

SPACE ARCHITECTURE (EUROPE) LIMITED

**REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2015**



SPACE ARCHITECTURE (EUROPE) LIMITED

COMPANY INFORMATION

Director	RJ Charlton
Secretary	N McGlew
Company number	04674960
Registered office	Spaceworks Benton Park Road Benton Newcastle upon Tyne NE7 7LX
Auditors	RSM UK Audit LLP Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD
Bankers	National Westminster Bank plc 87 Grey Street Newcastle upon Tyne NE99 1PY Santander UK Plc 6 South Administration Block Bridle Road Bootle Merseyside L30 4GB

SPACE ARCHITECTURE (EUROPE) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2015

The director presents the strategic report and financial statements for the year ended 30 June 2015.

Review of the business

During the year, the company's turnover increased by £530,542 to £5,043,108. The gross profit percentage reduced from 36.7% to 33.4%.

In light of the fact that the business operates within the construction industry the director feels that the performance in the year was good and that the company's financial position is satisfactory.

While the director recognises that the financial performance has been satisfactory they are also aware that the economic climate will continue to present significant challenges in the coming year, especially for businesses working within the construction and design industries. Despite this, the director is confident that the business has the strength and depth to ensure the sustainability of the business and its future profitability.

On behalf of the board



.....
RJ Charlton

Director

12.1.16
.....

SPACE ARCHITECTURE (EUROPE) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2015

The director presents his report and financial statements for the year ended 30 June 2015.

Principal activities

The principal activity of the company continued to be that of the provision of architectural and technical consultancy services.

Financial risk management objectives and policies

The main risks associated with the company's financial assets and liabilities are set out below.

Interest rate risk

Interest on the overdraft is charged at a variable rate. Therefore financial assets, liabilities, interest charges, and interest income and cash flows can be affected by movements in interest rates. The risk is reduced and managed by regularly reviewing the rates available to the company.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities because these bear interest at floating rates.

Credit risk

The majority of company debtors are in relation to amounts owed as set out in agreed legal contracts. Therefore, the company does not consider there to be a significant credit risk.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations in the most effective manner. It is company policy to invoice amounts recoverable on contracts as soon as possible and all amounts owed by the debtors are to be collected promptly. All capital expenditure must be approved by the director.

Results and dividends

The company's trading profit for the year, after taxation was £494,723 (2014 profit £601,334).

Director

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

AR Roberts
RJ Charlton

(Resigned 1 June 2015)

Auditors

The auditor, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), are deemed to be reappointed under section 487(2) of the Companies Act 2006.

SPACE ARCHITECTURE (EUROPE) LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

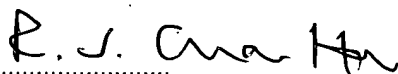
Donations

During the year the company made charitable contributions of £8,788 (2014: £1,196).

Strategic report

Details of the company's performance for the year, key performance indicators, and future developments are detailed within the Strategic Report.

On behalf of the board



.....
RJ Charlton

Director

12.1.16
.....

SPACE ARCHITECTURE (EUROPE) LIMITED

DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPACE ARCHITECTURE (EUROPE) LIMITED

We have audited the financial statements on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As more fully explained in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of the financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

RSM UK Audit LLP

Iain Corner (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD
12.1.16

SPACE ARCHITECTURE (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 £	2014 £
Turnover	2	5,043,108	4,512,566
Cost of sales		(3,360,651)	(2,857,399)
Gross profit		1,682,457	1,655,167
Administrative expenses (including exceptional income of £ - (2014 - £141,392))		(1,387,491)	(1,216,097)
Other operating income	3	226,461	213,595
Operating profit (including exceptional items of £- (2014 - £141,392)).		521,427	652,665
Interest receivable and similar income		698	-
Interest payable and similar charges	4	(47,604)	(48,962)
Profit on ordinary activities before taxation	5	474,521	603,703
Tax on profit on ordinary activities	8	20,202	(2,369)
Profit for the financial year	18	494,723	601,334


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

There are no recognised gains and losses other than those passing through the profit and loss account.

