

Company Registration No. 04674960 (England and Wales)

SPACE ARCHITECTURE (EUROPE) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019



SPACE ARCHITECTURE (EUROPE) LIMITED

COMPANY INFORMATION

Director	R J Charlton
Secretary	N McGlew
Company number	04674960
Registered office	Spaceworks Benton Park Road Newcastle upon Tyne NE7 7LX
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD
Bankers	Santander UK Plc 6 South Administration Block Bridle Road Bootle Merseyside L30 4GB National Westminster Bank 16 Northumberland Street Newcastle upon Tyne NE1 7EL

SPACE ARCHITECTURE (EUROPE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The director presents the strategic report for the year ended 30 June 2019.

Fair review of the business

Space Architecture trading as Space Group consists of three specialist divisions; Space Architects, BIM Technologies and bimstore.

All divisions work across the UK property sector from Real Estate Investment Trusts to universities, global businesses to government, helping them all achieve better project outcomes.

The business is headquartered in Newcastle with a regional office in London.

Space Group has a particular emphasis on innovation in the sector through the use of technology. This has allowed the business to work with clients such as Google, ITV, Great Portland Estates and Berkeley.

For the year to 30 June 2019 we saw a decline in both turnover and profit due to a challenging environment. Turnover was £4,685,662 (2018: £5,459,751) a decrease of £774,089 (14.2%). Gross profit margin in the period declined to 35.2% compared 38.1% in 2018. Net profit before tax margin decreased from 19.4% to 12.1%. Overheads increased by 5.3% mostly attributable to increased legal and professional services. Disciplined cost control is exercised by the management and directors throughout the year.

The business operates in the construction sector which has been affected by the uncertain economic environment. The reduction in the value of sterling has encouraged international development into the London market which effects our work in the capital. A number of our UK based clients have been replaced by more international organisations.

In the North East, Universities have continued to invest in their estates which has generated a steady revenue stream. We also work with a discount retailer who has a growth strategy across the UK.

Overall the company achieved a net profit of £626,287 (2018: £1,020,107 and an increase in net asset value of £365,964 after tax, net assets rising to £4,116,539 (2018: £3,750,575) representing an uplift of 9.8%.

The Board was satisfied at the performance of the company in 2019 in what has been a challenging market.

With the uncertainty of Brexit continuing we expect trading conditions to remain challenging in 2020, however the board believe revenue and profit margins are sustainable.

Key performance indicators

The director receives a comprehensive set of management accounts each month with detailed analysis of income, expenses, balance sheet and cash flow statement measured against budget. All significant variances are investigated and explained.

The company's key performance indicators during the year were as follows:

	2019	2018	Var
	£'000	£'000	%
Turnover	4,686	5,460	(14.2)
Gross profit	1,651	2,078	(20.5)
Gross profit margin	35.2%	38.1%	(2.9)
Net profit (profit before tax)	569	1,061	(46.4)
Net profit before tax margin	12.1%	19.4%	(7.3)
Net assets	4,117	3,751	9.8
Current ratio	3.9	3.0	0.9 times
Debtors days ratio	68	79	11 days

The company monitors trade debtor levels and has good credit control processes in place which assist in efficient working capital management. The year-end debtor days ratio shows a decrease of 11 days at June 2019.

SPACE ARCHITECTURE (EUROPE) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Principal risks and uncertainties

Economic conditions

The principal risk facing the business is that of economic and political uncertainty driven largely by the UK's exit from the European Union. The impact of this uncertainty continues to cause delays to capital investment programmes in property within both the private and public sectors and with our manufacturing clients.

The Grenfell enquiry is putting the construction sector under the microscope in recent years and following a report by Dame Judith Hackitt the government is proposing to bring forward legislation which will propose new property duty holders.

Future developments

The construction sector requires ongoing investment in new thinking to improve outcomes and performance.

