Aeorema Communications plc

Annual Report and Consolidated Financial Statements for the Year Ended 30 June 2016

Company number: 04314540

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Aeorema Communications plc

Aeorema Communications plc, the AIM-traded live events agency, announces its results for the year ended 30 June 2016.

Overview

- Profits before tax from continuing operations of £340,165 (2015: £383,216)
- Revenues of £4,583,050 (2015: £4,934,560)
- Cash at bank and in hand of £1,427,723 (2015: £1,558,453)
- Recommend final dividend payment of 2p (2015: 3p), which is in addition to the 3p special dividend paid in March 2016

Chairman's Statement

I am proud of Aeorema's ability to adapt to change positively and to continue to generate profits, sustain a strong cash position and deliver a dividend in what continues to be a highly challenging market. This has been achieved by differentiating ourselves as a specialty live events company that attracts quality businesses through the development of innovative corporate communication solutions in the UK and internationally. Over the last year, we have worked with a number of blue-chip corporations and were pleased to welcome the Mail Online to our client list.

Whilst the first half was slow, revenues improved as the year progressed resulting in Aeorema having another profitable year, albeit slightly down on the previous year. The results for the year show a profit before taxation from continuing operations of £340,165 (2015: £383,216) on revenue of £4,583,050 (2015: £4,934,560). We remain cash positive with cash at bank and in hand of £1,427,723 (2015: £1,558,453).

The Board is proposing a final dividend of 2 pence per share (2015: 3 pence per share) to be paid to shareholders on the register on 4 November 2016. The ex-dividend date will be on 3 November 2016. Subject to the proposed dividend being approved by the shareholders at the Company's Annual General Meeting, it will be paid on 25 November 2016. This dividend is in addition to the 3p special dividend paid in March 2016.

The trading environment in the event sector remains challenging, in part caused by the uncertainties of Brexit and its destabilising effects. However, we anticipate that whilst global customers may at first rein in activities, in the longer term Brexit will create new opportunities as those very same organisations look to the UK, including companies like Aeorema, for cost-effective, unique, cutting edge solutions that this country is renowned for. I am not saying that it will be a smooth ride, indeed the next six months will be rocky, but we are confident that our long-term strategy and team which delivers creative live events, incorporating screen content and video, will ultimately see Aeorema prosper.

I would like to thank our team for their commitment and efforts during the year as well as our shareholders for their continued support.

M Hale
Chairman
13 October 2016

Strategic Report

The directors present their Strategic Report on the Group for the year ended 30 June 2016.

Principal activities

Aeorema is a live events agency with film capabilities that specialises in devising and delivering corporate communication solutions.

Business review

The results for the year show a profit before taxation from continuing operations of £340,165 (2015: £383,216). It is proposed that the retained profit after taxation of £273,502 (2015: £315,237) is transferred to the Group's reserves.

Revenue for the year from continuing operations was £4,583,050 (2015: £4,934,560). The gross profit remained consistent at 39% (2015: 39%) and gross profit from continuing operations was £1,803,147 (2015: £1,916,926).

Key Performance Indicators

Year	**2016** **£**	**2015** **£**	**2014** **£**	**2013** **£**
Continuing operations Revenue	4,583,050	4,934,560	4,764,584	3,992,751
Profit before taxation, impairment losses and write off of development costs	340,165	383,216	504,841	358,864

Capital Expenditure

Total capital expenditure, including expenditure on tangible assets, was £39,225 compared with £43,785 last year.

Cashflows

Net cash inflow from operating activities was £450,608 compared with a net cash inflow of £383,894 for the year ended 30 June 2015, as a result of improved credit control procedures. Total cashflow, representing operating cashflow after taxation, interest, capital expenditure and financing activities, decreased by £130,730 compared with £62,442 last year. The cash position at the end of the year was £1,427,723 compared with £1,558,453 at the end of the prior year.

The group had net assets of £1,626,922 at the end of the year (2015: £1,884,040) and net current assets of £1,195,434 (2015: £1,447,347).

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 22 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. Where employees become disabled during the course of their employment, we 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 with customer dependency. Though the Group has a very diverse customer base in certain market sectors, key customers can represent a significant amount of revenue. Key customer relationships are closely monitored but the loss of a key client could have adverse effect on the Group's performance. Further details of risks, uncertainties and financial instruments are contained in note 25.

Key risks of 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 in the market.

On behalf of the Board

S Haffner
Director

13 October 2016

Directors' Report

The directors present their annual report and financial statements for the year ended 30 June 2016. The financial statements are for Aeorema Communications plc ("the Company") and its subsidiaries (together, "the Group").

In accordance with section 414C of the Companies Act 2006, the company has produced a Strategic Report which is set out on pages 5 to 7.

