



ANNUAL REPORT AND ACCOUNTS 2013



19

- 19 Case Study - Cineworld
- 20 Operating and Financial Review
- 22 Board and Senior Management Biographies
- 25 Report of the Directors
- 31 Corporate Governance Report



- 09 Chairman's Statement
- 12 Strategic Report
- 15 Chief Executive Officer's Review

09



- Remuneration Report 35
- Case Study - St Pancras International Station 38
- Independent Auditor's Report 40

35

62

Company Statement of :

- 62 Financial Position
- 63 Cash Flows
- 64 Changes in Equity



Consolidated Group Statement of :

- 42 Comprehensive Income
- 43 Financial Position
- 44 Cash Flows
- 45 Changes in Equity
- 46 Notes to the Group Financial Statements

42



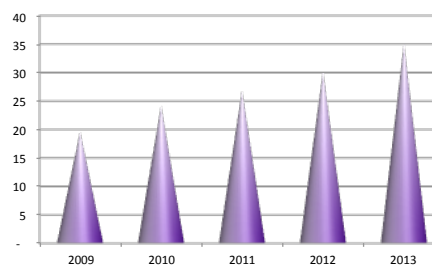
- Notes to the Company Financial Statements 65
- Company Information 68

65

HIGHLIGHTS

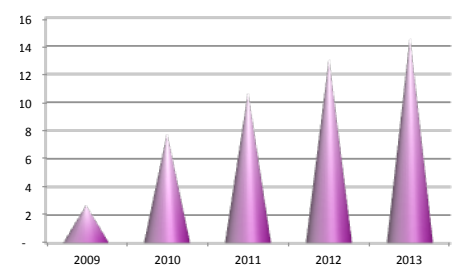
Revenue from UK promotional activity up 9%
 Revenue from UK retail activity down 22%.
 Revenue from German promotional activity up 59%.
 Revenue from German retail licensing activity up 52%.

GROSS REVENUE £M



INCREASE
 IN GROSS SALES OF
 16% TO £35.0M

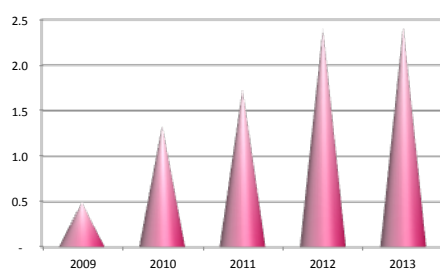
NET REVENUE £M



INCREASE
 IN NET REVENUE OF
 12% TO £14.6M

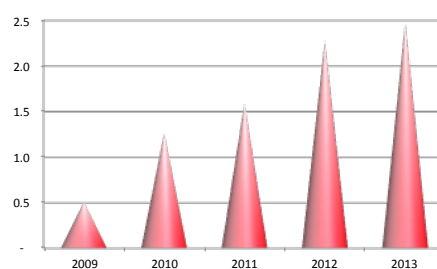


OPERATING PROFIT £M



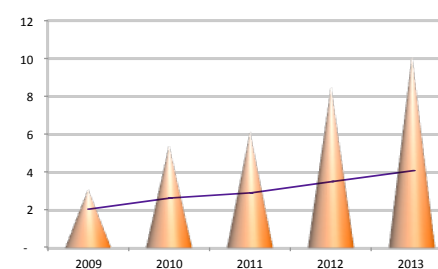
**INCREASE
IN OPERATING PROFIT
ATTRIBUTABLE
TO SHAREHOLDERS OF
1% TO £2.46M**

PROFIT BEFORE TAX £M



**INCREASE
IN PROFIT BEFORE TAX
ATTRIBUTABLE
TO SHAREHOLDERS OF
12% TO £2.62M**

EPS AND DIVIDEND (PENCE)



**INCREASE
IN BASIC EPS OF
19% TO 10.11P
INCREASE
IN DIVIDEND OF
17% TO 4.10P**

Cash of £2.1 million generated from operational activities resulting in a net cash increase of £1.1 million over the year and a net cash position of £1.9 million at the year end

Major new contract wins including St Pancras International, the Garden Centre Group, One New Change London and Corio GmbH

Over 14,000 unique promotions and kiosks delivered in over 750 venues during 2013 group wide





I AM PLEASED TO PRESENT THE ANNUAL RESULTS FOR 2013.

The strength of the Group is demonstrated by the increased number of tender invitations and successful pitches, leading to some notable contract wins during the year, including iconic London venues such as St Pancras International and One New Change.

There is renewed activity in the UK shopping centre investment market and two of the Group's longstanding clients have been successfully acquiring schemes in 2013, which are providing profitable new revenue streams. Although UK retail results are below expectations, the promotions side of the business has performed strongly. The total number of venues has increased yet again to over 750 at the end of 2013, which bodes well for 2014.

Our German business continues to go from strength to strength and is a major contributor to Group profit. The broadening client base is producing impressive growth and the exclusive deals with Corio and MEC have added 38 shopping centres to the German portfolio this year. Together with the continuing roll-out of mobile kiosks, this has contributed to a 52% increase in German retail revenue.

Amery Capital successfully sold a significant shareholding in the Group during the year. This was primarily to existing investors, but the Group's broker has also attracted a significant number of new funds and retail investors during the year, increasing the liquidity and marketability of the shares and as well as resulting in a welcome reduction in the bid – offer spread.

FINANCIAL RESULTS

As alluded to above, Group revenue increased by 12% to £14.6 million and Group profit before tax attributable to shareholders increased by 12% to £2.62 million, primarily driven by the strength of the German retail business and the UK promotions business.

There was a 19% increase in basic earnings per share from 8.50p to 10.11p in 2013.

The balance sheet remains strong with £1.89 million of net cash at the year end (up from £869k in 2012) and £2.09 million of cash on the balance sheet at the year end. Together with a flexible borrowing facility of £2m with Lloyds, this provides the Group with considerable capacity to grow the business.

PEOPLE

I would like to express my thanks to Christopher Stainforth who stepped down from the Board during the year, following the successful integration of Retail Profile within the Group, a major strategic acquisition that he played a pivotal role in. I would also like to thank Maurice Helfgott who has chosen to retire from the Board at the upcoming AGM. Maurice joined the Board when his company Amery Capital sold Retail Profile to SpaceandPeople in 2010. Over the past four years he has played a key role in ensuring the successful amalgamation of the two businesses and following the disposal of the majority of his shareholding in the Company during 2013 this is a natural point for him to retire. We wish both Christopher and Maurice well in their other ventures and thank them for their valuable contributions to the Group.

I am indebted to the senior management and the enthusiastic team that they lead for all they have accomplished during the year.

DIVIDEND

Recognising the continued progress made by the Group, your Board is proposing a dividend of 4.10p per share, a 17% increase on the dividend for last year, payable on 25 April 2014 to all shareholders on the register on 4 April 2014.

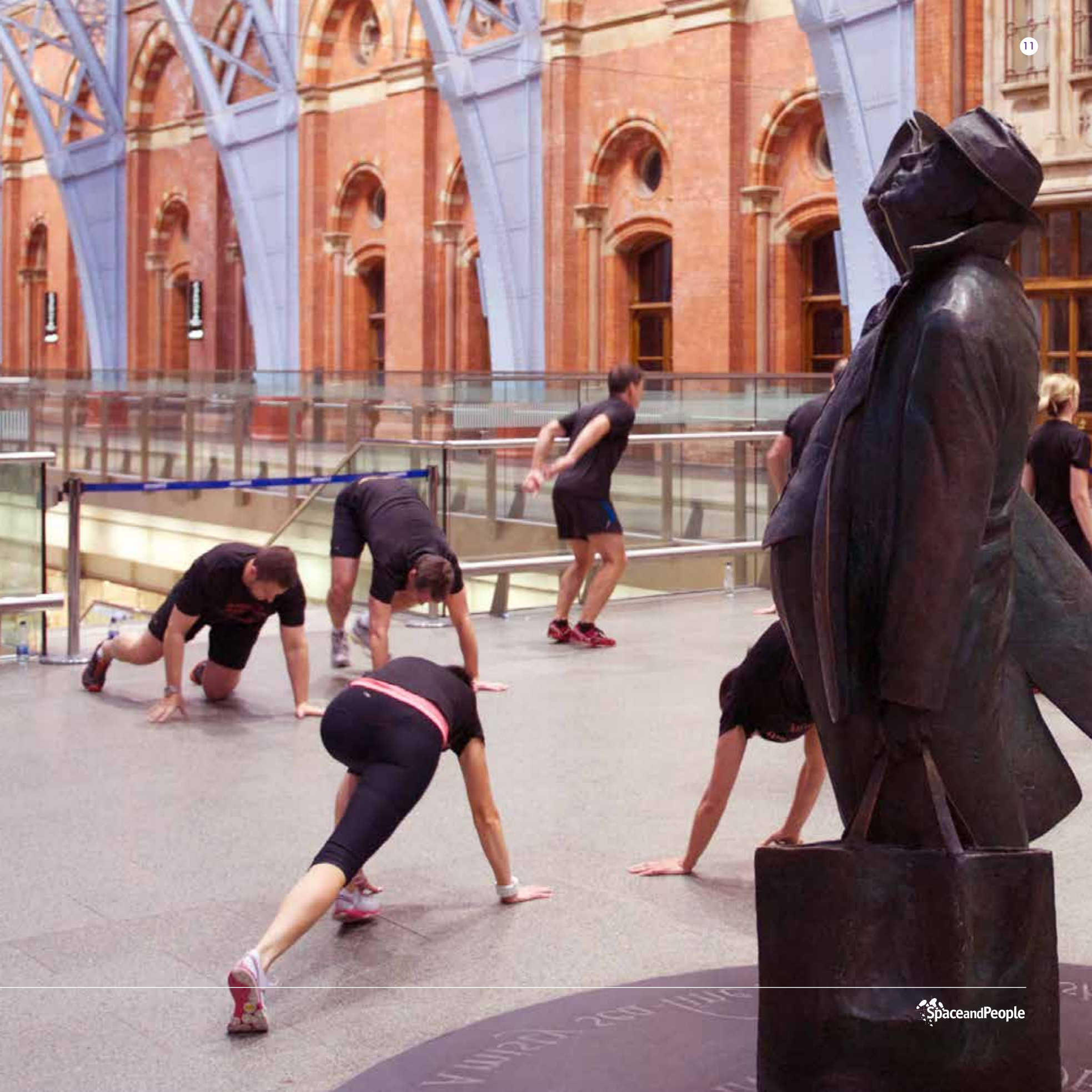
OUTLOOK

The UK remains a competitive and fluid marketplace, but broadening the business through the acquisition of additional high footfall venues such as garden centres and railway stations is providing new revenue streams that offer promising prospects for the coming year. Together with the increasing contributions from the expanding overseas portfolio, they provide a platform for continued growth and we look forward to 2014 with confidence.



