< Back

Rural Broadband Sltn - Final Results
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Rural Broadband Solutions PLC
06 June 2022

6 June 2022

Rural Broadband Solutions Plc (the "Company" or "RBBS")

Final results

Rural Broadband Solutions Plc (AQSE: RBBS), a leading provider of broadband services to rural areas of the UK, today announces its Final Results for the year ended 31 December 2021.

Financial Highlights:

· Cash balances up to £1.34m at 31 December 2021, bolstered by the fund raise which took place a few weeks before the year end.

· Fixed assets were up by £0.23m to £0.83m as a result of the acquisition of Cadence Networks Limited and additional capital spend.

· Revenue of £0.9m which is 16.4% up on £0.76m SWS revenue for the whole of 2020. The audited accounts include revenue for SWS only from the date of acquisition.

Operational Highlights:

- Acquisition of Internet Service Provider, Cadence Networks Limited, whose infrastructure within three London based data centres is expected to give RBBS a significant foundation upon which it can build its own national data network, so that it is able to manage the quality of service and capacity to its own customers without using third party wholesale providers

Post period highlights:

- Monthly fee-paying clients at 14th May 2022 totalled 2,851 (up from 2,348 as at the 31st of December 2020).
- Approval of further Gigabit Broadband Voucher Scheme projects to provide gigabit-capable fibre broadband services to rural areas of Shropshire, including villages and rural towns.

Outlook:

- Complete the first phase of our fibre build within Shropshire.
- Targeting a Summer conclusion to our infrastructure fundraising package with Investec Bank plc.
- Use the planning and research obtained through our relationship with Analysis Mason to expand our services and take advantage of the growing rural broadband market.

Chris New, Chief Strategist & Technical Officer, commented:

""We look forward to closing our infrastructure funding, and to continuing our wider growth strategy. We are incredibly well placed with the strength of our team and Board, with Project Gigabit on the horizon and with our technology and accreditation relationships to capitalise on all of our additional growth opportunities."

The Directors of Rural Broadband Solutions Plc accept responsibility for this announcement.

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Chairman's Statement

2021 was a year that saw a continuation of trends in how we work and where we live, with connectivity in even the remotest areas becoming an increasingly essential utility. However, there still remains a huge unmet need here. Just last month the All-Party Parliamentary Group (APPG) on the Rural Powerhouse warned that "Rural Britain is not a museum" and is being "held back" by, among many other things, "slow" broadband connectivity. Your Company is amongst those at the forefront of providing the information highways that can level up the great divide. 2021 has been a pivotal year for the Company. Our initial dark fibre ring, and backhaul capability provided by the December 2021 acquisition of Cadence Networks give RBBS a significant foundation upon which it can build its own national data network, and efficiently provide cutting edge connectivity to a wider range of rural towns and villages. As well as investing in capabilities, partnerships and infrastructure, we have also put a team in place that has the experience and expertise to execute as we move to the next phase of our growth strategy, which we anticipate will see a step change in customer numbers.

In December 2021, we concluded the acquisition of Cadence Networks Limited and completed an additional fund raising of £1.67m. These actions have helped RBBS with its strategic objective of becoming a major presence in the provision of broadband services to rural areas in the UK. Moreover, the acquisition has allowed RBBS to create its own national network from which building its own Fibre network will be facilitated. The money raised not only paid for the cash element of the consideration of the acquisition, but provided the Company with the funds to commence the first phase of its fibre builds.

Key Numbers
We are delighted to present our full year financial results for the year ending 31 December 2021.

The results include a full 12 months of operational results, with revenues of £0.9m resulting in an operating loss of £1.2m which includes a full year of PLC expenses of £0.42m as well as acquisition and specialist consultancy costs of £0.16m and share based payment expenses of £0.26m. Share options have been awarded to all members of staff and are subject to specific performance criteria.

Cash balances were up by £0.55m to £1.34m benefitting from the £1.67m raised in the December fund raise. Fixed assets were up by £0.23m to £0.83m as a result of the acquisition and additional capital spend. It is also worth noting that, SWS's revenue for the whole of 2020 was £0.76m, 2021 revenue represents a growth of 16.4% on the previous year on a like for like basis.

Revenue continues to grow from our existing network. As at 14th May 2022, monthly fee-paying clients totaled 2,851 (up from 2,348 as at the 31st of December 2020). This provides a solid base of recurring revenue. Customer churn remains extremely low reflecting our superior offer in rural areas.