Directors

The following directors have held office since 1 July 2015:
P Litten
R Owen
S Garbutta *(resigned on 21 December 2015)*
S Haffner *(appointed on 21 December 2015)*
M Hale
G Fitzpatrick
S Quah

In accordance with regulation 122 of the Company's Articles of Association, one third of the directors retire by rotation, or if their number is not three, or a multiple of three, the nearest to but not exceeding one third, and, being eligible, offer themselves for re-election.

Dividends

The Board is proposing a dividend of 2 pence per share to be paid on 25 November 2016 to shareholders on the register on 4 November 2016. The ex-dividend date for the final dividend will be 3 November 2016.

Financial instruments

Details of financial instruments are given in note 25 to the accounts.

Non-current assets

The significant changes in non-current assets during the year are explained in notes 9, 10 and 11 to the financial statements. As pioneers in visual technologies, the Group has utilised its resources to develop unique and highly innovative communications products.

Shareholdings

At 30 September 2016, the directors were aware that the following were the beneficial owners of 3% or more of the Company's issued share capital:

	Number of shares	Percentages held
G Fitzpatrick	1,745,250	19.3
M Hale	1,725,000	19.1
P Litten	1,681,250	18.6
S Quah	300,000	3.3
B Smith	300,000	3.3

As civil partners, P Litten and G Fitzpatrick each have a beneficial interest in 3,426,500 ordinary shares.

Corporate governance

Although not required to do so, the Company seeks within the practical confines of being a small company to have regard to the principles of good governance and the UK Corporate Governance Code ("The Code") appended to the Listing Rules of the Financial Services Authority.

The Board

The aim of the Board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value. The Board currently consists of three executive directors and three non-executive directors. The Company does not have a Nomination Committee as such; the Board collectively undertakes the functions of such a committee.

Future Developments

Refer to the Chairman's Statement for more information on future developments.

Internal control

The Board has overall responsibility for ensuring that the Group maintains systems and internal financial controls that provide them with reasonable assurance regarding the financial information both for use within the business and for external publication and that the assets are safeguarded.

Audit Committee

There is an Audit Committee consisting of the Chairman, and a non-executive director. The terms of reference of the Audit Committee are to assist the Board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Its duties include maintaining an appropriate relationship with the Company's auditors, keeping under review the scope and the results of the audit and its effectiveness.

Remuneration Committee

The Remuneration Committee consists of two non-executive directors, Stephen Haffner and Michael Hale, and a meeting will be held no less than once a year. The Remuneration Committee is responsible for reviewing the performance of the executives of the Company and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Company.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements. See note 1 for further information.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, they have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all the relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to reappoint RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group and the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing the group and company financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Aeorema Communications plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

S Haffner
Director
13 October 2016

Independent Auditors' Report to the Members of Aeorema Communications plc

We have audited the Group and Parent Company financial statements ("the financial statements") on pages 14 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 10 to 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and the Parent's affairs as at 30 June 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the Parent's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

I. Hughes

Ian Hughes (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 13 OCTOBER 2016

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	2016 £	2015 £
Continuing operations			
Revenue	2	**4,583,050**	**4,934,560**
Cost of sales		(2,779,903)	(3,017,634)
Gross profit		**1,803,147**	**1,916,926**
Administrative expenses		(1,463,899)	(1,534,471)
Operating Profit	3	**339,248**	**382,455**
Finance income	4	917	761
Profit before taxation		**340,165**	**383,216**
Taxation	5	(66,663)	(67,979)
Profit and total comprehensive income for the year attributable to owners of the parent		**273,502**	**315,237**
Profit per ordinary share:			
Total basic earnings per share	8	3.02195p	3.51904p
Total diluted earnings per share	8	2.92500p	3.37134p

There were no other comprehensive income items.
The notes on pages 19 to 40 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2016

	Notes	Group		Company	
		2016	2015	2016	2015
		£	£	£	£
Non-current assets					
Intangible assets	9	365,154	365,154	-	-
Property, plant and equipment	10	60,259	65,135	-	-
Deferred taxation	6	6,075	6,404	-	-
Investments in subsidiaries	11	-	-	580,490	568,080
Total non-current assets		**431,488**	**436,693**	**580,490**	**568,080**
Current assets					
Trade and other receivables	12	1,174,337	1,352,398	807,418	328,135
Cash and cash equivalents	13	1,427,723	1,558,453	469,923	657,873
Total current assets		**2,602,060**	**2,910,851**	**1,277,341**	**986,008**
Total assets		**3,033,548**	**3,347,544**	**1,857,831**	**1,554,088**
Current liabilities					
Trade and other payables	14	(1,340,583)	(1,412,343)	(98,805)	(86,105)
Current tax payable	14	(66,043)	(51,161)	-	-
Total current liabilities		**(1,406,626)**	**(1,463,504)**	**(98,805)**	**(86,105)**
Net assets		**1,626,922**	**1,884,040**	**1,759,026**	**1,467,983**
Equity					
Share capital	15	1,131,313	1,131,313	1,131,313	1,131,313
Share premium	16	7,063	7,063	7,063	7,063
Merger reserve	17	16,650	16,650	16,650	16,650
Capital redemption reserve		257,812	257,812	257,812	257,812
Retained earnings		214,084	471,202	346,188	55,145
Equity attributable to owners of the parent		**1,626,922**	**1,884,040**	**1,759,026**	**1,467,983**

