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SpaceandPeople PLC
25 April 2022

SpaceandPeople plc

("SpaceandPeople" or the "Group")

Final Results for the year ended 31 December 2021

SpaceandPeople (AIM:SAL) the retail, promotional and brand experience specialist, is pleased to announce its final results for the year ended 31 December 2021.

Financial Highlights

- Revenue of £4.0 million (2020: £2.8 million and 2019: £7.7 million)
- Operating profit of £0.2 million (2020: loss of £3.6 million and 2019: profit of £0.1 million)
- Basic Earnings per Share before non-recurring costs and discontinued operation of 0.9p (2020: loss of 7.2p and 2019: profit of 0.3p)
- Borrowings net of cash at year end of £0.4 million with available facilities of £2.5 million (2020: net borrowings of £0.9 million)

Operational Highlights

- Multi-year contract renewal with major client ECE in Germany
- Extension of relationship with Landsec through to 2026
- Demonstrated resilience of the business with successful bounce-back each time restrictions were lifted
- Refinancing of banking facilities for a longer period of time

Post Year End Highlights

- Extension of Network Rail agreement until 2023

Chair's Statement

After another year of pandemic-induced disruption, I would like firstly to thank all of our staff and management across the business for their hard work and support in 2021 as well as their continued commitment to the Group.

We have focused on ensuring the business is in the best shape it can be for the recovery which is now under way while dealing with the government-imposed restrictions in the UK and Germany. The difficult decisions that were made during this period have left a more resilient business which has a robust balance sheet and stable, committed finance facilities. The biggest impacts were felt in 2020's results through non-recurring charges in the income statement with no similar charges in the year we are now reporting on.

Growth returned to the business in 2021, as we expected, but remained below pre-pandemic levels despite new venue wins and we look forward to a more normal year of trading in 2022. However, a significant milestone was achieved last year with the move back into profit and positive earnings per share.

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 Germany and there is the necessary capital, resource, skills and ambition within the business to achieve these.

Your business is a cash generative one which has limited capital expenditure needs and we will look to return to paying dividends at a suitably prudent time. We will keep you informed of progress towards this over upcoming reporting periods.

Finally, I would like to thank my Board colleagues for their support and input throughout the year and to congratulate again the SpaceandPeople team for all that they have achieved in 2021. In particular, I would like to thank Graham Bird, who has chosen to retire from the Board at the forthcoming AGM, for his invaluable support and insight as a director during an extremely turbulent time.

George Watt
Chair
22 April 2022

Chief Executive Officer's Review

Introduction

2021 was yet another challenging year for the business - we started the year in lockdown with the earliest venues to open being English shopping centres in April 2021 and the latest being German shopping malls which opened fully during May 2021. Thankfully, venues remained open for the rest of the year in the UK, but the announcement regarding the new omicron variant of covid in November 2021 had a profound effect on our business in November and December and many of our retail clients suffered from poor Christmas sales due to diminished footfall. In Germany, our shopping centre venues also remained open, but customers visiting centres were subjected to vaccine passport checks before they entered each store which had a detrimental effect on footfall.

Once again, I am indebted to our staff and senior team in both the UK and Germany for their tenacity and tolerance over what has been another very challenging year for them and to my fellow Directors for their resilience after another year of difficult trading conditions.

A Year of Recovery

UK

Overall, 2021 was a year of recovery from the challenging circumstances that we found ourselves in during 2020, when the majority of our venues were closed for up to four months and train station footfall plummeted as a result of lockdowns and subsequent working from home advice. For the most part, footfall recovered well in 2021 post the April reopening and until November we were recording strong footfall levels in both the UK and Germany and business across all sectors that we represent was returning. Unfortunately for the business, the publicity surrounding the omicron variant of covid created an immediate slow-down in both demand for space and venue footfall and we received a number of cancellations to pre-planned bookings at a critical time of year. Our retail clients who continued to trade throughout this period also reported poor trading figures as a result of low footfall in their venues.

In the UK, of all our revenue streams, the Brand Experience business suffered the most. In 2021, many agencies chose alternative media (in preference to live events), outdoor venues (due to social distancing) or postponed campaigns until 2022. This affected revenue across the full portfolio of venues that we represent. I am very pleased to report, however, that after a slow start to 2022, business levels in this sector are now recovering well.

