

# FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

[SPACEANDPEOPLE PLC](#)

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SpaceandPeople plc

("SpaceandPeople" or the "Group")

## Final Results for the year ended 31 December 2022

SpaceandPeople (AIM:SAL) the retail, promotional and brand experience specialist, is pleased to announce its final results for the year ended 31 December 2022.

### Financial Highlights

- Revenue of £5.5 million (2021: £4.0 million and 2020: £2.8 million)
- Operating loss of £9k (2021: profit of £0.15 million and 2020: loss of £3.57 million)
- EBITDA before government grant support of £0.3 million (2021: negative £0.1 million)
- Basic Loss per Share before non-recurring charges and discontinued operation of 11.0p (2021: earnings of 8.8p)
- Cash at the year-end of £1.9 million (2021: £1.4 million). Cash available (including undrawn facilities) at the year-end of £2.6 million (2021: £2.1 million)

### Operational Highlights

- Continued recovery in both UK and German markets
- Launch of Rock Up and Pop Up kiosk programme
- First kiosks operational in Austria

### Chair's Statement

2022 witnessed the end of the lockdowns that had so affected your company over the last few years and I again wish to thank all of our staff and management across the business for their hard work and support in 2022 as well as their continued commitment to the Group.

While profitability was slightly lower compared with the prior year, this masks a significant return to top line growth across the UK and German businesses as operations returned to closer to pre-pandemic norms. The focus on ensuring the business was in the best shape it could be for the recovery has been rewarded in the shape of the revenue growth achieved of 38% to £5.5m. At a profit level, the significant levels of government support seen in prior years were phased out and have been offset by the contribution from the revenue increase resulting in operating performance being almost break even for the year.

Key business developments and the financial performance of the Group are covered in more detail in Nancy Cullen's CEO Report and Gregor Dunlay's Operating and Financial Review.

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. A major focus in 2023 will be on retaining the Group's contract to provide services to Network Rail, which it is anticipated will be re-tendered during 2023.

Your business is a strongly cash generative one which has limited capital expenditure needs and, as I noted last year, we will look to return to paying dividends at a suitably prudent time when reserves permit.

There have been a number of changes in the composition of your Board with John Scott and Michael Brown joining as non-executive directors, bringing extensive relevant experience in the retail and marketing sectors. I would also like to thank Steve Curtis, who steps down at the upcoming Annual General Meeting, for his significant contribution to the Group across his nine years on the Board. I would again like to thank all colleagues for their support and input throughout the year and hope to continue that success in growing the business in the year ahead.

George Watt  
Chair  
26 May 2023

### **Chief Executive Officer's Review**

#### **Introduction**

I write this report with huge sense of relief as it is my first time as Chief Executive that our figures have only been slightly affected by Covid. I am also happy to report that these results show strong revenue growth and have been accomplished this year without the substantial levels of government support that were received in 2021. This represents a major achievement for this business which was so badly affected by lockdowns during the pandemic.

During the year we have built back business strongly in the UK and Germany to the point where, in December 2022, the UK promotional business experienced its strongest sales month on record as well as introducing a new product to our market which is already showing good growth potential.

We are also starting to look at European expansion and, in October 2022 installed the first of our mall kiosks in Austria, using our German business as the hub for this operation.

#### **UK**

Trading started relatively slowly in 2022 across both the UK and German businesses due to fears over the new omicron variant of Covid which affected both our retail and brand businesses. However, unlike 2021, this was short lived and by the end of Q1 we began to see demand build back positively across all sectors.

Our brand business was badly affected by Covid in 2020 and 2021 and has taken some time to rebuild to 2019 levels, however, a long hot summer led to multiple requests from brands for outdoor sites and then, during the second half of 2022, we recorded some of the best revenues that we have seen in the 23 year history of SpaceandPeople. This business is an important and high profile aspect of our work and therefore seeing demand for this media build back has been significant for both our client venues and for SpaceandPeople.

We also launched our new website [www.experientialspace.co.uk](http://www.experientialspace.co.uk) in January 2022. This is an online platform enabling media buyers and agencies to view our venues, promotional sites, prices, demographics and footfall in real time. This is proving to be a successful planning tool for agency clients and we look forward to providing further enhanced services for brand and media agencies over the coming 12 months.

The mall retail business has remained steady since our venues reopened post Covid and has proved remarkably resilient in the face of competition presented by vacant shop units. Many of the operators that were trading pre Covid have remained in the malls and we have been delighted to see so many new concepts in retail now taking mall space - this includes products, services and food/drink retailing.

We were excited to roll out our new retail solution aimed at stimulating new and online retail businesses to trial physical retail. Rock Up and Pop Up offers a complete solution to nascent retailers providing them with an end-to-end retail solution including a fully designed and installed kiosk, space at top UK Shopping Centres and, if required, retail staff. At the end of 2022, we had three kiosks trading and we are looking to expand this service throughout 2023 and beyond. As at the date of this report we have four kiosks in operation with a further four being installed in June 2023. The Rock Up 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.