SPACE ARCHITECTURE (EUROPE) LIMITED**BALANCE SHEET
AS AT 30 JUNE 2015**

	Notes	2015 £	£	2014 £	£
Fixed assets					
Intangible assets	10		608		912
Tangible assets	11		3,296,565		3,358,138
			<u>3,297,173</u>		<u>3,359,050</u>
Current assets					
Debtors	12	1,894,801		1,480,514	
Cash at bank and in hand		326,521		99,435	
		<u>2,221,322</u>		<u>1,579,949</u>	
Creditors: amounts falling due within one year	13	(1,253,528)		(1,095,635)	
Net current assets			<u>967,794</u>		<u>484,314</u>
Total assets less current liabilities			<u>4,264,967</u>		<u>3,843,364</u>
Creditors: amounts falling due after more than one year	14		(2,650,561)		(2,467,801)
Provisions for liabilities	15		(154,182)		(118,031)
Net assets			<u>1,460,224</u>		<u>1,257,532</u>
Capital and reserves					
Called up share capital	17		200,000		200,000
Profit and loss account	18		1,260,224		1,057,532
Shareholders' funds	19		<u>1,460,224</u>		<u>1,257,532</u>

The financial statements on pages 6 to 17 were approved by the board of directors and authorised for issue on 12.1.16 and are signed on its behalf by:


 RJ Charlton
 Director

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

The company is a 100% owned subsidiary of Space Group (Europe) Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group that qualify as related parties.

Turnover

Turnover represents amounts chargeable to clients for services provided during the year, excluding VAT. Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of work performed. Turnover is not recognised where the right to receive payment is contingent on events outside of the control of the company.

Unbilled revenue is included in debtors as 'amounts recoverable on contracts'. Amounts billed on account in excess of the amounts recognised as revenue are included in creditors.

Intangible assets

Intangible fixed assets are stated at cost less amortisation. Cost represents purchase prices plus any incidental costs of acquisition. Amortisation is charged so as to write down the asset over the term of its useful life, which is considered to be three years.

Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold Property	2% straight line
Fixtures & Fittings	33.3% - 37.5% straight line
Motor vehicles	33.3% straight line
Equipment	33.3% - 37.5% straight line

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Rentals receivable under operating leases are recognised as income on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies (Continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have been discounted.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

If a financial instrument contains both an equity and a liability element, then the liability element is first established with any residual value being disclosed within equity shareholders' fund. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument.

2 Turnover

Geographical market

	2015 £	2014 £
United Kingdom	5,043,108	4,512,566
	<u>5,043,108</u>	<u>4,512,566</u>

3 Other operating income

	2015 £	2014 £
Rent receivable	202,429	204,832
Other operating income	24,032	8,763
	<u>226,461</u>	<u>213,595</u>

Rent is receivable under operating leases detailed within note 11.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

4	Interest payable and similar charges	2015 £	2014 £
	Interest payable on bank borrowing	46,729	48,790
	Other similar charges payable	875	172
		<u>47,604</u>	<u>48,962</u>

5	Profit on ordinary activities before taxation	2015 £	2014 £
	Profit on ordinary activities before taxation is stated after charging:		
	Amortisation of intangible assets	304	-
	Depreciation of tangible fixed assets		
	- owned	141,858	136,372
	Exceptional credit to administrative expenses	-	(141,392)
	Operating lease rentals		
	- Plant and machinery	7,149	14,266
	- Other assets	78,278	144,699
	Auditors' remuneration for statutory audit	8,300	8,000
		<u></u>	<u></u>

During the previous year the company received a refund of business rates charged against the company's head office of £141,392, which has been included as an exceptional credit against administrative expenses. No such refund has been received in the current year.