David Henderson-Williams
Chairman
21 March 2014





R

REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Group is the marketing and selling of promotional and retail licensing space on behalf of shopping centres and other venues throughout the UK, Germany and India.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the period and the financial position of the Group are shown in the annexed financial statements on pages 42 to 46.

The review of the business and a summary of future developments are included in the Chairman's Statement, the Chief Executive Officer's Review and the Operating and Financial Review on pages 15 to 17 and 20 to 21.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks identified in the business are:

Loss of client - During 2013, the Group continued to attract new clients including those mentioned above. It is the nature of high footfall venues that the ownership of a proportion of them will change occasionally. Indeed, during 2013, we have both gained and lost a number of venues as a result of our clients acquiring and disposing of them. We endeavour to ensure that we deliver an industry leading level of service and this has resulted in both the number of clients and venues we work with increasing during 2013. While the loss of a significant client would be unwelcome, it would not put either the results or the viability of the business at significant risk.

Loss of key personnel - The unexpected loss of a member of our senior management team could have a negative effect on the business in the short term, however, we have developed a large management team of twelve members who are encouraged and required to engage with and assist their colleagues in other areas of the business to ensure that understanding and exchange of ideas is a core element of their roles. This will ensure that the business would not be overly exposed while we sought to replace the member or reorganised the senior management structure.

System failure - Whilst no guarantees can be given that all possible eventualities are covered, the Group has comprehensive and strict policies and contingency plans concerning power outages, telecommunications failure, virus protection, hardware and software failure, frequent and full offsite backup of all data and disaster recovery. Contracts and service level agreements are in place with reputable suppliers to ensure that any disruption and risk to the business is kept to an absolute minimum. The adequacy and appropriateness of these policies and plans are reviewed on a regular basis.

Legal claims - The Group constantly reviews its exposure to possible legal claims and takes appropriate advice and action to protect both itself and its clients where any avoidable risk is identified, for example, by amending terms and conditions, service agreements, licences and risk assessments.



STRATEGIC DEVELOPMENT

The key areas of strategic development are discussed in the Chairman's Statement.

KEY PERFORMANCE INDICATORS

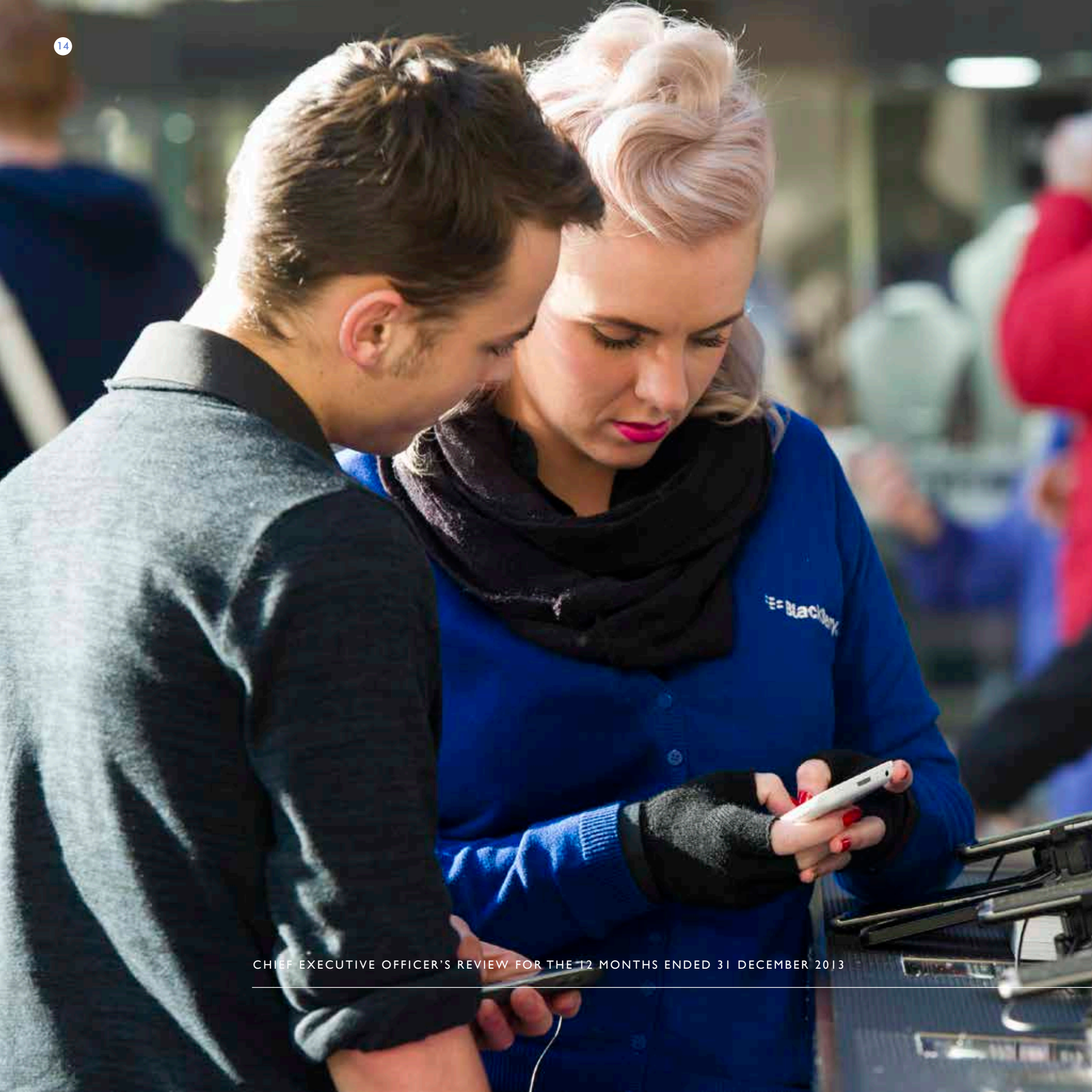
The key performance indicators are:

	2013	2012
Revenue (£m)	14.6	13.1
Profit before taxation attributable to shareholders (£m)	2.6	2.3
Basic earnings per share (p)	10.1	8.5
Proposed dividend (p)	4.1	3.5
Average number of kiosks	283	276
Number of promotions	14,000	10,000

By order of the Board



Gregor Dunlay
Company Secretary
21 March 2014



R

REVIEW

2013 was another successful year for the business with growth in revenues to customers of 16% leading to promotions/ gross sales in excess of £35 million, net profit growth, significant positive changes to our shareholder register and a good return for investors. Adding in new product developments, India's improving performance, S&P+ gaining traction and the German retail team delivering strong growth provides me with plenty to say.

UK

I am pleased with UK growth in promotions of 9% as during the second half of 2012 our income was skewed by the inclusion of the Christmas sales period for the Intu group, an existing and important customer, who required our help to manage a transitional period in their promotional business. Venue growth has continued with the winning of contracts (including The Garden Centre Group, St Pancras International and One New Change) which are performing very well, improved sales efficiencies and new management systems which mean that we will deliver strong growth in 2014. The pipeline for new venues has never been better and I am confident that we will continue to win more new business in 2014.

UK retail saw a significant fall in sales, as was disclosed in the interim report, which resulted in a fall in revenue of 22%, the majority of which was due to changes at just three venues. The lost revenue was due to three reasons: the process in some malls of switching mobile kiosks for fixed kiosks which led to a one-off period of down-time; the decline of some big buyers of space (notably gold buying) and an average loss of 31 kiosks.

I see continued challenges in this area in 2014. However, change brings innovation and opportunity and we have developed new services and products that will begin to improve results in this area during 2014 and beyond. I am pleased to say the development of our "Mobile Kiosk Lite" proposal, a lower cost, less intensively managed system on reconditioned units, our new range of innovative and market leading bespoke kiosks and the roll-out of a new concept for customer acquisition stands, unlocking a previously problematic revenue opportunity for venues, are really encouraging.

The downturn in our UK retail business has made us look not only at new product offerings, but also the company structure to ensure that we are adequately and properly resourced for the business and opportunities going forward. During the end of 2013 and the beginning of 2014, we embarked upon a reorganisation that will deliver considerable savings in our overheads going forward.

GERMANY

Turnover in the German promotions business grew by 59% due to both the MEC and Corio portfolios joining our service on enhanced revenue share deals compared with our aggregate historical commission rate. Most of this revenue growth however, is due to the type of new contracts being entered into, a number of which involved the company hiring space and selling this on, rather than simply receiving commission for the arrangement of sale of space by the shopping centres themselves. Using the contribution from these contracts normalised turnover grew by 5% compared to last year. Growth in sales in relation to these new clients will be demonstrated more fully from 2014 onwards as a number of long-term bookings that have already been confirmed are delivered. We have identified 75 new centres that we will be targeting for expansion in 2014, and I am pleased to say the team has started 2014 positively.

German retail has been a key driver for our business and will continue to be so going forward, with revenue growing by 52% during the year. The number of mobile kiosks in operation increased from 99 to 149 units during the year with the average number of units in operation increasing from 70 to 108. We see potential for a net gain of another 20 to 30 units during 2014, plus a full year of trading with the latecomers in 2013 all enabling this team's contribution to continue to grow.

INDIA

During 2013 we have seen encouraging growth in MacV retail, one of the Group's clients, which now has 11 kiosks operating and is trading profitably. It is anticipated that they will have 20 kiosks by the end of 2014 and we are looking at additional ways to help grow the brand and the business. The promotions operation was restructured during the year with the intention of focusing mainly on the major opportunities in Mumbai and Delhi. This enabled us to reinvigorate the team whilst making cost savings of 50% of overheads in the second half of the year. Promotional sales were £169k during 2013, up 39% compared with the previous year, and the business broke even. We are budgeting for further growth in promotions and a return to profit in 2014.



S&P+

Following the well received launch of S&P+ early in 2013, the team have been working tirelessly to build their infrastructure, network and influence. They transacted their first promotions during 2013, notably a nationwide promotion for Cineworld, and have been working on significant high profile opportunities that should be completed during 2014. We are delighted with the progress that is being made.

