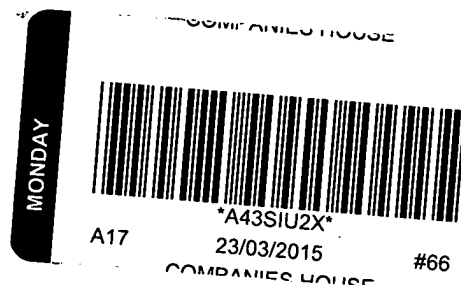


SPACE GROUP (EUROPE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
Company Registration Number 07028799



Baker Tilly Tax and Accounting Limited
Chartered Accountants
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

SPACE GROUP (EUROPE) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

CONTENTS	PAGE
Strategic report	1
Directors' report	2
Independent auditor's report to the members	4
Group profit and loss account	6
Group balance sheet	7
Balance sheet	8
Group cash flow	9
Notes to the financial statements	10

SPACE GROUP (EUROPE) LIMITED

STRATEGIC REPORT

YEAR ENDED 30 JUNE 2014

During the year, the group's turnover decreased by £320,424 to £4,512,566. However the results for the year ended 30 June 2013 included an £800,000 performance bonus relating to a major project. After adjusting for this, underlying turnover increased by £479,576 year on year. The gross profit percentage reduced from 42.8% to 36.7%, however again allowing for the performance bonus received during 2013, the underlying gross profit margin showed an increase from 31.4% to 36.7%.

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

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



Signed on behalf of the directors

RJ Charlton

Director

Approved by the directors on 18 November 2014

SPACE GROUP (EUROPE) LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2014

The directors present their report and the financial statements of the group for the year ended 30 June 2014.

Results and dividends

The profit for the year, after taxation, amounted to £597,354. Particulars of dividends paid and proposed are detailed in note 10 to the financial statements.

Principal activities

The principal activity of the group during the year was the provision of architectural and technical consultancy services.

Financial risk management objectives and policies

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

Interest rate risk

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

Price risk

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

Credit risk

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

Liquidity risk

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

Directors

The directors who served the company during the year were as follows:

RJ Charlton
AR Roberts

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

SPACE GROUP (EUROPE) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2014

- 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 group will continue in business.

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

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Donations

During the year the company made the following contributions:

	2014	2013
	£	£
Charitable	<u>1,196</u>	<u>1,270</u>

Strategic report

Details of the group's performance for the year, key performance indicators, and future developments are detailed within the Strategic Report on page 1.

Auditor

Baker Tilly Audit Limited ceased trading on 31st March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Signed on behalf of the directors



RJ Charlton

Director

Approved by the directors on 18 November 2014

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

We have audited the group and parent company financial statements ("the financial statements") of Space Group (Europe) Limited for the year ended 30 June 2014. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Iain Corner, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

20 November 2014

SPACE GROUP (EUROPE) LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2014

		2014 £	2013 £
Group turnover	Note 2	4,512,566	4,832,990
Cost of sales		(2,857,399)	(2,766,559)
Gross profit		<u>1,655,167</u>	<u>2,066,431</u>
Administrative expenses		(1,220,077)	(1,165,817)
Other operating income	3	213,595	180,004
Operating profit	4	<u>648,685</u>	<u>1,080,618</u>
Attributable to:			
Operating profit before exceptional items		507,293	1,080,618
Exceptional items	4	141,392	—
		<u>648,685</u>	<u>1,080,618</u>
Interest payable and similar charges	7	(48,962)	(55,300)
Profit on ordinary activities before taxation		<u>599,723</u>	<u>1,025,318</u>
Tax on profit on ordinary activities	8	(2,369)	(162,775)
Profit for the financial year	9	<u><u>597,354</u></u>	<u><u>862,543</u></u>

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account.

The notes on pages 10 to 22 form part of these financial statements.

