

Company Registration No. SC322119 (Scotland)

SPACE SOLUTIONS (SCOTLAND) LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2023

SPACE SOLUTIONS (SCOTLAND) LIMITED

COMPANY INFORMATION

Directors	Mr S Judge Mr K Cope Mr M Wilson Mr G Middleton Ms T Thomson Mr J Mathieson
Secretary	Stronachs Secretaries Limited
Company number	SC322119
Registered office	Bishop House 50 Carden Place Aberdeen AB10 1UP
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL

SPACE SOLUTIONS (SCOTLAND) LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 33

SPACE SOLUTIONS (SCOTLAND) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023.

Fair review of the business

Revenue reduced by 12% from the high of the previous year. Last year's report highlighted the need for market improvement and a shortening of decision making times. Unfortunately, the market continued to stagnate caused largely by macro economic conditions. A number of projects were postponed or cancelled due to the windfall tax on Oil & Gas profits. It is pleasing to record a further increase in gross profit margins given that this is a key area of our strategy. The mix of activities in the year was favourable and a level of 18% is welcome.

As with the previous year, all business divisions and locations contributed to the overall profitability.

The Leadership Team continued to invest time and effort in process improvement, communication, health and safety and sustainability and environmental issues. We also continue to explore avenues to improve results through the use of modern technologies.

Results for the year

As shown in the Group Statement of Comprehensive Income on Page 9, revenue decreased to £37.9m (2022: £43.3m) and operating profit was £865k (2022: £1.65m).

Principal risks and uncertainties

The principal risks and uncertainties remain largely unchanged from last year. The business would welcome a period of economic and political stability which allows prospective customers to make decisions around their property needs for the future. High levels of inflation and interest rates, together with the windfall tax and worldwide conflicts, all create uncertainty and delay.

Key performance indicators

As before, our KPIs centre around profit and liquidity.

	Year ended 30th June 2023	Year ended 30th June 2022
EBITDA	£1,115K	£1,810K
Cash at bank and in hand	£1.8M	£3.9M
Net Current Assets	£2.7M	£2.7M

Future developments

Despite the disappointing result compared to both budget and the previous year, the business has performed well in a number of areas and in a challenging and competitive environment.

We believe that our suite of products and services, together with a skilled and committed employee body, see us well placed for the future as the market stabilises and improves.

We have continued to invest for the future in terms of sustainability and environmental matters together with considering how we best utilise technological advancements in our sector.

The Leadership Team have begun a full review of the group's future strategic plans.

The results achieved and the favourable positioning of the business for the future, could not be achieved without the skill, diligence, flexibility and resilience of the employee body. The Board wish to express their ongoing thanks for this.

SPACE SOLUTIONS (SCOTLAND) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

On behalf of the board

.....
Mr J Mathieson
Director

Date: 21 December 2023

SPACE SOLUTIONS (SCOTLAND) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

Principal activities

The principal activities of the company and group continued to be those of workplace consultancy, design and build, and facilities management activities.

Results and dividends

The results for the year are set out on page 9.

Dividends of £399,251 (2022 - £80,295) were declared and paid to the shareholders of Space Solutions (Scotland) Limited during the year. £35,977 (2022 - £16,061) of dividends were declared and payable to non-controlling interests of subsidiaries.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Judge
Mr K Cope
Mr M Wilson
Mr G Middleton
Ms T Thomson
Mr J Mathieson

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

On behalf of the board

Mr J Mathieson
Director

21 December 2023

SPACE SOLUTIONS (SCOTLAND) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ; and
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

SPACE SOLUTIONS (SCOTLAND) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPACE SOLUTIONS (SCOTLAND) LIMITED

Opinion

We have audited the financial statements of Space Solutions (Scotland) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SPACE SOLUTIONS (SCOTLAND) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPACE SOLUTIONS (SCOTLAND) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities>

This description forms part of our auditor's report.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

SPACE SOLUTIONS (SCOTLAND) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPACE SOLUTIONS (SCOTLAND) LIMITED

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent company and group, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP;
- Companies Act 2006;
- VAT legislation;
- Corporation Tax legislation; and
- Health & Safety legislation.

