RNS Number : 3068T
Aeorema Communications Plc
14 November 2023

The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310.

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

14 November 2023

Aeorema Communications plc
("**Aeorema**", the "**Company**" or the "**Group**")

Final Results

Proposed 50% increase in final dividend
Record revenue and profit

Aeorema Communications plc (AIM: AEO), a leading strategic communications group, is pleased to announce its audited results for the year ended 30 June 2023.

Highlights

- Record operational and financial performance:
  - Revenue up 66% to £20.2 million (2022: £12.2 million)
  - Profit before tax up 25% to £1.0 million (2022: £0.8 million)
- Strong balance sheet maintained - current cash balance of £1.9 million
- Proposed 50% increase in final dividend to 3 pence per share (2022: 2 pence per share)
- Winner of multiple industry awards
- Investment in business instrumental in growth, retention of clients and increased scope of work
  - Cheerful Twentyfirst - creative brand experience agency
    - 100% client retention and average year-on-year increase in revenue of 47% across flagship clients
  - Cheerful Twentyfirst Inc. - North American creative brand experience agency
    - Key talent hires, including appointment of US President, André Shahrdar
    - Most successful year to date and significant ground broken with new logo brands
  - Eventful - events and incentives agency
    - Year-on-year revenue growth of 140%
    - Returned to profitability

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Chairman's Statement

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

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

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

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

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

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

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

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

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

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

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

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

Mike Hale
Chairman
13 November 2023

Chief Executive Officer's Report

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

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

After 12 years at Cannes Lions, June 2023 was our busiest year ever. At this marketing and advertising industry 'tent pole' event we partnered with the most ambitious global brands to deliver seven world class, award nominated, client activations. A particular highlight was the Sport Beach activation we created with Stagwell Global, a multi-billion-dollar NASDAQ listed company. Built on shifting sands, the unique 420 capacity sports stadium brought fans out of the stands and onto the court itself to break down barriers and build long-lasting partnerships for marketers, brands and athletes alike. With over 5,000 guests attending this activation, AdWeek called Sport Beach a "total game changer" for how brands can connect with audiences through events. I'm very proud of the dynamic experiential strategy we adopted, and it has become a cornerstone for ongoing success into 2024.
Our strength in brand experience and activation continues to drive new interest and offer new opportunities. We are modelling new revenue growth streams on the back of our repeated success at Cannes Lions, as we apply our expertise at more 'tentpole' events around the world. In tandem, we continue to see significant growth in our strategic consultancy offering, which has opened new revenue streams within our businesses and introduced new skill sets into our teams.

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

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

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

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

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

I couldn't be prouder of the remarkable accomplishments of our dedicated team, which we have expanded to include some of the best talent in the industry. We have not only met, but have exceeded our goals, and our agency brands are now recognised on a global scale.
I want to extend my heartfelt thanks to every member of the Aeorema Communications family for making this year an

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

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

Steve Quah
CEO
13 November 2023

Strategic Report

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

Principal activities

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

Business review

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

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

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

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

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

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

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

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

Key performance indicators

Year	2023	2022	2021	2020
	£	£	£	£

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

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

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

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

Cashflows

Net cash inflow from operating activities was £1,456,588 compared with a net cash inflow of £921,695 for the year ended 30 June 2022. The cash position increased by £729,683 to £2,444,100 (2022: increase by £612,704 to £1,714,417).

Capital expenditure

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

Employees

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

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

Reward

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

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

Equal opportunities

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

Safety, health and environment

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

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

Directors' policies for managing principal risks

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

Key risks of a financial nature

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

Key risks of a non financial nature

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

On behalf of the Board

S Haffner
Director
13 November 2023

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2023

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

The notes below are an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2023

	Notes	Group		Company	
		2023 £	2022 £	2023 £	2022 £
Non-current assets					

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

The notes below are an integral part of these financial statements.

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

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

A Harvey — S Haffner

Director — Director

Company Registration No. 04314540

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

Group	**Share capital £**	**Share premium £**	**Merger reserve £**	**Other reserve £**	**Capital redemption reserve £**	**Foreign translation reserve £**	**Retained earnings £**	**Total equity £**
At 30 June 2021	**1,154,750**	**9,876**	**16,650**	**112,061**	**257,812**	**(11,044)**	**(25,125)**	**1,514,980**
Comprehensive income for the year, net of tax	-	-	-	-	-	-	639,342	639,342
Foreign currency translation	-	-	-	-	-	42,347	-	42,347
Share-based payment	-	-	-	56,895	-	-	-	56,895
At 30 June 2022	**1,154,750**	**9,876**	**16,650**	**168,956**	**257,812**	**31,303**	**614,217**	**2,253,564**
Comprehensive income for the year,								

net of tax	-	-	-	-	-	-	757,180	757,180
Dividend paid	-	-	-	-	-	-	(190,760)	(190,760)
Foreign currency translation	-	-	-	-	-	(119,547)	-	(119,547)
Share-based payment	-	-	-	64,419	-	-	-	64,419
Share issue	37,500	12,000	-	-	-	-	-	49,500
At 30 June 2023	**1,192,250**	**21,876**	**16,650**	**233,375**	**257,812**	**(88,244)**	**1,180,637**	**2,814,356**

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

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

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

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

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

The notes below are an integral part of these financial statements.