This installed base of clients gives a current annual run rate of over £0.95m of subscription revenues. This growth does not include the additional revenue that will be generated as a result of the Project Gigabit Opportunity (villages) and the Fibre to the Premise (FTTP) solution for small towns - work for both commenced just prior to the year-end in 2021.

Growth of the Business

In the Chairman's Statement in last year's Annual Report and Accounts, I stated that "we will be pushing forward to deliver the implementation of our growth strategy." Throughout 2021, this is what we have been doing and the Company's ambition continues to reflect the much larger market opportunity that now prevails.

During that time, we have continued to prepare the foundations for business growth by enlarging the management team and the premises required to operate a bigger operating entity. We have also been deploying the proceeds from our recently raised equity capital, not only to continue to grow our core customer base, which is described in more detail below, but also to plan a much more aggressive expansion into the rural broadband market. To this end, we hired Analysys Mason, a well-known specialist consultancy in the field of digital infrastructure planning, to analyse, review and report on the strategy on which we are embarking.

The attraction of acquiring Cadence was influenced by the opportunity to collaborate with its founders, particularly Adam Gent who is now Chief Technical Officer for the Group. Adam has an enviable track record in the field of business-to-business core fibre network solutions and has already considerably bolstered the quality and resilience of the existing Fixed Wireless Access (FWA) network. In December we announced that this would allow Chris New to move towards a CEO role in 2022. This transition is now complete as of midway through Q1 2022. This is a non-Board role.

The acquisition of Cadence has also considerably increased our data transfer capacity and at a much cheaper price than previous leased lines and will allow RBBS to sell services on a business-to-business basis. From that base, we continue to concentrate on growing the size and scope of our business in Shropshire for the benefit of our shareholders and the satisfaction of our customers and on taking our trading model into other rural areas of the UK.

Capital Availability and Outlook

We are encouraged and excited by the planned expansion of our services and by the potential for the Company borne from the existing and growing size of the rural broadband market and the significant planning and research that we have done in conjunction with Analysis Mason. We are also encouraged by the ever increasing demand within the UK for nationwide fast and reliable broadband. Our dynamic business sector has become a critical element in returning the economy to growth. We are focused on delivering first rate services to our growing customer base, thereby maximising our return on investment to all our stakeholders and have commenced the first phase of our fibre build within Shropshire.

In our December 2021 statement, we announced that we have appointed Investec Bank plc as infrastructure funding advisor because the Investec team has specialist expertise in the digital infrastructure sector and can facilitate access to various potential sources of funding. Investec continues to progress an infrastructure fundraising process to finance both ultrafast and gigabit capable broadband build out from both existing and new markets. We now expect to conclude this process during the Summer.

The ability to have got this far inevitably relies upon high quality human resources and in this respect I would like to record my sincere thanks to our management team led by Chris New which has faced a fast evolving environment with skill, hard work and dedication. As a result, I look forward with confidence to our achieving the progress we are seeking throughout this year and beyond.

Keith Harris
Chairman

1 June 2022

Consolidated income statement
for the year ended 31 December 2021

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Turnover	887	128
Cost of sales	(333)	(30)
Gross profit	**554**	**98**
Other administration fees and expenses	(1,783)	(769)
Other operating income	26	23
Amortisation of intangible assets	-	(23)
Operating loss	**(1,203)**	**(671)**
Finance income	-	5
Finance expenses	(8)	(23)
Foreign exchange loss	-	(31)
Net finance expense	**(8)**	**(49)**
Loss before income tax	**(1,211)**	**(720)**
Income tax expense	97	(8)
Loss for the year	**(1,114)**	**(728)**
Attributable to:		
- Owners of the Parent	(1,114)	(728)
	(1,114)	**(728)**
Basic and diluted loss per share (pence) attributable to the owners of the Parent during the year	**(0.36)**	**(0.35)**

