

Company Registration No. 04674960 (England and Wales)

**SPACE GROUP (EUROPE) LIMITED (FORMERLY
SPACE ARCHITECTURE (EUROPE) LIMITED)**

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2019**



SPACE GROUP (EUROPE) LIMITED (FORMERLY 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 GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The director presents the strategic report for the period ended 31 December 2019.

Fair review of the business

Space Group (Europe) Limited formerly Space Architecture (Europe) Limited consists of three specialist divisions; Space Architects, BIM Technologies and birstore.

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, Hammerson, Qatari Diar and Berkeley.

For the six month period to 31 December 2019 we saw a relative decline in both turnover and profit due to a challenging environment and in particular the uncertainty of Brexit and the General Election. Turnover was £1,967,974 for the six month period to 31 December 2019 (Year ended 30 June 2019: £4,685,662). Gross profit margin in the period declined to 26.5% compared 35.2% in June 2019. Net profit before tax margin decreased from 12.1% to (1.1)%.

Disciplined cost control was exercised by the management and directors throughout the period.

The result is impacted by the shorter accounting period as the business moves to a calendar year end in 2020 to align with a planned de-merger providing additional investment flexibility in the future.

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 affects 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 after tax of £125,190 for the six month period to 31 December 2019 (Year ended 30 June 2019: profit of £626,287) and a decrease in net asset value of £4,471, net assets falling to £4,112,068 (30 June 2019: £4,116,539) representing a reduction of 0.1%.

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 and the economic challenges associated with the COVID-19 Pandemic we expect trading conditions to remain challenging in 2020, however the board believe revenue and profit margins are sustainable.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

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 period were as follows:

	31 Dec 2019	30 June 2019
	£'000	£'000
Turnover	1,968	4,686
Gross profit	521	1,651
Gross profit margin	26.5%	35.2%
Net profit (profit before tax)	(21)	569
Net profit before tax margin	(1.1%)	12.1%
Net assets	4,112	4,117
Current ratio	4.2	3.9
Debtors days ratio	68	68

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 0 days at December 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 and the current COVID-19 Pandemic. 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.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

Post balance sheet events

On 1 January 2020 a group restructure was implemented and three new subsidiaries were incorporated, owned wholly by Space Group (Europe) Limited, formerly Space Architecture (Europe) Limited. These subsidiaries are Space Architects Limited, BIM Store Limited and BIM Technologies Limited and the relevant trades and assets of each division were hived down on 1 January 2020.

Subsequent to the year end the UK and many other countries globally were impacted by the COVID-19 pandemic. The directors have considered the potential future impact of the COVID-19 pandemic on the cashflows and liquidity of the company, particularly in relation to the preparation of the company's financial statements on a going concern basis. Having considered the group's current and anticipated future trading activity as well as the company's financial position, the Directors have concluded that the company has adequate resources for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing these financial statements.

On behalf of the board



R J Charlton

Director

Date: 20/10/2020

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

DIRECTOR'S REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The director presents his annual report and financial statements for the period ended 31 December 2019.

Principal activities

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

The company has changed its name from Space Architecture (Europe) Limited to Space Group (Europe) Limited as part of the group reorganisation.

Director

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

R J Charlton

Results and dividends

The results for the period are set out on page 8.

Ordinary dividends were paid amounting to £129,661 for the six month period to 31 December 2019 (Year ended 30 June 2019: £260,323). 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 future developments, principal risks and uncertainties and post balance sheet events.

