(197,427)	295,557
Basic weighted average number of shares	**9,101,356**	**9,050,500**
Dilutive potential ordinary shares: Employee share options	1,020,000	1,020,000
Diluted weighted average number of shares	**10,121,356**	**10,070,500**

11 Intangible fixed assets

Group	Goodwill	Intellectual Property	Total
	£	**£**	**£**
Cost			
At 30 June 2018	2,728,292	-	2,728,292
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**
Impairments and amortisation			
At 30 June 2018	2,363,138	-	2,363,138
At 30 June 2019	2,363,138	-	2,363,138
Charge for the year	-	417	417
At 30 June 2020	**2,363,138**	**417**	**2,363,555**
Net book value			
At 30 June 2018	365,154	-	365,154
At 30 June 2019	365,154	-	365,154
At 30 June 2020	**564,348**	**9,583**	**573,931**

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

During the year the Company acquired 100% shareholding in Eventful Limited. The goodwill on acquisition is formed as follows;

	£
Assets acquired	91,036
Cash	225,111
Liabilities	(35,649)
Total acquired	**280,498**
Cash consideration	353,442
Share issue consideration	26,250
Contingent consideration	100,000
Total consideration	**479,692**
Goodwill	**199,194**

The Company incurred costs associated with the acquisition of Eventful Limited of £23,184. These costs included legal and professional fees and stamp duty. These costs have been included in the consolidated Statement of Comprehensive Income as an operating exceptional cost (see note 5).

For the period post-acquisition Eventful Limited had revenue of £53,517 and a profit before taxation of £11,223. For the year ended 30 June 2020 Eventful Limited had revenue of £255,688 and a profit before taxation of £64,686.

Impairment – Aeorema Limited and Eventful Limited

Goodwill has been tested for impairment based on its future value in use resulting in the carrying value above. The future value has been calculated on a discounted cash flow basis using the 2020-21 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 revenue will return to pre-COVID-19 levels for the year ended 30 June 2022 and future growth will be 2% for venue sourcing activities and 5% 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.

12 Property, plant and equipment

Group	**Leasehold land and buildings** £	**Fixtures, fittings and equipment** £	**Total** £
Cost			
At 30 June 2018	58,536	119,030	177,566
Additions	-	48,731	48,731
Disposals	-	(29,112)	(29,112)
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**
Depreciation			
At 30 June 2018	58,536	81,986	140,522
Charge for the year	-	21,525	21,525
Eliminated on disposal	-	(22,933)	(22,933)
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**
Net book value			
At 30 June 2018	-	37,044	37,044

At 30 June 2019	**-**	**58,071**	**58,071**
At 30 June 2020	**-**	**85,952**	**85,952**

13 Right-of-use assets

Group	**Leasehold** **£**
Cost	
At 30 June 2018	404,574
At 30 June 2019	404,574
Additions	455,436
Disposals	(404,574)
At 30 June 2020	**455,436**
Depreciation	
At 30 June 2018	310,173
Charge for the year	80,915
At 30 June 2019	391,088
Charge for the year	89,392
Eliminated on disposal	(404,574)
At 30 June 2020	**75,906**
Net book value	
At 30 June 2018	94,401
At 30 June 2019	**13,486**
At 30 June 2020	**379,530**

14 Non-current assets – Investments

Company	**Shares in subsidiary** **£**
Cost	
At 30 June 2018	3,274,703

Increase in respect of share-based payments	34,261
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**
Provision	
At 30 June 2018	2,694,213
At 30 June 2019	2,694,213
At 30 June 2020	**2,694,213**
Net book value	
At 30 June 2018	580,490
At 30 June 2019	614,751
At 30 June 2020	**1,141,540**

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

The registered address of Aeorema Limited, Eventful Limited and Twentyfirst Limited is 64 New Cavendish Street, London, W1G 8TB.