The notes on pages 19 to 40 are an integral part of these financial statements.

The financial statements were approved and authorised by the board of directors on 13 October 2016 and were signed on its behalf by

G Fitzpatrick, *Director* S Haffner, *Director*

Company Registration No. 04314540

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

Group	Share capital	Share premium	Merger reserve	Other reserve	Share-based payment reserve	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£
At 1 July 2014	1,079,688	-	16,650	19,500	110,972	257,812	482,609	1,967,231
Profit and total comprehensive income for the year, net of tax	-	-	-	-	-	-	315,237	315,237
Dividends paid	-	-	-	-	-	-	(452,500)	(452,500)
Shares issued in the period/to be issued	51,625	7,063	-	(19,500)	-	-	-	39,188
Share-based payments	-	-	-	-	14,884	-	-	14,884
Transfer	-	-	-	-	(125,856)	-	125,856	-
At 30 June 2015	**1,131,313**	**7,063**	**16,650**	**-**	**-**	**257,812**	**471,202**	**1,884,040**
At 1 July 2015	1,131,313	7,063	16,650	-	-	257,812	471,202	1,884,040
Profit and total comprehensive income for the year, net of tax	-	-	-	-	-	-	273,502	273,502
Dividends paid	-	-	-	-	-	-	(543,030)	(543,030)
Share-based payments	-	-	-	-	-	-	12,410	12,410
At 30 June 2016	**1,131,313**	**7,063**	**16,650**	**-**	**-**	**257,812**	**214,084**	**1,626,922**

The notes on pages 19 to 40 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2016

Company	Share capital	Share premium	Merger reserve	Other reserve	Share-based payment reserve	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£
At 1 July 2014	1,079,688	-	16,650	19,500	110,972	257,812	71,345	1,555,967
Comprehensive income for the year, net of tax	-	-	-	-	-	-	310,444	310,444
Dividends paid	-	-	-	-	-	-	(452,500)	(452,500)
Shares issued in the period/to be issued	51,625	7,063	-	(19,500)	-	-	-	39,188
Share-based payments	-	-	-	-	14,884	-	-	14,884
Transfer	-	-	-	-	(125,856)	-	125,856	-
At 30 June 2015	**1,131,313**	**7,063**	**16,650**	**-**	**-**	**257,812**	**55,145**	**1,467,983**
At 1 July 2015	1,131,313	7,063	16,650	-	-	257,812	55,145	1,467,983
Comprehensive income for the year, net of tax	-	-	-	-	-	-	821,663	821,663
Dividends paid	-	-	-	-	-	-	(543,030)	(543,030)
Share-based payments	-	-	-	-	-	-	12,410	12,410
At 30 June 2016	**1,131,313**	**7,063**	**16,650**	**-**	**-**	**257,812**	**346,188**	**1,759,026**

The notes on pages 19 to 40 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Group		Company	
		2016 £	2015 £	2016 £	2015 £
Net cash flow from operating activities	**24**	**450,608**	**383,894**	**(545,174)**	**(63,711)**
Cash flows from investing activities					
Finance income		917	761	254	268
Purchase of property, plant and equipment	**10**	(39,225)	(43,785)	-	-
Proceeds from sale of property, plant and equipment		-	10,000	-	-
Dividends received by the Company		-	-	900,000	400,000
Cash (used) / generated in investing activities		**(38,308)**	**(33,024)**	**900,254**	**400,268**
Cash flows from financing activities					
Proceeds of share issue		-	39,188	-	39,188
Dividends paid to owners of the Company		(543,030)	(452,500)	(543,030)	(452,500)
Cash used in financing activities		**(543,030)**	**(413,312)**	**(543,030)**	**(413,312)**
Net (decrease) in cash and cash equivalents		**(130,730)**	**(62,442)**	**(187,950)**	**(76,755)**
Cash and cash equivalents at beginning of year		1,558,453	1,620,895	657,873	734,628
Cash and cash equivalents at end of year	**13**	**1,427,723**	**1,558,453**	**469,923**	**657,873**

The notes on pages 19 to 40 are an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2016

1 Accounting policies

Aeorema Communications plc is a public limited company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its principal place of business is Moray House, 23/31 Great Titchfield Street, London W1W 7PA. The Company's Ordinary Shares are traded on the AIM Market.