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: 20/10/2020

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 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 GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

Opinion

We have audited the financial statements of Space Group (Europe) Limited (formerly Space Architecture (Europe) Limited) (the 'company') for the period ended 31 December 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 31 December 2019 and of its profit for the period 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'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 period 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 GROUP
(EUROPE) LIMITED (FORMERLY 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 5, 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 director determines 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 has 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

26/10/2020

**SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE
ARCHITECTURE (EUROPE) LIMITED)**

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

		Period ended 31 Dec 2019 £	Year ended 30 June 2019 £
	Notes		
Turnover	3	1,967,974	4,685,662
Cost of sales		(1,446,702)	(3,034,266)
Gross profit		521,272	1,651,396
Administrative expenses		(641,868)	(1,276,353)
Other operating income		117,247	234,050
Operating (loss)/profit	6	(3,349)	609,093
Interest receivable and similar income	7	1,623	2,153
Interest payable and similar expenses	8	(19,610)	(42,282)
(Loss)/profit before taxation		(21,336)	568,964
Tax on (loss)/profit	9	146,526	57,323
Profit for the financial period		125,190	626,287
Retained earnings brought forward		3,916,539	3,550,575
Dividends	10	(129,661)	(260,323)
Retained earnings carried forward		3,912,068	3,916,539

**SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE
ARCHITECTURE (EUROPE) LIMITED)**
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	31 Dec 2019		30 June 2019	
		£	£	£	£
Fixed assets					
Intangible assets	11		173,488		140,195
Tangible assets	12		2,957,355		2,941,532
			<u>3,130,843</u>		<u>3,081,727</u>
Current assets					
Debtors	13	1,819,076		1,958,236	
Investments	15	250,000		250,000	
Cash at bank and in hand		1,270,678		1,342,429	
		<u>3,339,754</u>		<u>3,550,665</u>	
Creditors: amounts falling due within one year	14	(802,695)		(907,086)	
Net current assets			<u>2,537,059</u>		<u>2,643,579</u>
Total assets less current liabilities			<u>5,667,902</u>		<u>5,725,306</u>
Creditors: amounts falling due after more than one year	16	(1,444,416)		(1,508,861)	
Provisions for liabilities	19	(111,418)		(99,906)	
Net assets			<u><u>4,112,068</u></u>		<u><u>4,116,539</u></u>
Capital and reserves					
Called up share capital	22	200,000		200,000	
Profit and loss reserves	23	3,912,068		3,916,539	
Total equity			<u><u>4,112,068</u></u>		<u><u>4,116,539</u></u>

The financial statements were approved and signed by the director and authorised for issue on 20/10/2020


R J Charlton
Director

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Space Group (Europe) Limited (formerly 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' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; 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 Park Road, Newcastle upon Tyne, NE7 7LX.

Change in accounting policy

The company has adopted the amendments to FRS 102 published in the Triennial Review 2017. This has resulted in no change in accounting policy and no change in the current or prior year figures presented in the financial statements.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

The financial statements have been prepared on a going concern basis. The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and the Director's report. In addition the financial statements include the principal risks and uncertainties facing the business including the COVID pandemic which has impacted the UK significantly since the period end. We have considered the potential future impact of the COVID-19 pandemic on the forecast cashflows.

The directors consider that there are no material uncertainties about the company's ability to continue as a going concern. The company had net current assets of £2,537,059 at the 31 December 2019 which included cash at bank and in hand of £1,270,678 plus £250,000 of amounts held on deposit.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Reporting period

The company changed its reporting period to 31 December 2019 due to a group reorganisation. These accounts represent a 6 month period and so the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable to the previous 12 months ended 30 June 2019.

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.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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.

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
---------	---------------------

Amortisation is recognised on assets under construction once the assets are in use.

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).

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.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and obligations under hire purchase agreements, 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.

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.

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.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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 leased 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.

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 reassessed 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.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty (Continued)

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:

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Turnover analysed by class of business		
Provision of architectural and technical consultancy services	1,967,974	4,685,662
	<u> </u>	<u> </u>
	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Other revenue		
Interest income	1,623	2,153
	<u> </u>	<u> </u>

All turnover is generated within the United Kingdom.