In the retail sector business demand remained strong, in part due to our vastly expanded network of venues, but also due to the variety of retail options that we offer short-term retailers. It has been encouraging to see new products and services continue to take space at our venues and the appetite for pop-up retail continues unabated. Specific trends such as the increase in pet ownership has also resulted in the growth of new product categories including pet food subscription promotions and accessories kiosks. This year we have exciting plans for an expansion of our Pop-Up Shop concept which we hope will drive increased demand from both new and on-line retailers.

During the year we were also delighted to sign a contract extension with Landsec, one of our most important property partners, for the provision of experiential activity and short-term retailing. This agreement which covers 35 shopping centres, retail parks and leisure destinations was extended until 2026.

Germany

Our German business was affected significantly by lockdowns and the emergence of the omicron variant. Shopping malls in Germany were permitted to reopen by May and remained open throughout the rest of the year, however, as soon as the omicron variant news was announced, malls required all customers to show their vaccination status before entering any shops which had a significant negative effect on footfall. At the end of March 2022, Germany removed all restrictions including compulsory mask wearing. This was the first time that all restrictions had been fully lifted since March 2020.

We did have significant good news during the year in that the German management team successfully negotiated a new contract with ECE for a further five years. The number of RMUs included in the new agreement is a minimum of 58 in 30 shopping centres, with the aim of agreeing further venues and RMUs throughout the contract period. This new agreement also allows us to trade in ECE malls without large minimum guarantees. During the year we also trialled new venues for our products introducing our first RMU into Hauptbahnhof Hamburg station. We will be monitoring sales here with a view to expanding our train station network or introducing additional retail into this site.

Outlook

2021, although a marked improvement on 2020, was not without its challenges both at the beginning and at the very end of the year and the business has yet again had to build back from very difficult circumstances. I am pleased to report however that we are now seeing business levels returning and footfall in our venues continuing to grow. This has been helped by the removal of working from home advice and by the phasing out of covid testing. January and February remained affected in both the UK and Germany, but we are now seeing a revival in business interest across all sectors in which we operate. At the start of March 2022, we were delighted to announce that our partnership with Network Rail had been extended for a further year. As footfall in stations continues to grow during 2022, this relationship will be fundamental to the recovery in revenue, which combined with a renewed focus on our key sectors, a committed and highly motivated management team and vastly reduced overheads will see improved operating profitability in 2022 even given the impact of current general economic factors.

Nancy Cullen
Chief Executive Officer
22 April 2022

Operating and Financial Review

2021 saw the Group return to profitability despite another stop / start year characterised by continuing periods of lockdown and government advice to restrict interaction in both the UK and Germany, not always concurrently.

With this having been the case for some time now, the business was much better prepared to react to closures and reopenings, but it still made planning and forward selling extremely challenging.

Despite these issues, revenue increased by 43% to £4.0 million primarily reflecting less time spent in lockdown. Along with a 15% reduction in cost of sales and a 19% reduction in administration expenses (excluding non-recurring costs), this led to a return to profitability following the extreme challenges of 2020.

Revenue

Revenue generated in 2021 was £4.0 million, which was £1.2 million (43%) higher than in the previous year. This was made up as follows:

	2021 £ million	**2020 £ million**	**Movement**
UK promotions	2.1	0.8	+162%
UK retail	1.0	0.9	+11%
German combined	0.9	1.1	-18%
Total	**4.0**	**2.8**	**+43%**

The increase in total revenue was primarily due to there being longer periods of time during 2021 than in the previous year when venues were open and able to accept bookings and activity as well as the gradual recovery in sentiment for both venues and promoters.

UK promotional revenue was up 162% to £2.1 million compared with the previous year, although this was still 39% below that achieved in 2019. The increase from the previous year was as a result of Brand Experience activity and kiosk retailing experiencing encouraging recoveries, although Brand Experience activity still remained some way behind 2019 levels as brands and agencies remained cautious of face-to-face engagement.

In the UK retail division, Retail Merchandising Unit ("RMU") revenue recovered slightly from the previous year. RMU retailers were some of the first operators to return to venues each time restrictions were lifted, however, a number of RMUs remained out of operation in some venues as the need to maintain social distancing meant that RMUs in compromised positions had to be removed from service for significant periods of time.

The Mobile Promotions Kiosk ("MPK") element of UK retail revenue continued to be supressed during 2021. Revenue was 5% lower than in the previous year due to a material decline in activity from the charity sector where face to face engagement remained difficult.