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

Going concern

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the review of business contained in the Chairman's Statement. The Group's financial statements show details of its financial position including, in note 25, details of its financial instruments and exposure to risk.

After reviewing the Group's budget for the next financial year, other medium term plans and considering the risks outlined in note 25, the Directors, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

Basis of Preparation

The Group's financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The following new standards, amendments to standards and interpretations, applied for the first time from 1 July 2015. Their adoption has not had a material impact on the financial statements:

- IAS 19 (Amended) 'Defined Benefit Plans: Employee Contributions', effective 1 February 2015.
- Annual improvements to IFRSs 2011-2013 Cycle, effective 1 January 2015.
- Annual improvements to IFRSs 2010-2012 Cycle – amendments to IFRS 8, IAS 16, IAS 24 and IAS 38, effective 1 February 2015.

Adopted IFRSs not yet applied

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 July 2015 and have not been adopted early by the Group:

- IFRS 9 'Financial Instruments', effective 1 January 2018.
- IFRS 15 'Revenue for Contracts with Customers', effective 1 January 2018.
- IFRS 16 'Leases', effective 1 January 2019
- IAS 1 (Amended), 'Disclosure Initiative', effective 1 January 2016.
- IAS 7 (Amended), 'Statement of Cash Flows', effective 1 January 2017
- IAS 27 (Amended), 'Equity Method in Separate Financial Statements', effective 1 January 2016.
- IAS 16 and IAS 38 (Amended), 'Clarification of Acceptable Methods of Depreciation and Amortisation' effective 1 January 2016.
- IFRS 11 (Amended), 'Accounting for Acquisitions of Interests in Joint Operations', effective 1 January 2016.
- Annual Improvements to IFRSs 2012 – 2014 Cycle, effective 1 January 2016.

Management does not currently anticipate that the application of these standards, where applicable, will have an impact on the financial statements, except for the requirement of additional disclosures.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2016. 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 deconsolidated from 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. Revenue is measured at the fair value of consideration received taking into account any trade discounts and volume rebates. Revenue for all business segments is recognised when the Group has earned the right to receive consideration for its services.

Intangible assets - goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill acquired represents the excess of the fair value of the consideration and associated costs over the fair value of the identifiable net assets acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units, usually at business segment level or statutory company level as the case may be, for the purpose of impairment testing and is tested at least annually for impairment. On subsequent disposal or termination of a business acquired, the profit or loss on termination is calculated after charging the carrying value of any related goodwill.

Property, plant and equipment

Property, plant and equipment is stated in the financial statements at cost less accumulated depreciation and any impairment value. Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment over its expected useful life (which is reviewed at least at each financial year end), as follows:

Leasehold land and buildings	straight line over the life of the lease (three years)
Fixtures, fittings and equipment	straight line over four years

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year that the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements..

Impairment

The carrying amounts of the Group's assets are reviewed at each period end to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual period end date and whenever there is an indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

Operating leases

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

Investments

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

Cash comprises, for the purpose of the Statement of Cash Flows, of 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.

Finance income

Financial 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 does not operate a pension scheme for its employees. It does, however, make contributions to the private pension arrangements of certain employees. These arrangements are of the money purchase type and the amount charged to the Statement of Comprehensive Income represents the contributions payable by the Group for the period.

Financial instruments

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

Equity

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

Foreign currency translation

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

Share-based awards

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

The fair value is estimated using option pricing models and is dependent on factors such as the exercise price, expected volatility, option price and risk free interest rate. The fair value is then amortised through the Statement of Comprehensive Income on a straight-line basis over the vesting period. Expected volatility is determined based on the historical share price volatility for the Company. Further information is given in note 22 to the financial statements.

Significant judgements and estimates

The preparation of the Group's financial statements in conforming with IFRS required management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and / or notes to the financial statements and the key areas are summarised below:

a) The impairment review of goodwill is based on the estimation of future cash flows and discount rates in order to calculate the present value of the cash flows.

b) An allowance for uncollectable trade receivables is estimated based on a combination of ageing analysis and any specific, known troubled customer accounts.

c) An allowance for dilapidations is estimated based on a total value of works to restore the property to its original condition at the end of the lease.

2 Revenue and segment information

The Company 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 period ending 30 June 2016 there is only a single reportable segment.