15 Trade and other receivables

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Trade receivables	306,198	1,156,689	-	-
Related party receivables	-	-	641,134	960,063
Other receivables	76,112	38,280	5,002	4,910
Prepayments and accrued income	215,187	417,376	11,850	12,454
	597,497	**1,612,345**	**657,986**	**977,427**

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.

At the year end, trade receivables of £157,239 (2019: £32,616) were past due but not impaired. These amounts are still considered recoverable. The ageing of these trade receivables is as follows:

	Group	
	2020	**2019**
	£	**£**
Less than 90 days overdue	33,712	9,339
More than 90 days overdue	123,527	23,277
	157,239	**32,616**

16 Cash at bank and in hand

	Group		Company	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Bank balances	1,721,217	2,211,161	11,298	3,606
	1,721,217	**2,211,161**	**11,298**	**3,606**

17 Trade and other payables

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade payables	209,770	1,258,646	6,001	7,043
Related party payables	-	-	67,355	67,355
Taxes and social security costs	381,777	388,869	-	-
Other payables	113,582	59,677	100,000	-
Accruals and deferred income	481,541	515,835	17,780	13,999
	1,186,670	**2,223,027**	**191,136**	**88,397**

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 Leases

The balance sheet shows the following amounts relating to leases:

Group	2020 £	2019 £
Right-of-use assets		
Buildings	379,530	13,486
	379,530	**13,486**

Group	2020 £	2019 £
Lease liabilities		
Current	85,070	16,475
Non-current	300,689	-
	385,759	**16,475**

19 Provisions

Group	Leasehold dilapidations £	Total £
At 1 July 2019	**24,186**	**24,186**
Charged to statement of comprehensive income	834	834
At 30 June 2020	**25,020**	**25,020**

Group	Leasehold dilapidations £	Total £

Current	-	-
Non-current	25,020	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.

20 Share capital

	2020 **£**	**2019** **£**
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 2018	9,050,500	1,131,313
At 30 June 2019	9,050,500	1,131,313
At 30 June 2020	**9,238,000**	**1,154,750**

During the year 187,500 shares were issued as part of the overall consideration for the acquisition of Eventful Limited.

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 23 for details of share options outstanding.

21 Directors' emoluments

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

	Salary, fees, bonuses and benefits in kind **2020** **£**	**Salary, fees, bonuses and benefits in kind** **2019** **£**	**Pensions** **2020** **£**	**Pensions** **2019** **£**	**Total** **2020** **£**	**Total** **2019** **£**
M Hale	13,333	20,000	-	-	13,333	20,000
S Haffner	14,250	15,000	-	-	14,250	15,000
R Owen	19,333	20,000	-	-	19,333	20,000
S Quah	146,050	122,004	6,469	925	152,519	122,929
A Harvey	112,643	91,352	5,219	1,533	117,862	92,885
	305,609	**268,356**	**11,688**	**2,458**	**317,297**	**270,814**

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

Fees for S Haffner are charged by Harris & Trotter LLP, a firm in which he is a member (see note 24).

22 Employee information

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

Number of employees	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Administration and production	28	21	5	5

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

Employment costs	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Wages and salaries	1,333,194	1,068,710	46,917	55,000
Social security costs	159,082	105,471	-	-
Pension costs	31,000	13,117	-	-
Share-based payments	47,097	34,261	-	-
	1,570,373	**1,221,559**	**46,917**	**55,000**

23 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 2020	Number of options 2019
		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

				1,020,000	**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 2020	**Weighted average exercise price 2020 £**	**Number of options 2019**	**Weighted average exercise price 2019 £**
Outstanding at beginning of the year	1,200,000	0.25	300,000	0.17
Granted during the year	-	-	720,000	0.29
Outstanding at end of the year	1,020,000	0.25	1,020,000	0.25
Exercisable at the end of the year	300,000	0.17	300,000	0.17

The exercise price of options outstanding at the year-end was £0.250 (2019: £0.250) and their weighted average contractual life was 6.6 years (2019: 7.6 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

The expected volatility is determined by calculating the historical volatility of the Company's share price over the last three 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:

	2020	**2019**
	£	**£**
Share-based payment charge	47,097	34,261

24 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:

	2020	**2019**
	£	**£**
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	641,134	960,063
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,355	67,355

The company received dividends during the year of £300,000 (2019: £200,000) from its subsidiary, Aeorema Limited. The company transferred a VAT receivable of £22,977 (2019: £22,810) 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 £27,667 (2019: £40,000).