German revenue fell by 18% to £0.9 million with a corresponding reduction in cost of sales. The profile of the periods of lockdown in Germany differed from the UK with venues locked down from the start of 2021 until the end of May and with trade slow to recover through June. In the previous year, Germany had only gone into lockdown from the middle of March until the start of May, so was significantly less affected than the UK.

Administrative Expenses

Administrative expenses declined by £0.8 million from the previous year to £3.5 million. This was as a result of the reduction in staff costs where £0.7 million was saved with the reduction in the average number of staff employed falling from 69 to 50. This follows the £0.6 million reduction in administrative expenses achieved in the prior year and marks the completion of the cost reduction plan put in place at the start of the pandemic.

Other Operating Income

As was the case in the previous year, other operating income mainly comprised coronavirus business support provided by both the UK and German governments by way of staff cost support and government compensation for loss of profitability in Germany.

Operating Profit

During 2021, the Group returned to an operating profit position of £0.2 million, which although in itself is modest, marked a substantial turnaround following the operating loss of £3.6 million in the previous period.

Basic Earnings per Share ("EPS") improved to 0.9p (2020: loss per share 17.2p) and fully diluted EPS improved to 0.9p (2020: loss per share 17.2p). Basic EPS is calculated as profit after tax and attributable to the owners of the Company divided by the weighted average number of shares in issue during the year which was 19,519,563 (2020: 19,519,563).

Basic EPS excluding non-recurring costs and discontinued operations improved to 0.9p (2020: negative 7.2p).

Fully diluted EPS excluding non-recurring costs and discontinued operations improved to 0.8p (2020: negative 17.2p).

Fully diluted EPS also takes into account the number of shares that would be issued on the exercise of outstanding share options. The weighted average number of shares used to calculate the diluted EPS was 20,752,108 (2020: 19,519,563).

Cash Flow

The Group cash inflow from operations was £0.8 million (2020: outflow of £1.1 million). This was due to positive EBITDA of £0.5 million and a £0.2 million corporation tax receipt. As at the end of 2021, the Group had drawn down £1.78 million of its banking facilities (2020: £1.75 million). With the gross cash position being £0.5 million higher at the end of 2021 than 2020 at £1.4 million (2020: £0.8 million), this resulted in borrowings net of cash being £0.4 million (2020: £0.9 million).

Gregor Dunlay
Chief Financial Officer
22 April 2022

Consolidated Statement of Comprehensive Income

For the 12 months ended 31 December 2021

	Notes	12 months to 31 December 2021	12 months to 31 December 2020
		£'000	£'000
Continuing Operations			
Revenue	4	**4,020**	**2,813**
Cost of sales	4	(1,211)	(1,417)
Gross profit		**2,809**	**1,396**
Administration expenses	4	(3,456)	(4,267)
Other operating income	5	800	739
Operating profit / (loss) before non-recurring costs		**153**	**(2,132)**
Non-recurring charges	8	-	(1,442)
Operating profit / (loss)		**153**	**(3,574)**
Finance costs	9	(78)	(27)
Profit / (loss) before taxation		**75**	**(3,601)**
Taxation	10	97	519
Profit / (loss) after taxation		**172**	**(3,082)**
Profit / (loss) from discontinued operation	11	12	(512)
Profit / (loss) for the period		**184**	**(3,594)**
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		(38)	(30)
Total comprehensive income for the period		**146**	**(3,624)**
Profit / (loss) for the period attributable to			
Owners of the Company		184	(3,355)
Non-controlling interests		-	(239)
		184	**(3,594)**
Total comprehensive income for the period attributable to			
Owners of the Company		146	(3,385)
Non-controlling interests		-	(239)
		146	**(3,624)**
Earnings / (loss) per share			
Basic - before non-recurring charges and discontinued operation	24	0.9p	(7.2)p
Basic - after non-recurring charges and discontinued operation	24	0.9p	(17.2)p

Diluted - before non-recurring charges and discontinued operation	24	0.8p	(7.2)p
Diluted - after non-recurring charges and discontinued operation	24	0.9p	(17.2)p