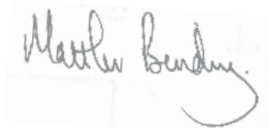
FUTURE

SpaceandPeople continues to grow and, naturally, some departments are doing better than others. Property groups continue to “wax and wane” regarding “in-house” or “outsourced solutions” with regard to mall revenue. We are at the forefront internationally for meeting new demands and creating ground-breaking products. We will always see some properties leave our service, but we continue to win more to offset them. The strength in the business is its innovation, diversity and flexibility.

The drive to diversify revenue streams and territories to ensure that the company is not over-reliant on any one client or country has been a personal objective since the company's inception. This trait enables new departments and ideas breathing space to develop and it usually transpires that if one department is having a tough time, others are flying.

In my 2012 review, I mentioned how brands had started launching simultaneously in all our markets using all SpaceandPeople offices. The next logical step would be a multinational launch using one office and this year we created a library of European locations, translated terms and conditions and accurate floor plans while linking shopping mall availability in Germany, UK and France, which enabled us to do just that. The result was that a major video game and console manufacturer launched their new product in three countries through one office. It worked so well that the brand is currently rebooking a pan-European campaign through us. During 2014, we will expand our network of affiliated venues, enabling seamless booking of locations in every capital in Europe. London is the dominant media budget holder in EMEA and offering this service strengthens their ability to manage more budgets. Without our diversity, this project would not have happened.

I am excited with our pipeline of new products, the depth of our customer base and our focus on the bottom line and I am confident 2014 will be another record year.



Matthew Bending
Chief Executive Officer
21 March 2014





OVER 8,000 PEOPLE ENJOYED THE FULL CINEWORLD POP-UP CINEMA EXPERIENCE WITH A FURTHER 7,000 PEOPLE ENGAGED WITH THE PROMOTION

CINEWORLD POP-UP CINEMAS

BACKGROUND

Cineworld was looking to promote its Unlimited card which offers regular cinema goers unlimited access to the cinema from £16 per month.

CAMPAIGN OBJECTIVES

To raise brand awareness of the Cineworld brand, the nearest Cineworld cinema and Cineworld Unlimited product and ultimately encourage sign-ups for Cineworld Unlimited.

LOCATIONS

Prime city centre locations in Birmingham, Glasgow, Sheffield, London and Edinburgh.

METHOD

Create a pop-up cinema experience by customising and branding two 20 ft. shipping containers. One unit housed

a giant screen and the other a tiered seating area. A five minute reel was played which gave information on upcoming movie releases as well as the features and benefits of the Unlimited card. Free Coke and popcorn was distributed to visitors with the popcorn also used to generate conversations with passers-by. The cinema was in each location for three days and brand ambassadors were on hand to answer any questions from visitors. S&P+ activated the campaign by managing all location sourcing, production, logistics, staffing and account management.

RESULTS

The pop-up cinema has been reused since the event at the Cineworld Annual Conference and industry exhibitions. It was also refurbished for the V Festival Louder Lounge, where the seats were replaced by beanbags and blankets so festival goers could watch movies throughout the night.

R

REVIEW

INTRODUCTION

2013 has been another year of solid progress for the business with record levels of performance and results being delivered in line with projections and expectations.

During the year, we have been able to attract a number of prestigious and significant clients to engage our services and we have continued to invest in recruiting and training talented staff. We have also invested in the continued development of our systems in order to service these new clients as well as our existing clients to the fullest extent.

REVENUE

During 2013, gross revenue generated on behalf of our clients was the highest we have achieved as a business so far at £35 million, which was a 16% increase compared with 2012. This increase resulted in net revenue earned by the Group being 12% higher than in the previous year at £14.6 million, again, the highest achieved so far.

Throughout 2013, most areas of the business performed well, with retail revenue in Germany growing by 52% to £2.99 million, net promotional revenue in the UK growing by 9% to £3.56 million and net promotional revenue in Germany growing by 59% to £3.11 million. It should be highlighted however, that a significant proportion of the increase in promotional revenue in Germany was due to the gross revenue being recognised in relation to business transacted with new clients due to the nature of those particular contractual arrangements. The associated costs have been accounted for within administrative expenses. On a like-for-like basis, promotional revenue from

Germany rose by 5% compared with the previous year. This growth in the UK and Germany was achieved as a result of transacting more business with and on behalf of existing clients, winning significant new clients such as Corio GmbH, the Garden Centre Group, St Pancras International station and One New Change London, and achieving a higher aggregate rate of fees and commission for doing so. Despite achieving good results in most areas of the business, the UK retail arm did not perform as well as it has done previously with revenue falling by 22% to £4.49 million. This reduction in the UK retail business was expected and was highlighted in the Chief Executive's Operating Statement in the 2013 Interim Results. The reduction in the UK retail business, while causing a decline in revenue of £1.25 million, had a lesser impact on the operating profit of £0.3 million as most of the fall in revenue was in relation to clients and locations that were only marginally profitable. Management are progressing a number of initiatives to reinvigorate this area of the business and increase revenue whilst maintaining good profit margins.

During the year, the Group booked over 14,000 promotions and retailers into over 750 venues which demonstrates the continued increase in the reach and diversity of the business.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Group increased by 16% to £12.61 million. This was due primarily to the inclusion of payments made in relation to German promotional clients as mentioned above as well as costs of £611k associated with S&P+ Limited, which continues to be well received by agencies and is



now beginning to attract large and influential customers. Other than this, administrative expenses in the Group were comparable with those in the previous year.

The average number of people employed, which now includes SpaceandPeople India and S&P+ increased by 40 to 139 from 99 in 2012.

PROFIT

Operating profit attributable to shareholders was slightly higher than in 2012 at £2.46 million (2012: £2.43 million) despite increased investment in S&P+ and profit before taxation attributable to shareholders grew by 12% to £2.62 million.

The average rate of corporation tax across the Group was 27% compared with 30% in 2012. This decrease was as a result of licence fee and management charges between the parent company and its subsidiaries.

Basic EPS increased to 10.11p (2012: 8.50p), an increase of 19% and fully diluted EPS increased to 8.98p (2012: 7.78p), an increase of 15%. Basic EPS is calculated as profit after tax attributable to owners of the company divided by the weighted average number of shares in issue during the year, which was 19,492,416 (2012: 19,439,527). Fully diluted EPS also takes into account the number of shares that would be issued on the exercise of outstanding share options. The weighted average number of shares used to calculate the diluted EPS was 21,945,327, (2012: 21,271,423).

CASH FLOW

The Group generated £2.07 million of net cash flow from operating activities during the year and in addition to returning £681k to shareholders by way of a dividend payment, also repaid £980k of borrowings.

DIVIDENDS

The Group is proposing a final dividend of 4.10p per share at the Annual General Meeting on 24 April 2014. If approved, this will be paid on 25 April 2014 and will be 17% higher than the dividend paid during 2013. This dividend would represent a distribution to shareholders of 41% of the basic EPS in the year, which is the same as in the previous year and in line with the Group's stated policy of maintaining dividend growth broadly in line with EPS growth.



Gregor Dunlay
Chief Financial Officer
21 March 2014

B

BIOGRAPHIES

DAVID HENDERSON-WILLIAMS • Non -Executive Chairman

David is a co-founder of Hark Group, an asset management company specialising in shopping centres and office buildings. He previously spent 15 years at Chesterfield Properties Plc where he was CEO of the American subsidiaries and subsequently main board Director with overall responsibility for the UK investment portfolio. He has been a Director of SpaceandPeople since October 2006, and Chairman since June 2007. He is a member of the Remuneration committee.

MATTHEW BENDING • Co-Founder and Chief Executive Officer

Matthew has a BA (Hons) in Politics and History, PG Dip in Business Administration and the CIM Diploma. After many years as an international money broker in the City, Matthew moved to Scotland to take up the post of Marketing Manager for Standard Life Investments' Scottish shopping centres, which kick-started the SpaceandPeople concept. Having founded the business twelve years ago with Nancy Cullen, Matthew is the CEO of the Group and has played a pivotal role in the evolution and expansion of the business. Matthew has overall responsibility for the strategic direction of the Group.

NANCY CULLEN • Co-Founder and Chief Operating Officer

Having qualified with a degree in Business with French and Marketing, Nancy started out as a graduate trainee with BP and worked for BAA before becoming Marketing Manager for Eurostar. This was followed by seven years as Head of Marketing for Brent Cross Shopping Centre. Along with her co-founder, Matthew Bending, Nancy has been responsible for raising the profile of mall space as a viable media. She works closely with key property portfolios on specialised mall strategies to maximise the commercialisation potential of the venues the Group represents.

GREGOR DUNLAY • Chief Financial Officer & Company Secretary

Gregor is a chartered accountant having qualified with Price Waterhouse in 1994. Gregor joined SpaceandPeople in September 2010 having spent three years with Industrious Asset Management Limited as Finance Director. Prior to this, Gregor spent ten years with DAKS Simpson Group plc where he had various roles including Head of Finance and General Manager. Gregor is responsible for the finance and administrative functions within the Group.



MARTIN KEMP • Executive Director

After graduating with an Economics Degree, Martin spent over twenty years at Marks & Spencer, where he held a number of senior roles within the Clothing & Homeware Divisions, as well as a two year Executive assignment to the Chairman and CEO's office. He joined Retail Profile in 2008 as Managing Director and became a Director of the Group upon its acquisition of Retail Profile in 2010, with responsibility for retail as the business continues to focus on this key area.

RICHARD CHADWICK • Non-Executive Director

On qualifying as a chartered accountant, Richard spent five years with KPMG in Montreal, specialising in retail. Returning to the UK, he joined Sainsbury's, holding several senior finance roles. He set up and ran Sainsbury's Bank, was a Non-Executive Director of Shaw's (their US subsidiary) and JS Developments (their property development subsidiary), and was a trustee of their pension funds. Richard Chadwick is Chairman of both the audit and remuneration committees.

MAURICE HELFGOTT • Non-Executive Director

Maurice is the Founder Director of Investment and Advisory firm Amery Capital, and Chairman of both Long Tall Sally and Oliver Sweeney, as well as Senior Independent Director of Moss Bros Group plc. Maurice has an MBA with High Distinction from Harvard Business School and prior to founding Amery Capital, served as an Executive Director on the main Board of Marks and Spencer plc, having successfully delivered on a range of operational, buying and general management roles during 16 years with the company. He is involved with a number of charitable and not-for-profit organisations and is a member of both the audit and remuneration committees.