Consolidated Balance sheet
at 31 December 2021

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Assets		
Non-current assets		
Intangible assets	1,626	1.372
Right-of-use assets	17	30
Fixed assets	831	605
Subscriptions due	950	950
Total non-current assets	**3,424**	**2,957**
Current assets		
Stock	223	187
Deferred tax	20	-
Trade and other receivables	177	146
Cash at bank	1,340	789
Total current assets	**1,760**	**1,122**
Total assets	**5,184**	**4,079**
Equity		
Capital and reserves attributable to owners of the Parent:		
Issued share capital	3,619	3,041
Warrant reserve	77	77
Share option reserve	257	-
Retained earnings	532	409
Total equity	**4,485**	**3,527**
Liabilities		
Current liabilities		
Bank loan	37	12
Lease liability	26	28
Trade and other payables	472	212
Total current liabilities	**535**	**252**
Non-current liabilities		
Bank loan	119	153
Lease liability	45	69
Deferred tax	-	78
Total non-current liabilities	**164**	**300**
Total liabilities	**699**	**552**
Total equity and liabilities	**5,184**	**4,079**

Consolidated statement of cashflows
for the year ended 31 December 2021

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities		
Loss for the year before tax	(1,211)	(720)
Adjustments for:		
Finance income	-	(5)
Finance expenses	8	23
Gain on sale of tangible fixed assets	(3)	-
Depreciation and impairment of tangible fixed assets	245	30
Amortisation of intangible assets	-	23
Share based payments relating to share options	257	-
Foreign exchange loss	-	31
Operating loss before changes in working capital	**(704)**	**(618)**
(Increase)/decrease in trade and other receivables	(18)	360
Increase in stock	(36)	-
Increase/(decrease) in trade and other payables	240	(265)
Cash used in operations	**(518)**	**(523)**
Interest received	-	5
Interest paid	(8)	-
Net cash used in operating activities	**(526)**	**(518)**
Cash flows from investing activities		
Purchase of intangible fixed assets	(43)	-
Purchase of tangible fixed assets	(359)	(108)
Sale of tangible fixed assets	8	-
Net cash on acquisition of subsidiary	(77)	(946)
Net cash used in from investing activities	**(471)**	**(1,054)**
Cash flows from financing activities		
Issue of shares	1,675	2,291
Principal paid on lease liabilities	(118)	(23)
Interest paid on lease liabilities	-	(1)
Repayment of loans	(9)	-
Net cash generated from financing activities	**1,548**	**2,267**
Net increase in cash and cash equivalents	551	695
Cash and cash equivalents at beginning of the year	789	94
Foreign exchange losses on cash and cash equivalents	-	-
Cash and cash equivalents at end of the year	**1,340**	**789**

Notes to Preliminary Results for the Period Ended 31 December 2021

1 General information

The financial information set out above does not constitute statutory accounts for the purpose of the Isle of Man Companies Act 2006. The financial information has been extracted from the statutory accounts of Rural Broadband Solutions Plc and is presented using the same accounting policies, which have not yet been filed with the Registrar of companies, but on which the auditors gave an unqualified report on 1 June 2022.

The preliminary announcement of the results for the year ended 31 December 2021 was approved by the board of directors on 1 June 2022.

Rural Broadband Solutions Plc (the "Company") was incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 27 June 2006 as a public limited company with registered number 117001C. On 7 January 2011 with the approval of Shareholders in general meeting, the Company was re-registered as a company under the Isle of Man Companies Act 2006 with registered number 006491v. Rural Broadband Solutions Plc and its subsidiaries' (the "Group") investment strategy is to identify investment opportunities and acquisitions in the developing market for rural broadband in the UK. The Company seeks to provide Shareholders with an attractive total return achieved primarily through capital appreciation.

The Company's administration is delegated to Apex Corporate Services (IOM) Limited (formerly known as Mainstream Fund Services (IOM) Limited) (the "Administrator"). The registered office of the Company is Exchange House, 54-62 Athol Street, Douglas, Isle of Man, IM1 1JD.

Pursuant to a prospectus dated 20 October 2006 there was an authorisation to place up to 50 million shares. Following the close of the placing on 26 October 2006, 30 million shares were issued at a price of 100p per share.

The shares of the Company were admitted to trading on the AIM Market of the London Stock Exchange ("AIM") on 26 October 2006 when dealings also commenced. On the same date the shares of the Company were admitted to the Official List of The International Stock Exchange (the "TISE").

As a result of a further fundraising in May 2007, 32,292,810 shares were issued at a price of 106p per share, which were admitted to trading on AIM on 22 May 2007.

On 4 June 2018 the listing of the Company's shares on AIM and on TISE was cancelled.