Consolidated Statement of Financial Position

At 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Assets			
Non-current assets:			
Goodwill	13	6,881	6,881
Property, plant & equipment	14	690	1,028
Deferred tax asset	16	297	160
		7,868	**8,069**
Current assets:			
Trade & other receivables	15	2,196	1,990
Current tax receivable		6	176
Deferred tax asset	16	-	47
Cash & cash equivalents	17	1,380	839
		3,582	**3,052**
Total assets		**11,450**	**11,121**
Liabilities			
Current liabilities:			
Trade & other payables	18	4,339	3,936
Borrowings repayable within one year	19	297	972
Lease liabilities	20	189	286
		4,825	**5,194**
Non-current liabilities:			
Borrowings repayable after one year	19	1,481	778
Lease liabilities	20	308	464
		1,789	**1,242**
Total liabilities		**6,614**	**6,436**
Net assets		**4,836**	**4,685**
Equity			
Share capital	22	195	195
Share premium		4,868	4,868
Special reserve		233	233
Retained earnings		(460)	(587)
Equity attributable to owners of the Company		**4,836**	**4,709**
Non-controlling interest		-	(24)
Total equity		**4,836**	**4,685**

Consolidated Statement of Cash Flows

For the 12 months ended 31 December 2021

	Notes	12 months to 31 December 2021 £'000	12 months to 31 December 2020 £'000
Cash flows from operating activities			
Cash generated from operations		680	(1,185)
Interest received - discontinued operation	11	-	6

Interest paid	9	(78)	(27)
Taxation		177	57
Net cash inflow / (outflow) from operating activities		**779**	**(1,149)**
Cash flows from investing activities			
Purchase of property, plant & equipment	14	(80)	(32)
Net cash outflow from investing activities		**(80)**	**(32)**
Cash flows from financing activities			
Proceeds from new Bank facility		1,000	1,000
Bank facility payments		(972)	-
Payment of lease obligations		(186)	(207)
Net cash (outflow) / inflow from financing activities		**(158)**	**793**
Increase / (decrease) in cash and cash equivalents		**541**	**(388)**
Cash and cash equivalents at beginning of Period		839	1,227
Cash and cash equivalents at end of period	17	**1,380**	**839**

Reconciliation of operating profit to net cash flow from operating activities			
Operating profit / (loss)		153	(4,092)
Write off of goodwill	13	-	1,100
Gain / loss on disposal		(28)	-
Depreciation of property, plant & Equipment	14	375	326
Effect of foreign exchange rate moves		(33)	(33)
(Increase) / decrease in receivables		(271)	1,438
Increase in payables		484	76
Cash inflow / (outflow) from operating activities		**680**	**(1,185)**

Consolidated Statement of Changes in Equity

For the 12 months ended 31 December 2021

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total equity £'000
At 31 December 2019	**195**	**4,868**	**233**	**2,799**	**215**	**8,310**
Comprehensive income:						
Foreign currency translation	-	-	-	(30)	-	(30)
Loss for the period	-	-	-	(3,356)	(239)	(3,595)
Total comprehensive income	**-**	**-**	**-**	**(3,386)**	**(239)**	**(3,625)**
At 31 December 2020	**195**	**4,868**	**233**	**(587)**	**(24)**	**4,685**

Comprehensive

income:						
Foreign currency translation	-	-	-	(38)	-	(38)
Profit for the period				184	-	184
Total comprehensive income	**-**	**-**	**-**	**146**	**-**	**146**
Other movement	-	-	-	(24)	24	-
Equity settled share-based payment	-	-	-	5	-	5
At 31 December 2021	**195**	**4,868**	**233**	**(460)**	**-**	**4,836**

Notes to the Financial Statements

For the 12 months ended 31 December 2021

General information

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

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). As a result of the UK leaving the EU, the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685) require all companies with accounting periods beginning on or after 1 January 2021 to apply UK-adopted IAS. In the previous year, the company applied International Financial Reporting Standards as adopted in the European Union (EU-adopted IFRS). Prior year comparatives have not been restated for this change. On 1 January 2021 UK-adopted IAS and EU-adopted IFRS were identical. Since this date timing differences in endorsement have arisen, however no amendments would be required to these financial statements if they were to be prepared in accordance with EU-adopted IFRS as at 31 December 2021.

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, its cash flows and liquidity position continue to be reviewed by the Directors. They take a prudent view on the continuing recovery in the Group's business post covid lockdowns and have stress tested these assumptions to ensure that cash flows and liquidity are sufficiently robust to allow the Group to continue to trade during this period.

During 2021, the Group refinanced its borrowing facilities with its principal banker. The Group now has term loans in place that mature in 2025 and 2027 along with overdraft facilities available for a 3 year period. New covenants are in place that reflect the current trading position and a reasonable view of the continued recovery from the pandemic.

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. The Group's current and long-term forecast outlook has provided further assurance to the Directors regarding its financial position.

