

Company Registration No. 07028799 (England and Wales)

SPACE GROUP (EUROPE) LIMITED

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

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SPACE GROUP (EUROPE) LIMITED

COMPANY INFORMATION

Director	RJ Charlton
Secretary	N McGlew
Company number	07028799
Registered office	Spaceworks Benton Park Road Benton Newcastle upon Tyne NE7 7LX
Registered auditors	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 plc 87 Grey Street Newcastle upon Tyne NE99 1PY

SPACE GROUP (EUROPE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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

Review of the business

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

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

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

On behalf of the board



.....
RJ Charlton

Director

12.1.16

SPACE GROUP (EUROPE) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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

Principal activities

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

Financial risk management objectives and policies

The main risks associated with the 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 company.

Price risk

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

Credit risk

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

Liquidity risk

The 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 director.

Results and dividends

The group's trading profit for the year, after taxation was £490,743 (2014 profit £597,354).

Director

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

RJ Charlton

AR Roberts

(Resigned 1 June 2015)

Auditors

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

SPACE GROUP (EUROPE) LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Statement of disclosure to auditors

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

Donations

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

Strategic report

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

On behalf of the board



.....
RJ Charlton

Director

12.1.16
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SPACE GROUP (EUROPE) LIMITED

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

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

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

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

We have audited the group and parent company financial statements (the "financial statements") of Space Group (Europe) Limited for the year ended 30 June 2015 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of director and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://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 2015 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 matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

RSM UK Audit LLP

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

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12.1.16

SPACE GROUP (EUROPE) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 £	2014 £
Turnover	2	5,043,109	4,512,566
Cost of sales		(3,360,651)	(2,857,399)
Gross profit		1,682,458	1,655,167
Administrative expenses (including exceptional items of £ - (2014 - £141,392))		(1,391,472)	(1,220,077)
Other operating income	3	226,461	213,595
Operating profit (including exceptional items of £ - (2014 £141,392))		517,447	648,685
Interest receivable and similar income		698	-
Interest payable and similar charges	7	(47,604)	(48,962)
Profit on ordinary activities before taxation	4	470,541	599,723
Tax on profit on ordinary activities	8	20,202	(2,369)
Profit on ordinary activities after taxation	20	490,743	597,354

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

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

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

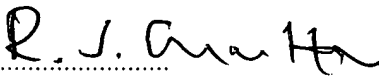
SPACE GROUP (EUROPE) LIMITED

BALANCE SHEETS

AS AT 30 JUNE 2015

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Fixed assets					
Intangible assets	11	56,328	60,612	-	-
Tangible assets	12	3,296,565	3,358,138	-	-
Investments	13	-	-	413,697	413,697
		<u>3,352,893</u>	<u>3,418,750</u>	<u>413,697</u>	<u>413,697</u>
Current assets					
Debtors	14	1,590,610	1,226,323	3	3
Cash at bank and in hand		326,521	99,435	-	-
		<u>1,917,131</u>	<u>1,325,758</u>	<u>3</u>	<u>3</u>
Creditors: amounts falling due within one year	15	<u>(1,253,528)</u>	<u>(1,145,635)</u>	<u>(304,194)</u>	<u>(304,194)</u>
Net current assets		<u>663,603</u>	<u>180,123</u>	<u>(304,191)</u>	<u>(304,191)</u>
Total assets less current liabilities		<u>4,016,496</u>	<u>3,598,873</u>	<u>109,506</u>	<u>109,506</u>
Creditors: amounts falling due after more than one year	16	<u>(2,650,561)</u>	<u>(2,467,801)</u>	<u>-</u>	<u>-</u>
Provisions for liabilities	17	<u>(154,182)</u>	<u>(118,031)</u>	<u>-</u>	<u>-</u>
Net assets		<u>1,211,753</u>	<u>1,013,041</u>	<u>109,506</u>	<u>109,506</u>
Capital and reserves					
Called up share capital	19	73,004	73,004	73,004	73,004
Other reserves	20	600,783	600,783	36,502	36,502
Profit and loss account	20	537,966	339,254	-	-
Shareholders' funds	21	<u>1,211,753</u>	<u>1,013,041</u>	<u>109,506</u>	<u>109,506</u>