During the year we also renewed our ISO 9001,14001 and 45001 accreditations which relate to the quality of our business processes, operational expertise and management. SpaceandPeople's rigour relating to compliance is unique in our marketplace and our absolute attention to providing venues with compliant, timely and detailed paperwork is something that offers our client venues real reassurance regarding the quality of bookings that take place in their venues.

#### **Germany**

Our German business was significantly affected by Covid restrictions and the emergence of the omicron variant in January 2022. However, similar to the UK, it built the retail business back in 2022 with overall revenue of £1.3 million (2021: £0.9 million).

With business returning to more normal levels, we started looking at European expansion and, during the year, began our first trial within Austria with an initial two retail units with ECE. We are now in discussions with other property companies in respect of the Austrian opportunity.

We are ever mindful of the cost impact of our operations in both countries and in 2022 our German team moved into cheaper, central Hamburg offices which contributed to a £0.2 million reduction in administration costs.

## **Outlook**

It has been fantastic to see revenues grow back in both the UK and Germany after a prolonged period of turbulence for SpaceandPeople. We have rebuilt the business, won significant new venues, developed new products and produced a near break-even operating result without the support of Government money, so there is much to celebrate.

I am also delighted that we significantly added to our team in the year - recruiting additional staff across both marketing and sales enabling us to continue to service our venue base.

We have started 2023 in a strong position with the staffing, venue opportunity and business structure in place to continue our drive to dominate the UK market and to continue to grow across Europe with our new business concepts.

SpaceandPeople throughout its 23-year history has been a strong and resilient business and we are able, in 2023, to continue this growth trajectory without adding significantly to our cost base. We look to 2023 and beyond with confidence.

Nancy Cullen

Chief Executive Officer

26 May 2023

## **Operating and Financial Review**

We were pleased to see a gradual return to more normal trading conditions during 2022 compared with the "stop/start" nature of lockdowns and restrictions that had continued into 2021. At the start of 2022, promoter sentiment was still affected by the government messaging in December 2021 that pandemic cases were surging again, even though venues remained open. In Germany, the requirement to wear facemasks and provide proof of vaccination continued into the Spring of 2022, again, acting as a constraint on the return to normal trading. Thankfully, as the year progressed, these issues did not recur and confidence in booking promotions returned both in the UK and Germany.

Although the effects of the pandemic dissipated during the year, retailers and promoters were not immune to increased costs, wage inflation and interest rate increases. This had a material effect on a number of retailers, especially those who sell lifestyle products. One of the benefits of the Group's business model is that we are focused on refreshing the offer in the venues we trade with on a regular basis. The sales teams and venue managers work hard to replace traders who are struggling or are no longer attractive to the venues and therefore look to mitigate the risk from business failure. The Group has been prudent in recognising revenue from traders who are potentially distressed.

Pleasingly, the positive effect of not having any lockdowns and restrictions outweighed more recent macroeconomic challenges and revenue increased by 38% to £5.5 million and gross profit increased by 37% to £3.9 million, with all business areas performing significantly better than in 2021.

An operating loss before non-recurring charges of £9k in 2022 is slightly lower than the profit of £0.15 million achieved in 2021, however, this was achieved with £0.61 million less of Covid salary support and grants and demonstrates the continued resurgence of business without continued reliance on government support.

## Revenue

Revenue generated in 2022 was £5.5 million, which was £1.5 million (38%) higher than in the previous year. This was made up as follows:

	2022 £ million	2021 £ million	Movement
UK promotions	3.0	2.1	+43%
UK retail	1.2	1.0	+20%
German combined	1.3	0.9	+44%
<b>Total</b>	<b>5.5</b>	<b>4.0</b>	<b>+38%</b>

UK promotional revenue was up 43% to £3.0 million compared with the previous year and was almost back to pre-pandemic levels. Revenue from retailers who do not use our kiosks is included within this revenue stream. This revenue stream showed good growth, with retailers being able to trade without interruption throughout 2022. Our Brand Experience business has taken longer to recover due to longer development lead times for promotional activity than for retail bookings. This area of spend also has to be attracted back to our industry, having been diverted to other channels during the pandemic. Customer acquisition business has been the slowest to recover as many of the operators in this area have been constrained by staff availability and the impact of inflationary pressures and cost of living increases.

In the UK retail division, Retail Merchandising Unit ("RMU") revenue increased by 35% from the previous year primarily due to the absence of lockdowns.

The Mobile Promotions Kiosk ("MPK") element of UK retail revenue continued to face headwinds with charity and customer acquisition bookings being significantly lower due to macro-economic factors. Revenue was 4% down as a result.

Within the retail division, the new Rock Up and Pop Up concept delivered £41k of revenue from a standing start during the year and this is forecast to grow significantly through 2023 and beyond as this method of retailing surpasses traditional RMU trading.