The business embraces this need and invests in services and technologies to differentiate within the sector. Through 2018 we have continued to invest in our existing platforms and a new Bimstore was completely rebuilt with a six-figure investment. We are launching a new digital twin platform in 2020 which we have invested in over the past two years. Both of these investments are part of our diversification strategy to ensure we can continue to grow in a challenging and changing sector.

On behalf of the board



R J Charlton

Director

Date:

9/12/19

SPACE ARCHITECTURE (EUROPE) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The director presents his annual report and financial statements for the year ended 30 June 2019.

Principal activities

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

Director

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

R J Charlton

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £260,323 (2018: £226,323). The director does not recommend payment of a further dividend.

Auditor

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

Matters of strategic importance

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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 financial risk management objectives and policies.

Statement of disclosure to auditor

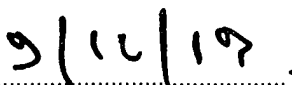
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware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

On behalf of the board



R J Charlton

Director

Date: 

SPACE ARCHITECTURE (EUROPE) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

The director is responsible for preparing the Strategic Report and the 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; and
- 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 them 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

Opinion

We have audited the financial statements of Space Architecture (Europe) Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including a summary of 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 company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 director is responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully 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, 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 director is responsible for assessing the 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Rachel Fleming (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

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SPACE ARCHITECTURE (EUROPE) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	4,685,662	5,459,751
Cost of sales		(3,034,266)	(3,382,077)
Gross profit		1,651,396	2,077,674
Administrative expenses		(1,276,353)	(1,212,287)
Other operating income		234,050	233,517
Operating profit	6	609,093	1,098,904
Interest receivable and similar income	7	2,153	1,726
Interest payable and similar expenses	8	(42,282)	(39,337)
Profit before taxation		568,964	1,061,293
Tax on profit	9	57,323	(41,186)
Profit for the financial year		626,287	1,020,107
Retained earnings brought forward		3,550,575	2,756,791
Dividends	10	(260,323)	(226,323)
Retained earnings carried forward		3,916,539	3,550,575

SPACE ARCHITECTURE (EUROPE) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2019**

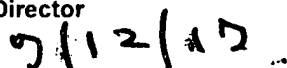
	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	11	140,195		39,364	
Tangible assets	12	2,941,532		3,068,921	
		<u>3,081,727</u>		<u>3,108,285</u>	
Current assets					
Debtors	13	1,958,236	2,422,820		
Investments	15	250,000	-		
Cash at bank and in hand		1,342,429	1,386,040		
		<u>3,550,665</u>	<u>3,808,860</u>		
Creditors: amounts falling due within one year	14	(907,086)	(1,260,641)		
Net current assets		<u>2,643,579</u>		<u>2,548,219</u>	
Total assets less current liabilities		<u>5,725,306</u>		<u>5,656,504</u>	
Creditors: amounts falling due after more than one year	16	(1,508,861)	(1,756,707)		
Provisions for liabilities	19	(99,906)	(149,222)		
Net assets		<u>4,116,539</u>		<u>3,750,575</u>	
Capital and reserves					
Called up share capital	22	200,000	200,000		
Profit and loss reserves	23	3,916,539	3,550,575		
Total equity		<u>4,116,539</u>		<u>3,750,575</u>	

The financial statements were approved and signed by the director and authorised for issue on



R J Charlton

Director



SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Space Architecture (Europe) Limited (the 'company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Spaceworks, Benton Park Road, Newcastle upon Tyne, NE7 7LX.

The company's principal activities and nature of its operations are disclosed in the Director's Report.

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. The principal accounting policies adopted are set out below.

Reduced disclosures

This 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:

- 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' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Brunton Holdings Limited. These consolidated financial statements are available from its registered office, Spaceworks, Benton Road, Newcastle upon Tyne, NE7 7LX.

Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, 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.

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.

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.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

Website	33.3% straight line
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Tangible fixed assets

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

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

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

Impairment of fixed assets

At each reporting period end date, the company 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).

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at bank which have been placed with a maturity of 3 months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other debtors, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, 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.