SPACE GROUP (EUROPE) LIMITED

GROUP BALANCE SHEET

30 JUNE 2014

	Note	2014 £	£	2013 £	£
Fixed assets					
Intangible assets	11		60,612		63,680
Tangible assets	12		3,358,138		3,430,949
			<u>3,418,750</u>		<u>3,494,629</u>
Current assets					
Debtors	14	1,226,323		1,658,523	
Cash at bank and in hand		99,435		85,916	
			<u>1,325,758</u>		<u>1,744,439</u>
Creditors: Amounts falling due within one year	15	(1,145,635)		(1,357,502)	
Net current assets			180,123		386,937
Total assets less current liabilities			<u>3,598,873</u>		<u>3,881,566</u>
Creditors: Amounts falling due after more than one year	16		(2,467,801)		(2,656,549)
Provisions for liabilities					
Deferred taxation	18		(37,341)		—
Provisions	19		(80,690)		(80,690)
			<u>1,013,041</u>		<u>1,144,327</u>
Capital and reserves					
Called-up share capital	23		73,004		73,004
Other reserves	24		600,783		600,783
Profit and loss account	24		339,254		470,540
Shareholders' funds	25		<u>1,013,041</u>		<u>1,144,327</u>

These accounts were approved by the directors and authorised for issue on 18 November 2014, and are signed on their behalf by:

R. J. Charlton

RJ Charlton
Director

The notes on pages 10 to 22 form part of these financial statements.

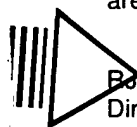
SPACE GROUP (EUROPE) LIMITED

Registered Number 07028799

BALANCE SHEET**30 JUNE 2014**

	Note	2014 £	£	2013 £	£
Fixed assets					
Investments	13		413,697		413,697
Current assets					
Debtors	14	3		3	
Creditors: Amounts falling due within one year	15	<u>(304,194)</u>		<u>(304,194)</u>	
Net current liabilities			(304,191)		(304,191)
Total assets less current liabilities			<u>109,506</u>		<u>109,506</u>
Capital and reserves					
Called-up share capital	23		73,004		73,004
Other reserves	24		36,502		36,502
Shareholders' funds			<u>109,506</u>		<u>109,506</u>

These accounts were approved by the directors and authorised for issue on 18 November 2014, and are signed on their behalf by:



R. J. Charlton
Director

The notes on pages 10 to 22 form part of these financial statements.

SPACE GROUP (EUROPE) LIMITED
GROUP CASH FLOW
YEAR ENDED 30 JUNE 2014

	Note	2014 £	£	2013 £	£
Net cash inflow from operating activities	26		976,514		760,591
Returns on investments and Servicing of finance					
Interest paid		(48,962)		(55,300)	
Net cash outflow from returns on investments and servicing of finance			(48,962)		(55,300)
Taxation			15,054		(20,969)
Capital expenditure					
Payments to acquire intangible fixed assets		(912)		—	
Payments to acquire tangible fixed assets		(63,561)		(58,181)	
Net cash outflow from capital expenditure			(64,473)		(58,181)
Equity dividends paid			(678,640)		(478,641)
Cash inflow before financing			199,493		147,500
Financing					
Repayment of bank loans		(185,974)		(183,342)	
Net cash outflow from financing			(185,974)		(183,342)
Increase/(decrease) in cash	26		13,519		(35,842)

The notes on pages 10 to 22 form part of these financial statements.

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

1. Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Property	- 2% Straight line
Fixtures & Fittings	- 33.3% - 37.5% Straight line
Motor Vehicles	- 33.3% Straight line
Equipment	- 33.3% - 37.5% Straight line

Where assets are acquired by the group upon acquisition of a subsidiary undertaking, the depreciation charge is based on the historic cost to the subsidiary of that asset.

Operating lease agreements

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

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

Pension costs

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

Deferred taxation

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

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

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

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

1. Accounting policies (continued)

Financial instruments

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

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

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

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

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any permanent diminution in value.

Cash

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2014	2013
	£	£
United Kingdom	<u>4,512,566</u>	<u>4,832,990</u>

3. Other operating income

	2014	2013
	£	£
Rent receivable	204,832	174,421
Other operating income	<u>8,763</u>	<u>5,583</u>
	<u>213,595</u>	<u>180,004</u>

Rent is receivable under operating leases, as detailed within note 12.

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

4. Operating profit

Operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation of intangible assets	3,980	3,980
Depreciation of owned fixed assets	136,372	131,988
Auditors remuneration	8,000	7,625
Operating lease costs:		
-Plant and machinery	14,266	16,775
-Other	144,699	178,579
Exceptional credit to administrative expenses	<u>(141,392)</u>	<u>-</u>

During the year the group received a refund of business rates charged against the group's head office of £141,392, which has been included as an exceptional credit against administrative expenses.