All revenue represents sales to external customers. Two customers (2015: three) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

	2016 £	2015 £
Customer one	1,006,510	-
Customer two	819,443	632,892
Customer three	453,552	581,546
Customer four	160,826	1,320,762
Major customers	**2,440,331**	**2,535,200**

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

Geographical market	2016 UK £	2015 UK £	2016 Europe £	2015 Europe £	2016 Rest of the World £	2015 Rest of the World £	2016 Total £	2015 Total £
Revenue	**3,410,154**	**4,479,022**	**66,990**	**391,519**	**1,105,906**	**64,019**	**4,583,050**	**4,934,560**

All non-current assets are based in the UK.

3 Operating profit

Operating profit is stated after charging or crediting:	**2016** **£**	**2015** **£**
Cost of sales		
Depreciation of property, plant and equipment	21,910	26,600
Administrative expenses		
Depreciation of property, plant and equipment	22,191	4,108
Loss on disposal of property, plant and equipment	-	5,389
(Profit)/Loss on foreign exchange differences	(2,307)	639
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	7,500	8,500
Audit of the Company's subsidiaries	20,000	14,000
Staff costs (see note 21)	1,029,928	1,063,817
Operating leases – land and buildings	91,000	80,813

4 Finance income

Finance income	**2016** **£**	**2015** **£**
Bank interest received	917	761

5 Taxation

	2016 £	2015 £
The tax charge comprises:		
Current tax		
Prior period adjustment	291	(923)
Current year	66,043	51,161
	66,334	**50,238**
Deferred tax (see note 6)		
Current year	329	17,741
	329	**17,741**
Total tax charge in the statement of comprehensive income	**66,663**	**67,979**
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation from continuing operations	340,165	383,216
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2015: 20.75%)	68,033	79,517
Effects of:		
Non-deductible expenses	358	1,204
Depreciation, impairment losses and disposals	8,820	7,490
Capital allowances	(7,743)	(7,938)
Share options exercised	-	(28,645)
Other adjustments	(3,425)	-
Marginal relief	-	(467)
Deferred tax movement due to temporary differences	329	17,741
Prior period adjustment	291	(923)
	(1,370)	**(11,538)**
Total tax charge	**66,663**	**67,979**

The Group has estimated losses of £375,762 (2015: £375,762) available to carry forward against future trading profits. These losses are in Aeorema Communications plc which is not currently making taxable profits as all trading is undertaken by its subsidiary Aeorema Limited, therefore no deferred tax asset has been recognised.

6 Deferred taxation

	2016 £	2015 £
Property, plant and equipment temporary differences	(5,681)	(8,296)
Temporary differences	11,756	14,700
	6,075	6,404
At 1 July	6,404	24,145
Transfer to Statement of Comprehensive Income	(329)	(17,741)
At 30 June	6,075	6,404

The deferred tax asset is expected to be utilised given the continued profitability and future trading prospects.

7 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 retained profit for the financial year of the holding company was £821,663 (2015: £310,444).

8 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:

	2016 £	2015 £
Basic earnings per share		
Profit for the year attributable to owners of the Company	273,502	315,237
Basic weighted average number of shares	**9,050,500**	**8,958,044**
Dilutive potential ordinary shares: Employee share options	300,000	392,456
Diluted weighted average number of shares	**9,350,500**	**9,350,500**

9 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2014	2,728,292
At 30 June 2015	2,728,292
At 30 June 2016	**2,728,292**
Impairment and amortisation	
At 1 July 2014	2,363,138
At 30 June 2015	2,363,138
At 30 June 2016	**2,363,138**
Net book value	
At 1 July 2014	365,154
At 30 June 2015	365,154
At 30 June 2016	**365,154**

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

Impairment – Aeorema Limited

Goodwill has been tested for impairment based on its future value in use. Future value has been calculated on a discounted cash flow basis using the 2016-17 budgeted figures as approved by the Board of Directors extended for a period to 5 years and discounted at a rate of 10%. It has been assumed that future growth will be between 1.5% and 2%. Using these assumptions, which are based upon past experience, there was no impairment in the year.

Management has assessed the sensitivity of the recoverable amounts in the key assumptions to be as follows: a five percentage increase in the discount rate would reduce the recoverable amount by £166,569 and a one percentage fall in future growth would reduce the recoverable amount by £329,746. However, in both cases there would still be no indication of impairment of goodwill.