The financial statements on pages 6 to 23 were approved by the Board of Directors and authorised for issue on 12.1.16 and are signed on its behalf by:


 RJ Charlton
 Director

SPACE GROUP (EUROPE) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	22	341,547	976,514
Returns from investment and servicing of finance	22	(46,906)	(48,962)
Taxation		2,752	15,054
Capital expenditure and financial investment	22	(80,285)	(64,473)
Equity dividends		(292,031)	(678,640)
		<u> </u>	<u> </u>
Cash (outflow)/inflow before management of liquid resources and financing		(74,923)	199,493
Financing	22	302,009	(185,974)
		<u> </u>	<u> </u>
Increase in cash in the year		<u>227,086</u>	<u>13,519</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase in cash in the year		227,086	13,519
Net cash (outflow)/inflow from movement in debt and lease financing		(302,009)	185,974
		<u> </u>	<u> </u>
Change in net debt resulting from cash flows		(74,923)	199,493
		<u> </u>	<u> </u>
Movement in net debt in the year		(74,923)	199,493
Opening net debt		(2,555,718)	(2,755,211)
		<u> </u>	<u> </u>
Closing net debt	22	<u>(2,630,641)</u>	<u>(2,555,718)</u>

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation, representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, is capitalised and amortised to nil by equal annual instalments over its useful life. The value of any deferred consideration payable is initially estimated, and subsequently adjusted to the actual fair value ultimately payable. Where subsidiaries are acquired through a share for share exchange, a merger reserve is created under the provisions of section 612 of the Companies Act 2006, representing the excess of the fair value of the separable net assets acquired and the part value of shares issued in consideration.

The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

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

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

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset. Goodwill is amortised straight line over 20 years.

Research and development

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and its amortised in line with sales from the related product. All research and other development costs are written off as incurred.

Other intangibles

Other intangible fixed assets are stated at cost less amortisation. Cost represents purchase price less any incidental costs of acquisition.

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

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

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

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.

Fixed asset investments

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

Pensions

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 year. 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 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

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' fund. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument.

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 total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

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

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

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

4 Profit on ordinary activities before taxation	2015	2014
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets	4,284	3,980
Depreciation of tangible fixed assets		
- owned	141,858	136,372
Operating lease rentals		
- Plant and machinery	7,149	14,266
- Other assets	78,278	144,699
Auditors' remuneration	8,300	8,000
Exceptional credit to administrative expenses	-	(141,392)

During the previous 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. No such refund has been received in the current year.

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

5 Employees

Number of employees

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

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

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

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

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

6	Director's remuneration	2015	2014
		£	£
	Remuneration receivable	47,748	46,793
	Value of company pension contributions to money purchase pension schemes	79,996	80,000
		<u>127,744</u>	<u>126,793</u>

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

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

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

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

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

Factors affecting the tax credit for the year

The tax assessed for the year is higher than the standard rate of corporation tax of 20.75% (2014 - 22.50%).

The differences are explained below:

Profit on ordinary activities before taxation	470,541	599,723
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.75% (2014 - 22.5%)	97,637	134,938
Effects of:		
Expenses not deductible for tax purposes	13,718	11,606
Capital allowances	6,261	8,815
Adjustments to previous periods	(153,049)	(188,716)
Other tax adjustments	(1,610)	(5,062)
	(134,680)	(173,357)
Current tax credit for the year	(37,043)	(38,419)

9 Profit attributable to members of the parent company

	2015 £	2014 £
Dealt with in the financial statements of the parent company	292,031	728,640