ALFRED STIRLING • Non Executive Director

Fred qualified as a chartered accountant and has been Chairman and Managing Director of Gresham House plc as well as founder, Chairman and Managing Director of Welsh Industrial Investment Trust plc, both listed authorised investment trusts. He has been instrumental in forming and investing in small start-up companies. He has been a Director of a number of quoted companies and was one of the founding Directors and Shareholders of the Group.





THE DIRECTORS PRESENT THEIR ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF SPACEANDPEOPLE PLC FOR THE YEAR ENDED 31 DECEMBER 2013

KEY PERFORMANCE INDICATORS

The main financial key performance indicators are profit before taxation attributable to owners of the Company and basic earnings per share. During the year profit before taxation attributable to owners of the Company increased by 12% to £2.62 million and basic earnings per share rose by 19% to 10.11p.

The Group maintains records of every booking ever undertaken and continually monitors several key areas:

- revenue against target and prior year;
- profitability against target and prior year;
- venue acquisition, performance and attrition;
- promoter and operator types compared with historic bookings; and
- commission and occupancy rates.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group are explained in the Strategic Report on pages 12 and 13.

DIVIDENDS

The dividend paid in April 2013 was £681k (2012: £564k) which was 3.50p per share (2012: 2.90p per share). The Directors recommend a dividend of £800k being 4.10p per share, which will be payable on 25 April 2014 to all shareholders on the share register as at 4 April 2014, subject to approval at the Annual General Meeting on 24 April 2014.

THE DIRECTORS AND THEIR INTERESTS

The Directors who served during the period under review were:

D A Henderson-Williams	Non-Executive Chairman
M J Bending	Chief Executive Officer
N J Cullen	Chief Operating Officer
G R Dunlay	Chief Financial Officer
M D Kemp	Executive Director
C G Stainforth	Director – resigned 23 July 2013
R A Chadwick	Non-Executive Director
M H Helfgott	Non-Executive Director
A P Stirling	Non-Executive Director

Directors' interests in the ordinary shares of the Group and in share options are disclosed in the Remuneration Report on pages 35 to 37.

SUBSTANTIAL SHAREHOLDINGS

At the date of this report, the following substantial shareholdings representing more than 3% of the Group's issued share capital, other than those held by the Directors, have been notified to the Group:

ORDINARY IP SHARES	NUMBER	%
Hargreave Hale Limited	3,229,724	16.55
Gresham House plc *	2,062,500	10.57
Charles Stanley Group plc	1,831,253	9.38
The Gresham House Number 1 Pension Scheme **	1,186,000	6.08
Gerald Oury	598,500	3.07

* R A Chadwick is a Director of Gresham House plc.

** A P Stirling is a trustee of The Gresham House Number 1 Pension Scheme (of which he is also a beneficiary).



STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for preparing the annual report and financial statements in accordance with the Companies Act 2006. The Directors are also required to prepare financial statements for the Group and parent Company in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. 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 Group and Company and of the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The financial statements are published on the Group's website. The maintenance and integrity of this website is the responsibility of the Directors. The work carried

out by the Auditors does not involve consideration of these matters and accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to Auditors

At the date of this report, as far as each of the Directors is aware:

- there is no relevant audit information (as defined in the Companies Act 2006) of which the Group's Auditors are unaware; and
- each Director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

GOING CONCERN

After making enquiries, the Directors have formed a judgement that at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason, the Directors continue to adopt a going concern basis in preparing the financial statements.

PAYMENTS TO SUPPLIERS

Whilst no formal code is adopted, the Group's current policy concerning the payment of its creditors is to:

- set the terms of payment with creditors when agreeing the terms of each transaction;
- ensure that those creditors are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

CHARITABLE DONATIONS

There were no donations to political parties or charitable organisations during the period (2012: £nil).

FINANCIAL RISK REVIEW

Detailed financial risk management objectives and policies are disclosed in note 19 in the accounts.

EMPLOYMENT POLICIES

The Group is committed to complying with applicable employment laws in each country in which it operates and to fair employment practices, including prohibiting all forms of discrimination as well as granting equal access and fair treatment to all employees on the basis of merit. Wherever possible we provide the same opportunities for disabled people as for others and if employees become disabled we would make every effort to keep them in our employment, with appropriate training where required.

HEALTH AND SAFETY POLICIES

The Group is committed to conducting its business in a manner which ensures high standards of health and safety for its employees, visitors and the general public.

AUDITOR

The Auditors, Campbell Dallas LLP, have expressed their willingness to continue in office as Auditors and will be proposed for re-appointment at the Annual General Meeting.

On behalf of the Board



Gregor Dunlay
Chief Financial Officer
21 March 2014



Joe Delucci's





R REPORT

EACH MEMBER OF THE BOARD BRINGS DIFFERENT EXPERIENCE AND SKILLS TO THE BOARD.

INTRODUCTION

As SpaceandPeople plc is listed on the Alternative Investment Market it is not required to comply with the provisions of the UK Corporate Governance Code (the “Code”) issued in October 2012. However, the Board is committed to high standards of corporate governance and has established governance procedures and policies that are considered appropriate to the nature and size of the Group. The Board considers that at this stage in the Group’s development the expense and practicalities of full compliance with the Code is not appropriate. This report sets out the procedures and systems currently in place and explains why the Board considers them to be effective. The Board is committed to reviewing compliance with the Code on a regular basis.

THE BOARD

The Code requires the Company to have an effective Board which is collectively responsible for the long-term success of the Company through leadership within a framework of

controls that assess and manage risk.

The Board currently comprises four Executive Directors and four Non-Executive Directors.

David Henderson-Williams is Chairman of the Group and Matthew Bending is Chief Executive Officer. Matthew is also one of the founders of SpaceandPeople and is a significant shareholder. It is his responsibility to ensure that the strategic and financial objectives of the Group as agreed by the Board are delivered upon. The Board’s four Non-Executive Directors act as a sounding board and challenge the Executive Directors both at formal Board meetings and on a regular and informal basis concerning the performance of management in meeting agreed goals and objectives. Each member of the Board brings different experience and skills to the Board and its various committees. The Board composition is kept under review as this mix of skills and business experience is a major contributing factor to the proper functioning of the Board, helping to ensure matters are fully debated and that no individual or group dominates the Board decision-making process.

Matters referred to the Board are considered by the Board as a whole and no one individual has unrestricted powers of decision. Matters that require the Board's specific approval include Group strategy, annual budgets and forecasts, acquisitions, disposals, annual reports, interim statements, changes to the Group's capital structure, significant funding requirements and nominations for Board and Committee appointments.

Where Directors have concerns which cannot be resolved in connection with the running of the Group or a proposed action, their concerns would be recorded in the Board Minutes. This course of action has not been required to date. The Directors can obtain independent professional advice at the Company's own expense in performance of their duties as Directors.

Each year at the Annual General Meeting, one-third of the Directors are required to retire by rotation, provided all Directors are subject to re-election at intervals of no more than three years. This year, Matthew Bending, Richard Chadwick and Maurice Helfgott are scheduled to retire by rotation. Matthew Bending and Richard Chadwick have confirmed their willingness to be put forward for re-election and Maurice Helfgott intends to retire at the 2014 Annual General Meeting.

The Board has established two committees to deal with specific aspects of the Board's affairs: Audit and Remuneration Committees.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Attendance of Directors at Board and Committee meetings convened in the year, along with the number of meetings that they were invited to attend, are set out below:

	Board		Remuneration Committee		Audit Committee	
	Held	Attended	Held	Attended	Held	Attended
D A Henderson-Williams - Non-Executive Chairman	7	6	3	3	1	1
M J Bending - Chief Executive Officer	7	6	-	-	-	-
N J Cullen - Chief Operating Officer	7	7	-	-	-	-
G R Dunlay - Chief Financial Officer	7	7	-	-	-	-
M D Kemp - Executive Director	7	7	-	-	-	-
C G Stainforth - Director	5	3	-	-	1	1
R A Chadwick - Non-Executive Director	7	7	3	3	2	2
M H Helfgott - Non-Executive Director	7	7	3	3	2	2
A P Stirling - Non-Executive Director	7	4	-	-	-	-



AUDIT COMMITTEE

The Audit Committee comprises Richard Chadwick (Chairman), Christopher Stainforth (January to July 2013), David Henderson-Williams (August to December 2013) and Maurice Helfgott. The Board considers that the members of the Committee have recent and relevant financial experience. If required, the Committee is entitled to request independent advice at the Company's expense in order for it to effectively discharge its responsibilities.

The Committee's main role and responsibilities are to:

- monitor the integrity of the financial statements of the Group;
- review the Group's arrangements in relation to whistleblowing and fraud;
- make recommendations to the Board to be put to shareholders for approval at the AGM, in relation to the appointment of the Company's external Auditor;
- discuss the nature, extent and timing of the external Auditor's procedures and findings; and
- report to the Board whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed.

The Committee is scheduled to meet twice in each financial year and at other times if necessary.

INTERNAL CONTROL PROCEDURES

The Board is responsible for the Group's system of internal controls and risk management and has established systems to ensure that an appropriate level of oversight and control is provided. The systems are reviewed for effectiveness annually by the Audit Committee and the Board. The Group's systems of internal control are designed to help the business meet its objectives by appropriately managing, rather than eliminating, the risks to those objectives, and to provide reasonable, but not absolute assurance against material misstatement or loss. Executive Directors and senior management meet to review both the risks facing the business and the controls established to minimise those risks and their effectiveness in operation on an on-going basis. The aim of these reviews is to provide reasonable assurance that material risks and problems are identified and appropriate action is taken at an early stage.

RELATIONS WITH SHAREHOLDERS

The Board recognises the importance of regular and effective communication with shareholders. The primary forms of communication are:

- the annual and interim financial statements;
- investor and analyst presentations and discussions;
- announcements released to the London Stock Exchange; and
- the Annual General Meeting.



R

REPORT

REMUNERATION COMMITTEE

The Group has a Remuneration Committee comprising three Non-Executive Directors, Richard Chadwick (chairman), Maurice Helfgott and David Henderson-Williams.

