The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("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

30 September 2019

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 2019. The Company’s annual general meeting (“AGM”) is expected to be held in mid-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 2019 and the notice of AGM to shareholders, as well as availability of the documents on the Company’s website www.aeorema.com.

Financial Highlights

- Revenues of £6,765,280, a year-on-year increase of 40% (2018: £4,820,167)
- Profit before exceptional items of £374,399, a year-on-year increase of 29% (2018: £289,650)
- £nil exceptional items (2018: £231,357) resulting in profit after tax of £288,323 (2018: £50,405)
- Maintained strong cash position with £2.2 million in the bank (as at 30 June 2019)
- Proposed final dividend payment of 1p (2018: 0.75p)

Operational Highlights

- Aeorema reinforced its position as a market leader in the execution of creative and differentiated live events
- Events included annual partner conferences, a leadership event and several events at Cannes Lions Festival
- New client wins include a leading global law firm, several technology firms and an established confectionery brand
- Further key appointments made in the period to further enhance the Company and its offering

The Board has agreed that Steve Quah and Andrew Harvey’s titles should change from Joint Managing Directors to Chief Executive Officer and Managing Director, with immediate effect, in order to better reflect their roles within the business.

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

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Chairman's Statement

In the first full year under new management, I am pleased to report a strong financial performance for the financial year ended 30 June 2019. Revenue has increased 40% to £6,765,280 (2018: £4,820,167) and the Group has increased profitability reporting an operating profit pre-exceptional items of £374,399 representing a 29% increase on 2018 (2018: £289,650) and profit before taxation of £375,010 (2018: £58,685). The Group's cash position remains robust at £2.2 million (2018: £1.4 million). The profitability and the maintained cash position of the Group has led to the Board to propose a full year dividend of 1.0 pence per share (2018: 0.75 pence) to be paid to shareholders on the register on 22 November 2019. The ex-dividend date will be 21 November 2019. Subject to the proposed dividend being approved by shareholders at the forthcoming AGM, it will be paid on 16 December 2019.

The Group reinforced its strong market reputation for execution of creative and differentiated live events through the successful delivery of several noteworthy events. This includes four client projects delivered at the Cannes Lions International Festival of Creativity including a stand-out event hosted on behalf of a global business-focussed media company that attracted high praise across the event. I am also proud of the smaller scale corporate events successfully undertaken including partner meetings for a global law firm organised in the United States and an innovative, unique event hosted at the Bristol waterfront in outdoor, temporary venues. Further to this, a highly successful senior management event was completed for a new client in London operating within the technology and manufacturing sector. The Group has made additional key executive appointments during the year with a view to maintaining and expanding client relationships.

Whilst the Group has delivered an unusually high number of low profit margin events during the year, new events to be delivered in 2020 are expected to have higher gross profit margins. Despite this, the Group has delivered a highly successful and profitable year. The Group is also continuing to invest in new hires with the aim of reducing its use of freelancers.

We are pleased with the ongoing development and contributions made by our film production and experiential businesses. The Group produced a variety of award nominated films during the year which continued to showcase the Group's creativity. The Group has recently appointed a new Director of Client Partnerships, Andrew Zanelli-King, who is responsible for growing the film business. Andrew has a proven track record of helping film businesses expand at various companies and has an established network of contacts within the industry. The experiential business continues to grow with several small events delivered during the year.

Outlook

Focus remains on sustaining client relationships and effective client acquisition to ensure that a robust pipeline of business is in place. To this end, I am confident of future growth having already secured new client wins in the current financial year including a leading global law firm, a number within the technology sector and a high-profile, established confectionery brand. Another upcoming highlight is set to be the execution of an extraordinary event at MIPCOM in Cannes, an annual trade show for entertainment content, in October for a global media brand.