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

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

11 Intangible fixed assets Group

	Goodwill £	Other intangibles £	Total £
Cost			
At 1 July 2014 & at 30 June 2015	79,600	912	80,512
Amortisation			
At 1 July 2014	19,900	-	19,900
Charge for the year	3,980	304	4,284
At 30 June 2015	23,880	304	24,184
Net book value			
At 30 June 2015	<u>55,720</u>	<u>608</u>	<u>56,328</u>
At 30 June 2014	<u>59,700</u>	<u>912</u>	<u>60,612</u>

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

12 Tangible fixed assets

Group	Freehold Property £	Plant and machinery £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2014	3,604,220	289,532	153,131	1,412	4,048,295
Additions	-	53,598	26,688	-	80,286
At 30 June 2015	3,604,220	343,130	179,819	1,412	4,128,581
Depreciation					
At 1 July 2014	344,476	232,208	112,061	1,412	690,157
Charge for the year	78,079	35,273	28,507	-	141,859
At 30 June 2015	422,555	267,481	140,568	1,412	832,016
Net book value					
At 30 June 2015	3,181,665	75,649	39,251	-	3,296,565
At 30 June 2014	3,259,744	57,324	41,070	-	3,358,138

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

13 Fixed asset investments

Company

	Shares in participating interests £
Cost	
At 1 July 2014 & at 30 June 2015	413,697
Net book value	
At 30 June 2015	413,697
At 30 June 2014	413,697

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Space Architecture (Europe) Limited	United Kingdom	Ordinary	100.00

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

13 Fixed asset investments (Continued)

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Space Architecture (Europe) Limited	Architectural and technical consultancy services

14 Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	839,659	1,069,226	-	-
Amounts recoverable on long term contracts	6,281	6,281	-	-
Amounts owed by group undertakings	500,000	-	-	-
Other debtors	3,402	4,445	3	3
Prepayments and accrued income	241,268	146,371	-	-
	<u>1,590,610</u>	<u>1,226,323</u>	<u>3</u>	<u>3</u>

Included within amounts owed by group undertakings is £500,000 (2014: £nil) owed to the group which falls due after more than one year.

15 Creditors : amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	256,601	187,352	-	-
Trade creditors	380,914	258,457	-	-
Amounts owed to group undertakings	-	-	254,194	254,194
Corporation tax	116,006	150,297	-	-
Taxation and social security costs	233,105	214,020	-	-
Other creditors	86,909	84,787	50,000	50,000
Accruals and deferred income	179,993	250,722	-	-
	<u>1,253,528</u>	<u>1,145,635</u>	<u>304,194</u>	<u>304,194</u>

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

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

16 Creditors : amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	2,404,728	2,467,801	-	-
Other loans	245,833	-	-	-
	<u>2,650,561</u>	<u>2,467,801</u>	<u>-</u>	<u>-</u>
Analysis of loans				
Wholly repayable within five years	2,957,162	2,655,153	-	-
Included in current liabilities	(306,601)	(187,352)	-	-
	<u>2,650,561</u>	<u>2,467,801</u>	<u>-</u>	<u>-</u>
Debt maturity analysis				
Amounts payable:				
In more than one year but not more than two years	262,090	190,466	-	-
In more than two years but not more than five years	668,839	590,610	-	-
In more than five years	<u>1,473,799</u>	<u>1,686,725</u>	<u>-</u>	<u>-</u>

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

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

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

17 Provisions for liabilities Group

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

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

The deferred tax liability is made up as follows:

	Group 2015 £	2014 £	Company 2015 £	2014 £
Accelerated capital allowances	<u>54,182</u>	<u>37,341</u>	<u>-</u>	<u>-</u>

18 Derivatives

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

19 Share capital

	2015 £	2014 £
Authorised		
109,506 Ordinary shares of £1 each	<u>109,506</u>	<u>109,506</u>
Allotted, called up and fully paid		
73,004 Ordinary shares of £1 each	<u>73,004</u>	<u>73,004</u>

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

20 Reserves Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2014	600,783	339,254
Profit for the year	-	490,743
Dividends paid	-	(292,031)
Balance at 30 June 2015	<u>600,783</u>	<u>537,966</u>