The Committee's main roles and responsibilities are to:

- determine and agree with the Board the remuneration of the Group's Chief Executive, Executive Directors and such other members of the executive management as it is designated to consider;
- review the on-going appropriateness and relevance of the remuneration policy;
- approve any performance related pay schemes and approve the total annual payments made under such schemes; and
- review share incentive plans and for any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and other senior executives and the performance targets to be used.

The Committee meets at least once a year.

REMUNERATION OF EXECUTIVE DIRECTORS

The Group's policy on the remuneration of Executive Directors is to provide a package of benefits, including salary, bonuses and share options, which reward success and each individual's contribution to the Group's overall performance in an appropriate manner. The remuneration packages of the Executive Directors comprise the following elements:

- **Basic salary** – The Remuneration Committee sets basic salaries to reflect the responsibilities, skill, knowledge and experience of each Executive Director.
- **Bonus scheme** – The Executive Directors are eligible to receive a bonus in addition to their basic salary conditional upon both the Group and the individual concerned achieving their performance targets. Performance targets are set for each individual Director to ensure that they are relevant to their role.
- **Pensions** – Pension contributions to individual's personal pension plans are payable by the Group at the rate of 5% of the individual Director's basic salary.
- **Share options** – The Group operates a share option plan for both Executive Directors and employees. Further details of the plan and outstanding options as at 31 December 2013 are given in note 24 to the financial statements.
- **Other benefits** – The Executive Directors are entitled to join the Group's Private Medical Insurance scheme. All the Executive Directors are engaged under service contracts which require a notice period of 12 months.

All the Executive Directors are engaged under service contracts which require a notice period of 12 months.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration of the Non-Executive Directors is determined by the Executive Directors.

DIRECTORS' REMUNERATION

Details of individual Directors' emoluments for the year are as follows:

	Salary	Bonus or fees	Benefits	Pension contributions	2013	2012
	£	£	£	£	£	£
David Henderson-Williams	15,350	-	-	-	15,350	15,000
Matthew Bending	136,581	-	1,634	6,829	145,044	149,885
Nancy Cullen	126,075	15,822	1,634	6,560	150,091	128,196
Gregor Dunlay	126,075	-	1,307	6,304	133,686	117,653
Martin Kemp	126,075	11,866	2,371	6,304	146,616	139,989
Christopher Stainforth*	23,533	-	-	-	23,533	25,000
Richard Chadwick	15,000	-	-	-	15,000	15,000
Maurice Helfgott **	25,000	-	-	-	25,000	25,000
Fred Stirling ***	12,000	-	-	-	12,000	12,000
	605,689	27,688	6,946	25,997	666,320	627,723

* resigned 23 July 2013

** paid to Amery Capital Ltd

*** paid to Friars Management Services Ltd

DIRECTORS' INTERESTS IN SHARES

The interests of the Directors in the shares of the Company at 31 December 2013, together with their interests at 31 December 2012, were as follows:

	Number of ordinary 1p shares	
	31 December 2013	31 December 2012
David Henderson-Williams	40,000	40,000
Matthew Bending	2,092,000	2,064,500
Nancy Cullen	1,333,000	1,533,000
Martin Kemp	123,064	198,064
Richard Chadwick	42,500	42,500
Maurice Helfgott	125,000	1,033,894
Fred Stirling	985,818	985,818



DIRECTORS' INTERESTS IN SHARE OPTIONS

The interests of the Directors at 31 December 2013, in options over the ordinary shares of the Company were as follows:

	At 31 December 2012	Granted	Exercised	Surrendered	Lapsed	At 31 December 2013	Exercise Price	Date of Grant	Date from which exercisable	Expiry date
David Henderson-Williams	25,000	-	(25,000)	-	-	-	65p	5/9/2006	5/9/2009	5/9/2013
Matthew Bending	120,000	-	-	-	-	120,000	70p	27/3/2012	27/3/2015	27/3/2022
	-	120,000	-	-	-	120,000	101p	2/4/2013	2/4/2016	2/4/2023
Nancy Cullen	120,000	-	-	-	-	120,000	70p	27/3/2012	27/3/2015	27/3/2022
	-	120,000	-	-	-	120,000	101p	2/4/2013	2/4/2016	2/4/2023
Gregor Dunlay	120,000	-	-	-	-	120,000	70p	27/3/2012	27/3/2015	27/3/2022
	-	120,000	-	-	-	120,000	101p	2/4/2013	2/4/2016	2/4/2023
Martin Kemp	120,000	-	-	-	-	120,000	70p	27/3/2012	27/3/2015	27/3/2022
	-	120,000	-	-	-	120,000	101p	2/4/2013	2/4/2016	2/4/2023
Total	505,000	480,000	(25,000)	-	-	960,000				

All of these share options, with the exception of those granted to David Henderson-Williams, are subject to performance criteria.



Richard Chadwick
Chairman of the Remuneration Committee
21 March 2014

ST PANCRAS INTERNATIONAL IS MANAGED EXCLUSIVELY BY SPACEANDPEOPLE FOR EXPERIENTIAL ACTIVITY AND PR STUNTS ON BEHALF OF A NUMBER OF BRANDS.

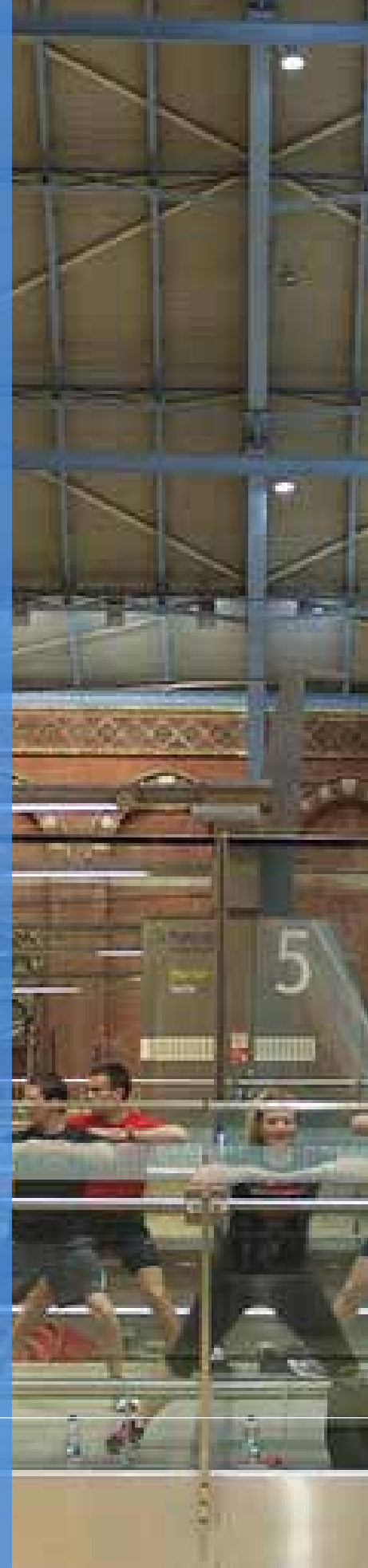
Since adding St Pancras International to the SpaceandPeople service on an exclusive basis, a number of brands have used the venue for experiential activity and PR stunts.

St Pancras International is regarded as more than a transport hub. It boasts Europe's longest Champagne Bar, a fresh produce market and the UK's best station pub. Visitors come to see the architecture, the two station statues, and enjoy the events regularly held at the station. The station is a unique proposition for brands with 1 million people visiting and using the station's facilities every week, 23% of whom have no intention of travelling on a train – they come to eat, drink, meet and shop or just simply to admire the view. 85% of the station's visitors fall into the ABCI demographic group, thus making it a premium venue for retailers and promoters.

Guinness used the station to target rugby fans heading to the opening match of the 6 Nations tournament, France versus England, in Paris. Supporting their partnership

with the tournament and as part of the Home Advantage campaign, Guinness handed out scarves to England fans travelling via the Eurostar. A choir sang "Swing Low, Sweet Chariot" on site throughout the day as brand ambassadors distributed z-cards and over 4,000 scarves while engaging with fans on their way to the match. The campaign was a success with the sleek and high class feel of the station fitting in with the Guinness brand.

The station is also the ideal platform to target holiday makers such as couples going away to celebrate Valentine's weekend. Penguin Books promoted its award winning book "The Fault in our Stars" in advance of the cinematic launch of the associated film on Valentine's Day. People were invited to 'share their love' in the customised photo booth and leave a personal message to a loved one in order to receive a copy of the book or voucher for the station's Foyles store. An illustrator was also on site drawing key scenes from the book.





R REPORT

We have audited the financial statements of SpaceandPeople plc for the year ended 31 December 2013 which comprise the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group and Parent company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 27, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statement and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the group's profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' 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, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Campbell Dallas LLP

Donald Boyd (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Chartered Accountants & Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF
21 March 2014

	Notes	12 months to 31 December '13 £'000	12 months to 31 December '12 £'000
Revenue	4	14,567	13,055
Administration expenses		(12,610)	(10,900)
Other operating income		322	216
Operating profit	5	2,279	2,371
Finance income	7	215	-
Finance costs	7	(55)	(97)
Profit before taxation		2,439	2,274
Taxation	8	(648)	(678)
Profit after taxation		1,791	1,596
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		(51)	(29)
Total comprehensive income for the period		1,740	1,567
Profit for the year attributable to:			
Owners of the Company		1,971	1,654
Non-controlling interests		(180)	(58)
Total comprehensive income for the period attributable to:		1,791	1,596
Owners of the Company		1,920	1,625
Non-controlling interests		(180)	(58)
Total comprehensive income for the period		1,740	1,567
Earnings per share	23		
Basic		10.11p	8.50p
Diluted		8.98p	7.78p

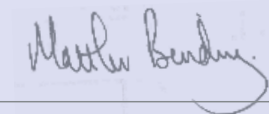


Company number SC212277

	Notes	12 months to 31 December '13 £'000	12 months to 31 December '12 £'000
Assets			
Non-current assets:			
Goodwill	11	8,225	8,225
Other intangible assets	12	7	20
Property, plant & equipment	13	1,590	1,362
		9,822	9,607
Current assets:			
Trade & other receivables	15	5,137	3,839
Cash & cash equivalents	16	2,088	2,019
		7,225	5,858
Total assets		17,047	15,465
Liabilities			
Current liabilities:			
Trade & other payables	17	6,260	5,069
Current tax payable	17	562	289
Other borrowings	18	205	455
		7,027	5,813
Non-current liabilities:			
Deferred tax liabilities	14	10	10
Long-term loan	18	-	730
		10	740
Total liabilities		7,037	6,553
Net assets		10,010	8,912
Equity			
Share capital	21	195	194
Share premium		4,868	4,830
Special reserve		233	233
Retained earnings		4,717	3,478
Equity attributable to owners of the Company		10,013	8,735
Non-controlling interest		(3)	177
Total equity		10,010	8,912

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2014.