We continue to invest in the Group and its success through making key appointments and view this as integral to the creation of a dividend-paying, financially healthy business operating at the forefront of the industry. Committed to the continued growth of the Group, we continue to assess potentially value accretive, complementary opportunities as they are presented to the Group. To maintain a reputation for executing highly creative live events it is important that innovation remains at the core of what we do. Therefore, in line with this, we strive to remain dynamic and adaptive to changes within the industry.

It is testament to the strength of Aeorema's core business and established relationships that we have been able to successfully advance our strategy of enhancing the offering that we can provide our clients during the financial year. The notable increase in revenue and profit reported in the period validates this strategy and provides confidence for the Board as we continue to look to ways to grow and improve your Group, with margins maintained at an acceptable level.

Finally, I would like to take the opportunity to thank all employees for their hard work and commitment, as well as our shareholders for their continued support.

M Hale

Chairman

27 September 2019

Chief Executive Officer's Report

It's been another outstanding year and I am incredibly proud of what our operating business, Cheerful Twentyfirst, has achieved. Our talented and dedicated team has once again raised the bar for our wonderful clients who continue to trust us to deliver game changing live events, brand experiences and impactful on-screen content.

I look forward to fulfilling my new role as CEO, developing and delivering the overall vision of the Company. Andrew Harvey will remain in the role of Managing Director and oversee all operational elements of the business. We will both continue to play important roles in developing key accounts and winning new business, and we now have an amazing senior team that will continue to grow the business.

There have been so many highlights in the last financial year. Our reputation continues to grow at the Cannes Lions International Festival of Creativity. This year we delivered a record number of projects for our clients, including a project which was widely regarded as one of the best brand activations ever conceived and delivered in Cannes.

As part of our growth strategy I am delighted that we have taken our unique Cannes experience into MIPCOM Cannes for the first time. In October 2019 we will be delivering an unimaginable brand activation for a global media client with the world watching! It's a 3-year project which encapsulates the ambition, creativity and pure guts of our Company.

Our delivery in the world of Trade Marketing and B2B events was further enhanced this year at DMEXCO, MWC and SIBOS. With the support of our new key hires over the last 18 months we continue to expand in this exciting space and significantly add new recurring revenue streams to our business.

Once again, we continue to grow our reputation within the senior leadership conference space, and we have recently won four new clients for the year ahead within professional services, law, confectionery and tech. Although budgets remain competitive, clients are still looking for that unique creative and robust delivery that we are trusted and known for – game changing events.

We have also seen growth for the second consecutive year within our Moving Image division. Content plays such a critical role in what we do, and we are committed to growing this part of the business dramatically over the coming years. To support this ambition, we have hired Client Partnerships Director Andrew Zanelli-King, who has an enviable reputation in our industry with a fantastic track record of success and we can't wait to see the effect he has on Cheerful Twentyfirst.

All this is further underpinned by us moving up 13 places in the C&IT UKs Top 50 agency 2019 list. I look forward to building on this success in 2020.

All this would not have been achieved without our amazing team, our great clients and our committed investors – thank you.

S Quah
CEO
27 September 2019

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	**2019** **£**	**2018** **£**
Continuing operations			
Revenue	**2**	**6,765,280**	**4,820,167**
Cost of sales		(4,584,117)	(3,033,514)
Gross profit		**2,181,163**	**1,786,653**
Administrative expenses		(1,806,764)	(1,497,003)
Operating profit pre-exceptional items	**3**	**374,399**	**289,650**
Exceptional items	**4**	-	(231,357)
Operating profit post exceptional items		**374,399**	**58,293**
Finance income	**5**	611	392
Profit before taxation		**375,010**	**58,685**
Taxation	**6**	(86,687)	(8,280)
Profit and total comprehensive income for the year attributable to owners of the parent		**288,323**	**50,405**
Profit per ordinary share:			
Total basic earnings per share	9	3.18571p	0.55693p
Total diluted earnings per share	9	3.14129p	0.53906p

There were no other comprehensive income items.

