RNS Number : 3107M
SpaceandPeople PLC
29 April 2024

SpaceandPeople plc

("SpaceandPeople" or the "Group")

Final Results for the year ended 31 December 2023

Financial Highlights

- Revenue of £5.8 million (2022 restated: £4.7 million)
- EBITDA of £548k (2022: £323k before non-recurring charges)
- Operating profit of £239k (2022: loss of £9k before non-recurring charges)
- Basic Earnings per Share of 7.8p (2022: loss of 11.0p before non-recurring charges)
- Cash at the year-end of £1.9 million (2022: £1.9 million). Cash available (including undrawn facilities) at the year-end of £2.6 million (2022: £2.6 million) and net cash at the year-end of £0.7 million (2022: £0.4 million)

Operational Highlights

- Strong growth in both the UK and Germany
- Rock Up and Pop Up ("RUPU") kiosk programme continues to grow
- ECE Germany contract renewed post year end for a further 5 years

Chair's Statement

It is very pleasing to write this report to you focusing on a year where SpaceandPeople has returned to profit after the difficult Covid impact period of the last three years. While there were still economic headwinds to overcome in 2023, the business has seen the continuation of the growth trends from 2022 of strong top line revenue growth in the UK and Germany. Importantly, this has now positively impacted into both operating profit and profit before tax and the Board believes that there is further sustainable profit growth to come in future years as we execute on the strategic growth goals for the Group. Key business developments and the 2023 financial performance of the Group are covered in more detail in Nancy Cullen's CEO Report and Gregor Dunlay's Operating and Financial Review so I will not duplicate these here.

Management is clear on the strategic growth opportunities in the UK and Europe and there is the necessary capital, resource, skills and ambition within the business to achieve these. As you would expect, a major focus during 2024 will be on retaining the Group's contract to provide services to Network Rail, where a tendering process has now commenced.

The business remains strongly cash generative which has limited capital expenditure needs and, as I have noted previously, we will look to return to paying dividends at a suitably prudent time when distributable reserves permit.

I would again like to thank all colleagues across the business for their hard work, support and input throughout the year and look forward to building on the profitable growth seen in 2023 in the year ahead.

George Watt

Chair

Chief Executive Officer's Review

It has been a good year for SpaceandPeople and one in which we have regained momentum and confidence across the UK and Germany. We are also delighted to be reporting a return to profitability, without Government support, for the first time since 2019. These results have been achieved through the incredible hard work, resilience and determination shown by all our staff and by the introductions of new products into our mix of services. The business, which recorded very little revenue in 2020 is now achieving revenue and profitability above 2019 pre-pandemic levels on a like for like basis and confidence has returned across all sectors.

Overall Group revenue was £5.8 million, an increase of 24% from 2022, with the UK recording revenue growth of 16% in promotions and 27% in retail and German retail recording revenue growth of 43%.

UK Brand Experience

There was again a relatively slow start to 2023 for experiential business, however, sales picked up quickly after Q1 and although it was a rain affected summer, we booked multiple outdoor activations over Q2 and Q3. By September, business was very busy in this sector and we finished the year strongly, recording our highest ever sales for the experiential division in Q4. Experiential business is important to our success as a business, so the upswing in interest in activations is hugely encouraging.

During the year we hosted an event with many of the major agencies at which we obtained more clarity on their key priorities in terms of information and services that they require from SpaceandPeople. This has led to a number of planned service launches aimed at meeting their needs during 2024.

We understand that our buyers are looking for 24/7 information about the venues that they book and our experiential website www.experientialspace.co.uk now plays an important role in enabling agencies and brands to access details of venues, promotional sites, prices, demographics and footfall. This is proving to be a successful planning tool for agency clients and during the year we added a significant number of venues to the site and also added real time availability.

We also extended the reach of our brand and agency relationships by successfully sourcing brand sponsors for several Christmas trees at Network Rail stations, the most spectacular of which was a Kate Spade installation at Waterloo. This achieved huge interest on the concourse as well as significant publicity and PR for Kate Spade.

UK Retail

The UK mall retail business continued strongly and it was encouraging to see the volume and quality of pop up retailers increase in the run up to Christmas. Perhaps, more importantly, we have continued to develop our unique RUPU service which offers an end-to-end retail solution including a fully designed and installed kiosk, space at some of the top UK shopping centres, merchandising and business planning and, if required, retail staff. We are targeting this product at new businesses that are looking to take their first steps in omnichannel retailing and successful retailers that are looking to expand their network of stores without long term commitment.

At the end of 2023, we had 19 RUPU kiosks trading in many of the biggest and most high profile venues in the UK including Westfield London, The Trafford Centre, Metrocentre, Braehead, Meadowhall and Lakeside. Retailers using the service ranged from notable names such as Kate Spade through to ex department store concessionaires and online retailers.

The RUPU service allows us to appeal to a whole new generation of retailers with the ultimate aim of creating new long-term retail unit tenants at our clients' centres. The service also brings in a whole new generation of retailers into our client venues adding interest, diversity and vitality onto the malls. This service would be impossible without the support that our Operations team offer to retailers; working through the night to deliver, install, merchandise and then remove units back to our warehouse in Barking.

German Retail

Our German business showed good growth in 2023 with overall revenue of £1.8 million (2022: £1.3 million), which was at the top end of our expectations.

As in the UK, the inhouse development and manufacture of retail kiosks attracts new and different retailers, which in turn has enabled us to gain access to larger malls owned by different property groups across Germany, including URW and Sonae Sierra and has also enabled us to work on the delivery of a pop up shop for Owies, a German Oat Milk brand in Centro Oberhausen.

We delivered revenues from our new Austrian venues in 2023 and we are continuing to work on European expansion with several property companies.

In early 2024 we negotiated and signed a new long-term contract with ECE, the largest owner / shopping centre management company in Germany which enables us to trade more efficiently and flexibly in their managed shopping centres going forward which will have a positive impact on our German business.

Outlook

It is great to be reporting our return to profitability and even better to be showing growth across all the sectors in which we operate. It is particularly encouraging to see our experiential division recording its best ever Q4 results in the 24 year history of the Company.