Despite restrictions in Germany being eased more slowly than in the UK, revenue recovered well to £1.3 million, which was 44% up on 2021 and also above the pre-pandemic revenue of £1.0 million achieved in 2019. This was due to there being an average of 78 kiosks operational during 2022 compared with 56 in 2021 and 53 in 2019.

### **Administrative Expenses**

Administrative expenses increased by £0.6 million from the previous year to £4.1 million. This was almost exclusively as a result of increased staff costs, with additional staff, a return to commission and bonus targets being met and wage inflation caused by the competitive landscape for attracting good quality staff.

### **Other Operating Income**

In 2022, other income in relation to fees generated by the business increased by 11% to £0.15 million. The other component is government grants and salary support in relation to the pandemic. This dropped to £0.06 million in 2022, all arising in Germany, compared with £0.67 million that had been received during 2021.

### **Operating Results**

During 2022, the Group made an operating loss before non-recurring charges of £9k. Although this is lower than the operating profit of £0.15 million achieved in 2021, it was achieved with £0.6 million less government support and showed an underlying improvement of £0.4 million in the Group's profitability.

### **Non-recurring Charges**

As at 31 December 2022, the Group recognised an impairment in the carrying value of the goodwill in relation to the UK Retail cash generating unit ("CGU") of £1.5 million. The principal reasons for this are the increased borrowing costs of the Group as a result of bank base rate increases during 2022 which caused a significant increase in the discount factor used in relation to future cash flows along with a slight decrease in the anticipated growth rate due to macro-economic factors. The underlying profitability and cash forecasts for this CGU were consistent with previous expectations. This is explained more fully in note 12 to the financial statements.

Basic Earnings per Share excluding non-recurring costs and discontinued operations was a loss of (11.0)p (2021: profit per share 8.8p).

### **Cash Flow**

The Group cash inflow from operations was £1.1 million (2021: inflow of £0.8 million). This was due to positive EBITDA of £0.3 million with the remainder being due to movements in working capital. As at the end of 2022, the Group had drawn down £1.5 million of its banking facilities (2021: £1.8 million). With the gross cash position being £0.5 million higher at the end of 2022 than 2021 at £1.9 million (2021: £1.4 million), this resulted in net cash being £0.4 million (2021: net borrowings of £0.4 million).

Gregor Dunlay  
Chief Financial Officer  
26 May 2023

## Strategic Review

### **Key Performance Indicators**

The main financial key performance indicators are profit before taxation and non-recurring costs, EBITDA and cash headroom. During the year, the loss before taxation and non-recurring costs was £0.1 million (2021: profit of £0.1 million) and available cash at 31 December 2022 was £2.63 million (2021: £2.13 million). This is comprised of gross cash of £1.88 million and overdraft facilities of £0.75 million. Basic EPS before non-recurring costs and discontinued operations was a loss of 11.0p (2021: profit of 8.8p).

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.

	2022	2021
Revenue (£ million)	5.5	4.0
Operating (loss) / profit before non-recurring costs (£ million)	(0.0)	0.2
Basic (loss) / earnings per share before non-recurring costs and discontinued operation (p)	(11.0)	8.8
Average number of Retail Merchandising Units (RMUs)	115	79
Average number of Mobile Promotions Kiosks (MPKs)	38	24

## Consolidated Statement of Comprehensive Income

### For the 12 months ended 31 December 2022

	Notes	12 months to 31 December 2022	12 months to 31 December 2021
		£'000	£'000
<b>Continuing Operations</b>			
Revenue	4	5,529	4,020
Cost of sales	4	(1,644)	(1,211)
<b>Gross profit</b>		<b>3,885</b>	<b>2,809</b>
Administration expenses	4	(4,101)	(3,456)
Other operating income	5	207	800
<b>Operating (loss) / profit before non-recurring charges</b>		<b>(9)</b>	<b>153</b>
Non-recurring charges	8	(1,500)	-

Operating (loss) / profit		(1,509)	153
Finance costs	9	(116)	(78)
(Loss) / profit before taxation		(1,625)	75
Taxation	10	(89)	97
(Loss) / profit after taxation		(1,714)	172
Profit from discontinued operation		-	12
(Loss) / profit for the period		(1,714)	184
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		(25)	(38)
Total comprehensive income for the period		(1,739)	146

#### Earnings per share

Basic - before non-recurring charges and discontinued operation	23	(11.0)p	8.8p
Basic - after non-recurring charges and discontinued operation	23	(88.4)p	9.4p
Diluted - before non-recurring charges and discontinued operation	23	(11.0)p	8.3p
Diluted - after non-recurring charges and discontinued operation	23	(88.4)p	8.9p