The notes are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2019

	Notes	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
Non-current assets					
Intangible assets	**10**	365,154	365,154	-	-
Property, plant and equipment	**11**	58,071	37,044	-	-
Deferred taxation	**7**	-	2,254	-	-
Investments in subsidiaries	**12**	-	-	614,751	580,490
Total non-current assets		**423,225**	**404,452**	**614,751**	**580,490**
Current assets					
Trade and other receivables	**13**	1,612,345	1,106,292	977,427	995,874
Cash and cash equivalents	**14**	2,211,161	1,437,904	3,606	-
Total current assets		**3,823,506**	**2,544,196**	**981,033**	**995,874**
Total assets		**4,246,731**	**2,948,648**	**1,595,784**	**1,576,364**
Current liabilities					
Bank loans and overdrafts	**16**	-	(1,590)	-	(1,590)
Trade and other payables	**15**	(2,247,214)	(1,274,979)	(88,397)	(102,647)
Current tax payable		(74,616)	(9,412)	-	-
Total current liabilities		**(2,321,830)**	**(1,285,981)**	**(88,397)**	**(104,237)**
Non-current liabilities					
Deferred taxation	**7**	(7,529)	-	-	-
Total non-current liabilities		**(7,529)**	**-**	**-**	**-**
Total liabilities		**(2,329,359)**	**-**	**-**	**-**
Net assets		**1,917,372**	**1,662,667**	**1,507,387**	**1,472,127**
Equity					
Share capital	**17**	1,131,313	1,131,313	1,131,313	1,131,313
Share premium		7,063	7,063	7,063	7,063
Merger reserve		16,650	16,650	16,650	16,650
Other reserve		34,261	-	34,261	-
Capital redemption reserve		257,812	257,812	257,812	257,812
Retained earnings		470,273	249,829	60,288	59,289
Equity attributable to owners of the parent		**1,917,372**	**1,662,667**	**1,507,387**	**1,472,127**

The notes are an integral part of these financial statements.
The profit for the financial year of the holding company was £68,878 (loss in 2018: £176,778).

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

Group	**Share capital**	**Share premium**	**Merger reserve**	**Other reserve**	**Capital redemption reserve**	**Retained earnings**	**Total equity**
	£	**£**	**£**	**£**	**£**	**£**	**£**
At 1 July 2017	**1,131,313**	**7,063**	**16,650**	**-**	**257,812**	**244,677**	**1,657,515**
Comprehensive income for the year, net of tax	-	-	-	-	-	50,405	50,405
Dividends paid	-	-	-	-	-	(45,253)	(45,253)
At 30 June 2018	**1,131,313**	**7,063**	**16,650**	**-**	**257,812**	**249,829**	**1,662,667**
Comprehensive income for the year, net of tax	-	-	-	-	-	288,323	288,323
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**	**470,273**	**1,917,372**

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 21.

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.

Company Statement of Changes in Equity

For the year ended 30 June 2019

Company	Share capital	Share premium	Merger reserve	Other reserve	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
At 1 July 2017	**1,131,313**	**7,063**	**16,650**	**-**	**257,812**	**281,320**	**1,694,158**
Comprehensive income for the year, net of tax	-	-	-	-	-	(176,778)	(176,778)
Dividends paid	-	-	-	-	-	(45,253)	(45,253)
At 30 June 2018	**1,131,313**	**7,063**	**16,650**	**-**	**257,812**	**59,289**	**1,472,127**
Comprehensive income for the year, net of tax	-	-	-	-	-	68,878	68,878
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**	**60,288**	**1,507,387**

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 21.

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.