We gained an understanding of how the parent company and group is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns and board meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls;
- Revenue recognition; and
- Contract accounting

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's and group's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Performing audit work procedures over the completeness of revenue, including identifying material revenue streams and ensuring all revenue was correctly recognised in the year;
- Performing audit work procedures over contract accounting, including review of management's estimates;
- Completion of appropriate checklists and use of our experience to assess the company's and group's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

SPACE SOLUTIONS (SCOTLAND) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPACE SOLUTIONS (SCOTLAND) LIMITED

Use of our report

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

David Wilson (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

21 December 2023

Statutory Auditor

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

SPACE SOLUTIONS (SCOTLAND) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover	4	37,928,150	43,282,847
Cost of sales		(30,954,457)	(36,058,467)
Gross profit		6,973,693	7,224,380
Administrative expenses		(6,170,491)	(5,697,964)
Other operating income		61,299	121,639
Operating profit	5	864,501	1,648,055
Interest receivable and similar income		14,403	1,908
Interest payable and similar expenses	9	(52,532)	(34,178)
Profit before taxation		826,372	1,615,785
Tax on profit	10	(196,315)	(328,122)
Profit for the financial year and total comprehensive income	26	630,057	1,287,663
Profit for the financial year is attributable to:			
- Owners of the parent company		528,395	1,197,753
- Non-controlling interests		101,662	89,910
		630,057	1,287,663
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		528,395	1,197,753
- Non-controlling interests		101,662	89,910
		630,057	1,287,663

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SPACE SOLUTIONS (SCOTLAND) LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13		1,105,710		1,004,465
Current assets					
Stocks	16	-		40,785	
Debtors	17	7,757,729		8,984,526	
Cash at bank and in hand		1,815,976		3,890,698	
		9,573,705		12,916,009	
Creditors: amounts falling due within one year	18	(6,832,786)		(10,246,543)	
Net current assets			2,740,919		2,669,466
Total assets less current liabilities			3,846,629		3,673,931
Creditors: amounts falling due after more than one year	19		(618,034)		(777,205)
Provisions for liabilities					
Provisions	22	403,844		306,427	
Deferred tax liability	23	91,779		52,156	
		(495,623)		(358,583)	
Net assets			2,732,972		2,538,143
Capital and reserves					
Called up share capital	25		167,501		167,501
Capital redemption reserve	26		14,038		14,038
Profit and loss reserves	26		2,260,906		2,131,762
Equity attributable to owners of the parent company			2,442,445		2,313,301
Non-controlling interests			290,527		224,842
Total equity			2,732,972		2,538,143

The financial statements were approved by the board of directors and authorised for issue on 21 December 2023 and are signed on its behalf by:

Mr J Mathieson
Director

SPACE SOLUTIONS (SCOTLAND) LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13	786,521		762,214	
Investments	14	206,177		206,177	
			992,698		968,391
Current assets					
Debtors	17	6,670,241		7,769,340	
Cash at bank and in hand		1,184,446		3,701,420	
			7,854,687		11,470,760
Creditors: amounts falling due within one year	18	(6,165,450)		(9,669,915)	
Net current assets			1,689,237		1,800,845
Total assets less current liabilities			2,681,935		2,769,236
Creditors: amounts falling due after more than one year	19		(559,132)		(682,314)
Provisions for liabilities					
Provisions	22	369,844		277,427	
Deferred tax liability	23	33,275		9,725	
			(403,119)		(287,152)
Net assets			1,719,684		1,799,770
Capital and reserves					
Called up share capital	25	167,501		167,501	
Capital redemption reserve	26	14,038		14,038	
Profit and loss reserves	26	1,538,145		1,618,231	
Total equity			1,719,684		1,799,770

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £320,308 (2022 - £962,570).

The financial statements were approved by the board of directors and authorised for issue on 21 December 2023 and are signed on its behalf by:

Mr J Mathieson
Director

Company Registration No. SC322119

SPACE SOLUTIONS (SCOTLAND) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Capital redemption reserve	Profit and loss reserves	Total non-controlling interest	Total
Notes	£	£	£	£	£
Balance at 1 July 2021	167,501	14,038	1,014,304	1,195,843	1,346,836
Year ended 30 June 2022:					
Profit and total comprehensive income for the year	-	-	1,197,753	1,197,753	89,910
Dividends	-	-	(80,295)	(80,295)	(16,061)
Balance at 30 June 2022	167,501	14,038	2,131,762	2,313,301	2,538,143
Year ended 30 June 2023:					
Profit and total comprehensive income for the year	-	-	528,395	528,395	101,662
Dividends	-	-	(399,251)	(399,251)	(35,977)
Balance at 30 June 2023	167,501	14,038	2,260,906	2,442,445	2,732,972