#### Consolidated Statement of Financial Position

##### At 31 December 2022

	Notes	31 December 2022 £'000	31 December 2021 £'000
<b>Assets</b>			
<b>Non-current assets:</b>			
Goodwill	12	5,381	6,881
Property, plant & equipment	13	545	690
Deferred tax asset	15	208	297
		<b>6,134</b>	<b>7,868</b>
<b>Current assets:</b>			
Trade & other receivables	14	2,524	2,196
Current tax receivable		-	6
Cash & cash equivalents	16	1,885	1,380
		<b>4,409</b>	<b>3,582</b>
<b>Total assets</b>		<b>10,543</b>	<b>11,450</b>

**Liabilities****Current liabilities:**

Trade & other payables	17	5,591	4,339
Borrowings repayable within one year	18	322	297
Lease liabilities	19	180	189
		<b>6,093</b>	<b>4,825</b>

**Non-current liabilities:**

Borrowings repayable after one year	18	1,158	1,481
Lease liabilities	19	240	308
		<b>1,398</b>	<b>1,789</b>

**Total liabilities**

		<b>7,491</b>	<b>6,614</b>
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**Net assets**

		<b>3,052</b>	<b>4,836</b>
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**Equity**

Share capital	21	195	195
Share premium		4,868	4,868
Special reserve		233	233
Own shares held	25	(50)	-
Retained earnings		(2,194)	(460)

**Total equity**

		<b>3,052</b>	<b>4,836</b>
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**Consolidated Statement of Cash Flows**  
**For the 12 months ended 31 December 2022**

	Notes	12 months to 31 December 2022 £'000	12 months to 31 December 2021 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		1,216	680
Interest paid	9	(116)	(78)
Taxation		6	177
<b>Net cash inflow / (outflow) from operating activities</b>		<b>1,106</b>	<b>779</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	13	(87)	(80)
Purchase of own shares	25	(50)	-
<b>Net cash outflow from investing activities</b>		<b>(137)</b>	<b>(80)</b>

**Cash flows from financing activities**

Proceeds from new Bank facility		-	1,000
Bank facility payments		(298)	(972)
Payment of lease obligations	19	(166)	(186)
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(464)</b>	<b>(158)</b>

**Increase / (decrease) in cash and cash equivalents**

Cash and cash equivalents at beginning of Period		1,380	839
<b>Cash and cash equivalents at end of period</b>	16	<b>1,885</b>	<b>1,380</b>

**Reconciliation of operating profit to net cash flow from operating activities**

Operating (loss) / profit		(1,509)	153
Goodwill impairment	12	1,500	-
Loss on disposal		(6)	(28)
Depreciation of property, plant & Equipment	13	332	375
Effect of foreign exchange rate moves		(25)	(33)
(Increase) in receivables		(328)	(271)
Increase in payables		1,252	484
<b>Cash inflow from operating activities</b>		<b>1,216</b>	<b>680</b>

**Consolidated Statement of Changes in Equity**

**For the 12 months ended 31 December 2022**

	Share capital	Share premium	Special reserve	Own Shares held	Retained Earnings	Non- Controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2020	195	4,868	233	-	(587)	(24)	4,685

**Comprehensive  
income:**

Foreign currency

translation	-	-	-	-	(38)	-	(38)
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Profit for the period	-	-	-	-	184	-	184
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<b>Total comprehensive</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>-</b>	<b>146</b>
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**income**

Other movement	-	-	-	-	(24)	24	-
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Equity settled share-	-	-	-	-	5	-	5
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based payment

<b>At 31 December 2021</b>	<b>195</b>	<b>4,868</b>	<b>233</b>	<b>-</b>	<b>(460)</b>	<b>-</b>	<b>4,836</b>
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**Comprehensive  
income:**

Foreign currency

translation	-	-	-	-	(25)	-	(25)
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Loss for the period	-	-	-	-	(1,714)	-	(1,714)
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<b>Total comprehensive</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,739)</b>	<b>-</b>	<b>(1,739)</b>
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**income**

Purchase of own shares	-	-	-	(50)	-	-	(50)
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Equity settled share-	-	-	-	-	5	-	5
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based payment

<b>At 31 December 2022</b>	<b>195</b>	<b>4,868</b>	<b>233</b>	<b>(50)</b>	<b>(2,194)</b>	<b>-</b>	<b>3,052</b>
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## **Notes to the Financial Statements**

### **For the 12 months ended 31 December 2022**

#### **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). The principal activities of the company and its subsidiaries (the Group) and the nature of its operations are set out in the Directors Report.

#### **2. Basis of preparation**

The Group's financial statements have been prepared under the historical cost convention as described in the accounting policies set out in note 3 below. These 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 post Covid and 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 2024. 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.

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**

<u>Title</u>	<u>Implementation</u>	<u>Effect on Group</u>
Onerous Contracts - Cost of Fulfilling a Contract (Amendment to IAS 37)	Annual periods beginning on or after 1 January 2022	There is no material impact on the financial statements.
Annual Improvements to IFRS Standards 2018 - 2020	Annual periods beginning on or after 1 January 2022	There is no material impact on the financial statements.
Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)	Annual periods beginning on or after 1 January 2022	There is no material impact on the financial statements.
Reference to the Conceptual Framework (Amendments to IFRS 3)	Annual periods beginning on or after 1 January 2022	There is no material impact on the financial statements.