Statement of Cash Flows

For the year ended 30 June 2019

	Notes	Group		Company	
		2019 £	**2018** £	**2019** £	**2018** £
Net cash flow from operating activities	**23**	**890,846**	**(389,918)**	**(126,930)**	**(415,534)**
Cash flows from investing activities					
Finance income	**5**	611	392	5	17
Purchase of property, plant and equipment	**11**	(48,731)	(26,119)	-	-
Dividends received by the Company		-	-	200,000	-
Cash (used) / generated in investing activities		**(48,120)**	**(25,727)**	**200,005**	**17**
Cash flows from financing activities					
Dividends paid to owners of the Company		(67,879)	(45,253)	(67,879)	(45,253)
Cash used in financing activities		**(67,879)**	**(45,253)**	**(67,879)**	**(45,253)**
Net increase / (decrease) in cash and cash equivalents		**774,847**	**(460,898)**	**5,196**	**(460,770)**
Cash and cash equivalents at beginning of year		1,436,314	1,897,212	(1,590)	459,180
Cash and cash equivalents at end of year		**2,211,161**	**1,436,314**	**3,606**	**(1,590)**

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	
		2019 £	**2018** £	**2019** £	**2018** £
Cash and cash equivalents	**14**	2,211,161	1,437,904	**3,606**	**-**
Bank overdraft	**16**	-	(1,590)	-	(1,590)
		2,211,161	**1,436,314**	**3,606**	**(1,590)**

The notes are an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2019

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 Group's business activities, together with the factors likely to affect its future development and performance are set out in the review of business contained in the Chairman's Statement. The Group's financial statements show details of its financial position including, in note 24, details of its financial instruments and exposure to risk.

After reviewing the Group's budget for the next financial year, other medium term plans and considering the risks outlined in note 24, 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 2018. Their adoption has not had a material impact on the financial statements:

- IFRS 9 'Financial Instruments', effective 1 January 2018;
- IFRS 15 'Revenue for Contracts with Customers', effective 1 January 2018;
- IFRS 2 'Classification and Measurement of Share-Based Payment Transactions', effective 1 January 2018.

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 Group's accounting periods beginning on or after 1 July 2019 have been adopted early.

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

- IFRS 16 – Leases (effective 1 January 2019);

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (effective 1 January 2019);
- IAS 12 – Income taxes (effective 1 January 2019);
- 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 2019. 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 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.

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 (three 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.

Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

The Group leases office facilities under operating leases. The lease typically runs for a period of 5 years, with a break cause in year 3. The Group is restricted from entering into any sub-lease arrangements.

Investments

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

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 21 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 2019 there is only a single reportable segment.

All revenue represents sales to external customers. Five customers (2018: four) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

	2019 **£**	**2018** **£**
Customer One	1,342,594	617,576
Customer Two	951,189	886,981
Customer Three	905,578	-
Customer Four	794,599	493,766
Customer Five	778,834	-
Major customers in the current year	**4,772,794**	**1,998,323**
Major customers in prior year		1,114,846
		3,113,169

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

Geographical market	**2019 UK £**	**2018 UK £**	**2019 Europe £**	**2018 Europe £**	**2019 Rest of the World £**	**2018 Rest of the World £**	**2019 Total £**	**2018 Total £**
Revenue	**6,693,163**	**4,774,107**	**61,764**	**31,531**	**10,353**	**14,529**	**6,765,280**	**4,820,167**

	2019 **£**	**2018** **£**
Revenue from contracts with customers	6,696,305	4,786,777
Other revenue	68,975	33,390
Total revenue	**6,765,280**	**4,820,167**

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

	2019 £	2018 £
Deferred income	333,305	40,278
Accrued income	245,989	252,111

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

3 Operating profit

Operating profit is stated after charging or crediting:	**2019** **£**	**2018** **£**
Cost of sales		
Depreciation of fixtures, fittings and equipment	21,525	15,327
Administrative expenses		
Depreciation of leasehold, land and building	-	5,089
Loss on foreign exchange differences	9,229	6,902
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	6,000	7,500
Audit of the Company's subsidiaries	17,000	21,000
Staff costs (see note 20)	1,221,559	1,081,153
Operating leases – land and buildings	91,000	91,000

4 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 £nil (2018: £231,357 in relation to the departure of its two founders, Peter Litten and Gary Fitzpatrick, from the Board of directors). This cost has been included in the consolidated Statement of Comprehensive Income as an operating exceptional cost.