10 Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 July 2014	24,034	859,661	883,695
Additions	17,761	26,024	43,785
Disposals	(24,034)	(583,741)	(607,775)
At 30 June 2015	17,761	301,944	319,705
Additions	36,537	2,688	39,225
Disposals	-	(160,562)	(160,562)
At 30 June 2016	**54,298**	**144,070**	**198,368**
Depreciation			
At 1 July 2014	21,305	794,941	816,246
Charge for the year	4,108	26,600	30,708
Eliminated on disposal	(24,034)	(568,350)	(592,384)
At 30 June 2015	1,379	253,191	254,570
Charge for the year	22,191	21,910	44,101
Eliminated on disposal	-	(160,562)	(160,562)
At 30 June 2016	**23,570**	**114,539**	**138,109**
Net book value			
At 1 July 2014	2,729	64,720	67,449
At 30 June 2015	16,382	48,753	65,135
At 30 June 2016	**30,728**	**29,531**	**60,259**

11 Non-current assets - Investments

Company	Shares in subsidiary £
Cost	
At 1 July 2014	3,247,409
Increase in respect of share based payments	14,884
At 30 June 2015	3,262,293
Increase in respect of share based payments	12,410
At 30 June 2016	**3,274,703**
Provision	
At 1 July 2014	2,694,213
At 30 June 2015	2,694,213
At 30 June 2016	**2,694,213**
Net book value	
At 1 July 2014	553,196
At 30 June 2015	568,080
At 30 June 2016	**580,490**

Holdings of more than 20%

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

Subsidiary undertakings	Country of registration or incorporation	Shares held	
		Class	%
Aeorema Limited	England and Wales	Ordinary	100
Twentyfirst Limited	England and Wales	Ordinary	100

12 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade receivables	1,038,669	1,055,898	-	-
Related party receivables	-	-	802,543	323,447
Other receivables	19,585	19,230	-	-
Prepayments and accrued income	116,083	277,270	4,875	4,688
	1,174,337	**1,352,398**	**807,418**	**328,135**

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

At the year end, trade receivables of £36,232 (2015: £284,944) were past due but not impaired. These relate to a number of customers for whom there is no significant change in credit quality and the amounts are still considered recoverable. The ageing of these trade receivables is as follows:

	Group	
	2016	2015
	£	£
Less than 90 days overdue	27,190	284,944
More than 90 days overdue	9,042	-
	36,232	**284,944**

13 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank balances	1,427,723	1,558,453	469,923	657,873
Cash and cash equivalents	**1,427,723**	**1,558,453**	**469,923**	**657,873**
Cash and cash equivalents in the statement of cash flows	**1,427,723**	**1,558,453**	**469,923**	**657,873**

14 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade payables	663,797	685,375	6,950	2,878
Related party payables	-	-	67,355	67,355
Taxes and social security costs	177,985	187,778	-	-
Other payables	14,614	33,543	-	-
Accruals and deferred income	550,230	556,808	24,500	15,872
	1,406,626	**1,463,504**	**98,805**	**86,105**

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.

15 Share capital

	2016	2015
	£	£
Authorised		
28,000,000 Ordinary shares of 12.5p each	3,500,000	3,500,000

Allotted, called up and fully paid	**Number**	**Ordinary shares**
		£
At 1 July 2014	8,637,500	1,079,688
Issue of shares	413,000	51,625
At 30 June 2015	9,050,500	1,131,313
At 30 June 2016	**9,050,500**	**1,131,313**

See note 22 for details of share options outstanding.

16 Share Premium

	Share Premium £
At 1 July 2014	-
Issue of shares	7,063
At 30 June 2015	7,063
At 30 June 2016	**7,063**

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

17 Merger reserve

	Merger reserve £
At 1 July 2014	16,650
At 30 June 2015	16,650
At 30 June 2016	**16,650**

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.

18 Other reserve

	Subscriptions received reserve £
At 1 July 2014	19,500
Allotment of shares	(19,500)
At 30 June 2015	-
At 30 June 2016	-

On 16 June 2014 104,000 share options were exercised and fully paid for at 18.75p each. The shares were allotted on 2 July 2014. For the earnings per share note these shares are treated as issued on the exercise date. The reserve was fully transferred out by 30 June 2015. The reserve is not distributable.

19 Financial commitments

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

Group	Land and Buildings	
	2016 £	2015 £
Not later than one year	91,000	91,000
Later than one year and not later than five years	15,167	106,167
Total	106,167	197,167

20 Directors' emoluments

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

	Salary, bonus or fees 2016 £	Salary, bonus or fees 2015 £	Pensions 2016 £	Pensions 2015 £	Total 2016 £	Total 2015 £
P Litten	77,000	78,333	39,932	45,993	116,932	124,326
G Fitzpatrick	40,000	46,667	18,272	45,993	58,272	92,660
M Hale	10,000	-	-	-	10,000	-
S Garbutta	5,000	7,500	-	-	5,000	7,500
S Haffner	7,500	-	-	-	7,500	-
R Owen	10,000	7,500	-	-	10,000	7,500
S Quah	115,000	132,000	-	-	115,000	132,000
	264,500	**272,000**	**58,204**	**91,986**	**322,704**	**363,986**

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

Name	Grant date	Number awarded	Exercise price	Earliest exercise date	Expiry date
S Quah	25 April 2013	300,000	16.50p	25 April 2016	24 April 2023

Fees for S Garbutta and S Haffner are charged by Harris & Trotter LLP, a firm in which they are members. See note 23.