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

Accounting developments

New and revised IFRSs applied

Title	Implementation	Effect on Group
COVID-19 Related Rent Concessions (Amendments to IFRS16)	Annual period beginning on or after 1 June 2020	There is no material impact on the financial statements.
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16)	Annual periods beginning on or after 1 January 2021	There is no material impact on the financial statements.

The following amendments will be introduced in future periods

Title	Implementation	Effect on Group
Onerous Contracts - Cost of Fulfilling a Contract (Amendment to IAS 37)	Annual periods beginning on or after 1 January 2022	The Board does not anticipate any impact on the financial statements.
Annual Improvements to IFRS Standards 2018 - 2020	Annual periods beginning on or after 1 January 2022	The Board does not anticipate any 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	The Board does not anticipate any impact on the financial statements.
Reference to the Conceptual Framework (Amendments to IFRS 3)	Annual periods beginning on or after 1 January 2022	The Board does not anticipate any impact on the financial statements.
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods beginning on or after 1 January 2023 *	The Board does not anticipate any impact on the financial statements.
IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts	Annual periods beginning on or after 1 January 2023 *	The Board does not anticipate any impact on the financial statements.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Annual periods beginning on or after 1 January 2023 *	A full impact assessment will be undertaken in due course.

Definition of Accounting Estimate (Amendments to IAS 8)	Annual periods beginning on or after 1 January 2023 *	A full impact assessment will be undertaken in due course.
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 *	A full impact assessment will be undertaken in due course.

Management currently foresees no material impact by the adoptions on the financial statements of the Group in the period of initial application. However, this will be assessed further upon implementation.

* As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed.

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.

In the prior year, lease liabilities due within one year were shown within Trade and other payables on the balance sheet. These have been shown separately in the current year and prior year comparative to provide more relevant information to the users of the financial statements. There is no impact on the value of current liabilities as a result of the reclassification.

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.

Intangible assets

Website development costs
The Group capitalises all costs directly attributable to further developing its websites, while costs which relate to on-going maintenance are expensed as they arise. The capitalised costs are depreciated over three years.

Patents and trademarks
The costs of obtaining patents and trademarks are capitalised and written off over the economic life of the asset acquired.

Impairment of non-current assets
The need for any non-current asset impairment is assessed by comparison of the carrying value of the asset against the higher of realisable value and the value in use or, in the case of intangible assets, the anticipated future cash flows arising from the asset.

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.

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.

Borrowing costs

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

Segmental reporting

The Group maintains its head office in Glasgow and a subsidiary office in Hamburg, Germany. These are reported separately. In addition, the retail business, now trading as POP Retail, has a subsidiary in Germany. The Group has determined that these 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. As of 1 January 2021, the German Promotional Sales and Retail businesses were merged and are now disclosed as a combined German Retail business. The Other segment incorporates SpaceandPeople India until its disposal.

Segment revenues and Results for 12 months to 31 December 2021	Promotion UK £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Other £'000	Group £'000
Revenue	**2,132**	**1,022**	**866**	**-**	**-**	**4,020**
Cost of sales	-	(701)	(510)	-	-	(1,211)
Administrative expenses	(1,542)	(259)	(882)	(773)	-	(3,456)
Other revenue	126	-	674	-	-	800
Gain associated with discontinued operation	-	-	-	-	12	12
Segment operating profit / (loss) including discontinued operations	**716**	**62**	**148**	**(773)**	**12**	**165**
Finance costs	(61)	-	(17)	-	-	(78)
Segment profit / (loss) before taxation including discontinued operations	**655**	**62**	**131**	**(773)**	**12**	**87**

Segment assets and liabilities as at 31 December 2021	Promotion UK £'000	Retail UK £'000	Retail Germany £'000	Other £'000	Group £'000
Total segment assets	5,968	4,732	750	-	11,450
Total segment liabilities	(5,525)	(646)	(443)	-	(6,614)
Total net assets	**443**	**4,086**	**307**	**-**	**4,836**