Our ability to grow and develop the business is dependent on us understanding the needs of both our property groups and our space buyers and we are heavily invested in listening to our clients and responding to their evolving demands. We have ambitious plans over the next 12 months to continue to grow our retail services, increase the information available to brand agencies to increase the site specific data and insights available to our brand and marketing agency clients to better inform their purchasing and planning decisions around the venues we represent. We also continue to develop in Europe and ensure that we are in tune with all our property clients in terms of delivering the revenues, products, and services that add value to their venues.

I am as ever, indebted to everyone at SpaceandPeople for their continued commitment and enthusiasm which enables us to move forward at pace and to develop the business further.

Nancy Cullen

Chief Executive Officer

<u>Operating and Financial Review</u>

2023 was a positive year for SpaceandPeople with all areas of the business delivering significant growth in revenue which has resulted in a return to overall profitability without Government support for the first time since 2019. This growth in revenue was primarily as a result of substantial increases in H2 trading in both our UK promotions and German retail businesses compared with the prior year with an overall increase of 28%. The UK promotions division delivered very strong levels of experiential activity in the final quarter of the year and the German retail division benefited from having 40% more kiosks trading in H2 2023 compared with H2 2022.

Overall, this has led to the Group delivering a profit before tax of £0.10 million (2022: loss of £0.13 million before non-recurring charges) and finishing the year with a strong cash position while continuing to repay debt.

<u>Revenue</u>

Net revenue* generated in 2023 was £4.77 million, which was £0.88 million (23%) higher than in the previous year. This was made up as follows:

	2023 £ million	2022 £ million	Movement
UK promotions	3.49	3.01	+16%
UK retail	0.52	0.41	+27%
German retail (net of cost of sales)*	0.76	0.47	+62%

German retail (net of cost of sales)*	0.76	0.47	+62%
Total	**4.77**	**3.89**	**+23%**

**Note: In line with IFRS 15, UK revenue is recognised on a net basis, with German revenue recognised gross, due to its performance conditions. For the purpose of the table above, German revenue has been presented on a net basis to provide a direct comparison between divisions. German revenue on a gross basis amounted to £1.8m for FY23, as detailed in note 4 to the financial statements.*

Net UK promotional revenue was up 16% to £3.49 million compared with the previous year following a very strong performance in the final quarter of the year, particularly in our experiential business where revenue was 34% higher than in 2022. It was encouraging to see both the number of individual bookings and the average value per booking being higher than in 2022.

In the UK retail division, the further expansion of our RUPU business has significantly increased the average revenue we make from each booking. Overall, we transacted fewer bookings, with the number of marginal mobile promotional kiosk bookings decreasing significantly, however, overall revenue increased by 27% as the average booking value increased by over 50%.

The German retail business grew significantly during 2023 with net revenue increasing by 62% to £0.76 million. There was an increase of 42% in the number of retail kiosks in operation during 2023 to 111 kiosks (2022: 78 kiosks) following the expansion of our agreements with major clients.

Administrative Expenses

Administrative costs increased by £0.67 million (16%) from the previous year to £4.77 million. This was as a result of increased staff costs in both the UK and Germany, with further new staff recruitment and commission and bonus targets being met as revenue exceeded targets as well as ongoing wage inflation.

Other Operating Income

Other operating income in relation to fees generated by the business increased by 60% to £0.24 million (2022: £0.15 million excluding Government support of £0.06 million). This was as a result of the level of ancillary charges in the German retail division as trade continued to grow.

Operating Results

During 2023, the Group made an operating profit of £0.2 million, compared with an operating loss before non-recurring costs of £0.01 million achieved in 2022. This was a welcome return to profitability without Government support after the Covid affected years of 2020 to 2022.

Earnings Per Share

In 2023, Basic Earnings per Share was 7.8p (2022: negative 11.0p before non-recurring costs) and Diluted Earnings per Share was 7.1p (2022: negative 11.0p before non-recurring costs).

Cash Flow

The Group cash inflow from operations was £0.7 million (2022: inflow of £1.1 million). This was as a result of positive EBITDA of £0.5 million with the remainder being due to movements in working capital. As at the end of 2023, the Group had outstanding term loans of £1.16 million (2022: £1.48 million). With the gross cash position at the end of 2023 being £1.87 million (2022: £1.88 million), net cash was £0.71 million (2022: net cash of £0.40 million).

Gregor Dunlay
Chief Financial Officer

Strategic Report

Review of Business and Future Developments

The results for the period and the financial position of the Group are shown in the financial statements. The review of the business and a summary of future developments are included in the Chair's Statement, the Chief Executive Officer's Review and the Operating and Financial Review.

Key Performance Indicators

The main financial key performance indicators are profit before taxation, EBITDA and available cash. During the year, the profit before taxation was £0.1 million (2022: loss of £0.1 million before non-recurring costs) and available cash at 31 December 2023 was £2.6 million (2022: £2.6 million). This is comprised of gross cash of £1.9 million and overdraft facilities of £0.7 million. Basic EPS was 7.8p (2022: loss of 11.0p before non-recurring costs).

The Group continually monitors several key areas:

- revenue against target and prior period;
- profitability against target and prior period;
- venue acquisition, performance and attrition;
- promoter and operator types compared with historic bookings; and
- commission and occupancy rates.