**The following amendments will be introduced in future periods**

<u>Title</u>	<u>Implementation</u>	<u>Effect on Group</u>
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 anticipated.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Annual periods beginning on or after 1 January 2023	Material rather than significant accounting policies will be 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 anticipated.
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 anticipated.
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	An impact assessment will be carried out in due course.
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods beginning on or after 1 January 2024	An impact assessment will be carried out in due course.

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. The performance obligation is considered to occur when the promotional or retail booking event takes place. This performance obligation is satisfied over the period of the booked event. Revenue does not contain a financing component nor any element of variable consideration.

##### Promotion divisions

Revenue in the UK promotion division is recognised over the period the 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. Payment of a deposit is typically due when the booking is made with the balance payable 30 days prior to the promotion taking place or in instalments if the promotion is of a duration longer than 30 days.

##### Retail divisions

Revenue in the UK and German retail divisions is recognised in the month during which the booking takes place. This is due to the requirement to match the revenue with performance obligations. Payment is due in advance on a monthly basis.

#### **Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

#### **Government assistance**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants received in are reported within other operating income.

## 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, where material, 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.

Further details are disclosed in [note 8](#) to the financial statements.

#### 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, impairment of the value of investment in subsidiaries and taxation. Explanations of the methodology and the resultant assumptions are detailed in the relevant accounting policies above and the respective notes to the financial statements.

#### 4. Segmental reporting

The Group splits its business into two main areas, being promotions and retail. The retail business 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, results and asset and liability information 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 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.

Prior year amounts have been re-presented in a format consistent with the current year that reflects the basis of the entity's internal management reporting that has been used by the Group to monitor the performance of segments.

<u>Segment revenues and Results for 12 months to 31 December 2022</u>	Promotion UK £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Group £'000
Segment Revenue	3,011	1,236	1,282	-	5,529
Cost of sales	-	(830)	(814)	-	(1,644)
Administrative expenses excluding depreciation	(2,006)	(123)	(635)	(1,005)	(3,769)
Other revenue	-	-	207	-	207
Depreciation	(61)	(95)	(9)	(167)	(332)
<b>Segment Operating profit / (loss)</b>	<b>944</b>	<b>188</b>	<b>31</b>	<b>(1,172)</b>	<b>(9)</b>
Non-recurring costs	-	(1,500)	-	-	(1,500)
Finance costs	-	-	-	(116)	(116)
<b>Segment profit / (loss) before taxation</b>	<b>944</b>	<b>(1,312)</b>	<b>31</b>	<b>(1,455)</b>	<b>(1,625)</b>

  

<u>Segment assets and liabilities as at 31 December 2022</u>	Promotion UK £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Group £'000
Total segment assets	3,151	6,117	674	601	10,543
Total segment liabilities	(4,651)	(503)	(430)	(1,907)	(7,491)
<b>Total segment net assets</b>	<b>(1,500)</b>	<b>5,614</b>	<b>244</b>	<b>(1,306)</b>	<b>3,052</b>

<u>Segment revenues and Results for 12 months to 31 December 2021</u>	Promotion UK £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Other £'000	Group £'000
Segment Revenue	2,132	1,022	866	-	-	4,020
Cost of sales	-	(701)	(510)	-	-	(1,211)
Administrative expenses excluding depreciation	(1,382)	(152)	(774)	(773)	-	(3,081)
Other revenue	126	-	674	-	-	800
Gain associated with discontinued operations	-	-	-	-	12	12
Depreciation	(38)	(107)	(38)	(192)	-	(375)
<b>Segment Operating profit / (loss) including discontinued operations</b>	<b>838</b>	<b>62</b>	<b>218</b>	<b>(965)</b>	<b>12</b>	<b>165</b>
Finance costs	-	-	-	(78)	-	(78)
<b>Segment profit / (loss) before taxation including discontinued operations</b>	<b>838</b>	<b>62</b>	<b>218</b>	<b>(1,043)</b>	<b>12</b>	<b>87</b>

  

<u>Segment assets and liabilities as at 31 December 2021</u>	Promotion UK £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Group £'000
Total segment assets	2,439	7,617	750	644	11,450
Total segment liabilities	(3,339)	(640)	(443)	(2,192)	(6,614)
<b>Total segment net assets</b>	<b>(900)</b>	<b>6,977</b>	<b>307</b>	<b>(1,548)</b>	<b>4,836</b>

5. Other operating income

Other operating income is comprised of:

	12 months to December 2022 £'000	12 months to December 2021 £'000
Government grants	60	668
Ancillary charges	147	132
	<b>207</b>	<b>800</b>