5 Finance income

Finance income	**2019** **£**	**2018** **£**
Bank interest received	611	392

6 Taxation

	2019 £	2018 £
The tax charge comprises:		
Current tax		
Prior period adjustment	2,288	(1,739)
Current year	74,616	9,412
	76,904	**7,673**
Deferred tax (see note 7)		
Current year	9,783	607
	9,783	**607**
Total tax charge in the statement of comprehensive income	**86,687**	**8,280**
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation from continuing operations	375,010	58,685
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	71,252	11,150
Effects of:		
Non-deductible expenses	13,147	(1,131)
Prior period adjustment	2,288	(1,739)
	15,435	**(2,870)**
Total tax charge	**86,687**	**8,280**

The Group has estimated losses of £375,762 (2018: £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 subsidiary Aeorema Limited, therefore no deferred tax asset has been recognised.

7 Deferred taxation

	2019 £	2018 £
Property, plant and equipment temporary differences	(8,555)	(4,016)
Temporary differences	1,026	6,270
	(7,529)	**2,254**
At 1 July	2,254	2,861
Transfer to Statement of Comprehensive Income	(9,783)	(607)
At 30 June	**(7,529)**	**2,254**

8 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.

9 Earnings per ordinary share

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

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

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

	2019 **£**	**2018** **£**
Basic earnings per share Profit for the year attributable to owners of the Company	288,323	50,405
Basic weighted average number of shares	**9,050,500**	**9,050,500**
Dilutive potential ordinary shares: Employee share options	127,987	300,000
Diluted weighted average number of shares	**9,178,487**	**9,350,500**

10 Intangible fixed assets

Group	**Goodwill** **£**
Cost	
At 1 July 2017	2,728,292
At 30 June 2018	2,728,292
At 30 June 2019	**2,728,292**
Impairment and amortisation	
At 1 July 2017	2,363,138
At 30 June 2018	2,363,138
At 30 June 2019	**2,363,138**
Net book value	
At 1 July 2017	365,154
At 30 June 2018	365,154
At 30 June 2019	**365,154**

Goodwill arose for the Group on consolidation of its subsidiary company, Aeorema Limited.

Impairment – Aeorema Limited

Goodwill has previously been tested for impairment based on its future value in use resulting in the carrying value above. The future value was calculated on a discounted cash flow basis using the 2018-19 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 was assumed that future growth would be between 1.5% and 2%. Since then, the assets and liabilities of the Group relating to the goodwill have, together with the profit of the same, increased and it is unlikely that an updated calculation would result in a further impairment of goodwill. Consequently, the annual impairment test has been completed by reference to previous calculations.

11 Property, plant and equipment

Group	**Leasehold land and buildings £**	**Fixtures, fittings and equipment £**	**Total £**
Cost			
At 1 July 2017	58,536	95,052	153,588
Additions	-	26,119	26,119
Disposals	-	(2,141)	(2,141)
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**
Depreciation			
At 1 July 2017	53,447	68,800	122,247
Charge for the year	5,089	15,327	20,416
Eliminated on disposal	-	(2,141)	(2,141)
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**
Net book value			
At 1 July 2017	5,089	26,252	31,341
At 30 June 2018	-	37,044	37,044
At 30 June 2019	**-**	**58,071**	**58,071**

12 Non-current assets - Investments

Company	Shares in subsidiary £
Cost	
At 1 July 2017	3,274,703
At 30 June 2018	3,274,703
Increase in respect of share-based payments	34,261
At 30 June 2019	**3,308,964**
Provision	
At 1 July 2017	2,694,213
At 30 June 2018	2,694,213
At 30 June 2019	**2,694,213**
Net book value	
At 1 July 2017	580,490
At 30 June 2018	580,490
At 30 June 2019	**614,751**

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
Twentyfirst Limited (Dormant)	England and Wales	Ordinary	100