SPACE SOLUTIONS (SCOTLAND) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2021		167,501	14,038	735,956	917,495
Year ended 30 June 2022:					
Profit and total comprehensive income for the year		-	-	962,570	962,570
Dividends	11	-	-	(80,295)	(80,295)
Balance at 30 June 2022		167,501	14,038	1,618,231	1,799,770
Year ended 30 June 2023:					
Profit and total comprehensive income for the year		-	-	319,165	319,165
Dividends	11	-	-	(399,251)	(399,251)
Balance at 30 June 2023		167,501	14,038	1,538,145	1,719,684

SPACE SOLUTIONS (SCOTLAND) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30				
		(1,005,391)		3,707,942	
Interest paid		(52,532)		(34,178)	
Income taxes paid		(80,040)		-	
Net cash (outflow)/inflow from operating activities		(1,137,963)		3,673,764	
Investing activities					
Purchase of tangible fixed assets		(375,659)		(177,175)	
Proceeds on disposal of tangible fixed assets		25,080		-	
Interest received		14,403		1,908	
Net cash used in investing activities		(336,176)		(175,267)	
Financing activities					
Repayment of bank loans		(123,233)		(116,110)	
Payment of finance leases obligations		(42,122)		(66,159)	
Dividends paid to equity shareholders		(399,251)		(80,295)	
Dividends paid to non-controlling interests		(35,977)		(16,061)	
Net cash used in financing activities		(600,583)		(278,625)	
Net (decrease)/increase in cash and cash equivalents		(2,074,722)		3,219,872	
Cash and cash equivalents at beginning of year		3,890,698		670,826	
Cash and cash equivalents at end of year		1,815,976		3,890,698	

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

Space Solutions (Scotland) Limited ("the parent company") is a private company limited by shares, domiciled and incorporated in Scotland. The registered office is Bishop House, 50 Carden Place, Aberdeen, AB10 1UP.

The group consists of Space Solutions (Scotland) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

The parent company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel; and
- Section 33.1A 'Related Party Disclosures': Transactions with fully owned group companies.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated financial statements incorporate those of Space Solutions (Scotland) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Going concern

The directors, in arriving at their going concern assessment, considered the forecast profit and loss and cashflow for the period to 30th June 2025 and the current order pipeline report. A review was carried out of the specific risks. Consideration was given to the operational costs, the well managed cash position, the improving processes and employee development.

The directors concluded that at the time of approving the financial statements, there is a reasonable expectation that the company and group has adequate resources to continue in operational existence for at least the 12 months following the approval of these financial statements and therefore it is appropriate that the accounts be prepared on the going concern basis.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.6 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is three years. Provisions is made for any impairment. The group's goodwill is fully amortised.

1.7 Tangible fixed assets

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

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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

Freehold land and buildings	2-20% on cost
Leasehold improvements	2-44% on cost
Plant and machinery	15-50% on cost
Fixtures, fittings & equipment	20-33% on cost and 25% on reducing balance
Computer equipment	33-50% on cost
Motor vehicles	46-50% on cost and 25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Net realisable value is calculated as expected selling price less estimated costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss account.

1.11 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Retentions receivable on construction contracts are recognised on an accruals basis when they are receivable. Retentions payable on construction contracts are not recognised as an expense until they are payable.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.17 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.

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.19 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit and loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The Government grants received in relation to the Job Retention Scheme are recognised as other operating income in the profit and loss account in the period to which the grants relate.

2 Change in accounting policy

Retentions receivable on construction contracts were previously recognised as revenue when they had been received. This was due to the uncertainty surrounding the recoverability of the full value of the retentions. During the year to 30 June 2023, the parent company recognised retentions receivable on an accruals basis. The impact on the current year is an increase in revenue of £567,314 and accrued revenue of £567,314.

The comparative figures and results presented as at and for the year ended 30 June 2022 are unaffected by this change.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

3 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Contract accounting

As disclosed in accounting policy 1.11, the amounts recoverable on contracts and related accruals for the group are based on management's estimates of the stage of completion of each contract and the expected final profit on each contract. Such estimates are revised as each contract progresses and more information becomes available. The amounts recoverable on construction contracts at the year end are £1,416,959 (2022 - £3,174,836) and related cost accruals are £2,679,730 (2022 - £4,844,503).

Estimated useful life

The useful economic life of each class of fixed asset is estimated by management. Depreciation in the year was £250,138 (2022 - £161,657).

Carrying value of land and buildings

The company's fixed assets include amounts for buildings, the carrying value of which are intended to be independently re-assessed on a regular basis. In the intervening years judgement is required to determine the appropriate carrying value for the property (see note 12).