Company Statement of Changes in Equity
For the year ended 30 June 2023

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

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

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

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

The notes below are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

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

The notes below are an integral part of these financial statements.

Notes to the consolidated financial statements
For the year ended 30 June 2023

1 Accounting policies

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

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

Going concern

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

Basis of Preparation

The Group and company financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK
The following are the new accounting standards or amendments applicable for 30 June 2023 yearend, which are effective for accounting periods beginning on or after 1 January 2022.

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

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

Future standards in place but not yet effective

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

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

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

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2023. Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are consolidated until the date that control ceases.
Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.
The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

Revenue

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

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

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

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

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

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

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

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

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

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

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

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

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

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
Fixtures, fittings and equipment	Straight line over four years

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year that the asset is derecognised.
Fully depreciated assets still in use are retained in the financial statements.

Impairment

The carrying amounts of the Group's assets are reviewed at each period end to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual period end date and whenever there is an indication of impairment.
An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

Investments

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

Leases

In applying IFRS 16, for all leases (except as noted below), the Group:
a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and
c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.
Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.
For short term leases (lease term of 12 months or less) and leases of low-value assets (such as photocopiers), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of comprehensive income.

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Finance income

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

Taxation

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

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

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

Pension costs

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

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

Equity

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

Foreign currency translation

Foreign currency translation

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

Government grants

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

Share-based awards

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

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

Exceptional items

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

Significant judgements and estimates

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

2 Revenue and segment information

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

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

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

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

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

	2023 **£**	**2022** **£**
Revenue from contracts with customers - Events	17,915,369	10,135,172
Revenue from contracts with customers - Film	1,675,186	1,785,367

Other revenue	639,676	286,714
Total revenue	**20,230,231**	**12,207,253**

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

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

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

3 Other income

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

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

4 Operating profit

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

5 Finance income

Finance income	**2023** **£**	**2022** **£**
Bank interest received	215	241

6 Finance costs

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

7 Taxation

	2023 **£**	**2022** **£**
The tax charge comprises:		
Current tax		

Current year	277,699	232,206
	277,699	**232,206**
Deferred tax (see note 8)		
Current year	11,081	(27,984)
	11,081	**(27,984)**
Total tax charge in the statement of comprehensive income	**288,780**	**204,222**
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation from continuing operations	1,045,960	843,564
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.5% (2022: 19%)	214,422	160,277
Effects of:		
Non-deductible expenses	74,358	43,945
	74,358	**43,945**
Total tax charge	**288,780**	**204,222**

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

8 Deferred taxation

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

9 Profit attributable to members of the parent company

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

10 Earnings per ordinary share

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

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

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

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

Diluted weighted average number of shares	11,078,000	11,008,000

11 Intangible fixed assets

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

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

Impairment - Aeorema Limited and Eventful Limited

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

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

Sensitivity Analysis

If the assumptions used in the impairment review were changed to greater extent than as presented in the following table, the changes would, in isolation, lead to impairment loss being recognised for 0% growth rate.

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

Eventful Limited	3% Growth £	0% Growth £	Discount Rate of 5% £	Discount Rate of 15% £
Value in use calculations	563,932	(798.256)	796,692	460,377

Carrying amount in financial statements	199,194	199,194	199,194	199,194
Difference	**364,738**	**(997,450)**	**597,498**	**261,183**

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

12 Property, plant and equipment

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

13 Right-of-use assets

Group	**Leasehold Property** **£**
Cost	
At 30 June 2021	18,995
Additions	887,138
Disposals	(18,995)
At 30 June 2022	**887,138**
At 30 June 2023	**887,138**

Depreciation	
At 30 June 2021	-
Charge for the year	82,361
Disposals	(18,995)
At 30 June 2022	**63,366**
Charge for the year	126,786
At 30 June 2023	**190,152**
Net book value	
At 30 June 2021	18,995
At 30 June 2022	823,772
At 30 June 2023	**696,986**

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

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

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

14 Non-current assets - Investments

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

Holdings of more than 20%

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

Subsidiary undertakings	**Country of Registration**	**Shares held**		**Profit / (loss) before tax for the year ended 30 June 2023**	**Net assets at year ended 30 June 2023**

	or incorporation	Class	%	£	£
Aeorema Limited	England and Wales	Ordinary	100	781,754	1,097,075
Eventful Limited	England and Wales	Ordinary	100	205,559	140,109
Twentyfirst Limited (Dormant)	England and Wales	Ordinary	100	-	1,362
Cheerful Twentyfirst, Inc.	United States of America	Ordinary	100	317,467	424,412
Cheerful Twentyfirst B.V.	The Netherlands	Ordinary	100	(9,427)	(7,635)