Segment revenues and results for 12 months to 31 December 2020	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Other £'000	Group £'000
Revenue	**796**	**46**	**925**	**1,046**	**-**	**-**	**2,813**
Cost of sales	-	-	(753)	(664)	-	-	(1,417)
Administrative expenses	(1,955)	(136)	(250)	(1,069)	(857)	-	(4,267)
Other revenue	439	5	-	295	-	-	739
Non-recurring charges	(18)	(111)	-	-	(1,313)	-	(1,442)
Loss associated with discontinued operation	-	-	-	-	-	(518)	(518)
Segment operating profit/(loss) after discontinued operations	**(738)**	**(196)**	**(78)**	**(392)**	**(2,170)**	**(518)**	**(4,092)**
Finance costs - continuing operations	(27)	-	-	-	-	-	(27)
Finance income - discontinued operation	-	-	-	-	-	6	6
Segment profit/(loss) before taxation after discontinued operations	**(765)**	**(196)**	**(78)**	**(392)**	**(2,170)**	**(512)**	**(4,113)**

Segment assets and liabilities as at 31 December 2020	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000	Other £'000	Group £'000
Total segment assets	5,327	89	4,735	545	525	11,221
Total segment liabilities	(5,175)	(45)	(714)	(561)	(41)	(6,536)

Total net assets	**152**	**44**	**4,021**	**(16)**	**484**	**4,685**

5. Other operating income

Other operating income is comprised of:

	12 months to December 2021 £'000	12 months to December 2020 £'000
Government grants	668	595
Ancillary charges	132	144
	800	**739**

Operating profit / (loss)

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

	12 months to December 2021 £'000	12 months to December 2020 £'000
Impairment of goodwill	-	1,100
Depreciation of property, plant and equipment	183	234
Depreciation of right of use assets	192	263
Interest charges in relation to finance lease obligations	48	61
Auditor's remuneration:		
Fees payable for:		
Audit of Company	32	27
Audit of subsidiary undertakings	16	16
Tax services	14	7
Other services	5	19
	67	**69**
Directors' remuneration	**554**	**887**

Staff costs

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

	12 months to December 2021	12 months to December 2020
Executive Directors	3	4
Non-executive Directors	3	3
Administration	16	25
Telesales	19	25
Commercial	3	5
Maintenance	6	7
	50	**69**

	12 months to December 2021 £'000	12 months to December 2020 £'000
Wages and salaries	1,785	2,500
Social Security costs	198	276
Pensions	112	67
	2,095	**2,843**

Details of Directors' emoluments, including details of share option schemes, are given in the remuneration report on pages 20 to 21. These disclosures form part of the audited financial statements of the Group.

Non-recurring charges

	12 months to December 2021 £'000	12 months to December 2020 £,000
Impairment of UK Retail CGU	-	1,100
Redundancy and severance costs	-	342
	-	1,442

Finance income and costs

	12 months to December 2021 £'000	12 months to December 2020 £'000
Finance costs:		
Interest payable on borrowings	30	27
Interest payable on lease obligations	48	61

Taxation

	12 months to December 2021 £'000	12 months to December 2020 £'000
Current tax expense:		
Current tax on profits/(losses) for the year	-	-
Adjustment for under/(over) provision in prior periods	(7)	(315)
Total current tax	(7)	(315)
Deferred tax:		
Charge in respect of change of rate	(66)	-
Charge in respect of temporary timing differences	(24)	-
Adjustment for under/(over) provision in prior periods	-	(204)
Total deferred tax	(90)	(204)
Income tax credit as reported in the income statement	**(97)**	**(519)**

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 2021 £'000	12 months to December 2020 £'000
Profit / (loss) on ordinary activities before tax	75	(3,601)
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	14	(684)
Tax effect of:		
- Adjustment for (over)/under provision in prior periods	(7)	(405)
- Effect of losses carried back	-	180
- Effect of foreign tax	-	112
- Disallowable items	1	278
- Change in tax rates substantively enacted	(66)	-
- Use of tax losses previously not recognised	(39)	-
Income tax credit as reported in the Income Statement	**(97)**	**(519)**

Discontinued operation

On 15 January 2021, the Group disposed of its entire holding in SpaceandPeople India (Pvt) Limited and is reported as a discontinued operation. Financial information relating to the discontinued operation is disclosed below.

	12 months to December 2021 £'000	12 months to December 2020 £'000
Revenue	-	-
Administrative expenses [1]	12	(518)
Finance income	-	6
Profit / (loss) from discontinued operation	**12**	**(512)**

[1] Includes £497k provision against recoverability of trade debtors in 2020.

12. Dividends

No dividends were paid during the current or prior year. The Directors do not recommend a final dividend for 2021 (2020: £nil).