	2023	**2022 restated**
Revenue (£ million)	5.8	4.7
Operating profit / (loss) before non-recurring costs (£ million)	0.2	(0.0)
Basic earnings / (loss) per share before non-recurring costs (p)	7.8	(11.0)

Consolidated Statement of Comprehensive Income

For the 12 months ended 31 December 2023

	Notes	12 months to 31 December 2023 £'000	12 months to 31 December 2022 restated £'000
Continuing Operations			
Revenue	4	**5,840**	**4,699**
Cost of sales	4	(1,071)	(814)
Gross profit		**4,769**	**3,885**
Administration expenses	4	(4,771)	(4,101)
Other operating income	5	241	207
Operating profit / (loss) before non-recurring charges		**239**	**(9)**
Non-recurring charges	8	-	(1,500)
Operating profit / (loss)		**239**	**(1,509)**
Finance costs	9	(136)	(116)
Profit / (loss) before taxation		**103**	**(1,625)**
Taxation	10	45	(89)
Profit / (loss) after taxation		**148**	**(1,714)**
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		2	(25)
Total comprehensive income for the period		**150**	**(1,739)**
Earnings per share			
Basic - before non-recurring charges	23	7.8p	(11.0)p
Basic - after non-recurring charges	23	7.8p	(88.4)p
Diluted - before non-recurring charges	23	7.1p	(11.0)p
Diluted - after non-recurring charges	23	7.1p	(88.4)p

Consolidated Statement of Financial Position

At 31 December 2023

	Notes	31 December 2023 £'000	31 December 2022 £'000
Assets			
Non-current assets:			
Goodwill	12	5,381	5,381

Property, plant & equipment	13	560	545
Deferred tax asset	15	250	208
		6,191	**6,134**
Current assets:			
Trade & other receivables	14	1,799	2,524
Cash & cash equivalents	16	1,872	1,885
		3,671	**4,409**
Total assets		**9,862**	**10,543**
Liabilities			
Current liabilities:			
Trade & other payables	17	5,144	5,591
Borrowings repayable within one year	18	322	322
Lease liabilities	19	204	180
		5,670	**6,093**
Non-current liabilities:			
Borrowings repayable after one year	18	836	1,158
Lease liabilities	19	149	240
		985	**1,398**
Total liabilities		**6,655**	**7,491**
Net assets		**3,207**	**3,052**
Equity			
Share capital	21	195	195
Share premium		4,868	4,868
Special reserve		233	233
Own shares held	25	(50)	(50)
Retained earnings		(2,039)	(2,194)
Total equity		**3,207**	**3,052**

Consolidated Statement of Cash Flows

For the 12 months ended 31 December 2023

	Notes	12 months to 31 December 2023 £'000	12 months to 31 December 2022 £'000
Cash flows from operating activities			
Cash generated from operations		828	1,216
Interest paid	9	(136)	(116)
Taxation		3	6
Net cash inflow from operating activities		**695**	**1,106**
Cash flows from investing activities			
Purchase of property, plant & equipment	13	(214)	(87)
Purchase of own shares	25	-	(50)
Net cash outflow from investing activities		**(214)**	**(137)**
Cash flows from financing activities			
Bank facility payments		(322)	(298)
Payment of lease obligations	19	(172)	(166)
Net cash outflow from financing activities		**(494)**	**(464)**
(Decrease) / increase in cash and cash equivalents		**(13)**	**505**
Cash and cash equivalents at beginning of Period		1,885	1,380
Cash and cash equivalents at end of period	16	**1,872**	**1,885**

Reconciliation of operating profit to net cash flow from operating activities			
Operating profit / (loss)		239	(1,509)
Goodwill impairment	12	-	1,500
Loss on disposal		-	(6)
Depreciation of property, plant & Equipment	13	309	332
Effect of foreign exchange rate moves		2	(25)
Decrease / (increase) in receivables		725	(328)
(Decrease) / increase in payables		(447)	1,252

(Decrease) / increase in payables	(447)	1,232
Cash inflow from operating activities	**828**	**1,216**

Consolidated Statement of Changes in Equity

For the 12 months ended 31 December 2023

	Share capital	Share premium	Special reserve	Own Shares held	Retained Earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2021	**195**	**4,868**	**233**	**-**	**(460)**	**4,836**
Comprehensive income:						
Foreign currency translation	-	-	-	-	(25)	(25)
Loss for the period	-	-	-	-	(1,714)	(1,714)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,739)**	**(1,739)**
Purchase of own shares	-	-	-	(50)	-	(50)
Equity settled share-based payment	-	-	-	-	5	5
At 31 December 2022	**195**	**4,868**	**233**	**(50)**	**(2,194)**	**3,052**
Comprehensive income:						
Foreign currency translation	-	-	-	-	2	2
Profit for the period	-	-	-	-	148	148
Total comprehensive income	**-**	**-**		**-**	**150**	**150**
Equity settled share-based payment	-	-	-	-	5	5
At 31 December 2023	**195**	**4,868**	**233**	**(50)**	**(2,039)**	**3,207**

Notes to the Financial Statements

For the 12 months ended 31 December 2023

1. General information

SpaceandPeople plc is a public company limited by shares incorporated and domiciled in Scotland (registered number SC212277) which is listed on AIM (dealing code SAL).

2. Basis of preparation

The Group's financial statements have been prepared under the historical cost convention as described in the accounting policies. Details with regard to the change in the UK retail division revenue recognition can be seen in note 3 below. All other accounting policies are consistent with those in the previous year. The financial statements are presented in Sterling, which is the functional currency of the Group and are rounded to thousands (£'000).

Compliance Statement

These financial statements have been prepared in accordance with UK adopted International accounting standards (UK-adopted IAS).

Going Concern

The Directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business. In satisfaction of this responsibility the Directors have considered the Group's ability to meet its liabilities as they fall due.

The Group meets its day-to-day cash requirements through working capital management and the use of existing bank overdraft and loan. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity.

The current and future financial position of the Group, including its cash flows and liquidity, continue to be reviewed by the Directors. They take a prudent view on the continuing recovery in the Group's business in light of current inflationary and other macroeconomic factors impacting on the business, its customers and suppliers. They have also considered the Group's ability to withstand the loss of key contracts and any mitigating actions that would be available to them.

The Group has term loans in place that mature in 2025 and 2027 along with overdraft facilities available until 2025. Financial covenants are in place that reflect the current and budgeted trading position and the Directors are confident of renewing the overdraft facilities in the normal course of business.

The Group continues to manage its cash flows prudently and the Directors are confident that the current resources and available funding facilities will provide sufficient headroom to meet the forecast cash requirements whilst remaining within its financial covenants.

facilities will provide sufficient headroom to meet the forecast cash requirements whilst remaining within its financial covenants.

As such, the Directors consider that it is appropriate to prepare the financial statements on the going concern basis.