6. Operating profit / (loss)

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

	12 months to December 2022 £'000	12 months to December 2021 £'000
Impairment of goodwill	1,500	-
Depreciation of property, plant and equipment	165	183
Depreciation of right of use assets	167	192

Auditor's remuneration:		
Fees payable for:		
Audit of Company	36	32
Audit of subsidiary undertakings	19	18
Audit related services	9	10
Tax compliance	5	10
Other tax services	10	4
Other services	5	5
	<b>84</b>	<b>80</b>
Directors' remuneration	<b>702</b>	<b>554</b>

**7. Staff costs**

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

	12 months to December 2022	12 months to December 2021
Executive Directors	3	3
Non-executive Directors	3	3
Administration	17	16
Telesales	19	19
Commercial	4	3
Maintenance	6	6
	<b>52</b>	<b>50</b>

	12 months to December 2022 £'000	12 months to December 2021 £'000
Wages and salaries	2,329	1,785
Social Security costs	311	198
Pensions	98	112
	<b>2,738</b>	<b>2,095</b>

**8. Non-recurring charges**

	12 months to December 2022 £'000	12 months to December 2021 £,000
Impairment of UK Retail CGU	1,500	-
	<b>1,500</b>	<b>-</b>

Please refer to note 12 for further information.

**9. Finance income and costs**

	12 months to December 2022	12 months to December 2021
	£'000	£'000
Finance costs:		
Interest payable on borrowings	77	30
Interest payable on lease obligations	39	48
	<u>116</u>	<u>78</u>

**10. Taxation**

	12 months to December 2022	12 months to December 2021
	£'000	£'000
<b>Current tax expense:</b>		
Current tax on profits/(losses) for the year	-	-
Adjustment for under/(over) provision in prior periods	-	(7)
<b>Total current tax</b>	<u>-</u>	<u>(7)</u>
<b>Deferred tax:</b>		
Charge in respect of change of rate	-	(66)
Charge in respect of temporary timing differences	89	(24)
<b>Total deferred tax</b>	<u>89</u>	<u>(90)</u>
<b>Income tax charge / (credit) as reported in the income statement</b>	<u>89</u>	<u>(97)</u>

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 2022	12 months to December 2021
	£'000	£'000
(Loss) / profit on ordinary activities before tax	<u>(1,625)</u>	<u>75</u>
(Loss) / profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)	(309)	14
<b>Tax effect of:</b>		
- Adjustment for (over)/under provision in prior periods	-	(7)
- Over provision of deferred tax	61	-
- Use of recognised losses	45	-
- Disallowable items	300	1
- Change in tax rates substantively enacted	-	(66)
- Use of tax losses previously not recognised	(8)	(39)
<b>Income tax charge / (credit) as reported in the Income Statement</b>	<u>89</u>	<u>(97)</u>

## 11. Dividends

No dividends were paid during the current or prior year. The Directors do not recommend a final dividend for 2022 (2021: £nil).

## 12. Goodwill

Cost	£'000
At 31 December 2020	8,225
Additions	-
At 31 December 2021	8,225
Additions	-
At 31 December 2022	8,225
<b>Accumulated impairment losses</b>	
At 31 December 2020	1,344
Charge for the period	-
At 31 December 2021	1,344
Charge for the period	1,500
At 31 December 2022	2,844
<b>Net book value</b>	
At 31 December 2020	6,881
At 31 December 2021	6,881
At 31 December 2022	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 11.84% (2021 - 7.83%).

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 1.65% (2021 - 1.7%).

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.

Impairment testing resulted in a reduction to the estimated recoverable amount of goodwill. The related goodwill impairment loss of £1.5m for 2022 has been included in non-recurring charges.

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 11.84%, for each further movement of 1% an impairment loss of £0.462 million would be recognised and written off against goodwill.

If the annual growth rate beyond 2022, used in the cash flow projection, is decreased by 0.25% an impairment loss of £0.166 million would be recognised and written off against goodwill.

### 13. Property, plant and equipment

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

<b>Cost</b>	Plant & equipment	Fixture & fittings	Computer equipment	Right of use assets property	Right of use assets plant & equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2020	3,061	295	823	822	161	5,162
Additions	52	4	34	-	8	98
Disposals	(10)	-	-	(82)	(15)	(107)
Forex	-	(3)	-	(2)	-	(5)
At 31 December 2021	<b>3,103</b>	<b>296</b>	<b>857</b>	<b>738</b>	<b>154</b>	<b>5,148</b>
Additions	39	16	32	124	44	255
Disposals	-	-	-	(151)	-	(151)
At 31 December 2022	<b>3,142</b>	<b>312</b>	<b>889</b>	<b>711</b>	<b>198</b>	<b>5,252</b>
<b>Depreciation</b>	Plant & equipment	Fixture & fittings	Computer equipment	Right of use assets property	Right of use assets plant & equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2020	2,767	280	794	200	93	4,134
Charge for the period	155	8	20	153	39	375
Depreciation on disposals	-	-	-	(36)	(15)	(51)
At 31 December 2021	<b>2,922</b>	<b>288</b>	<b>814</b>	<b>317</b>	<b>117</b>	<b>4,458</b>
Charge for the period	128	8	29	142	25	332
Depreciation on disposals	-	-	-	(83)	-	(83)
At 31 December 2022	<b>3,050</b>	<b>296</b>	<b>843</b>	<b>376</b>	<b>142</b>	<b>4,707</b>
<b>Net book value</b>	Plant & equipment	Fixture & fittings	Computer equipment	Right of use assets property	Right of use assets plant & equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2020	294	15	29	622	68	1,028
At 31 December 2021	<b>181</b>	<b>8</b>	<b>43</b>	<b>421</b>	<b>37</b>	<b>690</b>
At 31 December 2022	<b>92</b>	<b>16</b>	<b>46</b>	<b>335</b>	<b>56</b>	<b>545</b>