Goodwill

Cost	£'000
At 31 December 2019	8,225
Additions	-
At 31 December 2020	8,225
Additions	-
At 31 December 2021	**8,225**
Accumulated impairment losses	
At 31 December 2019	244
Charge for the period	1,100
At 31 December 2020	1,344
Charge for the period	-
At 31 December 2021	**1,344**
Net book value	
At 31 December 2019	7,981
At 31 December 2020	6,881
At 31 December 2021	**6,881**

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 7.83%. This discount rates include appropriate adjustments to reflect, in the Directors' judgement, the market risk and specific risk of the GGU.

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 1.7%.

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, offset by the short and medium-term issues caused by covid. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU.

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 9.62%, for each further movement of 1% an impairment loss of £0.435 million would have to be recognised and written off against goodwill.

If the annual growth rate beyond 2021, used in the cash flow projection, is decreased below 0.25%, for each further movement of 0.1% an impairment loss of £0.1 million would have to be recognised and written off against goodwill.

Property, plant and equipment

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

Cost	Plant & equipment	Fixture & fittings	Computer equipment	Right of use assets property	Right of use assets plant & equipment	Tota
	£'000	£'000	£'000	£'000	£'000	£'00
At 31 December 2019	3,046	290	809	420	137	4,70
Additions	15	3	14	568	39	63
Disposals	-	-	-	(166)	(15)	(181
Forex	-	2	-	-	-	
At 31 December 2020	**3,061**	**295**	**823**	**822**	**161**	**5,16**
Additions	52	4	34	-	8	9
Disposals	(10)	-	-	(82)	(15)	(107
Forex	-	(3)	-	(2)	-	(5
At 31 December 2021	**3,103**	**296**	**857**	**738**	**154**	**5,14**

Depreciation	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 2019	2,596	275	736	156	45	3,808
Charge for the period	171	5	58	209	54	497
Depreciation on disposals	-	-	-	(165)	(6)	(171)
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	**2,922**	**288**	**814**	**317**	**117**	**4,458**

Net book value	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 2019	450	15	73	264	92	894
At 31 December 2020	294	15	29	622	68	1,028
At 31 December 2021	**181**	**8**	**43**	**421**	**37**	**690**

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

15. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Net trade debtors	1,587	1,545
Other debtors	324	110
Prepayments	285	335
Total	**2,196**	**1,990**
Amounts falling due after more than one year included above are:	79	92

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

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

	31 December 2021 £'000	31 December 2020 £'000
Trade debtors	2,238	2,742
Loss allowance	(650)	(1,197)
Net trade debtors	**1,587**	**1,545**

Movement in loss allowance:

	31 December 2021 £'000	31 December 2020 £'000
1 January	1,197	487
Additional provisions	291	710
Utilised or released	(838)	-
31 December	**650**	**1,197**

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

As of 31 December 2021, trade receivables of £1.1 million (2020: £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 2021	140	78	878	**1,095**
Net amount at 31 December 2020	313	292	495	**1,100**

Deferred tax

	31 December 2021 £'000	31 December 2020 £'000
Deferred tax assets:		
Deferred tax asset to be recognised after less than 12 months	-	47
Deferred tax asset to be recognised after more than 12 months	297	160

Deferred tax asset	**297**	**207**
Split as follows:		
Fixed asset timing differences	24	10
Tax losses	263	191
Other	10	6
Deferred tax asset	**297**	**207**
Movement in the year:		
At 1 January	207	3
Adjustment in respect of losses	-	188
Change in tax rate substantively enacted	66	-
Charge in respect of temporary timing differences on property, plant and equipment	24	16
At 31 December	**297**	**207**

The Finance Bill 2021 was substantively enacted on 24 May 2021 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.

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 £291k.

Cash and cash equivalents

	31 December 2021 £'000	31 December 2020 £'000
Cash at bank and on hand	1,380	839
	1,380	**839**

Trade and other payables

	31 December 2021 £'000	31 December 2020 £'000
Amounts payable within one year		
Trade creditors	200	672
Other creditors	2,351	1,244
Social Security and other taxes	157	185
Accrued expenses	1,088	1,108
Deferred income	543	727
Total	**4,339**	**3,936**

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.

Other borrowings

	31 December 2021 £'000	31 December 2020 £'000
Bank facilities:		
Payable within one year	297	972
Payable after one year	1,481	778
	1,778	**1,750**

As at 31 December 2021, SpaceandPeople plc had £1.78 million (2020: £0.75 million) of CBILS term loans, £0.78 million of which expire in April 2025 and £1.0 million expire in January 2026. SpaceandPeople plc also had £0.75 million of overdraft facilities of which £nil was used as at 31 December 2021 (2020: £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.