4 Turnover and other revenue

In the opinion of the directors it would be seriously prejudicial to the group's interest to disclose turnover by different classes, markets or location.

5 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(36,770)
Depreciation of owned tangible fixed assets	209,962	127,540
Depreciation of tangible fixed assets held under finance leases	40,176	34,117
(Profit)/loss on disposal of tangible fixed assets	(779)	219
Operating lease charges	475,763	474,311
	<u>475,763</u>	<u>474,311</u>

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

6 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the parent company	40,000	32,500
Audit of the financial statements of the company's subsidiaries	15,000	12,500
	<u>55,000</u>	<u>45,000</u>

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Management	12	12	12	12
Administration	53	49	47	43
Operations	151	137	122	112
Total	<u>216</u>	<u>198</u>	<u>181</u>	<u>167</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	8,698,273	7,892,715	7,339,838	6,733,346
Social security costs	895,717	772,906	759,177	664,560
Pension costs	490,789	276,122	420,311	236,159
	<u>10,084,779</u>	<u>8,941,743</u>	<u>8,519,326</u>	<u>7,634,065</u>

8 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	575,774	582,419
Company pension contributions to defined contribution schemes	27,649	26,774
	<u>603,423</u>	<u>609,193</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2022 - 5).

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

8 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023	2022
	£	£
Remuneration for qualifying services	131,161	158,333
Company pension contributions to defined contribution schemes	5,810	7,112
	<u>136,971</u>	<u>165,445</u>

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank loans	44,269	29,667
Other finance costs:		
Interest on finance leases and hire purchase contracts	8,263	4,511
Total finance costs	<u>52,532</u>	<u>34,178</u>

10 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	156,716	80,064
Adjustments in respect of prior periods	(24)	-
Total current tax	<u>156,692</u>	<u>80,064</u>
Deferred tax		
Origination and reversal of timing differences	37,260	10,990
Previously unrecognised tax loss, tax credit or timing difference	-	202,357
Write down or reversal of write down of deferred tax asset	-	34,389
Adjustment in respect of prior periods	2,363	322
Total deferred tax	<u>39,623</u>	<u>248,058</u>
Total tax charge	<u>196,315</u>	<u>328,122</u>

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	826,372	1,615,785
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	169,406	306,999
Tax effect of expenses that are not deductible in determining taxable profit	27,216	13,444
Adjustments in respect of prior years	(24)	-
Fixed asset differences	(4,951)	(3,577)
Other non-reversing timing differences	1,161	-
Other permanent differences	-	113
Deferred tax adjustments in respect of prior years	2,363	322
Remeasurement of deferred tax for changes in tax rates	3,445	74,815
Movements in deferred tax not recognised	(2,301)	(63,994)
Taxation charge	196,315	328,122

The March 2021 budget announced that a rate of 25% would apply with effect from 1 April 2023. Accordingly, the group's deferred tax provision has been recognised at a rate of 25%.

11 Dividends

	2023 £	2022 £
Ordinary final paid	399,251	80,295

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2022 and 30 June 2023	128,965
Amortisation and impairment	
At 1 July 2022 and 30 June 2023	128,965
Carrying amount	
At 30 June 2023	-
At 30 June 2022	-

The company had no intangible fixed assets at 30 June 2023 or 30 June 2022.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 July 2022	585,000	665,216	666,818	43,447	608,445	421,955	2,990,881
Additions	-	94,937	6,164	-	96,808	177,750	375,659
Disposals	-	-	(3,466)	-	-	(46,313)	(49,784)
At 30 June 2023	585,000	760,153	669,516	43,447	705,253	553,387	3,316,756
Depreciation and impairment							
At 1 July 2022	40,656	588,300	652,861	38,521	488,959	177,119	1,986,416
Depreciation charged in the year	13,552	55,755	8,318	1,680	87,069	83,764	250,138
Eliminated in respect of disposals	-	-	(3,325)	-	-	(22,183)	(25,508)
At 30 June 2023	54,208	644,055	657,854	40,201	576,028	238,700	2,211,046
Carrying amount							
At 30 June 2023	530,792	116,098	11,662	3,246	129,225	314,687	1,105,710
At 30 June 2022	544,344	76,916	13,957	4,926	119,486	244,836	1,004,465

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Tangible fixed assets

(Continued)