Other reserves

Capital redemption reserve

Balance at 1 July 2014 & at 30 June 2015

36,502

Merger reserve

Balance at 1 July 2014 & at 30 June 2015

564,281

Company

	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2014	36,502	-
Profit for the year	-	292,031
Dividends paid	-	(292,031)
Balance at 30 June 2015	<u>36,502</u>	<u>-</u>

Other reserves

Capital redemption reserve

Balance at 1 July 2014 & at 30 June 2015

36,502

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

21	Reconciliation of movements in shareholders' funds	2015	2014
	Group	£	£
	Profit for the financial year	490,743	597,354
	Dividends	(292,031)	(728,640)
		<u>198,712</u>	<u>(131,286)</u>
	Net addition to/(depletion in) shareholders' funds	198,712	(131,286)
	Opening shareholders' funds	1,013,041	1,144,327
		<u>1,211,753</u>	<u>1,013,041</u>
	Closing shareholders' funds		
		<u>1,211,753</u>	<u>1,013,041</u>
	Company	2015	2014
		£	£
	Profit for the financial year	292,031	728,640
	Dividends	(292,031)	(728,640)
		<u>-</u>	<u>-</u>
	Net depletion in shareholders' funds	-	-
	Opening shareholders' funds	109,506	109,506
		<u>109,506</u>	<u>109,506</u>
	Closing shareholders' funds	109,506	109,506
		<u>109,506</u>	<u>109,506</u>
22	Notes to the cash flow statement		
	Reconciliation of operating profit to net cash inflow from operating activities	2015	2014
		£	£
	Operating profit	517,447	648,685
	Depreciation of tangible assets	141,858	136,372
	Amortisation of intangible assets	4,284	3,980
	Decrease/(increase) in debtors	(364,287)	428,753
	Increase/(decrease) in creditors	22,935	(241,276)
	Movement in provisions	19,310	-
		<u>341,547</u>	<u>976,514</u>
	Net cash inflow from operating activities	341,547	976,514
		<u>341,547</u>	<u>976,514</u>
	Analysis of cash flows for headings netted in the cash flow statement	2015	2014
		£	£
	Returns on investments and servicing of finance		
	Interest received	698	-
	Interest paid	(47,604)	(48,962)
		<u>(46,906)</u>	<u>(48,962)</u>
	Net cash outflow for returns on investments and servicing of finance	(46,906)	(48,962)
		<u>(46,906)</u>	<u>(48,962)</u>

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

22 Notes to the cash flow statement (Continued)

Capital expenditure and financial investment

Purchase of tangible assets	(80,285)	(64,473)
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Net cash outflow from capital expenditure & financial investment	(80,285)	(64,473)
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Financing

New long term loans	445,833	-
Repayment of loans	(143,824)	(185,974)

Net cash inflow/(outflow) from financing	302,009	(185,974)
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Analysis of net debt

	1 July 2014	Cash flow	Other non-cash changes	30 June 2015
	£	£	£	£
Net cash:				
Cash at bank and in hand	99,435	227,086	-	326,521
Debts falling due within one year	(187,352)	(119,249)	-	(306,601)
Debts falling due after one year	(2,467,801)	(182,760)	-	(2,650,561)
Net debt	(2,555,718)	(74,923)	-	(2,630,641)

23 Commitments under operating leases

At 30 June 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within one year	-	12,869	-	-
Between two and five years	165,000	90,000	34,904	15,026
	<u>165,000</u>	<u>102,869</u>	<u>34,904</u>	<u>15,026</u>

The company did not have any operating lease commitments as at 30 June 2015 (2014: None).

SPACE GROUP (EUROPE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

24 Related party relationships and 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 director had extended a personal guarantee up to a value of £150,000 (2014: £150,000), in respect of the company's principal bank loan.

During the year the company has declared dividends to its directors, Mr A R Roberts and Mr R J Charlton as follows: Mr A R Roberts £127,710 (2014 - £364,320), Mr R J Charlton £164,321 (2014: £364,320).

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

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

25 Control

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

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

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