Some directors were awarded a bonus in the year. S Quah was awarded a bonus of £25,000 (2015: £30,000) and P Litten was awarded a bonus of £17,000 (2015: £20,000).

21 Employee information

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

Number of employees	2016 Number	2015 Number
Administration and production	20	19

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

Employment costs	2016 £	2015 £
Wages and salaries	871,534	874,703
Social security costs	86,409	81,972
Pension costs	59,575	92,258
Share-based payments	12,410	14,884
	1,029,928	**1,063,817**

22 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 From	Exercise period To	Number of options 2016	Number of options 2015
25 April 2013	16.5p	25 April 2016	24 April 2023	300,000	300,000
				300,000	**300,000**

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

	Number of options 2016	Weighted average exercise price 2016 £	Number of options 2015	Weighted average exercise price 2015 £
Outstanding at beginning of the year	300,000	0.17	609,000	0.15
Exercised during the year	-	-	(309,000)	0.13
Outstanding at end of the year	300,000	0.17	300,000	0.17
Exercisable at the end of the year	300,000	0.17	-	-

The exercise price of options outstanding at the year end was £0.165 (2015: £0.165) and their weighted average contractual life was 6.8 years (2015: 7.8 years).

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value as determined at the grant date of equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The estimated fair value of the options is measured using an option pricing model. The inputs into the model are as follows:

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

The expected volatility is determined by calculating the historical volatility of the company's share price over the last three years. The risk free rate is the official Bank of England base rate.

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

	2016 £	2015 £
Share-based payment charge	12,410	14,884

23 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:

	2016 £	2015 £
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	802,543	323,447
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,355	67,355

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

	2016 £	2015 £
Short-term employee benefits	287,317	302,076
Post-employment benefits	58,204	91,986
Share based payment expense	12,410	14,884
	357,931	**408,946**

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

Harris and Trotter LLP – charged during the year	2016 £	2015 £
Aeorema Communications plc	12,500	15,250
Aeorema Limited	15,060	29,390
	27,560	**44,640**

At the year end, the group had an outstanding trade payable balance to Harris and Trotter LLP of £6,600 (2015: £nil).

The company received dividends during the year of £900,000 (2015: £400,000) from its subsidiary Aeorema Limited. The company transferred a VAT receivable of £14,810 (2015: £6,759) 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 £7,317 (2015: £36,624).

During the year, Aeorema Limited made a net transfer of cash of £443,030 (2015: £400,025) to Aeorema Communications plc

24 Cash flows

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash flows from operating activities				
Profit before taxation	340,165	383,216	821,663	310,444
Depreciation	44,101	30,708	-	-
Loss on disposal of property, plant and equipment	-	5,389	-	-
Share-based payment	12,410	14,884	-	-
Dividends received by the Company	-	-	(900,000)	(400,000)
Finance income	(917)	(761)	(254)	(268)
	395,759	**433,436**	**(78,591)**	**(89,824)**
Increase / (decrease) in trade and other payables	(71,760)	(132,788)	12,699	(3,624)
(Increase) / decrease in trade and other receivables	178,061	123,523	(479,282)	29,737
Decrease in inventories	-	2,674	-	-
Taxation paid	(51,452)	(42,951)	-	-
Cash generated / (used) from operating activities	**450,608**	**383,894**	**(545,174)**	**(63,711)**

25 Financial instruments

Financial instruments recognised in the consolidated statement of financial position
All financial instruments are recognised initially at their fair value and subsequently measured at amortised cost.

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Loans and receivables				
Trade and other receivables	1,070,627	1,280,861	802,543	323,447
Cash and cash equivalents	1,427,723	1,558,453	469,923	657,873
Investments in subsidiaries	-	-	580,490	568,080
Total	**2,498,350**	**2,839,314**	**1,852,956**	**1,549,400**
Other financial liabilities				
Trade and other payables	678,411	718,919	74,305	70,233
Accruals	439,956	518,697	24,500	15,872
Total	**1,118,367**	**1,237,616**	**98,805**	**86,105**

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 2016 was £1,038,669 (2015: £1,055,898). Trade receivables are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to meet its liabilities when they fall due. The Group monitors cash flow on a regular basis. At the year end, the Group has sufficient liquid resources to meets its obligations of £1,406,626 (2015: £1,463,504).

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 was £1,427,723 (2015: £1,558,453). 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 Group Statement of Changes in Equity. At the year end, total equity was £1,626,922 (2015: £1,884,040).