The company's audit fee was settled by the company's trading subsidiary, Space Architecture (Europe) limited.

5. Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2014	2013
	No	No
Number of production staff	51	45
Number of administrative staff	16	16
	<u>67</u>	<u>61</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	1,789,480	1,676,653
Social security costs	178,656	170,935
Other pension costs	154,203	58,456
	<u>2,122,339</u>	<u>1,906,044</u>

Other pension costs represent group contributions to defined contribution pension schemes.

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	46,793	30,985
Value of company pension contributions to money purchase schemes	<u>80,000</u>	<u>—</u>
	<u>126,793</u>	<u>30,985</u>

The number of directors on whose behalf the company made pension contributions was as follows:

	2014	2013
	No	No
Money purchase schemes	<u>2</u>	<u>—</u>

Directors' emoluments are paid through a subsidiary company, Space Architecture (Europe) Limited.

7. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowing	48,790	52,065
Other similar charges payable	<u>172</u>	<u>3,235</u>
	<u>48,962</u>	<u>55,300</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014		2013	
	£	£	£	£
In respect of the year:				
UK Corporation tax based on the results for the year at 22.50% (2013 - 23.75%)	150,297		259,014	
(Over)/under provision in prior year	<u>(188,716)</u>		<u>(85,081)</u>	
	<u>(38,419)</u>		<u>173,933</u>	
Deferred tax:				
Origination and reversal of timing differences	<u>40,788</u>		<u>(11,158)</u>	
Total deferred tax (note 18)	<u>40,788</u>		<u>(11,158)</u>	
Tax on profit on ordinary activities	<u>2,369</u>		<u>162,775</u>	

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

8. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 22.50% (2013 - 23.75%).

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>599,723</u>	<u>1,025,318</u>
Profit on ordinary activities by rate of tax	134,938	243,513
Effects of:		
Expenses not deductible for tax purposes	11,606	4,311
Capital allowances for period in excess of depreciation	(18,801)	11,190
Adjustments to tax charge in respect of previous periods	(188,716)	(85,081)
Fixed asset timing differences	27,616	-
Marginal relief	(5,062)	-
Total current tax (note 8(a))	<u>(38,419)</u>	<u>173,933</u>

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £728,640 (2013 - £478,641).

10. Dividends

Equity dividends

	2014	2013
	£	£
Paid during the year:		
Equity dividends on ordinary shares	<u>678,640</u>	<u>478,641</u>
Proposed at the year-end (recognised as a liability):		
Equity dividends on ordinary shares	<u>50,000</u>	<u>-</u>

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

11. Intangible fixed assets

Group

	Goodwill £	Other Intangible assets £	Total £
Cost			
At 1 July 2013	79,600	–	79,600
Additions	<u>–</u>	<u>912</u>	<u>912</u>
At 30 June 2014	<u>79,600</u>	<u>912</u>	<u>80,512</u>
Amortisation			
At 1 July 2013	15,920	–	15,920
Charge for the year	<u>3,980</u>	<u>–</u>	<u>3,980</u>
At 30 June 2014	<u>19,900</u>	<u>–</u>	<u>19,900</u>
Net book value			
At 30 June 2014	<u>59,700</u>	<u>912</u>	<u>60,612</u>
At 30 June 2013	<u>63,680</u>	<u>–</u>	<u>63,680</u>

12. Tangible fixed assets

Group	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 July 2013	3,604,220	130,117	1,412	248,985	3,984,734
Additions	<u>–</u>	<u>23,014</u>	<u>–</u>	<u>40,547</u>	<u>63,561</u>
At 30 June 2014	<u>3,604,220</u>	<u>153,131</u>	<u>1,412</u>	<u>289,532</u>	<u>4,048,295</u>
Depreciation					
At 1 July 2013	263,947	84,417	1,059	204,362	553,785
Charge for the year	<u>80,529</u>	<u>27,644</u>	<u>353</u>	<u>27,846</u>	<u>136,372</u>
At 30 June 2014	<u>344,476</u>	<u>112,061</u>	<u>1,412</u>	<u>232,208</u>	<u>690,157</u>
Net book value					
At 30 June 2014	<u>3,259,744</u>	<u>41,070</u>	<u>–</u>	<u>57,324</u>	<u>3,358,138</u>
At 30 June 2013	<u>3,340,273</u>	<u>45,700</u>	<u>353</u>	<u>44,623</u>	<u>3,430,949</u>

The group has entered into operating lease agreements with tenants in respect of the freehold property shown above. Approximately 40.8% (2013 - 35.8%) of the property is let under these operating lease agreements.