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

#### 14. Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Net trade debtors	2,052	1,587
Other debtors	337	324
Prepayments	135	285
<b>Total</b>	<b>2,524</b>	<b>2,196</b>
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 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 2022 £'000	31 December 2021 £'000
Trade debtors	2,823	2,238
Loss allowance	(771)	(650)
<b>Net trade debtors</b>	<b>2,052</b>	<b>1,587</b>

Movement in loss allowance:

	31 December 2022 £'000	31 December 2021 £'000
1 January	650	1,197
Additional provisions	225	291
Utilised or released	(104)	(838)
<b>31 December</b>	<b>771</b>	<b>650</b>

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

As of 31 December 2022, trade receivables of £1.6 million (2021: £1.1 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 2022	204	65	1,345	1,614
Net amount at 31 December 2021	140	78	878	1,095

15. Deferred tax

	31 December 2022 £'000	31 December 2021 £'000
<b>Deferred tax assets:</b>		
Deferred tax asset to be recognised after less than 12 months	-	-
Deferred tax asset to be recognised after more than 12 months	208	297
<b>Deferred tax asset</b>	<b>208</b>	<b>297</b>
<b>Split as follows:</b>		
Fixed asset timing differences	(5)	24
Tax losses	202	263
Other	11	10
<b>Deferred tax asset</b>	<b>208</b>	<b>297</b>
<b>Movement in the year:</b>		
At 1 January	297	207
Adjustment in respect of losses	(61)	-
Change in tax rate substantively enacted	-	66
Charge in respect of temporary timing differences on property, plant and equipment	(29)	24
Other movements	1	-
<b>At 31 December</b>	<b>208</b>	<b>297</b>

The Finance Bill 2022 was substantively enacted on 24 May 2022 changing the main rate of corporation tax from 19% to 25% after 1 April 2023. The closing deferred tax asset has been measured in accordance with the rate substantively enacted at the Balance Sheet date that would be expected to apply on reversal of the timing differences.

The Group expects to fully utilise the UK deferred tax asset recognised against future taxable profits as the future growth strategy for the business is realised.

Deferred tax is not recognised in respect of tax losses in Germany due to uncertainty over when they will be recovered against the reversal of deferred tax liabilities or future taxable profits. This is an unrecognised deferred tax asset of £260k (2021: £291k).

16. Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Cash at bank and on hand	1,885	1,380
	<b>1,885</b>	<b>1,380</b>

17. Trade and other payables

	31 December 2022 £'000	31 December 2021 £'000
<b>Amounts payable within one year</b>		
Trade creditors	335	200
Other creditors	3,457	2,351
Social Security and other taxes	447	157
Accrued expenses	838	1,088
Deferred income	514	543
<b>Total</b>	<b>5,591</b>	<b>4,339</b>

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 2022 £'000	31 December 2021 £'000
Bank facilities:		
Payable within one year	322	297
Payable after one year	1,158	1,481
	<b>1,480</b>	<b>1,778</b>

As at 31 December 2022, SpaceandPeople plc had £1.48 million (2021: £1.78 million) of CBILS term loans, £0.56 million of which expire in April 2025 and £0.92 million expire in January 2027. SpaceandPeople plc also had £0.75 million of overdraft facilities of which £nil was used as at 31 December 2022 (2021: £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 2022 £'000	31 December 2021 £'000
<b>Right of use assets</b>		
Property	335	421
Plant and equipment	56	37
	<b>391</b>	<b>458</b>
<b>Lease liabilities</b>		
Current	180	189
Non-current	240	308
<b>Total</b>	<b>420</b>	<b>497</b>

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 2022 £'000	12 months to December 2021 £'000
<b>Depreciation charge of right of use assets</b>		
Property	142	153
Plant and equipment	25	39
	<b>167</b>	<b>192</b>
 Interest expense on lease liabilities	 39	 48