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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 company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

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 director considers 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.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

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.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company 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.

Employee benefits

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

Retirement benefits

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.

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 statement of financial position 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 or 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 leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible fixed assets, and note 1 for the useful economic lives of each class of asset.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors.

Revenue recognition

Revenue is recognised as contract activity progresses by reference to the value of work performed. This can require judgement where billing is not aligned to level of work performed.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Provision of architectural and technical consultancy services	4,685,662	5,459,751
	<u> </u>	<u> </u>
	2019 £	2018 £
Other revenue		
Interest income	2,153	1,726
	<u> </u>	<u> </u>

All turnover is generated within the United Kingdom.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

4 Employees

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

	2019 Number	2018 Number
Technical staff	42	42
Administrative staff	21	24
	<u>63</u>	<u>66</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,054,298	2,010,575
Social security costs	202,458	199,612
Pension costs	145,541	162,654
	<u>2,402,297</u>	<u>2,372,841</u>

5 Director's remuneration

	2019 £	2018 £
Remuneration for qualifying services	8,713	8,500
Company pension contributions to defined contribution schemes	15,000	15,000
	<u>23,713</u>	<u>23,500</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

6 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,250	7,500
Depreciation of owned tangible fixed assets	152,339	152,210
Depreciation of tangible fixed assets held under finance leases	9,500	21,800
Profit on disposal of tangible fixed assets	(106)	-
Amortisation of intangible assets	36,347	14,184
Operating lease charges	<u>46,151</u>	<u>86,206</u>

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	2,153	1,726

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	40,959	35,081
Other interest on financial liabilities	-	1,349
Interest on finance leases and hire purchase contracts	1,323	2,907
	42,282	39,337

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	115,871	227,780
Adjustments in respect of prior periods	(183,878)	(191,487)
Total current tax	(68,007)	36,293
Deferred tax		
Origination and reversal of timing differences	10,684	4,972
Other adjustments	-	(79)
Total deferred tax	10,684	4,893
Total tax (credit)/charge	(57,323)	41,186

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

9 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	568,964	1,061,293
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	108,103	201,646
Tax effect of expenses that are not deductible in determining taxable profit	5,397	2,670
Under/(over) provided in prior years	(183,878)	(191,487)
Fixed asset differences	14,313	29,021
Impact of change to deferred tax rate	-	(585)
Other timing differences	(1,258)	(79)
Taxation (credit)/charge for the year	(57,323)	41,186

10 Dividends

	2019 £	2018 £
Final paid	260,323	226,323
	260,323	226,323

11 Intangible fixed assets

	Website £
Cost	
At 1 July 2018	54,460
Additions - separately acquired	137,178
At 30 June 2019	191,638
Amortisation and impairment	
At 1 July 2018	15,096
Amortisation charged for the year	36,347
At 30 June 2019	51,443
Carrying amount	
At 30 June 2019	140,195
At 30 June 2018	39,364

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Intangible fixed assets (Continued)

The amortisation charge for the year is recognised within administrative expenses.

12 Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Equipment £	Total £
Cost				
At 1 July 2018	3,781,409	565,079	1,156,527	5,503,015
Additions	-	776	34,074	34,850
Disposals	-	-	(480)	(480)
At 30 June 2019	3,781,409	565,855	1,190,121	5,537,385
Depreciation and impairment				
At 1 July 2018	831,231	515,882	1,086,981	2,434,094
Depreciation charged in the year	75,332	32,531	53,976	161,839
Eliminated in respect of disposals	-	-	(80)	(80)
At 30 June 2019	906,563	548,413	1,140,877	2,595,853
Carrying amount				
At 30 June 2019	2,874,846	17,442	49,244	2,941,532
At 30 June 2018	2,950,178	49,197	69,546	3,068,921

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2019 £	2018 £
Equipment	7,125	26,875

13 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,005,131	1,422,161
Gross amounts owed by contract customers	-	6,281
Amounts owed by group undertakings	804,194	804,194
Other debtors	425	425
Prepayments and accrued income	148,486	189,759
	1,958,236	2,422,820