Accounting developments

New and revised IFRSs applied

Title	Implementation	Effect on Group
IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts	Annual periods beginning on or after 1 January 2023	No material impact to the financial statements.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Annual periods beginning on or after 1 January 2023	Accounting policies have now been reviewed to ensure material policies are disclosed.
Definition of Accounting Estimate (Amendments to IAS 8)	Annual periods beginning on or after 1 January 2023	No material impact to the financial statements.
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)	Annual periods beginning on or after 1 January 2023	No material impact to the financial statements.

The following amendments will be introduced in future periods

Title	Implementation	Effect on Group
Lease liability in a Sale and Leaseback (Amendments to IFRS 16)	Annual periods beginning on or after 1 January 2024	No material impact to the financial statements anticipated.
Non-current Liabilities with Covenants (Amendments to IAS 1)	Annual periods beginning on or after 1 January 2024	No material impact to the financial statements anticipated.
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods beginning on or after 1 January 2024	No material impact to the financial statements anticipated.
Supplier Finance Arrangements (Amendments to IAS7 and IFRS7)	Annual periods beginning on or after 1 January 2024	No material impact to the financial statements anticipated.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

3. Accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss of goodwill is recognised directly in the consolidated statement of comprehensive income within administration expenses. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in subsidiaries

The Parent Company's investments in subsidiary undertakings are included in the Company statement of financial position at cost, less provision for any impairment in value.

Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue is shown net of value-added tax, rebates and discounts and after eliminating intergroup sales. Revenue is recognised when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Group and when the relevant performance obligation is satisfied. Revenue does not contain a financing component nor any element of variable consideration.

Promotion divisions

The group considers that is has one distinct performance obligation, to act as promotional space agent on behalf of centre owners. This performance obligation includes the following services:

- marketing of spaces to licensees.
- entering into licence agreements on behalf of the centres as agent.
- managing licence agreements on behalf of the centre as agent.

The group considers that it is acting as agent as it bears minimal vacancy and credit risk, and receives a contracted fixed % commission rate for providing the services.

The group recognises the net commissions within revenue, which are recognised over the period a promotion event takes place and is agreed by all parties. This policy is adopted as our contractual right to commission income is crystallised at this point.

Retail divisions

UK

The group considers that it has two separately identifiable performance obligations, to act as promotional space agent on behalf of centre owners and to lease kiosks to vendors on short term rentals. The two performance obligations are considered to be distinct within its contracts.

Acting as promotional space agent includes the following services:

- marketing of spaces to licensees.
- entering into licence agreements on behalf of the centres as agent.
- managing licence agreements on behalf of the centre as agent.

The Group owns and leases its kiosks on short term rentals. As such, it considers that it has control over them and that it acts as principal in respect of that performance obligation.

The group receives the contracted commission from centre owners in respect of the whole contract. Revenue is then allocated between each performance obligation by reference to the stand-alone selling prices. The group then recognises contracted net commissions in respect of promotional space agent services and gross rental income in respect of the short-term lease of kiosks. These are both recognised over the period a promotion event takes place and is agreed by all parties. This policy is adopted as our contractual right to commission income is crystallised at this point.

Germany

Whereas in the UK, the licence, management, and marketing of space on behalf of a centre is considered to occur on an agent basis, in Germany, the contracts indicate a higher degree of control over the promotional space before it is passed to vendors including increased levels of vacancy risk, credit risk, price discretion and vendor selection discretion that indicate that the group is acting as principal in these transactions.

All revenue from the German retail division from the short term rental of kiosks and the services noted above is thus recognised on a gross basis.

Reclassification of UK Retail division revenue from principal to agent basis

As products and services continually evolve, the assessment of control needs to be revisited on an ongoing basis.

With development of the RUPU concept, the group has reassessed its revenue recognition policies in its Retail division. Previously, all revenue within the retail division was considered to be one performance obligation and recognised on a gross basis. Following this assessment, it is now considered that there are two separate performance obligations, acting as the promotional space agent and the short term rental of kiosks.

This has resulted in revenue in respect of acting as the promotion space agent now being recognised on a net basis for the UK Retail division. The comparative figures presented have thus been restated to reclassify the revenue on this basis. This has resulted in a decrease in reported revenue of £830k with an equivalent decrease in cost of sales. There is no impact to any other line items, reported profit or basic and diluted earnings per share. There is no impact to the statement of financial position and as such a third statement of financial position at the beginning of the preceding period is not presented.

Leasing

IFRS 16 requires capitalisation of all leasing agreements with duration exceeding 12 months, whereas the previous regulations only required capitalisation of finance leases. The right-of-use asset and liability to be recognised for each leasing agreement is the present value of the lease payments.

The Group applied the following practical expedients as permitted by the standard on transition:

- non recognition of right of use assets and liabilities for leases of low value or for which the lease term ends within 12 months of the date of transition
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an underlying identified asset for a period of time in exchange for consideration.

Where a tangible asset is acquired through a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment.

The right-of-use asset is initially measured at cost, which comprises the present value of minimum lease payments determined at the inception of the lease. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Group's estimate of the amount expected to be payable under a residual value guarantee; or the Group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

The Group has made judgements in adopting IFRS 16 such as identifying contracts in scope for IFRS 16, determining the interest rate used for the discounting of future cashflows, and the determining lease terms where the lease has extension or termination options.

Property, plant & equipment

Depreciation is provided at the annual rates below in order to write off each asset over its estimated useful life.

Plant & equipment	-	12.5% of cost
Fixtures & fittings	-	25% of cost
Computer equipment	-	25% of cost
Computer software	-	33% of cost

Property, plant & equipment is stated at cost less accumulated depreciation to date.

Taxation

The tax credit or expense represents the sum of tax and deferred tax currently recoverable or payable. Tax currently recoverable or payable is based on the taxable loss or profit for the period. The Group's asset or liability for current tax is calculated using rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profits and is accounted for using the liability method. Deferred tax liabilities are recognised for all temporary timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Foreign exchange

Items included in the Group's financial statements are measured using Pounds Sterling, which is the currency of the primary economic environment in which the Group operates and is also the Group's presentational currency.