4 Employees

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

	6 month period ended 31 Dec 2019 Number	Year ended 30 June 2019 Number
Technical staff	43	42
Administrative staff	19	21
	<u> </u>	<u> </u>
	62	63
	<u> </u>	<u> </u>

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

4 Employees (Continued)

Their aggregate remuneration comprised:

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Wages and salaries	999,357	2,054,298
Social security costs	100,105	202,458
Pension costs	74,217	145,541
	<u>1,173,679</u>	<u>2,402,297</u>

5 Director's remuneration

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Remuneration for qualifying services	4,422	8,713
Company pension contributions to defined contribution schemes	7,500	15,000
	<u>11,922</u>	<u>23,713</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (30 June 2019 - 1).

6 Operating (loss)/profit

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Operating (loss)/profit for the period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,250	8,250
Depreciation of owned tangible fixed assets	68,535	152,339
Depreciation of tangible fixed assets held under finance leases	-	9,500
Profit on disposal of tangible fixed assets	(1,283)	(106)
Amortisation of intangible assets	31,407	36,347
Operating lease charges	<u>19,719</u>	<u>46,151</u>

**SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE
ARCHITECTURE (EUROPE) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

7 Interest receivable and similar income

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Interest income		
Interest on bank deposits	1,623	2,153

8 Interest payable and similar expenses

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Interest on bank overdrafts and loans	19,397	40,959
Interest on finance leases and hire purchase contracts	213	1,323
	<u>19,610</u>	<u>42,282</u>

9 Taxation

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Current tax		
UK corporation tax on profits for the current period	-	115,871
Adjustments in respect of prior periods	(158,038)	(183,878)
Total current tax	<u>(158,038)</u>	<u>(68,007)</u>
Deferred tax		
Origination and reversal of timing differences	11,512	10,684
Total tax credit	<u>(146,526)</u>	<u>(57,323)</u>

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

9 Taxation (Continued)

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

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
(Loss)/profit before taxation	(21,336)	568,964
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (30 June 2019: 19.00%)	(4,054)	108,103
Tax effect of expenses that are not deductible in determining taxable profit	1,957	5,397
Tax effect of income not taxable in determining taxable profit	(244)	-
Other permanent differences	311	-
Under/(over) provided in prior years	(158,038)	(183,878)
Fixed asset differences	14,896	14,313
Other timing differences	(1,354)	(1,258)
Taxation credit for the period	(146,526)	(57,323)

10 Dividends

	6 month period ended 31 Dec 2019 £	Year ended 30 June 2019 £
Final paid	129,661	260,323
	129,661	260,323

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

11 Intangible fixed assets

	Website £	Assets under construction £	Total £
Cost			
At 1 July 2019	191,638	-	191,638
Additions - separately acquired	-	64,700	64,700
At 31 December 2019	191,638	64,700	256,338
Amortisation and impairment			
At 1 July 2019	51,443	-	51,443
Amortisation charged for the period	31,407	-	31,407
At 31 December 2019	82,850	-	82,850
Carrying amount			
At 31 December 2019	108,788	64,700	173,488
At 30 June 2019	140,195	-	140,195

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 2019	3,781,409	565,855	1,190,121	5,537,385
Additions	-	166	84,192	84,358
At 31 December 2019	3,781,409	566,021	1,274,313	5,621,743
Depreciation and impairment				
At 1 July 2019	906,563	548,413	1,140,877	2,595,853
Depreciation charged in the period	37,666	12,181	18,688	68,535
At 31 December 2019	944,229	560,594	1,159,565	2,664,388
Carrying amount				
At 31 December 2019	2,837,180	5,427	114,748	2,957,355
At 30 June 2019	2,874,846	17,442	49,244	2,941,532

**SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE
ARCHITECTURE (EUROPE) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

12 Tangible fixed assets (Continued)

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

	31 Dec 2019	30 June 2019
	£	£
Equipment	80,620	7,125

13 Debtors

	31 Dec 2019	30 June 2019
	£	£
Amounts falling due within one year:		
Trade debtors	851,749	1,005,131
Corporation tax recoverable	42,167	-
Amounts owed by group undertakings	804,194	804,194
Other debtors	425	425
Prepayments and accrued income	120,541	148,486
	1,819,076	1,958,236