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

14 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	237,861	228,173
Obligations under finance leases	18	7,789	21,994
Trade creditors		143,461	282,496
Corporation tax		115,871	227,781
Other taxation and social security		237,806	331,404
Other creditors		38,460	42,052
Accruals and deferred income		125,838	126,741
		<u>907,086</u>	<u>1,260,641</u>

15 Current asset investments

	2019 £	2018 £
Short term deposits	250,000	-
	<u>250,000</u>	<u>-</u>

Short term deposits relates to amounts that were placed on deposit for a period of 12 months. These balances are security against loan balances.

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans	17	1,508,861	1,750,241
Obligations under finance leases	18	-	6,466
		<u>1,508,861</u>	<u>1,756,707</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	619,972	857,580
	<u>619,972</u>	<u>857,580</u>

17 Borrowings

	2019 £	2018 £
Bank loans	1,746,722	1,978,414
	<u>1,746,722</u>	<u>1,978,414</u>
Payable within one year	237,861	228,173
Payable after one year	1,508,861	1,750,241
	<u>1,746,722</u>	<u>1,978,414</u>

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

17 Borrowings (Continued)

Bank loans of £1,746,722 (2018: £1,978,414) are secured by way of a first charge over the assets of the company.

Bank loans falling due after more than five years are repayable by equal quarterly instalments until January 2026 and January 2027 and bear an interest rate of 1.90%.

18 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Less than one year	7,789	21,994
Between one and five years	-	6,466
	<u>7,789</u>	<u>28,460</u>

Finance lease payments represent rentals payable by the company for certain items of computer equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases are secured against the assets to which they relate.

19 Provisions for liabilities

	Notes	2019 £	2018 £
Indemnity provision		-	60,000
Deferred tax liabilities	20	99,906	89,222
		<u>99,906</u>	<u>149,222</u>

Movements on provisions apart from deferred tax liabilities:

	Indemnity provision £
At 1 July 2018	60,000
Reversal of provision	(60,000)
At 30 June 2019	<u>-</u>

Provisions for indemnity claims represented the estimated cost to the company of defending and concluding professional liability claims.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

20 Deferred taxation

Deferred tax assets and liabilities are offset where the 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 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	102,021	91,260
Short term timing differences	(2,115)	(2,038)
	<u>99,906</u>	<u>89,222</u>
		2019 £
Movements in the year:		
Liability at 1 July 2018		89,222
Charge to profit or loss		10,684
		<u>99,906</u>
Liability at 30 June 2019		<u>99,906</u>

21 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	145,541	162,654
	<u>145,541</u>	<u>162,654</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Included within other creditors at the year end was £24,153 (2018: £22,595) which is due to the company's pension fund.

22 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
200,000 Ordinary shares of £1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

Equal rights are attached to all Ordinary shares, which carry no right to fixed income.

SPACE ARCHITECTURE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

23 Reserves

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

24 Operating lease commitments

Lessee

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

	2019 £	2018 £
Within one year	60,106	29,400
Between one and five years	76,042	7,641
	<u>136,148</u>	<u>37,041</u>

25 Capital commitments

Capital commitments existed at the balance sheet date of £84,600 (2018: £52,714) in relation to software engineering costs.

26 Related party transactions

Transactions with related parties

	Purchases 2019 £	2018 £
Other related parties	<u>5,075</u>	<u>-</u>

There were no outstanding balances owed to the related party at the year end.

27 Ultimate controlling party

Space Group (Europe) Limited is the immediate parent of the company.

Brunton Holdings Limited is the ultimate parent, and is the smallest and largest company for which consolidated accounts including Space Architecture (Europe) Limited are prepared. The consolidated financial statements of Brunton Holdings Limited are available from Spaceworks, Benton Road, Newcastle upon Tyne, NE7 7LX.

The ultimate controlling party is R J Charlton by virtue of his majority shareholding in Brunton Holdings Limited.