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

13 Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Trade receivables	1,156,689	693,725	-	-
Related party receivables	-	-	960,063	981,850
Other receivables	38,280	25,870	4,910	4,718
Prepayments and accrued income	417,376	386,697	12,454	9,306
	1,612,345	**1,106,292**	**977,427**	**995,874**

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 £32,616 (2018: £34,324) were past due but not impaired. These relate to a number of customers for whom there is no significant change in credit quality and the amounts are still considered recoverable. The ageing of these trade receivables is as follows

	Group	
	2019	**2018**
	£	**£**
Less than 90 days overdue	9,339	-
More than 90 days overdue	23,277	34,324
	32,616	**34,324**

14 Cash at bank and in hand

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Bank balances	2,211,161	1,437,904	3,606	-
	2,211,161	**1,437,904**	**3,606**	**-**

15 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade payables	1,258,646	736,442	7,043	13,257
Related party payables	-	-	67,355	67,355
Taxes and social security costs	388,869	220,825	-	-
Other payables	59,677	1,541	-	-
Accruals and deferred income	540,022	316,171	13,999	22,035
	2,247,214	**1,274,979**	**88,397**	**102,647**

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.

16 Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	1,590	-	1,590
	-	**1,590**	**-**	**1,590**

17 Share capital

	2019	2018
	£	£
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 2017	9,050,500	1,131,313
At 30 June 2018	9,050,500	1,131,313
At 30 June 2019	**9,050,500**	**1,131,313**

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 21 for details of share options outstanding.

18 Financial commitments

Total future minimum lease payments under non-cancellable operating lease rentals are payable as follows:

Group	**Land and Buildings**		**Other**	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Not later than one year	15,167	91,000	987	-
Later than one year and not later than five years	-	15,167	4,111	-
Total	**15,167**	**106,167**	**5,098**	**-**

19 Directors' emoluments

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

	Salary, fees, bonuses and benefits in kind 2019 £	**Salary, fees, bonuses and benefits in kind 2018 £**	**Pensions 2019 £**	**Pensions 2018 £**	**Compensation for loss of office 2019 £**	**Compensation for loss of office 2018 £**	**Total 2019 £**	**Total 2018 £**
P Litten*	-	12,167	-	33,590	-	70,000	-	115,757
G Fitzpatrick *	-	8,111	-	17,019	-	50,000	-	75,130
M Hale	20,000	25,000	-	-	-	-	20,000	25,000
S Haffner	15,000	15,000	-	-	-	-	15,000	15,000
R Owen	20,000	25,000	-	-	-	-	20,000	25,000
S Quah	122,004	100,000	925	493	-	-	122,929	100,493
A Harvey	91,352	80,625	1,533	665	-	-	92,885	81,290
	268,356	**265,903**	**2,458**	**51,767**	**-**	**120,000**	**270,814**	**437,670**

* Resigned as directors 13 September 2017

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 22).

20 Employee information

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

Number of employees	**Group**		**Company**	
	2019 Number	**2018 Number**	**2019 Number**	**2018 Number**
Administration and production	21	18	5	7

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

Employment costs	**Group**		**Company**	
	2019 £	**2018 £**	**2019 £**	**2018 £**
Wages and salaries	1,068,710	922,969	55,000	65,000
Social security costs	105,471	101,250	-	-
Pension costs	13,117	56,934	-	-
Share-based payments	34,261	**-**	**-**	**-**
	1,221,559	**1,081,153**	**55,000**	**65,000**

21 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 2019	Number of options 2018
		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	-
14 June 2019	26.0p	14 June 2022	14 June 2029	120,000	-
				1,020,000	**300,000**

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

	Number of options 2019	Weighted average exercise price 2019 £	Number of options 2018	Weighted average exercise price 2018 £
Outstanding at beginning of the year	300,000	0.17	300,000	0.17
Granted during the year	720,000	0.29	-	-
Outstanding at end of the year	1,020,000	0.25	300,000	0.17
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 (2018: £0.165) and their weighted average contractual life was 7.6 years (2018: 4.8 years). In 2019, options were granted on 22 August 2018 and 14 June 2019. The aggregate of the estimated fair values of the options granted on those dates is £104,041.