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

	1 January 2022 £'000	Cash flows £'000	New Leases £'000	Other £'000	31 December 2022 £'000
Current lease liabilities	189	(166)	55	102	180
Non-current lease liabilities	308	-	113	(181)	240
<b>Total liabilities from financing activities</b>	<b>497</b>	<b>(166)</b>	<b>168</b>	<b>(79)</b>	<b>420</b>

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 the Covid pandemic and 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 cash headroom. 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:

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

	Carrying amount	On Demand/within one year	Within 1- 2 years	Within 2-5 years	Over 5 years
2021	£'000	£'000	£'000	£'000	£'000
Borrowings	1,778	297	322	634	525
Lease liabilities	497	189	162	146	-
Trade and other payables	4,339	4,339	-	-	-
<b>Total</b>	<b>6,614</b>	<b>4,825</b>	<b>484</b>	<b>780</b>	<b>525</b>

**Borrowing facilities** - As at the balance sheet date, the Group has agreed facilities of £2.23 million, of which £1.48 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 £1.48 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 £15k 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 £26k.

## 21. Called up share capital

Allotted, issued and fully paid			31 December 2022	31 December 2021
Class	Nominal value			
Ordinary	10p (2021 - 1p)	£	195,196	195,196
		Number	1,951,957	19,519,563

On 13 June 2022 the company carried out a consolidation of the Company's ordinary share capital, resulting in every 10 existing ordinary shares of 1 pence each being consolidated into 1 new ordinary share of 10 pence each.

Conversion ratio of Existing ordinary shares	10 Existing Ordinary Shares: 1 New Ordinary Shares	
Opening number of shares in issue at 1p	19,519,563	
Issue of shares prior to consolidation at 1p	7	
Total number of shares prior to consolidation at 1p	19,519,570	
Closing number of shares in issue following consolidation at 10p	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 2022	12 months to 31 December 2021	12 months to 31 December 2021
	Pence per share	Pence per share restated for share consolidation	Pence per share
<b>Basic earnings / (loss) per share</b>			
Before non-recurring charges and discontinued operation	(11.0)p	8.8p	0.9p
After non-recurring charges and discontinued operation	(88.4)p	9.4p	0.9p
<b>Diluted earnings / (loss) per share</b>			
Before non-recurring charges and discontinued operation	(11.0)p	8.3p	0.8p
After non-recurring charges and discontinued operation	(88.4)p	8.9p	0.9p

Calculation of before non-recurring and discontinued operations

	12 months to 31 December 2022	12 months to 31 December 2021 restated for share consolidation	12 months to 31 December 2021
	£'000	£'000	£'000
(Loss) / profit after tax for the period	(1,714)	184	184
Non-recurring charges	1,500	-	-
Discontinued operation	-	(12)	(12)
(Loss) / profit after tax for the period before non-recurring charges	(214)	172	172

Weighted average number of shares	31 December 2022	31 December 2021 restated for share consolidation	31 December 2021
	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,939	1,952	19,520
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,077	2,075	20,752

The weighted average number of shares is calculated as follows:

	12 months to 31 December 2022	12 months to 31 December 2021 restated for share consolidation	12 months to 31 December 2021
	'000	'000	'000
Weighted average number of shares in issue during the period	1,952	1,952	19,520
Impact from purchase of own shares 28 September 2022	(13)	-	-
Weighted average number of ordinary shares	1,939	1,952	19,520
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	137	123	1,232
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	2,076	2,075	20,752

As set out in note 24, there were share options outstanding as at 31 December 2022 which, if exercised, would increase the number of shares in issue. However, the diluted loss per share is the same as the basic loss per share in the year to 31 December 2022, as the loss for this 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 183,350 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
12 January 2015	24,350	12 January 2018 - 12 January 2025	474p
30 June 2021	83,000	30 June 2024 - 30 June 2031	125p
24 August 2022	76,000	24 August 2025 - 24 August 2032	102.5p

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

	12 months to 31 December 2022	12 months to 31 December 2021
Number of options outstanding as at the beginning of the period	1,101,000	1,300,818
Number of options in issue following share consolidation	110,100	-
Granted	76,000	855,000
Lapsed	-	(254,818)
Forfeited	(2,750)	(800,000)
Number of options outstanding as at the end of the period	183,350	1,101,000
Weighted average exercise price	162p	20.3p

The number of options outstanding and the weighted average exercise price should the share consolidation have applied in 2021 would have been 110,100 and 203p respectively.

The total share-based payment charge for the year, calculated in accordance with IFRS2 on share-based payments, was £5k (2021: £5k).

## 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.

	Number of shares	£'000
Opening balance 1 January 2021 and closing balance 31 December 2021	-	-

Acquisition of shares by Employee Benefit Trust	49,405	50
Closing balance 31 December 2022	49,405	50

**Contact details:**

**SpaceandPeople Plc** 0845 241 8215

Nancy Cullen, Gregor Dunlay

**Zeus (Nominated Adviser and Broker)** 0203 829 5000

David Foreman, Jamie Peel, Ed Beddows

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