Aeorema Limited paid expenses totalling £503,734 (2019: £121,718) on behalf of Aeorema Communications plc during the year.

During the year, Aeorema Limited made a net transfer of cash of £110,505 to Aeorema Communications plc (2019: £82,879).

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

	2020	**2019**
	£	**£**
Short-term employee benefits	338,293	294,997
Post-employment benefits	11,689	2,458
	349,982	**297,455**

The share options held by directors of the Company are disclosed in note 21. During the year, a charge of £41,556 (2019: £33,761) was recognised in the Consolidated Statement of Comprehensive Income in respect of these share options.

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	**2020**	**2019**
	£	**£**
Aeorema Communications plc	14,250	15,000

Aeorema Limited	14,700	11,850
	28,950	**26,850**

At the year end, the Group had an outstanding trade payable balance to Harris and Trotter LLP of £5,640 (2019: £4,500).

25 Cash flows

	Group	
	2020 £	**2019 £**
Cash flows from operating activities		
Profit / (loss) before taxation	(217,924)	382,244
Depreciation of property, plant and equipment	31,871	21,525
Depreciation of right-of-use assets	89,392	80,915
Amortisation of intangible fixed assets	417	-
Dividends received by the Company	-	-
Loss on disposal of fixed assets	1,648	6,179
Share-based payment expense	47,097	34,261
Finance income	(556)	(611)
Interest on lease liabilities	20,253	2,851
	(27,802)	**527,364**
Increase / (decrease) in trade and other payables	(1,075,254)	972,235
(Increase) / decrease in trade and other receivables	1,014,847	(506,053)
Taxation paid	(10,797)	(11,700)
Cash generated / (used) from operating activities	**(99,006)**	**981,846**

26 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	
	2020 £	**2019 £**	**2020 £**	**2019 £**
Financial Assets				
Trade and other receivables	432,202	1,487,328	641,134	960,063
Cash and cash equivalents	1,721,217	2,211,161	11,298	3,606
Investments in subsidiaries	-	-	1,141,540	614,751
Total	**2,153,419**	**3,698,489**	**1,793,972**	**1,578,420**
Financial Liabilities				
Trade and other payables	734,131	1,318,322	173,356	74,398
Accruals	188,260	206,716	17,780	13,999
Total	**922,391**	**1,525,038**	**191,136**	**88,397**

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 2020 was £306,198 (2019: £1,156,689). 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. At the year end, the credit quality of trade receivables is considered to be satisfactory.

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 £1,367,633 (2019: £1,960,169).

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 £1,721,217 (2019: £2,211,161). 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 £1,699,799 (2019: £1,914,384).

27 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £31,000 (2019: £13,117). At the end of the reporting period £5,608 (2019: £1,605) of contributions were due in respect of the period.

28 Dividends

On the 12 December 2019 a final dividend of 1 pence per share (total dividend £90,505) was paid to holders of fully paid ordinary shares.
In respect of the current year, and as a consequence of the ongoing COVID-19 pandemic, the Board have decided that no final dividend will be paid to shareholders.

29 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 2020 the Company had no potential liability under the terms of the registration.

30 Post balance sheet events

On 1 July 2020 Cheerful Twentyfirst, Inc., a wholly owned subsidiary of Aeorema Communications plc, was incorporated in the United States of America.

31 Control

There is no overall controlling party.