Company	Freehold land and buildings	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 July 2022	585,000	632,869	636,062	43,447	608,445	74,720	2,580,543
Additions	-	93,774	-	-	96,808	-	190,582
At 30 June 2023	585,000	726,643	636,062	43,447	705,253	74,720	2,771,125
Depreciation and impairment							
At 1 July 2022	40,656	557,227	633,748	38,521	488,959	59,218	1,818,329
Depreciation charged in the year	13,552	54,265	1,707	1,680	87,069	8,002	166,275
At 30 June 2023	54,208	611,492	635,455	40,201	576,028	67,220	1,984,604
Carrying amount							
At 30 June 2023	530,792	115,151	607	3,246	129,225	7,500	786,521
At 30 June 2022	544,344	75,642	2,314	4,926	119,486	15,502	762,214

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023 £	2022 £	Company 2023 £	2022 £
Motor vehicles	125,492	192,305	-	-
Depreciation charge for the year in respect of leased assets	40,176	34,117	-	-

Land and buildings with a carrying amount of £585,000 were revalued at 7 June 2019 by Graham + Sibbald, independent valuers not connected with the company on the basis of market value. The valuation conforms to RICS Valuation - Global Standards 2017, incorporating IVSC International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The directors, while having obtained a recent further independent valuation, believe the fair value of the land and buildings remains unchanged.

Land and buildings are depreciated based on their latest valuation being equal to deemed cost.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

14 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	15	-	-	206,177	206,177

Movements in fixed asset investments Company

Cost or valuation

At 1 July 2022 and 30 June 2023 206,177

Carrying amount

At 30 June 2023 206,177

At 30 June 2022 206,177

Shares in
subsidiaries
£

15 Subsidiaries

Details of the company's subsidiaries at 30 June 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
General and Technical Flooring Services Limited	Twin Spires, Mugiemoss Road, Bucksburn, Aberdeen, Scotland, AB21 9NY	Commercial flooring installation	Ordinary A	76.10
Haa Design Limited	140 West George Street, Glasgow, Scotland, G2 2HG	Dormant	Ordinary	100.00

16 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Work in progress	-	40,785	-	-

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

17 Debtors

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	5,609,844	5,210,826	4,697,867	4,209,147
Gross amounts owed by contract customers	1,416,959	3,174,386	1,286,063	3,089,293
Amounts owed by group undertakings	-	-	7,667	63,635
Other debtors	52,278	202,505	46,262	49,499
Prepayments and accrued income	678,648	396,809	632,382	357,766
	<u>7,757,729</u>	<u>8,984,526</u>	<u>6,670,241</u>	<u>7,769,340</u>

Amounts owed by group undertakings are interest free and repayable on demand.

18 Creditors: amounts falling due within one year

	Notes	Group 2023	2022	Company 2023	2022
		£	£	£	£
Bank loans	20	122,901	122,952	122,901	122,952
Obligations under finance leases	21	44,006	50,139	-	-
Trade creditors		2,764,825	3,789,648	2,433,261	3,392,061
Amounts owed to group undertakings		-	-	133,850	200,601
Corporation tax payable		156,716	80,064	61,330	-
Other taxation and social security		588,187	954,991	545,568	920,699
Other creditors		460,684	404,246	430,856	348,049
Accruals and deferred income		2,695,467	4,844,503	2,437,684	4,685,553
		<u>6,832,786</u>	<u>10,246,543</u>	<u>6,165,450</u>	<u>9,669,915</u>

Amounts owed to group undertakings are interest free and repayable on demand.

Obligations under finance leases are secured over the related assets.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2023	2022	Company 2023	2022
		£	£	£	£
Bank loans and overdrafts	20	559,132	682,314	559,132	682,314
Obligations under finance leases	21	58,902	94,891	-	-
		<u>618,034</u>	<u>777,205</u>	<u>559,132</u>	<u>682,314</u>

Obligations under finance leases are secured over the related assets.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

20 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	682,033	805,266	682,033	805,266
Payable within one year	122,901	122,952	122,901	122,952
Payable after one year	559,132	682,314	559,132	682,314

The bank hold a bond and floating charge over all the assets of the company.

The original bank loan is repayable in quarterly instalments of £9,435 (including interest) and attracts an interest rate of 2.75% above the Bank Base Rate. The loan is due to be fully repaid in July 2024. The bank loan is secured over the land and building owned by Space Solutions (Scotland) Limited.

In addition, during FY21 Space Solutions (Scotland) Limited drew down a £500,000 Coronavirus Business Interruption Loan which is repayable in monthly instalments of £8,333 per month and attracts an interest rate of 3.32% above the Bank Base Rate. The loan is due to be fully repaid in July 2026.