26 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £59,575 (2015: £92,258). At the end of the reporting period £12,880 (2015: £30,000) of contributions were due in respect of the period. The amounts were paid subsequent to the end of the reporting period.

27 Dividends

On the 27 November 2015 a final dividend of 3 pence per share (total dividend £271,515) was paid to holders of fully paid ordinary shares.

In respect of the current year, the directors propose that a final dividend of 2 pence per share be paid to shareholders on 25 November 2016. 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 4 November 2016. The total estimated dividend to be paid is £181,010. The payment of this dividend will not have any tax consequences for the Group.

28 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 2016 the company had no potential liability under the terms of the registration.

29 Control

There is no overall controlling party.

Notice of annual general meeting

Aeorema Communications plc *(Incorporated and registered in England and Wales with company number 4314540)*

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aeorema Communications plc will be held at Moray House, 23-31 Great Titchfield Street, London W1W 7PA on 14th November 2016 at 10.00 a.m. for the transaction of the following business:

As Ordinary Business to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the report of the directors of the Company and the audited accounts for the Company for the year ended 30 June 2016.

2. To re-appoint Gary Fitzpatrick as a Director of the Company, who retires in accordance with article 122 of the Company's Articles of Association.

3. To re-appoint Richard Owen as a Director of the Company, who retires in accordance with article 122 of the Company's Articles of Association.

4. To re-appoint RSM Audit Limited as auditors of the Company and to authorise the Directors to fix their remuneration.

5. To declare a final dividend on the ordinary shares of 12.5 pence each in the capital of the Company for the year ended 30 June 2016 of 2 pence per ordinary share.

As Special Business to consider and, if thought fit, pass the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolution 7 will be proposed as a Special Resolution:

6. That the directors of the Company be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and/or to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to a maximum nominal amount of £1,000,000, provided that this authority shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution save that the Company may prior to the expiry of such period make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot shares in the Company and to grant Rights pursuant to any such offer or agreement as if this authority had not expired.

7. That, subject to the passing of Resolution 6 set out above, the directors of the Company be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 6 above, as if section 561(1) of the Act did not apply to such allotment provided this power shall be limited to:

(i) the allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the directors of the Company to holders of equity securities on the register on a fixed record date where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such equity securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory or by virtue of shares being represented by depositary receipts or any other matter); and

(ii) the allotment to any person or persons (otherwise than pursuant to sub-paragraph (i) of this Resolution above) of equity securities up to an aggregate nominal amount of £1,000,000;

provided that the power given by this Resolution shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution, save that the directors of the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors of the Company shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

By order of the Board

Stephen Haffner
Company Secretary

Registered Office:
64 New Cavendish Street
London W1G 8TB

Dated: 13 October 2016

Notes:

(1) A member entitled to attend and vote at the above-mentioned annual general meeting (the "Meeting") is entitled to appoint a proxy or proxies to exercise any or all of his rights to attend, speak and vote at the Meeting instead of him. All members are entitled to attend and vote at the Meeting, whether or not they have returned a form of proxy.

(2) A Form of Proxy is enclosed for your use, if desired. The instrument appointing a proxy must reach the Company's registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of holding of the Meeting.

(3) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those members of the Company on the register 48 hours before the time set for the Meeting shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

(4) A copy of the register of Directors' interests in shares in the Company and copies of the Directors' service contracts of more than one year's duration will be available for inspection at the registered office of the Company during office hours only on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this notice until the date of the Meeting and at the place of the Meeting for at least 15 minutes prior to and during the Meeting.

Company Information

Directors	M Hale	(Non-Executive Chairman)
	P Litten	(Deputy Chairman and Creative Director)
	G Fitzpatrick	(Chief Executive)
	S Haffner	(Non-Executive)
	R Owen	(Non-Executive)
	S Quah	(Executive Director)
Secretary	S Haffner	
Company number	04314540	
Registered office	64 New Cavendish Street London, W1G 8TB	
Financial advisers	Harris & Trotter LLP 64 New Cavendish Street London, W1G 8TB	
Stockbrokers	Cantor Fitzgerald Europe One Churchill Place Canary Wharf London, E14 5RB	
Nominated adviser	Cantor Fitzgerald Europe One Churchill Place Canary Wharf London, E14 5RB	
Auditors	RSM UK Audit LLP 25 Farringdon Street London, EC4A 4AB	
Solicitors	Howard Kennedy LLP No. 1 London Bridge London, SE1 9BG	
	Ross & Craig 12a Upper Berkeley Street London, W1H 7PE	
Bankers	Barclays Bank plc P O Box 32106 London, NW1 2ZH	
Registrar and transfer office	Capita Asset Services The Registry 34 Beckenham Road Beckenham, Kent, BR3 4TU	