6 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Technical staff	55	51
Administrative staff	19	16
	<u>74</u>	<u>67</u>

Employment costs	2015 £	2014 £
Wages and salaries	1,975,051	1,789,480
Social security costs	201,611	178,656
Other pension costs	159,539	154,203
	<u>2,336,201</u>	<u>2,122,339</u>

Other pension costs represent company contributions to defined contribution pension scheme.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

7	Director's remuneration	2015 £	2014 £
	Remuneration for qualifying services	47,748	46,793
	Company contributions to money purchase pension schemes	79,996	80,000
		<u>127,744</u>	<u>126,793</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes at the year end amounted to 1 (2014 - 2).

8	Tax on profit on ordinary activities	2015 £	2014 £
	Current tax		
	U.K. corporation tax	116,006	150,297
	Adjustment in respect of prior years	(153,049)	(188,716)
	Total current tax	<u>(37,043)</u>	<u>(38,419)</u>
	Deferred tax		
	Origination and reversal of timing differences	16,841	40,788
	Total tax on profit on ordinary activities	<u>(20,202)</u>	<u>2,369</u>

Factors affecting the tax credit for the year

The tax assessed for the year is lower than the standard rate of corporation tax of 20.75% (2014 - 22.50%).
The differences are explained below:

Profit on ordinary activities before taxation	<u>474,521</u>	<u>603,703</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.75% (2014 - 22.50%)	<u>98,463</u>	<u>135,833</u>
Effects of:		
Expenses not deductible for tax purposes	12,892	10,711
Capital allowances	6,261	8,815
Adjustments to previous periods	(153,049)	(188,716)
Other tax adjustments	(1,610)	(5,062)
	<u>(135,506)</u>	<u>(174,252)</u>
Current tax credit for the year	<u>(37,043)</u>	<u>(38,419)</u>

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

9	Dividends	2015 £	2014 £
	Dividends paid on ordinary shares	292,031	678,640
	Dividends proposed on ordinary shares	-	50,000
		<u>292,031</u>	<u>728,640</u>

10 Intangible fixed assets

	Intangible assets £
Cost	
At 1 July 2014 & at 30 June 2015	912
Amortisation	
At 1 July 2014	-
Charge for the year	304
At 30 June 2015	<u>304</u>
Net book value	
At 30 June 2015	<u>608</u>
At 30 June 2014	<u>912</u>

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

11 Tangible fixed assets

	Freehold Property £	Equipment £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2014	3,781,409	947,952	433,431	1,412	5,164,204
Additions	-	53,598	26,688	-	80,286
At 30 June 2015	3,781,409	1,001,550	460,119	1,412	5,244,490
Depreciation					
At 1 July 2014	521,665	890,628	392,361	1,412	1,806,066
Charge for the year	78,079	35,273	28,507	-	141,859
At 30 June 2015	599,744	925,901	420,868	1,412	1,947,925
Net book value					
At 30 June 2015	3,181,665	75,649	39,251	-	3,296,565
At 30 June 2014	3,259,744	57,324	41,070	-	3,358,138

The company has entered into operating lease agreements with tenants in respect of the freehold property shown above. Approximately 66.2% (2014: 40.8%) of the property is let under these operating lease agreements.

12 Debtors

	2015 £	2014 £
Trade debtors	839,659	1,069,226
Amounts recoverable on long term contracts	6,281	6,281
Amounts owed by group undertakings	804,194	254,194
Other debtors	3,399	4,442
Prepayments and accrued income	241,268	146,371
	<u>1,894,801</u>	<u>1,480,514</u>

Included within amounts owed by group undertakings is £804,194 (2014: £254,194) owed to Space Architecture (Europe) Limited which falls due after more than one year.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

13 Creditors: amounts falling due within one year	2015 £	2014 £
Bank loans	256,601	187,352
Trade creditors	380,914	258,457
Corporation tax	116,006	150,297
Other taxation and social security costs	233,105	214,020
Other creditors	86,909	34,787
Accruals and deferred income	179,993	250,722
	<u>1,253,528</u>	<u>1,095,635</u>

Included within bank loans are loans of £256,601 (2014: £187,352) which are secured by the way of a first charge over the company's assets.