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

13. Investments

Company	Subsidiary undertakings £
Cost	
At 1 July 2013 and 30 June 2014	<u>413,697</u>
Net book value	
At 30 June 2014 and 30 June 2013	<u>413,697</u>

Subsidiary undertakings

The company holds 100% of the ordinary share capital of the following company, which is included within these consolidated financial statements using the acquisition accounting method:

	Country of incorporation	Principal activity	Class	%
Space Architecture (Europe) Limited	United Kingdom	Architectural and technical consultancy services	Ordinary	100

14. Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	1,069,226	1,065,448	–	–
Amounts recoverable on contracts	6,281	6,281	–	–
Other debtors	4,445	17,181	3	3
Directors current accounts	–	400,000	–	–
Deferred taxation (Note 18)	–	3,447	–	–
Prepayments and accrued income	146,371	166,166	–	–
	<u>1,226,323</u>	<u>1,658,523</u>	<u>3</u>	<u>3</u>

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

15. Creditors: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	187,352	184,578	—	—
Trade creditors	258,457	356,513	—	—
Amounts owed to group undertakings	—	—	254,194	304,194
Dividends payable	50,000	—	50,000	—
Other creditors including taxation and social security:				
Corporation tax	150,297	173,662	—	—
PAYE and social security	60,576	52,760	—	—
VAT	153,444	320,034	—	—
Other creditors	34,787	68,642	—	—
Accruals and deferred income	250,722	201,313	—	—
	<u>1,145,635</u>	<u>1,357,502</u>	<u>304,194</u>	<u>304,194</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	<u>187,352</u>	<u>184,578</u>	<u>—</u>	<u>—</u>

Included within bank loans and overdrafts are bank loans of £187,352 (2013 - £184,578) which are secured by way of a first charge over the freehold property.

16. Creditors: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	<u>2,467,801</u>	<u>2,656,549</u>	<u>—</u>	<u>—</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	<u>2,467,801</u>	<u>2,656,549</u>	<u>—</u>	<u>—</u>

Bank loans and overdrafts include bank loans of £2,467,801 (2013 - £2,656,549) which are secured by way of a first charge over the freehold property.

Bank loans include two loans where £1,686,725 (2013 - £1,887,037) is not repayable within five years. These loans were advanced with a value of £3,600,000 during 2007, and are repayable by way of quarterly instalments. These loans bear interest at a rate of 1.15% above bank base rate.

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

17. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts repayable:				
In one year or less or on demand	187,352	184,578	-	-
In more than one year but not more than two years	190,466	187,646	-	-
In more than two years but not more than five years	590,610	581,866	-	-
In more than five years	1,686,725	1,887,037	-	-
	<u>2,655,153</u>	<u>2,841,127</u>	<u>-</u>	<u>-</u>

18. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Asset/Provision brought forward	(3,447)	7,711	-	-
Increase/(Decrease) in provision	40,788	(11,158)	-	-
Provision/Asset carried forward	<u>37,341</u>	<u>(3,447)</u>	<u>-</u>	<u>-</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2014		2013	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets/(Excess of depreciation over taxation allowances)	38,562	-	(2,347)	-
Other timing differences	(1,221)	-	(1,100)	-
	<u>37,341</u>	<u>-</u>	<u>(3,447)</u>	<u>-</u>

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

19. Provisions

Group		Company	
2014	2013	2014	2013
£	£	£	£
<u>80,690</u>	<u>80,690</u>	<u>-</u>	<u>-</u>

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

20. Derivatives

The group and company have no financial liabilities classed as derivatives.

