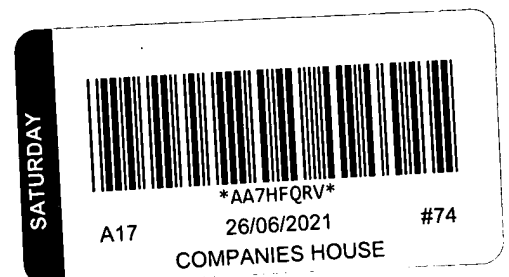


Company Registration No. 04674960 (England and Wales)

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

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**



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

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents the strategic report for the year ended 31 December 2020.

Fair review of the business

On 1 January 2020, a group restructure was implemented, and three new subsidiaries were incorporated, owned wholly by Space Group (Europe) Limited. These subsidiaries are Space Architects (Europe) Limited, Bimstore Limited and BIM Technologies (Europe) Limited, with each division's relevant trades and assets hived down on 1 January 2020. Information on these hive-downs and the values involved are stated within the individual subsidiary financial statements.

The three businesses work across the UK property sector with Real Estate Investment Trusts to Universities, global companies, and the government, helping them achieve better project outcomes. The Group is headquartered in Newcastle, with a regional office in London, working with clients such as Google, Hammerson, Lidl, and Vistry, specialising in digital innovation.

At the beginning of 2020, the Board faced an unprecedented challenge as the COVID-19 virus spread and lockdown commenced. The team made an efficient transfer to home working with little impact on day to day activity. The Board adjusted the budget, managing costs closely during this time. A small number of the team were furloughed; however, they returned throughout the year.

Communication across the business remained good, with the level of service and revenue maintained.

Following an adjustment to the budget in June performance at the year-end was in line with the original 2020 Key Performance Indicators despite the impact of the Pandemic. The Board is delighted with the team's efforts and how they quickly adjusted to the uncertain environment.

Some Universities and Local Authorities in the North East have continued with their capital programmes, generating a steady project pipeline. Space Group also work with a discount retailer that has a growth strategy across the UK.

With the impact of the COVID-19 Pandemic continuing, the business expects trading conditions to remain unpredictable 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 period are set out below. However, the previous accounting period to 31st December 2019 was for six months only to align financial accounting to calendar year, making year on year comparison difficult.

	12 months to 31 Dec 2020	6 months to 31 Dec 2019
	£'000	£'000
Turnover	1,119	1,968
Gross profit	660	521
Gross profit margin	59.0%	26.5%
Net profit (profit before tax)	271	(21)
Net profit before tax margin	24.2%	(1.1%)
Net assets	4,000	4,112
Current ratio	3.1	4.2
Debtors days ratio	79	68

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

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators (continued)

The group 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 increase of 11 days on the annualised December 2019.

Principal risks and uncertainties

Economic conditions

The principal risk facing the business is that of economic uncertainty driven by the COVID-19 Pandemic. The impact of this uncertainty has 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 innovation to improve outcomes and performance. The business embraces this need and invests in services and technologies to differentiate within the sector and build recurring revenue.

Through 2020, despite the challenges of the Pandemic, we have continued to invest in our existing software whilst marketing Twinview.

We will continue to build the market share of our platforms in the UK and develop new markets in Europe and North America.

On behalf of the board



R J Charlton

Director

Date: 21/06/2021

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

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents his annual report and financial statements for the year ended 31 December 2020.

Principal activities

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

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 (Europe) Limited, Bimstore Limited and BIM Technologies (Europe) Limited and the relevant trades and assets of each division were hived down on 1 January 2020.

Results and dividends

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

Ordinary dividends were paid amounting to £405,324 for the year ended 31 December 2020 (6 month period ended 31 December 2019: £129,661). The director does not recommend payment of a further dividend.

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

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: 21/06/2021

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

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 GROUP (EUROPE) LIMITED)

Opinion

We have audited the financial statements of Space Group (Europe) Limited (formerly Space Architecture Group (Europe) Limited) (the 'company') for the year ended 31 December 2020 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 GROUP (EUROPE) LIMITED (FORMERLY SPACE ARCHITECTURE GROUP (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 or the director's report.

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

- adequate accounting records have not been kept, 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 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition around the year end as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed in relation to the cut off risk of revenue recognition included testing of revenue transactions around the year end to assess if they were recognised in the correct period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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
United Kingdom, NE1 4AD

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25 June 2021

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

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Turnover	3	1,119,088	1,967,974
Cost of sales		(459,373)	(1,446,702)
Gross profit		659,715	521,272
Administrative expenses		(391,791)	(641,868)
Other operating income		24,880	117,247
Operating profit/(loss)	6	292,804	(3,349)
Interest receivable and similar income	7	2,433	1,623
Interest payable and similar expenses	8	(24,212)	(19,610)
Profit/(loss) before taxation		271,025	(21,336)
Tax on profit/(loss)	9	22,876	146,526
Profit for the financial year		293,901	125,190
Retained earnings brought forward		3,912,068	3,916,539
Dividends	10	(405,324)	(129,661)
Retained earnings carried forward		3,800,645	3,912,068