14 Creditors: amounts falling due after more than one year	2015 £	2014 £
Bank loans	2,404,728	2,467,801
Other creditors	245,833	-
	<u>2,650,561</u>	<u>2,467,801</u>

Included in the above are the following:

Analysis of debt maturity

Amounts payable:

In more than one year but not more than two years	262,090	190,466
In more than two years but not more than five years	668,839	590,610
In five years or more	<u>1,473,799</u>	<u>1,686,725</u>
	<u>2,404,728</u>	<u>2,467,801</u>

Bank loans and overdrafts include bank loans of £2,404,728 (2014: £2,467,801) which are secured by way of a first charge over the company's assets.

Bank loans include two loans where £1,473,799 (2014: £1,686,725) is not repayable within five years. These loans were advanced with a value of £3,600,000 during 2007, and are repayable by way of quarterly instalments. These loans bear interest at a rate of 1.15% above bank base rate.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

15 Provisions for liabilities

	Deferred tax liability £	Other £	Total £
Balance at 1 July 2014	37,341	80,690	118,031
Profit and loss account	16,841	19,310	36,151
Balance at 30 June 2015	<u>54,182</u>	<u>100,000</u>	<u>154,182</u>

Provisions represent the estimated cost to the company of defending and concluding professional liability claims.

The deferred tax liability is made up as follows:

	2015 £	2014 £
Accelerated capital allowances and other timing differences	<u>54,182</u>	<u>37,341</u>

16 Derivatives

The company has no financial liabilities classed as derivatives.

17 Share capital

	2015 £	2014 £
Allotted, called up and fully paid 200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

18 Profit and loss account

	Profit and loss account £
Balance at 1 July 2014	1,057,532
Profit for the year	494,723
Dividends paid	(292,031)
Balance at 30 June 2015	<u>1,260,224</u>

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

19 Reconciliation of movements in shareholders' funds	2015 £	2014 £
Profit for the financial year	494,723	601,334
Dividends	(292,031)	(728,640)
Net addition to/(depletion in) shareholders' funds	202,692	(127,306)
Opening shareholders' funds	1,257,532	1,384,838
Closing shareholders' funds	1,460,224	1,257,532

20 Commitments under operating leases

At 30 June 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2016:

	Land and buildings		Other	
	2015 £	2014 £	2015 £	2014 £
Operating leases which expire:				
Within one year	-	12,869	-	-
Between two and five years	165,000	90,000	34,904	15,026
	165,000	102,869	34,904	15,026

21 Related party relationships and transactions

At the balance sheet date the director had extended a personal guarantee up to a value of £150,000 (2014: £150,000), in respect of the company's principal bank loan.

Mr R J Charlton and Mr A R Roberts, company directors during the period, both operated a loan account with the company during the year. On 30 June 2015 included in other creditors is a balance of £100,000 was due to Mr R J Charlton from the company, and £195,833 was due to Mr A R Roberts from the company. These were the maximum amounts outstanding on the loans during the year. During the year interest of £292 and £583 were charged to Mr R J Charlton and Mr A R Roberts loan accounts respectively.

On 30 June 2015 Space Architecture (Europe) Limited was owed £500,000 (2014: £nil) by Brunton Holdings Limited, a company under the control of Mr R J Charlton, the ultimate controlling party of Space Architecture (Europe) Limited.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

22 Control

Throughout the year Space Group (Europe) Limited, a company incorporated in the United Kingdom, owned 100% of the share capital of Space Architecture (Europe) Limited. The ultimate parent company is Brunton Holdings Limited, a company incorporated in the United Kingdom, by virtue of its holding of the entire share capital of Space Group (Europe) Limited.

The consolidated financial statements of Space Group (Europe) Limited represents both the largest and smallest group of undertakings for which group accounts are drawn up. The consolidated financial statements of Space Group (Europe) Limited are available from Companies House.

The ultimate controlling party is Mr R J Charlton by virtue of his holding of the majority of the share capital of Brunton Holdings Limited, the ultimate parent company.