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates at that date. These translation differences are dealt with in the profit and loss account.

The income and expenditure of overseas operations are translated at the average rates of exchange during the period. Monetary items on the balance sheet are translated into Sterling at the rate of exchange ruling on the balance sheet date and fixed assets at historical rates. Exchange difference arising are treated as a movement in reserves.

Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when it becomes a party to the contractual provisions of the instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts.

Trade and other receivables

Trade and other receivables where payment is due within one year do not constitute a financing transaction and are recorded at original invoice value less an allowance for any uncollectable amounts.

If payment is due after more than one year or if there is any other indication of a financing transaction, trade and other receivables are recorded initially at fair value less attributable transaction costs. In this situation, fair value is equal to the amount expected to be received, discounted at a market-related interest rate.

All trade and other receivables are subsequently measured at amortised cost, net of impairment.

The Group recognises lifetime ECL (expected credit losses) for trade receivables, which are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Write offs are recognised in the income statement when identified.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost and comprise cash in hand, cash at bank and deposits with banks.

Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods or services provided to the Group prior to the period end that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Share based payments

The Group operates a number of equity settled share-based payment schemes under which share options are issued to certain employees. The fair value determined at the grant date of the equity settled share-based payment is expensed on a straight-line basis over the vesting period. For schemes with only market-based performance conditions, those conditions are considered in arriving at the fair value at grant date.

Pensions

The Group pays contributions to the personal pension schemes of the majority of employees. Contributions are charged to the income statement in the period in which they fall due.

Borrowing costs

Borrowing costs are amortised over the duration of the loan and recognised throughout the term of the loan.

Employee Benefit Trust

The Company has an established Employee Benefit Trust ("EBT") to which it is the sponsoring entity. Notwithstanding the legal duties of the trustees, the Company considers that it has 'de facto' control. The EBT is accounted for as assets and liabilities of the Company and is included in the financial statements. The Company's equity instruments held by the EBT are accounted for as if they were the Company's own equity and are treated as treasury shares ("Own Shares Held"). No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by the EBT.

Non-recurring charges

Non-recurring charges are items that have been separately identified to provide a better indication of the Group's underlying operational performance. They are separately identified as a result of their magnitude, incidence or nature.

Critical accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. IFRS also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas where significant judgements and estimates have been made in the preparation of these financial statements are the impairment of goodwill, revenue recognition on an agent or principal basis and recognition of deferred tax assets. Explanations of the methodology and the resultant assumptions are detailed in the relevant accounting policies and the respective notes to the financial statements.

<u>Principal versus agent</u>

Significant judgement is required in determining whether the group is acting as principal, reporting revenue on a gross basis, or agent, reporting revenue on a net basis. The group evaluates its revenue against the following indicators when determining whether it is acting as principal or agent in a transaction:

- Whether it obtains control over the space before it its licenced to the customer.
- The level of vacancy ("Inventory") risk it bears.
- The level of credit risk it bears.
- Whether it receives a fixed % consideration in exchange for providing the services.
- The level of discretion it has in establishing vendor prices.
- Who the vendor would view as fulfilling the contract.
- The responsibilities of invoicing and cash collection.

The conclusion on whether revenue streams are reported gross or net is reliant on the assessment of the above and weighting applied to the responses to these criteria. When concluding on whether principal or agent treatment is appropriate, the group exercises significant levels of judgement due to the nature of the assessment.

4. Segmental reporting

The Group splits its operating activities into two main areas, being promotions and retail. Retail is further sub-divided into both UK and German territories. The Group maintains its head office in Glasgow and has a subsidiary office in Hamburg, Germany. The Group has determined that these, along with head office functions, are the principal operating segments as the performance of these segments is monitored separately and reviewed by the Board.

The following tables present revenues and results regarding the Group's two core business segments - Promotional Sales and Retail, split by geographic area, after licence fees and management charges made between Group companies.

Segment revenues and Results for 12 months to 31 December 2023	Promotion UK £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Group £'000
Segment Revenue:					
- Agent	3,490	289	-	-	3,779
- Principal	-	231	1,830	-	2,061
	3,490	520	1,830	-	5,840
Cost of sales	-	-	(1,071)	-	(1,071)
Administrative expenses	(2,628)	-	(849)	(985)	(4,462)
Other revenue	-	-	241	-	241
Depreciation	(107)	-	(27)	(175)	(309)
Segment operating profit / (loss)	**755**	**520**	**124**	**(1,160)**	**239**
Finance costs	-	-	-	(136)	(136)
Segment profit / (loss) before taxation	**755**	**520**	**124**	**(1,296)**	**103**

Segment revenues and Results for 12 months to 31 December 2022 restated	Promotion UK £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Group £'000
Segment Revenue: *					
- Agent	**3,011**	**226**	**-**	**-**	**3,237**
- Principal	**-**	**180**	**1,282**	**-**	**1,462**
	3,011	**406**	**1,282**	**-**	**4,699**
Cost of sales	-	-	(814)	-	(814)
Administrative expenses excluding depreciation	(2,006)	(123)	(635)	(1,005)	(3,769)
Other revenue	-	-	207	-	207
Depreciation	(61)	(95)	(9)	(167)	(332)
Segment operating profit / (loss)	**944**	**188**	**31**	**(1,172)**	**(9)**
Non-recurring costs	-	(1,500)	-	-	(1,500)
Finance costs	-	-	-	(116)	(116)
Segment profit / (loss) before taxation	**944**	**(1,312)**	**31**	**(1,455)**	**(1,625)**

Note: * Revenue restated in accordance with the revised revenue recognition policy explained in note 3.

Management reviews and manages assets and liabilities on a geographic / corporate entity and head office basis. Segment assets include goodwill, property, plant and equipment, receivables and operating cash. Head office assets include deferred tax and head office right of use assets. Segment liabilities comprise operating liabilities. Head office liabilities include corporate borrowings.