Signed on behalf of the Board of Directors by:



MJ Bending
Director

	Notes	12 months to 31 December '13 £'000	12 months to 31 December '12 £'000
Cash flows from operating activities			
Cash generated from operations		2,499	3,001
Interest paid		(55)	(97)
Taxation		(375)	(635)
Net cash inflow from operating activities		2,069	2,269
Cash flows from investing activities			
Interest received		215	-
Purchase of intangible assets	12	(1)	(30)
Purchase of property, plant & equipment	13	(592)	(424)
Net cash (outflow) from investing activities		(378)	(454)
Cash flows from financing activities			
Proceeds from issue of shares		39	14
Funding costs on acquisition of subsidiary, net of cash received		-	(168)
Repayment of bank loan / loan notes		(480)	(463)
Bank facility received / (repaid)		(500)	235
Dividends paid	10	(681)	(564)
Net cash (outflow) from financing activities		(1,622)	(946)
Increase in cash and cash equivalents		69	869
Cash and cash equivalents at beginning of period		2,019	1,150
Cash and cash equivalents at end of period	16	2,088	2,019
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		2,279	2,371
Amortisation of intangible assets	12	14	36
Depreciation of property, plant & equipment	13	364	310
Effect of foreign exchange rate moves		(51)	(29)
(Increase) / decrease in receivables		(1,298)	(497)
Increase / (decrease) in payables		1,191	810
Cash flow from operating activities		2,499	3,001



	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
At 31 December 2011	194	4,816	233	2,417	-	7,660
Comprehensive income:						
Foreign currency translation	-	-	-	(29)	-	(29)
Profit for the period	-	-	-	1,654	(58)	1,596
Total comprehensive income	-	-	-	1,625	(58)	1,567
Transactions with owners:						
Shares issued	-	14	-	-	-	14
Dividends paid	-	-	-	(564)	-	(564)
Minority interest on acquisition	-	-	-	-	235	235
Total transactions with owners	-	14	-	(564)	235	(315)
At 31 December 2012	194	4,830	233	3,478	177	8,912
Comprehensive income:						
Foreign currency translation	-	-	-	(51)	-	(51)
Profit for the period	-	-	-	1,971	(180)	1,791
Total comprehensive income	-	-	-	1,920	(180)	1,740
Shares issued	1	38	-	-	-	39
Dividends paid	-	-	-	(681)	-	(681)
Total transactions with owners	1	38	-	(681)	-	(642)
At 31 December 2013	195	4,868	233	4,717	(3)	10,010

1. GENERAL INFORMATION

SpaceandPeople plc is a public limited company incorporated and domiciled in Scotland (registered number SC212277) which is listed on AIM (dealing code SAL).

2. BASIS OF PREPARATION

The Group's financial statements for the period ended 31 December 2013 and for the comparative period ended 31 December 2012 have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, and with those part of the Companies Act 2006 applicable to companies reporting under IFRS.

The Directors have, at the time of approving the financial statements, a reasonable expectation that SpaceandPeople has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

FUTURE ACCOUNTING DEVELOPMENTS

New and revised IFRSs applied with no material effect on the consolidated financial statements

TITLE	IMPLEMENTATION	EFFECT ON GROUP
IFRS7 – 'Financial Instruments' : Disclosures on Asset and Liability Offsetting	Annual periods beginning on or after 1 January 2013	None
IFRS 13 – 'Fair Value Measurement'	Annual periods beginning on or after 1 January 2013	None
IAS 19 – Amendments to 'Employee Benefits'	Annual periods beginning on or after 1 January 2013	None
IAS 1 – Amendments to 'Presentation of Financial Statements': Presentation of Items of Other Comprehensive Income	Annual periods beginning on or after 1 July 2012	None
Annual Improvements to IFRSs (2009- 2011)	Annual periods beginning on or after 1 January 2013	None



The following standard will be introduced in future periods

TITLE	IMPLEMENTATION	EFFECT ON GROUP
IFRS 9 – ‘Financial Instruments’	Annual periods beginning on or after 1 January 2015	None
IFRS 10 – ‘Consolidated Financial Statements’	Annual periods beginning on or after 1 January 2014	None
IFRS 12 – ‘Disclosure of Interests in Other Entities’	Annual periods beginning on or after 1 January 2014	None
IAS 27 – (Revised 2011) ‘Separate Financial Statements’	Annual periods beginning on or after 1 January 2014	None
IAS 28 – (Revised 2011) ‘Investments in Associates and Joint Ventures’	Annual periods beginning on or after 1 January 2014	None
IAS 32 – Amendments to ‘Financial Instruments : Presentation’: Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 January 2014	None
IAS 36 – Amendments to ‘Impairment of Assets’	Annual periods beginning on or after 1 January 2014	None
Annual Improvements to IFRSs (2010-2012 and 2011-2013)	Annual periods beginning on or after 1 January 2014	None

Management anticipates that the standards and interpretations in issue, but not yet effective will be adopted in the financial statements when they become effective and foresee currently no material impact by the adoptions on the financial statements of the Group in the period of initial application. However, this will be assessed further upon implementation.

3. ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.



GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see above) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss of goodwill is recognised directly in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

INVESTMENTS IN SUBSIDIARIES

The parent Company's investments in subsidiary undertakings are included in the Company statement of financial position at cost, less provision for any impairment in value.

REVENUE

Revenue is measured at the fair value of consideration received or receivable. Revenue is shown net of value-added tax, rebates and discounts and after eliminating intergroup sales. Revenue is recognised when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Group and when any specific delivery criteria have been met.

COMMISSION

Revenue from commission receivable while acting as agent is recognised when the following conditions are satisfied;

- Contract is agreed with promoter / merchant
- Venue acceptance of contract
- Invoice issued and no further input anticipated

ACTING AS PRINCIPAL

Revenue from agreements where we act as principal i.e. renting space from venues and reselling to promoters and operators, is recognised as gross revenue receivable by us, with the corresponding amount payable to the venue owner being recognised in administrative expenses.

LEASING INCOME

Revenue from leasing activities is recognised on a straight line basis over the term of the lease.

LICENSE FEES

Licence fee revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

INTEREST INCOME

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

PROPERTY, PLANT & EQUIPMENT

Depreciation is provided at the annual rates below in order to write off each asset over its estimated useful life.

Plant & equipment	-	12.5% of cost
Fixtures & fittings	-	25% of cost
Computer equipment	-	25% of cost

Property, plant & equipment is stated at cost less accumulated depreciation to date.



INTANGIBLE ASSETS**WEBSITE DEVELOPMENT COSTS**

The Group capitalises all costs directly attributable to further developing its websites, while costs which relate to on-going maintenance are expensed as they arise. The capitalised costs are depreciated over three years.

FOREIGN DEVELOPMENT

The Group capitalises costs relating to the development of its process and service in certain foreign markets. Costs are only capitalised where the Group considers that there is a clearly definable project and in each case a process is separately identifiable which has its own individual value. Costs are capitalised in relation to countries where there is a reasonable expectation that future revenues will exceed capitalised costs. Where the criteria for capitalisation are not met, costs are written off in the year incurred. Capitalised costs are written off over five years.

PATENTS AND TRADEMARKS

The costs of obtaining patents and trademarks are capitalised and written off over the economic life of the asset acquired.

IMPAIRMENT OF NON-CURRENT ASSETS

The need for any non-current asset impairment is assessed by comparison of the carrying value of the asset against the higher of realisable value and the value in use or, in the case of intangible assets, the anticipated future cash flows arising from the asset.

LEASING COMMITMENTS

Rentals paid under operating leases are charged against profit as incurred. The Group has no finance leases.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis over the term of the relevant lease.

TAXATION

The tax expense represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the period. The Group's liability for current tax is calculated using rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profits, and is accounted for using the liability method. Deferred tax liabilities are recognised for all temporary timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

FOREIGN EXCHANGE

Items included in the Group's financial statements are measured using Pounds Sterling, which is the currency of the primary economic environment in which the Group operates, and is also the Group's presentational currency.

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates at that date. These translation differences are dealt with in the profit and loss account.

The income and expenditure of overseas operations are translated at the average rates of exchange during the period. Monetary items on the balance sheet are translated into Sterling at the rate of exchange ruling on the balance sheet date and fixed assets at historical rates. Exchange difference arising are treated as a movement in reserves.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the Group's balance sheet when it becomes a party to the contractual provisions of the instrument.

Trade and other receivables are carried at original invoice value less an allowance for any uncollectable amounts. An allowance for bad debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off in the income statement when identified.



Cash and cash equivalents are carried in the balance sheet at cost and comprise cash in hand, cash at bank and deposits with banks.

Trade and other payables are carried at amortised costs and represent liabilities for goods or services provided to the Group prior to the period end that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

SHARE BASED PAYMENTS

The Group operates a number of equity settled share based payment schemes under which share options are issued to certain employees. The fair value determined at the grant date of the equity settled share based payment, where material, is expensed on a straight line basis over the vesting period. For schemes with only market based performance conditions, those conditions are taken into account in arriving at the fair value at grant date.

PENSIONS

The Group pays contributions to the personal pension schemes of certain employees. Contributions are charged to the income statement in the period in which they fall due.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. IFRS also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas where significant judgements and estimates have been made in the preparation of these financial statements are the useful lives and impairment of non-current and intangible assets, impairment of the value of investment in associates and taxation. Explanations of the methodology and the resultant assumptions are detailed in the relevant accounting policies above and the respective notes to the financial statements.

BORROWING COSTS

Borrowing costs are amortised over the duration of the loan and recognised throughout the term of the loan.

4. SEGMENTAL REPORTING

The Group maintains its head office in Glasgow and a subsidiary office in Hamburg, Germany. These are reported separately. In addition, Retail Profile has an office in London and a subsidiary in Germany. The Group has determined that these are the principal operating segments as the performance of these segments is monitored separately and reviewed by the Board.

The following tables present revenues, results and asset and liability information regarding the Group's two business segments - Promotional Sales and Retail, split by geographic area, before licence fees and management charges made between Group companies.