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:

	2019 **£**	**2018** **£**
Share-based payment charge	34,261	-

22 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:

	2019 **£**	**2018** **£**
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	960,063	981,850
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,355	67,355

The company received dividends during the year of £200,000 (2018: £nil) from its subsidiary, Aeorema Limited. The company transferred a VAT receivable of £22,810 (2018: £15,155) 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 £40,000 (2018: £58,050).

Aeorema Limited paid expenses totalling £121,718 (2018: £132,203) on behalf of Aeorema Communications plc during the year.

During the year, Aeorema Limited made a net transfer of cash of £82,879 to Aeorema Communications plc (2018: £413,911 from Aeorema Communications plc to Aeorema Limited).

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

	2019 **£**	**2018** **£**
Short-term employee benefits	294,997	309,786
Post-employment benefits	2,458	51,767
Termination benefits	-	120,000
	297,455	**481,553**

The share options held by directors of the Company are disclosed in note 19. During the year, a charge of £33,761 (2018: £nil) 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	**2019** **£**	**2018** **£**
Aeorema Communications plc	15,000	15,000
Aeorema Limited	11,850	25,995
	26,850	**40,995**

At the year end, the Group had an outstanding trade payable balance to Harris and Trotter LLP of £4,500 (2018: £6,174).

23 Cash flows

	Group		**Company**	
	2019 **£**	**2018** **£**	**2019** **£**	**2018** **£**
Cash flows from operating activities				
Profit before taxation	375,010	58,685	68,878	(176,778)
Depreciation	21,525	20,416	-	-
Dividends received by the Company	-	-	(200,000)	-
Loss on disposal of fixed assets	6,179	-	-	-
Share-based payment expense	34,261	-	-	-
Finance income	(611)	(392)	(5)	(17)
	436,364	**78,709**	**(131,127)**	**(176,795)**
Increase / (decrease) in trade and other payables	972,235	(340,624)	(14,250)	8,474
(Increase) / decrease in trade and other receivables	(506,053)	(98,700)	18,447	(247,213)
Taxation paid	(11,700)	(29,303)	-	-
Cash generated / (used) from operating activities	**890,846**	**(389,918)**	**(126,930)**	**(415,534)**

24 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	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Financial Assets				
Trade and other receivables	1,487,328	987,811	960,063	981,850
Cash and cash equivalents	2,211,161	1,437,904	3,606	-
Investments in subsidiaries	-	-	614,751	580,490
Total	**3,698,489**	**2,425,715**	**1,578,420**	**1,562,340**
Financial Liabilities				
Trade and other payables	1,318,322	779,851	74,398	82,202
Accruals	206,716	275,893	13,999	22,035
Total	**1,525,038**	**1,055,744**	**88,397**	**104,237**

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 2019 was £1,156,689 (2018: £693,725). 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 £1,988,522 (2018: £1,244,113).

Market risk

Market risk arises from the Group's use of interest bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate. At the year end, the cash and cash equivalents of the Group net of bank overdrafts was £2,211,161 (2018: £1,436,314). 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 £1,917,372 (2018: £1,662,667).

25 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £13,117 (2018: £56,934). At the end of the reporting period £1,605 (2018: £nil) of contributions were due in respect of the period.

26 Dividends

On the 11 January 2019 a final dividend of 0.75 pence per share (total dividend £67,879) was paid to holders of fully paid ordinary shares.

In respect of the current year, the directors propose that a final dividend of 1 pence per share be paid to shareholders on 16 December 2019. The dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as liabilities in these consolidated financial statements. The proposed dividends are payable to all shareholders on the Register of Members on 22 November 2019. The total estimated dividend to be paid is £90,505. The payment of this dividend will not have any tax consequences for the Group.

27 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 2019 the Company had no potential liability under the terms of the registration.

28 Control

There is no overall controlling party.