21. Commitments under operating leases

At 30 June 2014 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2014		2013	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	12,869	-	18,141	7,978
Within 2 to 5 years	<u>90,000</u>	<u>15,026</u>	<u>90,000</u>	<u>12,600</u>
	<u>102,869</u>	<u>15,026</u>	<u>108,141</u>	<u>20,578</u>

Company

The company did not have any operating lease commitments as at 30 June 2014 (2013: None).

22. Related party transactions

The company has taken advantage of the exemption contained within FRS 8 from disclosing transactions with its subsidiary.

At the balance sheet date the directors had extended personal guarantees up to a value of £150,000 each (2013 - £150,000 each), in respect of the group's principal bank loan.

During the year the company declared dividends to its directors, Mr AR Roberts and Mr RJ Charlton, as follows: Mr AR Roberts £364,320 (2013 - £239,320.50), Mr RJ Charlton £364,320 (2013 - £239,320.50). Of the dividends declared, £25,000 (2013 - £Nil) due to each director was accrued as at 30 June 2014.

Mr R J Charlton and Mr A R Roberts, company directors, both operated a loan account with the company's subsidiary during the year. On 30 June 2013 a balance of £200,000 was due from Mr R J Charlton to the company, and £200,000 was due from Mr A R Roberts to the company. These were the maximum amounts outstanding on the loans during the year. During the year both loans were repaid to the company. The loans were interest free and have no conditions attached.

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

23. Share capital

Authorised share capital:

	2014 £	2013 £
109,506 Ordinary shares of £1 each	<u>109,506</u>	<u>109,506</u>

Allotted, called up and fully paid:

	2014 No	£	2013 No	£
Ordinary shares of £1 each	<u>73,004</u>	<u>73,004</u>	<u>73,004</u>	<u>73,004</u>

24. Reserves

Group

	Capital redemption reserve £	Merger reserve £	Profit and loss account £
Balance brought forward	36,502	564,281	470,540
Profit for the year	—	—	597,354
Equity dividends	—	—	(728,640)
Balance carried forward	<u>36,502</u>	<u>564,281</u>	<u>339,254</u>

Company

	Capital redemption reserve £	Profit and loss account £
Balance brought forward	36,502	—
Profit for the year	—	728,640
Equity dividends	—	(728,640)
Balance carried forward	<u>36,502</u>	<u>—</u>

25. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	597,354	862,543
Equity dividends	(728,640)	(478,641)
Net (reduction)/addition to shareholders' funds	(131,286)	383,902
Opening shareholders' funds	1,144,327	760,425
Closing shareholders' funds	<u>1,013,041</u>	<u>1,144,327</u>

SPACE GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

26. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2014 £	2013 £
Operating profit	648,685	1,080,618
Amortisation	3,980	3,980
Depreciation	136,372	131,988
Decrease/(increase) in debtors	428,753	(613,178)
(Decrease)/increase in creditors	(241,276)	76,493
Increase in provisions	—	80,690
Net cash inflow from operating activities	<u>976,514</u>	<u>760,591</u>

Reconciliation of net cash flow to movement in net debt

	2014 £	2013 £
Increase/(decrease) in cash in the period	13,519	(35,842)
Net cash outflow from bank loans	<u>185,974</u>	<u>183,342</u>
Change in net debt	199,493	147,500
Net debt at 1 July 2013	(2,755,211)	(2,902,711)
Net debt at 30 June 2014	<u>(2,555,718)</u>	<u>(2,755,211)</u>

Analysis of changes in net debt

	At 1 July 2013 £	Cash flows £	Other changes £	At 30 June 2014 £
Net cash:				
Cash in hand and at bank	85,916	13,519	—	99,435
Debt:				
Debt due within 1 year	(184,578)	184,578	(187,352)	(187,352)
Debt due after 1 year	(2,656,549)	1,396	187,352	(2,467,801)
	<u>(2,841,127)</u>	<u>185,974</u>	<u>—</u>	<u>(2,655,153)</u>
Net debt	<u>(2,755,211)</u>	<u>199,493</u>	<u>—</u>	<u>(2,555,718)</u>

27. Ultimate controlling party

The company's ultimate controlling parties are Mr RJ Charlton and Mr AR Roberts, by virtue of their controlling interests in the company.