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

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

15 Trade and other receivables

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

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

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

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

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

16 Cash at bank and in hand

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank balances	2,444,100	1,714,417	135,548	1,532
	2,444,100	**1,714,417**	**135,548**	**1,532**

17 Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade payables	1,587,052	796,671	21,604	5,411
Related party payables	-	-	67,355	67,355
Taxes and social security costs	36,528	466,847	-	-
Other payables	121,581	124,737	-	50,000
Accruals and deferred income	2,137,777	1,571,966	15,500	20,955

	3,882,938	2,960,221	104,459	143,721

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

18 Bank Loans

	2023 £	2022 £
Bank Loan		
Current	83,333	83,333
Non-current	27,778	111,111
	111,111	**194,444**

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

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

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

19 Leases

The balance sheet shows the following amounts relating to leases:

Group	2023 £	2022 £
Right-of-use assets		
Buildings	696,986	823,772
	696,986	**823,772**

Group	2023 £	2022 £
Lease liabilities		
Current	109,058	121,999
Non-current	612,693	738,041
	721,751	**860,040**

Group	2023 £	2022 £
Maturity analysis - contractual undiscounted cash flows		
Less than one year	142,000	213,000
One to five years	639,000	710,000
More than five years	-	71,000
	781,000	**994,000**

Group	2023 £	2022 £
Interest on lease liabilities	39,212	21,191
	39,212	**21,191**

20 Provisions

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

Group	Leasehold dilapidations £	Total £
Current	35,000	35,000
Non-current	13,500	13,500
	48,500	**48,500**

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.

21 Share capital

	2023 £	2022 £
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 30 June 2021	9,238,000	1,154,750
At 30 June 2022	9,238,000	1,154,750
Shares issued during the year	300,000	37,500
At 30 June 2023	**9,538,000**	**1,192,250**

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

See note 24 for details of share options outstanding.

22 Directors' emoluments

	Salary, fees, bonuses and benefits in kind 2023 £	Salary, fees, bonuses and benefits in kind 2022 £	Pensions 2023 £	Pensions 2022 £	Total 2023 £	Total 2022 £

M Hale	-	-	-	-	-	-
S Haffner	16,250	15,000	-	-	16,250	15,000
R Owen	20,000	20,000	-	-	20,000	20,000
S Quah	219,375	151,057	9,375	7,500	228,750	158,557
A Harvey	165,000	112,377	7,657	6,172	172,657	118,549
H Luffman	16,250	4,558	-	-	16,250	4,558
	436,875	**302,992**	**17,032**	**13,672**	**453,907**	**316,664**

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

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

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

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

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

23 Employee information

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

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

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

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

24 Share-based payments

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

Date of grant	**Exercise price**	**Exercise period**		**Number of options 2023**	**Number of options 2022**
		From	**To**		
25 April 2013	16.5p	25 April 2016	24 April 2023	-	300,000
22 August 2018	29.0p	17 November 2020	22 August 2028	600,000	600,000
14 June 2019	26.0p	14 June 2022	14 June 2029	120,000	120,000
29 April 2021	31.0p	5 November 2023	29 April 2031	200,000	200,000
29 April 2021	50.0p	5 November 2023	29 April 2031	200,000	200,000
29 April 2021	70.0p	5 November 2023	29 April 2031	200,000	200,000

23 May 2022	60.0p	23 May 2025	23 May 2032	100,000	150,000
19 October 2022	71.0p	19 October 2025	19 October 2032	110,000	-
				1,530,000	**1,770,000**

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

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

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

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

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

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

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

Fair value option	29.943p

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

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

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

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

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

	2023 **£**	**2022** **£**
Share-based payment charge	64,419	56,895

25 Related party transactions

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

	2023 **£**	**2022** **£**
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	689,087	666,017
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,355	67,355

Aeorema Limited

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

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

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

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

Cheerful Twentyfirst, Inc.

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

Eventful Limited

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

Compensation of key management

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

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

The share options held by directors of the Company are disclosed in note 22. During the year, a charge of £49,905 (2022: £49,905) was recognised in the Consolidated Statement of Comprehensive Income in respect of these share options.

During the year S Quah received an interest-free loan of £40,000 (2022: £nil). At the year end, £10,000 (2021: £10,000) was outstanding.

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

Harris and Trotter LLP - charged during the year	**2023** **£**	**2022** **£**
Aeorema Communications plc	16,250	15,000
Aeorema Limited	11,450	9,650
	27,700	**24,650**

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

26 Cash flows

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

Taxation paid	(380,753)	(43,657)
Cash generated from operating activities	**1,456,588**	**921,695**

27 Financial instruments

Financial instruments recognised in the consolidated statement of financial position

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

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

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

Credit risk

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

Liquidity risk

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

Market risk

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

Capital risk

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

28 Pension costs defined contribution

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

29 Dividends

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

30 Contingent liability

Company

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

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