

Spacezero (North) Limited

07720864

Information for filing with the Registrar

For the year ended 30 September 2020

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 (as restated) £
Fixed assets			
Intangible assets	5	24,323	53,367
Tangible assets	6	159,338	196,208
		<u>183,661</u>	<u>249,575</u>
Current assets			
Debtors: amounts falling due within one year	7	3,308,370	3,379,684
Cash at bank and in hand		1,402,176	819,542
		<u>4,710,546</u>	<u>4,199,226</u>
Creditors: amounts falling due within one year	8	(2,714,116)	(3,153,829)
Net current assets		<u>1,996,430</u>	<u>1,045,397</u>
Total assets less current liabilities		<u>2,180,091</u>	<u>1,294,972</u>
Creditors: amounts falling due after more than one year	9	(525,000)	(37,277)
Net assets		<u><u>1,655,091</u></u>	<u><u>1,257,695</u></u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account	11	1,654,091	1,256,695
		<u><u>1,655,091</u></u>	<u><u>1,257,695</u></u>

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2020

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Wayne Taylor
Director

Date: 25 March 2021

The notes on pages 3 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. General information

Spacezero (North) Limited is a private company limited by shares incorporated in the United Kingdom. The company's registered number is 07720864. The address of its registered office is The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

The principal activity of the Company is that of interior space design in the education, healthcare, commercial and residential sector.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

These financial statements have been prepared on a going concern basis. The directors, having considered the financial position of the Company for a period of at least twelve months from the date of signing these financial statements, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern.

Since the onset of Covid-19 the Company has taken steps to protect its financial position by accessing grants that have been made available to small businesses, by furloughing staff and securing a business loan under the UK Government guaranteed Coronavirus Business Interruption Loan Scheme.

Overall the Company has not been materially affected by the effects of the pandemic and the UK Governments approach to it. The Company is still profitable and the directors believe the Company has a stable financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

An estimate of the likely tax credit that is attributable to a claim being made in respect of Research and Development expenditure is recognised at the time that the expenditure is actually incurred, unless a reliable estimate cannot be made at the time.

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Website	-	33 % straight line
Goodwill	-	10 % straight line

Development expenditure is capitalised when directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation the expenditure is capitalised and amortised over the period during which the company is expected to benefit.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	10%	straight line
Fixtures and fittings	-	25%	straight line
Office equipment	-	25%	straight line
Computer equipment	-	25%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Key sources of estimation uncertainty

During the year and the prior year, the Company incurred expenditure on Research and Development. Based on expenditure deemed qualifying in past periods, known amounts of prior year expenditure and known tax rates and allowances available, the directors have formed an estimate of the credit that the Company will receive for surrendering relief in the prior year. An estimate of any credit due has only been made in respect of the prior year, as it is only this year that an estimate can currently be made reliably.

On a prudent basis, in the current year, an estimate has only been made to cover any current year taxes that would have been due in the absence of any Research and Development activity.

4. Employees

The average monthly number of employees, including directors, during the year was 46 (2019 - 35).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. Intangible assets

	Website £	Goodwill £	Total £
Cost			
At 1 October 2019	12,250	250,000	262,250
At 30 September 2020	12,250	250,000	262,250
Amortisation			
At 1 October 2019	4,717	204,167	208,884
Charge for the year on owned assets	4,043	25,000	29,043
At 30 September 2020	8,760	229,167	237,927
Net book value			
At 30 September 2020	3,490	20,833	24,323
At 30 September 2019	7,534	45,833	53,367

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**
6. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 October 2019	232,450	18,119	33,028	184,550	468,147
Disposals	-	(18,119)	(23,872)	(126,085)	(168,076)
At 30 September 2020	232,450	-	9,156	58,465	300,071
Depreciation					
At 1 October 2019	70,971	18,119	30,700	152,149	271,939
Charge for the year on owned assets	23,256	-	1,430	12,184	36,870
Disposals	-	(18,119)	(23,872)	(126,085)	(168,076)
At 30 September 2020	94,227	-	8,258	38,248	140,733
Net book value					
At 30 September 2020	138,223	-	898	20,217	159,338
At 30 September 2019	161,479	-	2,328	32,401	196,208

7. Debtors

	2020 £	2019 (as restated) £
Trade debtors	1,892,352	1,732,167
Other debtors	276,064	186,907
Prepayments and accrued income	785,397	1,115,743
Tax recoverable	354,557	344,867
	<u>3,308,370</u>	<u>3,379,684</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank loans	27,500	-
Trade creditors	1,875,839	1,551,123
Other taxation and social security	370,403	259,644
Obligations under finance lease and hire purchase contracts	34,776	42,168
Other creditors	233,396	823,800
Accruals and deferred income	172,202	477,094
	<u>2,714,116</u>	<u>3,153,829</u>

9. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Bank loans	522,500	-
Net obligations under finance leases and hire purchase contracts	2,500	37,277
	<u>525,000</u>	<u>37,277</u>

Details of security provided

During the year, the Company took out a Coronavirus Business Interruption Loan of £550,000. The Company has provided the lender with a legal charge as security for the loan. The charge contains both a fixed and floating element covering all the property or undertaking of the Company.

The Company has provided security to a lender which is providing finance under debt factoring by way of a legal charge. The amount secured at the year end date is £204,166 (2019 - £743,818) which is included in other creditors. The charge contains both a fixed and floating element covering all the property or undertaking of the Company.

The Company has provided security to funding providers under hire purchase contracts of £37,276 (2019 - £79,445) on the value of the underlying assets concerned.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	27,500	-
	<u>27,500</u>	<u>-</u>
Amounts falling due 1-2 years		
Bank loans	110,000	-
	<u>110,000</u>	<u>-</u>
Amounts falling due 2-5 years		
Bank loans	330,000	-
	<u>330,000</u>	<u>-</u>
Amounts falling due after more than 5 years		
Bank loans	82,500	-
	<u>82,500</u>	<u>-</u>
	<u>550,000</u>	<u>-</u>

11. Reserves**Profit and loss account**

This reserve includes the cumulative profits or losses.

12. Prior year adjustment

An amount of £859,858 has been reclassified from work in progress to accrued income in the comparative year as this was incorrectly classified. This had no impact on profit or loss for the year or the financial position.

13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £32,214 (2019: £31,923). Contributions totalling £8,344 (2019: £6,473) were payable to the fund at the statement of financial position date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	127,447	139,903
Later than 1 year and not later than 5 years	39,553	114,738
	<u>167,000</u>	<u>254,641</u>

15. Related party transactions**Directors**

At the year end, the Company was owed £33,945 (2019 - £74,017) from its directors. During the year, a director repaid £43,072 and the Company advanced a further £3,000. Additionally, the Company owed £7,648 (2019 - £7,676) to a third director. All amounts have been advanced informally, interest-free and are repayable on demand.

Companies under common ownership and control

At the year end, the Company was owed £128,948 (2019 - £172,890) from companies under common ownership and control.

The Company made repayments amounting to £60,000 to one company, and following the repayment, the outstanding balance was £NIL (2019 - £60,000).

The Company made advances amounting to £16,058 to a further company and the outstanding balance at the year end was £116,726 (2019 - £100,668).

There is an outstanding balance to a further company of £12,222 (2019 - £12,222).

All individual advances have been made informally, interest-free and are repayable on demand. The directors deem all individual outstanding balances to be fully recoverable.

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