21 Finance lease obligations

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Within one year	44,006	50,139	-	-
In two to five years	58,902	94,891	-	-
	102,908	145,030	-	-

Finance lease payments represent rentals payable by the company or group for certain items of motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	Group 2023 £	2022 £	Company 2023 £	2022 £
Dilapidations	403,844	306,427	369,844	277,427

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

22 Provisions for liabilities (Continued)

Movements on provisions:

Group	Dilapidation £
At 1 July 2022	306,427
Additional provisions in the year	97,417
At 30 June 2023	403,844
Company	Dilapidation £
At 1 July 2022	277,427
Additional provisions in the year	92,417
At 30 June 2023	369,844

The group is required to perform dilapidation repairs in order to restore properties to agreed specifications prior to the properties being vacated at the end of their lease terms. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows, given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed.

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023 £	Liabilities 2022 £
Group		
Accelerated capital allowances	91,779	82,530
Tax losses	-	(24,901)
Other short term differences	-	(5,473)
	91,779	52,156

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

23 Deferred taxation (Continued)

	Liabilities 2023 £	Liabilities 2022 £
Company		
Accelerated capital allowances	33,275	31,949
Tax losses	-	(16,751)
Other short term differences	-	(5,473)
	<u>33,275</u>	<u>9,725</u>
	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 July 2022	52,156	9,725
Charge to profit or loss	39,623	23,550
	<u>91,779</u>	<u>33,275</u>
Liability at 30 June 2023		

24 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	490,789	276,122

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

Group and company	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary A of £1 each	122,116	122,116	122,116	122,116
Ordinary B of £1 each	45,385	45,385	45,385	45,385
	<u>167,501</u>	<u>167,501</u>	<u>167,501</u>	<u>167,501</u>

Ordinary A and Ordinary B shares both have full voting and distribution rights. Each share class has the right to receive dividends as declared by the directors.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

26 Reserves

Capital redemption reserve

The capital redemption reserve represents the par value of company shares repurchased.

Profit and loss reserves

The profit and loss reserves represents the cumulative profits and losses net of dividends.

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	104,933	657,058	74,933	627,058
Between two and five years	1,140,734	1,352,697	1,100,734	1,312,697
In over five years	317,858	97,179	317,858	97,179
	<u>1,563,525</u>	<u>2,106,934</u>	<u>1,493,525</u>	<u>2,036,934</u>

28 Related party transactions

Group

During the year, the group completed the following transactions with companies which have common key management personnel of the entity: purchases of £1,152,667 (2022 - £539,219) and sales of £211,808 (2022 - £232,888). At the year end the balance due from these parties was £179,690 (2022 - £89,455).

Company

During the year, the company completed the following transactions with entities over which the entity has control, joint control or significant influence: purchases of £1,081,797 (2022 - £1,315,488) and sales of £64,341 (2022 - £49,182). At the year end the company owed £133,850 (2022 - £200,601) to its subsidiaries.

During the year, the company completed the following transactions with companies which have common key management personnel of the entity: purchases of £1,152,667 (2022 - £539,219) and sales of £211,808 (2022 - £232,888). At the year end the balance due from these parties was £179,690 (2022 due from - £89,455).

29 Controlling party

At no time during the current or previous year did one single shareholder hold a controlling interest in the company.

SPACE SOLUTIONS (SCOTLAND) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

30 Cash (absorbed by)/generated from group operations

	2023 £	2022 £
Profit for the year after tax	630,057	1,287,663
Adjustments for:		
Taxation charged	196,315	328,122
Finance costs	52,532	34,178
Investment income	(14,403)	(1,908)
(Gain)/loss on disposal of tangible fixed assets	(779)	219
Depreciation of tangible fixed assets	250,138	161,657
Increase in provisions	97,417	88,259
Movements in working capital:		
Decrease/(increase) in stocks	40,785	(5,085)
Decrease/(increase) in debtors	1,226,797	(2,484,500)
(Decrease)/increase in creditors	(3,484,250)	4,299,337
Cash (absorbed by)/generated from operations	(1,005,391)	3,707,942

31 Analysis of changes in net funds

	1 July 2022 £	Cash flows £	30 June 2023 £
Cash at bank and in hand	3,890,698	(2,074,722)	1,815,976
Borrowings excluding overdrafts	(805,266)	123,233	(682,033)
Obligations under finance leases	(145,030)	42,122	(102,908)
	2,940,402	(1,909,367)	1,031,035

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.