14 Creditors: amounts falling due within one year

	Notes	31 Dec 2019	30 June 2019
		£	£
Bank loans and overdrafts	17	237,215	237,861
Obligations under finance leases	18	24,306	7,789
Trade creditors		134,582	143,461
Corporation tax		-	115,871
Other taxation and social security		211,173	237,806
Other creditors		40,384	38,460
Accruals and deferred income		155,035	125,838
		802,695	907,086

15 Current asset investments

	31 Dec 2019	30 June 2019
	£	£
Short term deposits	250,000	250,000

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

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

16 Creditors: amounts falling due after more than one year

	Notes	31 Dec 2019 £	30 June 2019 £
Bank loans	17	1,387,831	1,508,861
Obligations under finance leases	18	56,585	-
		<u>1,444,416</u>	<u>1,508,861</u>

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

Payable by instalments	561,807	619,972
	<u>561,807</u>	<u>619,972</u>

17 Borrowings

	31 Dec 2019 £	30 June 2019 £
Bank loans	1,625,046	1,746,722
	<u>1,625,046</u>	<u>1,746,722</u>
Payable within one year	237,215	237,861
Payable after one year	1,387,831	1,508,861
	<u>1,387,831</u>	<u>1,508,861</u>

Bank loans of £1,625,046 (30 June 2019: £1,746,722) 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

	31 Dec 2019 £	30 June 2019 £
Future minimum lease payments due under finance leases:		
Less than one year	24,306	7,789
Between one and five years	56,585	-
	<u>80,891</u>	<u>7,789</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.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

19 Provisions for liabilities

	Notes	31 Dec 2019 £	30 June 2019 £
Deferred tax liabilities	20	111,418	99,906

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:

Balances:	Liabilities 31 Dec 2019 £	Liabilities 30 June 2019 £
Accelerated capital allowances	124,691	102,021
Short term timing differences	(2,129)	(2,115)
Losses and other deductions	(11,144)	-
	<u>111,418</u>	<u>99,906</u>
		31 Dec 2019 £
Movements in the period:		

Liability at 1 July 2019	99,906
Charge to profit or loss	11,512
Liability at 31 December 2019	<u>111,418</u>

21 Retirement benefit schemes

	31 Dec 2019 £	30 June 2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	74,217	145,541

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 £25,493 (30 June 2019: £24,153) which is due to the company's pension fund.

SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

22 Share capital

	31 Dec 2019	30 June 2019
	£	£
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.

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:

	31 Dec 2019	30 June 2019
	£	£
Within one year	61,752	60,106
Between one and five years	66,534	76,042
	<u>128,286</u>	<u>136,148</u>

25 Capital commitments

Capital commitments existed at the balance sheet date of £nil (30 June 2019: £84,600) in relation to software engineering costs.

26 Events after the reporting date

On 1 January 2020 a group restructure was implemented and three new subsidiaries were incorporated, owned wholly by Space Group (Europe) Limited, formerly Space Architecture (Europe) Limited. These subsidiaries are Space Architects Limited, BIM Store Limited and BIM Technologies Limited and the relevant trades and assets of each division were hived down on 1 January 2020.

Subsequent to the year end the UK and many other countries globally were impacted by the COVID-19 pandemic. The director has considered the potential future impact of the COVID-19 pandemic on the cashflows and liquidity of the company, particularly in relation to the preparation of the company's financial statements on a going concern basis. Having considered the group's current and anticipated future trading activity as well as the company's financial position, the Directors have concluded that the company has adequate resources for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing these financial statements.

**SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE
ARCHITECTURE (EUROPE) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

27 Related party transactions

Transactions with related parties

	Purchases	
	31 Dec 2019	30 June 2019
	£	£
Other related parties	11,613	5,075
	<u> </u>	<u> </u>

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

28 Ultimate controlling party

Brunton Group 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 Group (Europe) Limited are prepared. The consolidated financial statements of Brunton Holdings Limited are available from Spaceworks, Benton Park Road, Newcastle upon Tyne, NE7 7LX.

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