Segment assets and liabilities as at 31 December 2023	UK £'000	Germany £'000	Head Office £'000	Group £'000
Total segment assets	8,453	833	576	9,862
Total segment liabilities	(4,653)	(491)	(1,511)	(6,655)
Total segment net assets	**3,800**	**342**	**(935)**	**3,207**

Segment assets and liabilities as at 31 December 2022	UK £'000	Germany £'000	Head Office £'000	Group £'000
Total segment assets	9,268	674	601	10,543
Total segment liabilities	(5,154)	(430)	(1,907)	(7,491)
Total segment net assets	**4,114**	**244**	**(1,306)**	**3,052**

5. Other operating income

Other operating income is comprised of:

	12 months to December 2023 £'000	12 months to December 2022 £'000
Government grants	-	60

Ancillary charges	241	147
	241	**207**

6. Operating profit / (loss)

The operating profit / (loss) is stated after charging:

	12 months to December 2023 £'000	12 months to December 2022 £'000
Impairment of goodwill	-	1,500
Depreciation of property, plant and equipment	133	165
Depreciation of right of use assets	176	167

Auditor's remuneration:		
Fees payable for:		
Audit of Company	57	39
Audit of subsidiary undertakings	9	19
Audit related services	9	9
Tax compliance	10	5
Other tax services	3	10
Other services	5	5
	93	**84**
Directors' remuneration	**747**	**702**

7. Staff costs

The average number of employees in the Group during the period was as follows:

	12 months to December 2023	12 months to December 2022
Executive Directors	3	3
Non-executive Directors	3	3
Administration	19	17
Telesales	21	19
Commercial	6	4
Maintenance	5	6
	57	**52**

	12 months to December 2023 £'000	12 months to December 2022 £'000
Wages and salaries	2,786	2,329
Social Security costs	330	311
Pensions	159	98
	3,275	**2,738**

8. Non-recurring charges

	12 months to December 2023 £'000	12 months to December 2022 £,000
Impairment of UK Retail CGU	-	1,500
	-	1,500

9. Finance costs

	12 months to December 2023 £'000	12 months to December 2022 £'000
Finance costs:		
Interest payable on borrowings	110	77
Interest payable on lease obligations	26	39
	136	116

10. Taxation

	12 months to December 2023 £'000	12 months to December 2022 £'000
Current tax expense:		
Current tax on profits/(losses) for the year	-	-
Adjustment for under/(over) provision in prior periods	2	-
Total current tax	2	

Total current tax	2	-
Deferred tax:		
(Credit) / charge in respect of temporary timing differences	(47)	89
Total deferred tax	(47)	89
Income tax (credit) / charge as reported in the income statement	**(45)**	**89**

The tax assessed for the period differs to the standard rate of corporation tax in the UK. The differences are explained below:

	12 months to December 2023	12 months to December 2022
	£'000	£'000
Profit / (loss) on ordinary activities before tax	103	(1,625)
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 25% (2022: 19%)	26	(309)
Tax effect of:		
- Adjustment for (over)/under provision in prior periods	2	-
- Over provision of deferred tax	-	61
- Use of recognised losses	-	45
- Disallowable items	-	300
- Use of tax losses previously not recognised	(13)	(8)
- Change in unrecognised deferred tax assets	(60)	-
Income tax (credit) / charge as reported in the Income Statement	**(45)**	**89**

11. Dividends

No dividends were paid during the current or prior year. The Directors do not recommend a final dividend for 2023 (2022: £nil).

12. Goodwill

Cost	£'000
At 31 December 2021	8,225
Additions	-
At 31 December 2022	8,225
Additions	-
At 31 December 2023	**8,225**
Accumulated impairment losses	
At 31 December 2021	1,344
Charge for the period	1,500
At 31 December 2022	2,844
Charge for the period	-
At 31 December 2023	**2,844**
Net book value	
At 31 December 2021	6,881
At 31 December 2022	5,381
At 31 December 2023	**5,381**

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. The Directors consider that the businesses of the UK Retail sub-group are an identifiable CGU and the carrying amount of Goodwill is allocated against this CGU.

The recoverable amount of the cash generating unit was determined based on value-in-use calculations, covering a detailed forecast, followed by an extrapolation of expected cash flows based on the targeted and expected growth rate over the next five years followed by a terminal factor determined by management.

The present value of the future cash flows is then calculated using a discount rate of 13.06% (2022 - 11.84%).

This discount rate includes appropriate adjustments to reflect, in the Directors' judgement, the market risk and specific risk of the CGU. It is derived from the Group's weighted average cost of capital. Changes in the discount rate compared to the prior year reflect the latest market assumptions for the risk-free rate, equity risk premium and the cost of debt.

The growth rate utilised in calculation of the terminal factor is based on expected inflationary growth in the UK beyond the period of forecasting. The growth rate used was 1.85% (2022 - 1.65%).

Cash flow projections during the budget period are based on an average growth in EBITDA which the Directors consider to be conservative given the plans for the businesses and the potential increased returns particularly in relation to the pipeline of new business opportunities.

The estimate of recoverable amount for the CGU is sensitive to the discount rate, the cash flow projections and the growth rate.

If the discount rate used is increased beyond 13.06%, for each movement of 1%, an impairment loss of £0.57 million would be recognised and written off against goodwill.

If the annual growth rate beyond 2023, used in the cash flow projection, is decreased by 0.25%, an impairment loss of £0.13 million would be recognised and written off against goodwill.