Segment revenues and results for 12 months to 31 December '13	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Other £'000	Group £'000
Continuing operations revenue	3,566	3,106	4,489	2,994	-	412	14,567
Administrative expenses	(2,104)	(2,365)	(3,473)	(2,478)	(1,402)	(788)	(12,610)
Other revenue	-	111	-	202	-	9	322
Segment operating profit / (loss)	1,462	852	1,016	718	(1,402)	(367)	2,279
Finance income	-	-	215	-	-	-	215
Finance costs	-	-	(55)	-	-	-	(55)
Segment profit / (loss) before taxation	1,462	852	1,176	718	(1,402)	(367)	2,439
Segment assets and liabilities as at 31 December '13	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000		Other £'000	Group £'000
Total segment assets	5,753	3,049	5,445	2,140		660	17,047
Total segment liabilities	(1,625)	(1,248)	(1,997)	(1,557)		(610)	(7,037)
Total net assets	4,128	1,801	3,448	583		50	10,010



Segment revenues and results for 12 months to 31 December '12	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Other £'000	Group £'000
Continuing operations revenue	3,269	1,958	5,739	1,967	-	122	13,055
Administrative expenses	(1,928)	(1,224)	(4,447)	(1,743)	(1,246)	(312)	(10,900)
Other revenue	-	32	-	113	-	71	216
Segment operating profit / (loss)	1,341	766	1,292	337	(1,246)	(119)	2,371
Finance costs	(8)	-	(89)	-	-	-	(97)
Segment profit / (loss) before taxation	1,333	766	1,203	337	(1,246)	(119)	2,274
Segment assets and liabilities as at 31 December '12	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000		Other £'000	Group £'000
Total segment assets	6,254	1,676	5,736	1,691		559	15,916
Total segment liabilities	(1,822)	(710)	(3,012)	(1,387)		(73)	(7,004)
Total net assets	4,432	966	2,724	304		486	8,912

5. Operating profit

The operating profit is stated after charging:

	12 months to December '13 £'000	12 months to December '12 £'000
Motor vehicle leasing	53	35
Property leases	287	203
Amortisation of intangible assets	14	36
Depreciation of property, plant and equipment	364	310
	718	584
Auditor's remuneration:		
Fees payable for:		
Audit of Company	18	20
Audit of subsidiary undertakings	16	10
Tax services	4	3
Other services	9	26
	47	59
Directors' remuneration	666	633

6. Staff costs

The average number of employees in the Group during the period was as follows:

	12 months to December '13 £'000	12 months to December '12 £'000
Executive Directors	6	6
Administration	27	20
Telesales	70	43
Commercial	27	20
Maintenance	9	10
	139	99
	12 months to December '13 £'000	12 months to December '12 £'000
Wages and salaries	4,354	3,642
Social Security costs	551	428
Pensions	26	18
	4,931	4,088

Details of Directors' emoluments, including details of share option schemes, are... given in the remuneration report on pages 35 to 37. These disclosures form part of the audited financial statements of the Group.

7. Finance income and costs

	12 months to December '13 £'000	12 months to December '12 £'000
Finance costs:		
Interest received	215	-
Interest payable	(55)	(97)

Interest received represents the refund of interest previously paid on interest hedging products and the associated interest on overpayments.

8. Taxation

	12 months to December '13 £'000	12 months to December '12 £'000
UK corporation tax:		
Corporation tax	674	334
Adjustment in respect of prior period	170	(20)
Foreign tax:		
Current tax on foreign income for the period	-	364
Adjustment in respect of prior period	(196)	
Income tax expense as reported in the Income Statement	648	678

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

Taxation

	12 months to December '13 £'000	12 months to December '12 £'000
Profit on ordinary activities before tax	2,439	2,332
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)		
Jan – Mar: 26% (2012)		
Apr – Dec: 24% (2012)		571
Jan – Mar: 24% (2013)	144	
Apr – Dec: 23% (2013)	423	
Tax effect of:		
Expenses not deductible for tax purposes	81	13
Difference due to foreign taxation rates	-	94
Income tax expense as reported in the Income Statement	648	678



9. Profit for the period

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The Group profit for the period includes a Company profit after tax and before dividends of £1,697,837 after the incorporation of all UK head office costs (2012: £382,418) which is dealt with in the financial statements of the parent Company.

Company profit includes licence fee recharges back to both German companies during the period for the years 2012 and 2013.

10. Dividends

	12 months to December '13 £'000	12 months to December '12 £'000
Paid during the period	681	564
Recommended final dividend	800	681

Equity – 3.50p per ordinary share proposed and paid for 2012. Recommended final dividend for 2013 – 4.10p per ordinary share.

The recommended final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

11. Goodwill

Cost	£'000
At 31 December 2011	7,981
Additions	244
At 31 December 2012	8,225
Additions	-
At 31 December 2013	8,225
Accumulated impairment losses	
At 31 December 2011	-
Charge for the period	-
At 31 December 2012	-
Charge for the period	-
At 31 December 2013	-
Net book value	
At 31 December 2011	7,981
At 31 December 2012	8,225
At 31 December 2013	8,225

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. The Directors consider that the business of Retail Profile Holdings Limited is an identifiable CGU and the carrying amount of Goodwill is allocated against this CGU. No

amortisation of the carrying value has been occurred at the financial statement review date. Goodwill for Retail Profile Holdings Limited remains unchanged at £7,981,000.

The recoverable amount of the cash generating unit is determined on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board covering a 20 year period and a discount rate of 6% per annum. Cash flow projections during the budget period are based on no growth in EBITDA which the Directors consider to be very conservative given the plans for the business and the potential increased returns. The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit and that cash flow from this unit will continue in line with expectations for the foreseeable future. The discounted cash flows exceed the carrying value in Year 6.

On 4 June 2012, SpaceandPeople India Pvt Ltd, a company that was until this date an associated company of SpaceandPeople plc, issued a further 250,000 shares. This increased the total issued share capital of SpaceandPeople India Pvt Ltd to 1,083,642 shares. As a result of shares acquired at that time, the Company's shareholding increased to 564,973 shares. This represents 52.14% of SpaceandPeople India Pvt Ltd issued share capital and with effect from 4 June 2012; SpaceandPeople India Pvt Ltd became a subsidiary of the SpaceandPeople Group.

Since 4 June 2012, SpaceandPeople has acquired a further 112,380 shares in SpaceandPeople India Pvt Ltd, bringing its total shareholding to 677,353 shares, representing 62.51% of the issued share capital.

The fair value of the assets and liabilities of SpaceandPeople India Pvt Ltd recognised as a result of the acquisition are as follows:

	£'000
Cash	284
Property, plant and equipment	28
Receivables	327
Payables	(56)
Net identifiable assets acquired	583
Less fair value of non-controlling interest	(219)
Fair value of assets acquired	364
Fair value of consideration	608
Goodwill	244

Prior to the acquisition of shares on 4 June 2012, the Company carried the investment in SpaceandPeople India Pvt Limited at £156k. The shares in June were acquired for £452k. The total cost and fair value of the consideration of the controlling interest at 30 June 2012 was £608k.

12. Other intangible assets

Cost	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000	Depreciation	Plant & equipment £'000	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2011	284	137	10	431	At 31 December 2011	222	136	150	508
Additions	-	-	30	30	Charge for the period	256	25	29	310
At 31 December 2012	284	137	40	461	At 31 December 2012	478	161	179	818
Additions	-	-	1	1	Charge for the period	247	47	70	364
At 31 December 2013	284	137	41	462	At 31 December 2013	725	208	249	1,182

Amortisation	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000	Net book value	Plant & equipment £'000	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2011	274	124	7	405	At 31 December 2011	1,076	89	55	1,220
Charge for the period	10	13	13	36	At 31 December 2012	1,167	94	101	1,362
At 31 December 2012	284	137	20	441	At 31 December 2013	1,346	50	194	1,590
Charge for the period	-	-	14	14					
At 31 December 2013	284	137	34	455					

14. Deferred tax

Net book value	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000		31 December '13 £'000	31 December '12 £'000
At 31 December 2011	10	13	3	26	Deferred tax liability:		
At 31 December 2012	-	-	20	20	Accelerated capital allowances		10
At 31 December 2013	-	-	7	7	Movement on deferred tax position:		
					Opening balance		10
					Released in the period		-
					Closing balance		10

13. Property, plant and equipment

The Group movement in property, plant & equipment assets was:

Cost	Plant & equipment £'000	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2011	1,298	225	205	1,728
Acquired on acquisition	28	-	-	28
Additions	319	30	75	424
At 31 December 2012	1,645	255	280	2,180
Acquired on acquisition	-	-	-	-
Additions	426	3	163	592
At 31 December 2013	2,071	258	443	2,772

There has been no movement in the deferred tax balance in the year.

15. Trade and other receivables

	31 December '13 £'000	31 December '12 £'000
Trade debtors	4,329	3,218
Other debtors	203	24
Prepayments	269	400
Accrued revenue	336	197
Total	5,137	3,839



The maximum exposure to credit risk at the balance sheet date is the carrying amount of receivables detailed above. The Group does not hold any collateral as security.

The Directors do not believe that there is a significant concentration of credit risk within the trade receivables balance.

As of 31 December 2013, trade receivables of £1,441k (2012: £1,083k) were past due but not impaired.

The ageing of trade debtors:

	Current	0 – 30 Days	31 – 60 Days	61 Days +	Total
	£'000	£'000	£'000	£'000	£'000
31 December '13	2,888	433	275	733	4,329
31 December '12	2,135	454	268	361	3,218

16. Cash and cash equivalents

	31 December '13 £'000	31 December '12 £'000
Cash at bank and on hand	2,088	2,019
	2,088	2,019

17. Trade and other payables

	31 December '13 £'000	31 December '12 £'000
Trade creditors	899	504
Other creditors	2,047	1,571
Social Security and other taxes	407	658
Accrued expenses	1,812	1,896
Deferred income	1,095	440
Trade and other payables	6,260	5,069
Corporation tax	562	289
Total	6,822	5,358

18. Other borrowings

	31 December '13 £'000	31 December '12 £'000
Bank loan	205	455
	205	455

At 31 December 2013, Retail Profile Holdings Limited had a bank loan of £204,907 (2012: £684,592) all of which is included within current liabilities being repayable within 12 months (2012: £455,004). The loan is repayable in monthly instalments of £37,917 with interest at a fixed rate of 6.5%. The loan note is secured by a fixed and floating charge over the assets of SpaceandPeople and its subsidiaries.