**SPACE GROUP (EUROPE) LIMITED (FORMERLY SPACE
ARCHITECTURE GROUP (EUROPE) LIMITED)**
**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	11		-	173,488	
Tangible assets	12	2,855,674		2,957,355	
Investments	13	1,329,381		-	
			4,185,055		3,130,843
Current assets					
Debtors	15	856,807		1,819,076	
Investments	16	250,000		250,000	
Cash at bank and in hand		552,350		1,270,678	
		1,659,157		3,339,754	
Creditors: amounts falling due within one year	17	(540,842)		(802,695)	
Net current assets			1,118,315		2,537,059
Total assets less current liabilities			5,303,370		5,667,902
Creditors: amounts falling due after more than one year	18		(1,203,132)		(1,444,416)
Provisions for liabilities	21		(99,593)		(111,418)
Net assets			4,000,645		4,112,068
Capital and reserves					
Called up share capital	24	200,000		200,000	
Profit and loss reserves	25	3,800,645		3,912,068	
Total equity			4,000,645		4,112,068

The financial statements were approved and signed by the director and authorised for issue on 21/06/2021



R J Charlton
Director

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Space Group (Europe) Limited (formerly Space Architecture Group (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.

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.

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 £1,118,315 at the 31 December 2020 which included cash at bank and in hand of £552,350 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Where management fees are recharged to group companies for rent and other related costs, these are recognised on a monthly basis as invoiced and are included within turnover in the financial statements.

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
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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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

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.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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.

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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:

	Year ended 31 Dec 2020	6 month period ended 31 Dec 2019
	£	£
Turnover analysed by class of business		
Provision of architectural and technical consultancy services	-	1,967,974
Management and cost recharges	607,770	-
Rental income	379,377	-
Event income	131,941	-
	<u>1,119,088</u>	<u>1,967,974</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

	Year ended 31 Dec 2020 £	6 month period ended 31 Dec 2019 £
Other revenue		
Interest income	2,433	1,623
Grants received	19,534	-
	<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 year was:

	Year ended 31 Dec 2020 Number	6 month period ended 31 Dec 2019 Number
Technical staff	-	43
Administrative staff	15	19
	<u> </u>	<u> </u>
Total	15	62
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Year ended 31 Dec 2020 £	6 month period ended 31 Dec 2019 £
Wages and salaries	293,629	999,357
Social security costs	24,175	100,105
Pension costs	58,156	74,217
	<u> </u>	<u> </u>
	375,960	1,173,679
	<u> </u>	<u> </u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Director's remuneration

	Year ended 31 Dec 2020 £	6 month period ended 31 Dec 2019 £
Remuneration for qualifying services	24,376	4,422
Company pension contributions to defined contribution schemes	13,750	7,500
	<u>38,126</u>	<u>11,922</u>

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

6 Operating profit/(loss)

	2020 £	2019 £
Operating profit/(loss) for the period is stated after charging/(crediting):		
Government grants	(19,534)	-
Fees payable to the company's auditor for the audit of the company's financial statements	4,750	8,250
Depreciation of owned tangible fixed assets	130,389	68,535
Profit on disposal of tangible fixed assets	(2,799)	(1,283)
Amortisation of intangible assets	-	31,407
Operating lease charges	10,065	19,719
	<u></u>	<u></u>

7 Interest receivable and similar income

	Year ended 31 Dec 2020 £	6 month period ended 31 Dec 2019 £
Interest income		
Interest on bank deposits	2,233	1,623
Other interest income	200	-
	<u></u>	<u></u>
Total income	<u>2,433</u>	<u>1,623</u>

8 Interest payable and similar expenses

	Year ended 31 Dec 2020 £	6 month period ended 31 Dec 2019 £
Interest on bank overdrafts and loans	20,571	19,397
Interest on finance leases and hire purchase contracts	3,641	213
	<u>24,212</u>	<u>19,610</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation

	Year ended 31 Dec 2020 £	6 month period ended 31 Dec 2019 £
Current tax		
UK corporation tax on profits for the current period	56,225	-
Adjustments in respect of prior periods	(67,276)	(158,038)
Total current tax	(11,051)	(158,038)
Deferred tax		
Origination and reversal of timing differences	(11,825)	11,512
Total tax credit	(22,876)	(146,526)

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

	Year ended 31 Dec 2020 £	6 month period ended 31 Dec 2019 £
Profit/(loss) before taxation	271,025	(21,336)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	51,495	(4,054)
Tax effect of expenses that are not deductible in determining taxable profit	1,561	1,957
Tax effect of income not taxable in determining taxable profit	-	(244)
Other permanent differences	-	311
Under/(over) provided in prior years	(67,276)	(158,038)
Fixed asset differences	11,198	14,896
Impact of change to deferred tax rate	13,108	-
Other timing differences	-	(1,354)
Other tax adjustments	(32,962)	-
Taxation credit for the period	(22,876)	(146,526)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Dividends

	Year ended 31 Dec 2020 £	6 month period ended 31 Dec 2019 £
Final paid	405,324	129,661