13. Property, plant and equipment

The Group movement in property, plant & equipment assets was:

Cost	Plant & equipment £'000	Fixture & fittings £'000	Computer equipment £'000	Right of use assets property £'000	Right of use assets plant & equipment £'000	Total £'000
At 31 December 2021	3103	296	857	738	154	5,148
Additions	39	16	32	124	44	255
Disposals	-	-	-	(151)	-	(151)
At 31 December 2022	**3,142**	**312**	**889**	**711**	**198**	**5,252**
Additions	182	6	26	-	110	324
Disposals	(12)	-	-	(31)	(146)	(189)
At 31 December 2023	**3,312**	**318**	**915**	**680**	**162**	**5,387**

Depreciation	Plant & equipment £'000	Fixture & fittings £'000	Computer equipment £'000	Right of use assets property £'000	Right of use assets plant & equipment £'000	Total £'000
At 31 December 2021	2,922	288	814	317	117	4,458
Charge for the period	128	8	29	142	25	332
Depreciation on disposals	-	-	-	(83)	-	(83)
At 31 December 2022	3,050	296	843	376	142	4,707
Charge for the period	95	9	29	134	42	309
Depreciation on disposals	(12)	-	-	(31)	(146)	(189)
At 31 December 2023	**3,133**	**305**	**872**	**479**	**38**	**4,827**

Net book value	Plant & equipment £'000	Fixture & fittings £'000	Computer equipment £'000	Right of use assets property £'000	Right of use assets plant & equipment £'000	Total £'000
At 31 December 2021	181	8	43	421	37	690
At 31 December 2022	92	16	46	335	56	545
At 31 December 2023	**179**	**13**	**43**	**201**	**124**	**560**

The right of use lease liabilities are secured against the right of use assets.

14. Trade and other receivables

	31 December 2023 £'000	31 December 2022 £'000
Net trade debtors	1,359	2,052
Other debtors	300	337
Prepayments	140	135
Total	**1,799**	**2,524**
Amounts falling due after more than one year included above are:	79	79

The maximum exposure to credit risk at the balance sheet date is the carrying amount of receivables detailed above. The Group does not hold any collateral as security. No interest is charged on outstanding trade receivables. The carrying amount of trade and other receivables approximates the fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses on trade receivables which applies a credit risk percentage based upon historical risk of default adjusted for forward looking estimates against receivables that are grouped into age brackets. To measure the expected credit losses, trade receivables were considered on a days past due basis.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a repayment plan with the Group and a failure to make agreed contractual payments. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of any amounts are credited against the same line item.

	31 December 2023 £'000	31 December 2022 £'000
Trade debtors	1,910	2,823
Loss allowance	(551)	(771)
Net trade debtors	**1,359**	**2,052**

Movement in loss allowance:

	31 December 2023 £'000	31 December 2022 £'000
1 January	771	650
Additional provisions	97	225
Utilised or released	(317)	(104)
31 December	**551**	**771**

The Directors do not believe that there is a significant concentration of credit risk within the trade receivables balance on customers or geographical location.

As of 31 December 2023, trade receivables of £0.9 million (2022: £1.6 million) were past due, but not impaired. The ageing analysis of those debtors is as follows:

	0 - 30 Days £'000	31 - 60 Days £'000	61 Days + £'000	Total £'000
Net amount at 31 December 2023	199	86	571	**856**
Net amount at 31 December 2022	204	65	1,345	**1,614**

15. Deferred tax

	31 December 2023 £'000	31 December 2022 £'000
Deferred tax asset	**250**	**208**
Split as follows:		
Fixed asset timing differences	22	50
Tax losses	226	149
Other	2	9
Deferred tax asset	**250**	**208**
Movement in the year:		
At 1 January	208	297
Adjustment in respect of losses	77	(61)
Charge in respect of temporary timing differences on property, plant and equipment	(28)	(29)
Other movements	(7)	1
At 31 December	**250**	**208**

Deferred tax is not recognised in respect of tax losses in the UK and Germany that are not expected to be recovered over a forecast period of 5 years against the reversal of deferred tax liabilities or future taxable profits. This amounts to an unrecognised tax asset of £240k (2022: £260k).

16. Cash and cash equivalents

	31 December 2023 £'000	31 December 2022 £'000
Cash at bank and on hand	1,872	1,885
	1,872	**1,885**

17. Trade and other payables

Amounts payable within one year	31 December 2023 £'000	31 December 2022 £'000
Trade creditors	314	335
Other creditors	3,089	3,457
Social Security and other taxes	424	447
Accrued expenses	760	838
Deferred income	557	514
Total	**5,144**	**5,591**

All trade and other payables are short term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

18. Other borrowings

	31 December 2023 £'000	31 December 2022 £'000
Bank facilities:		
Payable within one year	322	322
Payable after one year	836	1,158
	1,158	**1,480**

As at 31 December 2023, SpaceandPeople plc had £1.16 million (2022: £1.48 million) of CBILS term loans, £0.35 million of which expire in April 2025 and £0.81 million expire in January 2027. SpaceandPeople plc also had £0.75 million of overdraft facilities of which £nil was used as at 31 December 2023 (2022: £nil). The bank facilities are secured by floating charge over the Group's assets and are subject to interest between 3.25% to 3.8% plus base.

19. Leases

Amounts recognised in the balance sheet:

The balance sheet shows the following amounts relating to leases:

	31 December 2023 £'000	31 December 2022 £'000
Right of use assets		
Property	201	335
Plant and equipment	124	56
	325	**391**
Lease liabilities		
Current	205	180
Non-current	149	240
Total	**354**	**420**

Amounts recognised in the statement of profit or loss:
The statement of profit or loss shows the following amounts relating to leases:

	12 months to December 2023 £'000	12 months to December 2022 £'000
Depreciation charge of right of use assets		
Property	134	142
Plant and equipment	42	25
	176	**167**
Interest expense on lease liabilities	26	39

Below is a reconciliation of changes in liabilities arising from financing activities:

	1 January 2023 £'000	Cash flows £'000	New Leases £'000	Other £'000	31 December 2023 £'000
Current lease liabilities	180	(180)	36	169	205
Non-current lease liabilities	240	-	74	(165)	149
Total liabilities from financing activities	**420**	**(180)**	**110**	**4**	**354**

The "Other" column includes the effect of reclassification of non-current leases to current due to the passage of time, the effect of the disposal of lease assets with their related creditors and the effect of the unwinding of the discounted ROU creditors over time.

The company does not face a significant liquidity risk with regard to its lease liabilities and these are monitored as part of the overall process of managing cash flows. There are no leases subject to variable lease payment terms.

20. Financial instruments and risk management

The Group has no material financial instruments other than cash, current receivables and liabilities, in both this and the prior period, all of which arise directly from its operations. The net fair value of its financial assets and liabilities is equivalent to their carrying value as detailed in the balance sheet and related notes.