20. Leases

Amounts recognised in the balance sheet:

The balance sheet shows the following amounts relating to leases:

	31 December 2021 £'000	31 December 2020 £'000
Right of use assets		
Property	421	622
Plant and equipment	37	68
	458	**690**
Lease liabilities		
Current	189	286
Non-current	308	464
Total	**497**	**750**

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 2021 £'000	12 months to December 2020 £'000
Depreciation charge of right of use assets		
Property	153	209
Plant and equipment	39	54
	192	**263**

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

	1 January 2021 £'000	Cash flows £'000	New Leases £'000	Other £'000	31 December 2021 £'000
Current lease liabilities	286	(186)	3	86	189
Non-current lease liabilities	464	-	5	(161)	308
Total liabilities from financing activities	**750**	**(186)**	**8**	**(75)**	**497**

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.

21. 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 the same as 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 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 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
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	-	-	-
Total	**6,614**	**4,825**	**484**	**780**	**525**

	Carrying amount	On Demand/within one year	Within 1-2 years	Within 2-5 years	Over 5 years
2020	£'000	£'000	£'000	£'000	£'000
Borrowings	1,750	972	222	556	-
Lease liabilities	750	286	172	281	11
Trade and other payables	3,936	3,396	-	-	-
Total	**6,436**	**5,194**	**394**	**837**	**11**

Borrowing facilities - As at the balance sheet date, the Group has agreed facilities of £2.55 million, of which £1.8 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 £1.8 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 19 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 £18k 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 45k.

Called up share capital

Allotted, issued and fully paid			31 December 2021	31 December 2020
Class	Nominal value			
Ordinary	1p	£	195,196	195,196
		Number	19,519,563	19,519,563

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, which are set out in the remuneration report on pages 20 to 21.

Earnings per share

	12 months to 31 December 2021 Pence per share	12 months to 31 December 2020 Pence per share
Basic earnings / (loss) per share		
Before non-recurring charges and discontinued operation	0.9p	(7.2)p
After non-recurring charges and discontinued operation	0.9p	(17.2)p
Diluted earnings / (loss) per share		
Before non-recurring charges and discontinued operation	0.8p	(7.2)p
After non-recurring charges and discontinued operation	0.9p	(17.2)p

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	12 months to 31 December 2021 £'000	12 months to 31 December 2020 £'000
Profit / (loss) after tax for the period attributable to owners of the Company	184	(3,355)
Non-recurring charges	-	1,442
Discontinued operation	(12)	512
Profit / (loss) after tax for the period before non-recurring charges attributable to owners of the company	172	(1,401)

	12 months to 31 December 2021 '000	12 months to 31 December 2020 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	19,520	19,520

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	12 months to 31 December 2021 £'000	12 months to 31 December 2020 £'000
Profit / (loss) after tax for the period attributable to owners of the Company	184	(3,355)
Non-recurring charges	-	1,442
Discontinued operation	(12)	512
Profit / (loss) after tax for the period before non-recurring charges attributable to owners of the company	172	(1,401)

	12 months to 31 December 2021 '000	12 months to 31 December 2020 '000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	20,752	19,520

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

	12 months to 31 December 2021 '000	12 months to 31 December 2020 '00
Weighted average number of shares in issue during the period	19,520	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	1,232	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per Share	20,752	19,520

As set out in note 25, there were share options outstanding as at 31 December 2020 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 2020, as the loss for that year has an anti-dilutive effect.

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 1,101,000 ordinary shares exercisable within the dates and at the exercise prices shown below, being the market value at the date of the grant.

Date of grant	Number	Option period	Price
12 January 2015	246,000	12 January 2018 - 12 January 2025	47.4p
30 June 2021	855,000	30 June 2024 - 30 June 2031	12.5p

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

	12 months to 31 December 2021	12 months to 31 December 2020
Number of options outstanding as at the beginning of the period	1,300,818	1,815,325
Granted	855,000	-
Lapsed	(254,818)	(300,000)
Forfeited	(800,000)	(214,507)
Number of options outstanding as at the end of the period	1,101,000	1,300,818

In total, 1,101,000 options were outstanding at 31 December 2021 (1,300,818 at 31 December 2020) with a weighted average exercise price of 20.3p (22.3p at 31 December 2020).

The total share-based payment charge for the year, calculated in accordance with IFRS2 on share-based payments, was £5k (2020: £nil).

For further information, please contact::

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