Pursuant to an Admission Document dated 2 December 2019 there was a placing of 29,000,000 shares on 2 December 2019. On the same date the shares of the Company were admitted to trading on the Aquis Stock Exchange (formerly the NEX Exchange Growth Market).

Pursuant to an Admission Document dated 23 September 2020 there was a placing of 100,000,000 shares and 100,000,000 warrants for the fundraising, consideration shares of 16,000,000 in relation to the acquisition of Secure Web Services Limited (note 27) and 800,000 shares and 1,622,400 warrants issued in consideration for services on 21 October 2020. On the same date the shares of the Company were re-admitted to trading on the Aquis Stock Exchange.

A further Placing and Subscription took place in December 2021 in order to fund the acquisition of Cadence Networks Limited and drive organic growth before infrastructure funding. There was a placing of 55,833,333 shares and consideration shares of 2,000,000 in relation to the acquisition of Cadence Networks Limited (note 27). These shares were issued and admitted to trading on the Aquis Stock Exchange on 21 December 2021.

The Company's agents perform all functions, other than those carried out by the Board.

The financial statements were authorised for issue by the directors on 1 June 2022.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on the going concern basis, as the Board of Directors has a reasonable expectation that the Company has the resources to continue in business for the foreseeable future.

The financial statements have been prepared under the historic cost convention, as described in the accounting policies set out below. These accounting policies are consistent with those in the previous year.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

A number of new standards, amendments to standards and interpretation are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group. The relevant standards are as follows.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IAS1	Presentation of Financial Statements	Amendments regarding the classification of liabilities.	1 January 2023

2.2 Significant accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Trade receivables and Loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Pound Sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the company income statement.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is disposed of, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of exchange differences recognised in other comprehensive income is re-attributed to the non-controlling interests. In any other partial disposal of a foreign operation, the proportionate share of the cumulative exchange differences recognised in other comprehensive income is reclassified to profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Revenue and expense recognition

Revenue from the provision of broadband services is recognised by reference to the month it is provided. Revenue is shown net of value added tax.

Interest income is recognised in the financial statements on a time-proportionate basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the period.

Expenses are accounted for on an accruals basis.

2.5 Basis of consolidation

Subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the company considers all relevant facts and circumstances including the size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights, substantive potential voting rights held by the company and by other parties, other contractual arrangements and historic patterns in voting attendance.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be included until control is lost or ceases.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains/losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.6 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of the Company.

The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Based on this internal reporting to the Board, it has been determined that there is only one operating segment, the provision of broadband services in the UK.

2.7 Leases

At inception of the contract, the company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

2.8 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives on the following bases:

Plant & Machinery	Written off over 1, 3, 4, 6 or 10 years
Motor vehicles	25% straight line
Fixtures & fittings	25% straight line
Computer equipment	25% straight line
Leasehold buildings	Over the period of the lease payments and over 10 years

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

2.9 Financial assets and financial liabilities

Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group classifies financial assets as amortised costs only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

d) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.10 Government grant

A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

2.11 Taxation

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, except for differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of the deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the difference can be utilised.

Deferred tax is calculated based on rates enacted or substantively enacted at the reporting date and expected to apply when the related deferred tax asset is realised, or liability settled.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Warrants and share options

The Company estimates the fair value of the future liability relating to issued warrants and share options using:

- residual method, where a warrant was issued and included as a part of a package placement of "1 share + 1 warrant"
- the Black-Scholes pricing model taking into account the terms and conditions upon which the warrants and share options were issued, if the warrant or share option was granted on its own.

Warrants relating to equity finance are recorded as a reduction of share premium based on the fair value of the warrants. The charge for the share options is recorded under administrative expenses in the consolidated income statement.

2.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.15 Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

3. Basic and diluted loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of shares in issue during the year.

	Year ended 31 December 2021	Year ended 31 December 2020
Loss attributable to equity holders of the Company (£'000)	(1,114)	(728)
Weighted average number of shares in issue (thousands)	305,836	205,964
Basic loss per share (pence per share)	**(0.36)**	**(0.35)**

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two category of dilutive potential ordinary shares: warrants and share options.

As the Group is reporting a loss from continuing operations for the year, in accordance with IAS 33, the warrants and share options are not considered dilutive because the exercise of the warrants or share options would have an anti-dilutive effect. The basic and diluted loss per share as presented on the face of the Consolidated Income Statement are therefore identical.

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