11 Intangible fixed assets

	Website £	Assets under construction £	Total £
Cost			
At 1 January 2020	191,638	64,700	256,338
Additions	38,275	-	38,275
Disposals - hive down	(163,241)	-	(163,241)
Disposals	(130,460)	-	(130,460)
Transfers	64,700	(64,700)	-
At 31 December 2020	912	-	912
Amortisation and impairment			
At 1 January 2020	82,850	-	82,850
Disposals	(4,900)	-	(4,900)
Disposals - hive down	(77,038)	-	(77,038)
At 31 December 2020	912	-	912
Carrying amount			
At 31 December 2020	-	-	-
At 31 December 2019	108,788	64,700	173,488

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Equipment £	Total £
Cost				
At 1 January 2020	3,781,409	566,021	1,274,313	5,621,743
Additions	-	23,016	5,692	28,708
At 31 December 2020	3,781,409	589,037	1,280,005	5,650,451
Depreciation and impairment				
At 1 January 2020	944,229	560,594	1,159,565	2,664,388
Depreciation charged in the year	75,332	9,700	45,357	130,389
At 31 December 2020	1,019,561	570,294	1,204,922	2,794,777
Carrying amount				
At 31 December 2020	2,761,848	18,743	75,083	2,855,674
At 31 December 2019	2,837,180	5,427	114,748	2,957,355

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

	2020 £	2019 £
Equipment	60,226	80,620

13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	14	1,329,381	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2020	-
Additions	1,329,381
At 31 December 2020	1,329,381
Carrying amount	
At 31 December 2020	1,329,381
At 31 December 2019	-

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
BIM Technologies (Europe) Ltd	1	Provision of digital support services	Ordinary	100.00
Bimstore Ltd	1	Provision of digital support services	Ordinary	100.00
Space Architects (Europe) Ltd	1	Provision of architect services	Ordinary	100.00

Registered office addresses:

1 Spaceworks, Benton Park Road, Newcastle upon Tyne, NE7 7LX

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. Shares were issued for consideration of the assets and liabilities and the total amount of consideration amounted to £1,329,381. The relevant amounts of assets and liabilities hived down to each subsidiary are shown in the financial statements of the relevant subsidiary.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	261,539	851,749
Corporation tax recoverable	11,051	42,167
Amounts owed by group undertakings	272,527	804,194
Other debtors	250,916	425
Prepayments and accrued income	60,774	120,541
	<u>856,807</u>	<u>1,819,076</u>

16 Current asset investments

	2020	2019
	£	£
Short term deposits	<u>250,000</u>	<u>250,000</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.

17 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans	19	202,638	237,215
Obligations under finance leases	20	19,047	24,306
Trade creditors		65,669	134,582
Taxation and social security		160,224	211,173
Other creditors		19,475	40,384
Accruals and deferred income		73,789	155,035
		<u>540,842</u>	<u>802,695</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	19	1,161,953	1,387,831
Obligations under finance leases	20	41,179	56,585
		<u>1,203,132</u>	<u>1,444,416</u>

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

Payable by instalments	260,455	561,807
	<u>260,455</u>	<u>561,807</u>

19 Borrowings

	2020 £	2019 £
Bank loans	1,364,591	1,625,046
	<u>1,364,591</u>	<u>1,625,046</u>
Payable within one year	202,638	237,215
Payable after one year	1,161,953	1,387,831
	<u>1,364,591</u>	<u>1,625,046</u>

Bank loans of £1,364,591 (2019: £1,625,046) 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%.

20 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Less than one year	19,047	24,306
Between one and five years	41,179	56,585
	<u>60,226</u>	<u>80,891</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 GROUP (EUROPE) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	22	99,593	111,418

22 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 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	100,547	124,691
Short term timing differences	(954)	(2,129)
Losses and other deductions	-	(11,144)
	<u>99,593</u>	<u>111,418</u>

	2020 £
Movements in the year:	
Liability at 1 January 2020	111,418
Credit to profit or loss	(11,825)
Liability at 31 December 2020	<u>99,593</u>

23 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>58,156</u>	<u>74,217</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 £7,041 (2019: £25,493) which is due to the company's pension fund.

24 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24 Share capital (Continued)

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

25 Reserves

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

26 Financial commitments, guarantees and contingent liabilities

The company is party to a guarantee (dated 23 October 2020) with fellow group companies Space Architects (Europe) Limited, Bim Technologies (Europe) Limited and Bimstore Limited. The guarantee is in favour of Santander UK plc.

27 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:

	2020 £	2019 £
Within one year	63,882	61,752
Between one and five years	18,518	66,534
	<u>82,400</u>	<u>128,286</u>

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2020 £	2019 £
Within one year	182,200	-
Between one and five years	190,717	-
	<u>372,917</u>	<u>-</u>

28 Related party transactions

Transactions with related parties

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

28 Related party transactions (Continued)

	Purchases	
	2020	2019
	£	£
Other related parties	13,519	11,613
	<u> </u>	<u> </u>

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

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due from related parties		
Other related parties	250,916	-
	<u> </u>	<u> </u>

29 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.