Credit risk - The Group's credit risk relates to its receivables and is managed by undertaking regular credit evaluations of its customers. The Group is aware that customers' financial strength may have been adversely affected by current economic circumstances and endeavours to work with them and our venue partners to provide appropriate discounts and payment plans to enable them to continue to trade and repay any amounts owed in an agreed manner. The Group does not routinely offer extended credit terms to the majority of customers.

Liquidity risk - The Group usually operates a cash-generative business and has significant available cash. The Directors consider the funding structure to be adequate for the Group's current funding requirements and this is expected to strengthen during future years. The following tables outline the Group's contractual maturity of its financial liabilities:

2023	Carrying amount £'000	On Demand/within one year £'000	Within 1-2 years £'000	Within 2-5 years £'000	Over 5 years £'000
Borrowings	1,158	322	322	514	-
Lease liabilities	353	204	84	65	-
Trade and other payables	5,144	5,144	-	-	-
Total	**6,655**	**5,670**	**406**	**579**	**-**

2022	Carrying amount £'000	On Demand/within one year £'000	Within 1-2 years £'000	Within 2-5 years £'000	Over 5 years £'000
Borrowings	1,480	322	322	836	-
Lease liabilities	420	180	157	83	-
Trade and other payables	5,591	5,591	-	-	-
Total	**7,491**	**6,093**	**479**	**919**	**-**

Borrowing facilities - As at the balance sheet date, the Group has agreed facilities of £1.91 million, of which £1.16 million was utilised at the year end. These facilities are secured by a floating charge.

Financial assets - These comprise cash at bank and in hand. All bank deposits are floating rate.

Financial liabilities - These include short-term creditors and CBILS term loans of £1.16 million. All financial liabilities will be financed from existing cash reserves and operating cash flows.

Interest rate risk - The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The interest rates and terms of repayment are disclosed in note 18 to the financial statements. Except as outlined above, the company has no significant interest-bearing assets and liabilities. The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates. An increase or decrease of 1% in interest rate during the year would have resulted in movement of £13k to the Income Statement.

Foreign currency risk - The Group is exposed to moderate foreign exchange risk primarily from Euros due to its German operation and Euro denominated licensing income as detailed in note 4 - Segmental Reporting. The Group monitors its foreign currency exposure and manages the position where appropriate. A 5% change in the Euro rate at the year-end would have resulted in an additional gain or loss of £12k.

21. Called up share capital

Allotted, issued and fully paid			31 December 2023	31 December 2022
Class	Nominal value			
Ordinary	10p	£	195,196	195,196
		Number	1,951,957	1,951,957

22. Related party transactions

Compensation of key management personnel

Key management personnel of the Group are defined as those persons having authority and responsibility for the planning, directing and controlling the activities of the Group, directly or indirectly. Key management of the Group are therefore considered to be the Directors of SpaceandPeople plc. There were no transactions with the key management, other than their emoluments.

23. Earnings per share

	12 months to 31 December 2023 Pence per share	12 months to 31 December 2022 Pence per share
Basic earnings / (loss) per share		
Before non-recurring charges	7.8p	(11.0)p
After non-recurring charges	7.8p	(88.4)p
Diluted earnings / (loss) per share		
	7.1p	(11.0)p
Before non-recurring charges		
After non-recurring charges	7.1p	(88.4)p

After non-recurring charges	7.1p	(88.4)p

Calculation of before non-recurring charges

	12 months to 31 December 2023	12 months to 31 December 2022
	£'000	£'000
Profit / (loss) after tax for the period	148	(1,714)
Non-recurring charges	-	1,500
Profit / (loss) after tax for the period before non-recurring charges	148	(214)

Weighted average number of shares	31 December 2023	31 December 2022
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,903	1,939
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,085	2,077

The weighted average number of shares is calculated as follows:

	12 months to 31 December 2023	12 months to 31 December 2022
	'000	'000
Weighted average number of shares in issue during the period	1,903	1,952
Impact from purchase of own shares 28 September 2022	-	(13)
Weighted average number of ordinary shares	1,903	1,939
Weighted average number of ordinary shares used in the calculation of basic earnings per share deemed to be issued for no consideration in respect of employee options	182	137
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	2,085	2,076

As set out in note 24, there are share options outstanding which, if exercised, would increase the number of shares in issue. In the year to 31 December 2022, the diluted loss per share is the same as the basic loss per share as the loss for that year has an anti-dilutive effect.

24. Share options

The Group has established a share option scheme that senior executives and certain eligible employees are entitled to participate in at the discretion of the Board which is advised on such matters by the Remuneration Committee.

In aggregate, share options have been granted under the share option scheme over 195,000 ordinary shares exercisable within the dates and at the exercise prices shown below, being the market value at the date of the grant.

Date of grant	**Number**	**Option period**	**Price**
30 June 2021	82,000	30 June 2024 - 30 June 2031	125p

24 August 2022	76,000	24 August 2025 - 24 August 2032	102.5p
21 December 2023	37,000	21 December 2026 - 21 December 2033	60p

The movement in the number of options outstanding under the scheme over the period is as follows:

	12 months to 31 December 2023	12 months to 31 December 2022
Number of options outstanding as at the beginning of the period	183,350	1,101,000
Granted	37,000	76,000
Lapsed / surrendered	(24,350)	-
Forfeited	(1,000)	(2,750)
Number of options outstanding as at the end of the period	195,000	183,350
Weighted average exercise price	104p	162p

The total share-based payment charge for the year, calculated in accordance with IFRS2 on share-based payments, was £5k (2022: £5k). The Black Scholes model was used to obtain the fair value of share options. Further information in respect of the calculation of fair values has not been presented as the fair values are not material to the financial statements.

25. Own shares held

The Group has shares held by the SpaceandPeople plc Employee Benefit Trust for the purpose of issuing shares under the company's share option scheme.

	2023 £,000	2022 £'000
Opening balance	50	-
Acquisition of 49,405 shares by Employee Benefit Trust	-	50
Closing balance	50	50

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