In addition, as at 31 December 2013, SpaceandPeople plc had drawn down £nil (2012: £500,000) of its agreed bank facility of £2,000,000 (2012: £1,000,000). This is part of a revolving credit facility with repayment due in July 2014

19. Financial instruments and risk management

The Group has no material financial instruments other than cash, current receivables and liabilities, in both this and the prior period, all of which arise directly from its operations. The net fair value of its financial assets and liabilities is the same as their carrying value as detailed in the balance sheet and related notes.

Credit risk – The Group's credit risk relates to its receivables and is managed by undertaking regular credit evaluations of its customers.

Liquidity risk – The Group operates a cash-generative business and holds net funds. The Directors consider the funding structure to be adequate for the Group's current funding requirements.

Borrowing facilities – The Group has an agreed facility of £2m, of which £nil was utilised at the year end, at a rate of 3.50% over base rate secured by an omnibus guarantee and set off agreement. The facility has not been drawn, but improves the financial flexibility of the Group.

Financial assets – These comprise cash at bank and in hand. All bank deposits are floating rate.

Financial liabilities – These include short-term creditors and a revolving credit facility of £2,000,000 at 3.5% above base rate. See note 20 regarding details of outstanding Retail Profile Holdings Limited loan. All financial liabilities will be financed from existing cash reserves and operating cash flows.

Foreign currency risk – The Group is exposed to foreign exchange risk primarily from Euros due to its German operations and Euro denominated licensing income as detailed in note 4 Segmental Reporting. The Group monitors its foreign currency exposure and hedges the position where appropriate. In addition, the Group has investments in a subsidiary in India.

20. Operating lease commitments

At the period end date, SpaceandPeople plc had outstanding commitments for future lease payments which fall due as follows:

	31 December '13 £'000	31 December '12 £'000
Within 1 year	3,172	2,253
Between 2 and 5 years inclusive	5,978	3,534

21. Called up share capital

		31 December '13	31 December '12
Allotted, issued and fully paid			
Class	Nominal value		
Ordinary	1p	£ 195,196	194,581
	Number	19,519,563	19,458,063

61,500 shares were issued in the year as part of the exercise of share options.

22. Related party transactions

Compensation of key management personnel

Key management personnel of the Group are defined as those persons having authority and responsibility for the planning, directing and controlling the activities of the Group, directly or indirectly. Key management of the Group are therefore considered to be the directors of SpaceandPeople plc. There were no transactions with the key management, other than their emoluments, which are set out in the remuneration report on pages 35 to 37.

23. Earnings per share

	12 months to 31 December '13 Pence per share	12 months to 31 December '12 Pence per share
--	--	--

Basic earnings per share

Before non-recurring costs	10.11p	8.50p
----------------------------	--------	-------

Diluted earnings per share

Before non-recurring costs	8.98p	7.78p
----------------------------	-------	-------

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	12 months to 31 December '13 £'000	12 months to 31 December '12 £'000
Profit after tax for the period attributable to owners of the Company	1,971	1,654

	12 months to 31 December '13 '000	14 months to 31 December '12 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	19,492	19,440

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	12 months to 31 December '13 £'000	12 months to 31 December '12 £'000
Profit after tax for the period attributable to owners of the Company	1,971	1,654

	12 months to 31 December '13 '000	12 months to 31 December '12 '000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	21,945	21,271

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

	12 months to 31 December '13 '000	12 months to 31 December '12 '000
Weighted average number of shares in issue during the period	19,492	19,440



Weighted average number of ordinary shares used in the calculation of basic earnings per share deemed to be issued for no consideration in respect of employee options

2,453 1,831

Weighted average number of ordinary shares used in the calculation of diluted earnings per share

21,945 21,271

24. Share options

The Group has established a share option scheme under which the maximum number of ordinary shares exercisable that can be granted is restricted to such number of shares the aggregate market value of which cannot exceed £120,000 per employee at the date of grant. Senior executives and certain eligible employees are entitled to participate in the scheme at the discretion of the Board which is advised on such matters by the Remuneration Committee.

In aggregate, share options have been granted under the share option scheme over 2,452,911 ordinary shares exercisable within the dates and at the exercise prices shown below, being the market value at the date of the grant.

Date of grant	Number	Option period	Price
16 January 2008	11,611	16 January 2011 – 15 January 2015	155p
14 January 2009	8,000	14 January 2012 – 13 January 2016	50p
1 June 2009	12,307	1 June 2012 – 30 May 2015	65p
22 October 2009	193,499	1 November 2012 – 31 October 2014	88.6p
22 October 2009	193,499	1 November 2012 – 31 October 2014	88.6p
22 October 2009	194,665	1 November 2013 – 31 October 2014	88.6p
21 May 2010	194,665	1 November 2013 – 31 October 2015	88.6p
21 May 2010	194,665	1 November 2014 – 31 October 2016	88.6p
27 March 2012	720,000	27 March 2015 – 27 March 2022	70p
26 March 2013	730,000	26 March 2016 – 26 March 2023	101p

The movement in the number of options outstanding under the scheme over the period is as follows:

	12 months to 31 December '13 '000	
Number of options outstanding as at the beginning of the period	1,983,076	1,281,076
Granted	730,000	730,000
Exercised	(61,500)	(27,000)
Forfeited	(198,665)	(1,000)
Number of options outstanding as at the end of the period	2,452,911	1,983,076

In total, 2,452,911 options were outstanding at 31 December 2013 (1,983,076 at 31 December 2012) with a weighted average exercise price of 86.9p (81.1p at 31 December 2012). Of these, 808,246 were exercisable (484,416 at 31 December 2012) with a weighted average exercise price of 88.8p (85.6p at 31 December 2012).

The Black Scholes model was used to obtain the fair value of the share options. The main assumptions made were as follows:

Option price	101p
Market price at grant of option	101p
Expected volatility	12.84%
Average expected vesting period from 31.12.13	7 years
Risk free rate	1%
Dividend yield	4%

The expected volatility was determined by calculating the historical volatility of the Company's share price over the last year.

Based on these assumptions, the average fair value per option granted in the year was 4.22p (1.11p at 31 December 2012).

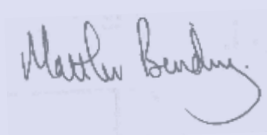
The performance related conditions in respect of the 2,452,911 options that are subject to such conditions have been reflected by adjusting the number of options expected to vest based on the likelihood of the performance criteria being met.

The total share-based payment charge for the year, calculated in accordance with IFRS2 on share based payments, was £30,806 (2012: £19,426). No value has been included in the accounts for share options issued prior to 2012. The fair value of these options was assessed at the date of issue and deemed to such that no adjustment in the financial statements was required.

Company number SC212277

	Notes	31 December '13 £'000	31 December '12 £'000
Assets			
Non-current assets:			
Investment in subsidiaries	4	5,427	5,427
Loan notes	4	1,728	1,728
Other intangible assets	5	7	20
Property, plant & equipment	6	191	131
		7,353	7,306
Current assets:			
Trade & other receivables	7	3,786	3,497
Cash & cash equivalents	8	327	367
		4,113	3,864
Total assets		11,466	11,170
Liabilities			
Current liabilities:			
Trade & other payables	9	4,819	5,066
Current tax payable	9	(231)	(218)
		4,588	4,848
Non-current liabilities:			
Long-term loan	10	-	500
Total liabilities		4,588	5,348
Net assets		6,878	5,822
Equity			
Share capital	12	195	194
Share premium		4,868	4,830
Special reserve		233	233
Retained earnings		1,582	565
Shareholders' equity		6,878	5,822

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2014.
Signed on behalf of the Board of Directors by



MJ Bending
Director



	Notes	12 months to 31 December '13 £'000	12 months to 31 December '12 £'000
Cash flows from operating activities			
Cash generated from operations		1,379	1,587
Interest paid		-	(8)
Taxation		(133)	(216)
Net cash inflow (outflow) from operating activities		1,246	1,363
Cash flows from investing activities			
Purchase of intangible assets	5	(1)	(30)
Purchase of property, plant & equipment	6	(143)	(90)
Cash paid on acquisition of subsidiary	4	-	(469)
Net cash (outflow) from investing activities		(144)	(589)
Cash flows from financing activities			
Proceeds from issue of shares		39	14
Bank loan drawn down / (repaid) in year	10	(500)	235
Dividends paid		(681)	(564)
Net cash inflow (outflow) from financing activities		(1,142)	(315)
Increase / (decrease) in cash and cash equivalents		(40)	459
Cash and cash equivalents at beginning of period		367	(92)
Cash and cash equivalents at end of period	8	327	367

Reconciliation of operating profit to net cash flow from operating activities

Operating profit		1,818	406
Amortisation of intangible assets	5	14	36
Depreciation of property, plant & equipment	6	83	38
Effect of foreign exchange rate moves		-	(25)
(Increase) / decrease in receivables		(289)	(1,229)
Increase / (decrease) in payables		(247)	2,361
Cash flow from operating activities		1,379	1,587

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total equity £'000
At 31 December 2011	194	4,816	233	772	6,015
Comprehensive income:					
Foreign currency translation	-	-	-	(25)	(25)
Profit for the period	-	-	-	382	382
Total comprehensive income	-	-	-	357	357
Transactions with owners:					
Shares issued	-	14	-	-	14
Dividends paid	-	-	-	(564)	(564)
Total transactions with owners	-	14	-	(564)	(550)
At 31 December 2012	194	4,830	233	565	5,822
Comprehensive income:					
Profit for the period	-	-	-	1,698	1,698
Total comprehensive income	-	-	-	1,698	1,698
Transactions with owners:					
Shares issued	1	38	-	-	39
Dividends paid	-	-	-	(681)	(681)
Total transactions with owners	1	38	-	(681)	(642)
At 31 December 2013	195	4,868	233	1,582	6,878



1. General information and basis of preparation

SpaceandPeople plc is a company incorporated in the United Kingdom and is the parent company of the SpaceandPeople Group.

The Company's financial statements for the period ended 31 December 2013 and for the comparative period ended 31 December 2012 have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, and with those part of the Companies Act 2006 applicable to companies reporting under IFRS.

The Directors have, at the time of approving the financial statements, a reasonable expectation that SpaceandPeople has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

For details of accounting policies used, reference is made to note 2 in the Group Annual Report. Overall the accounting principles in the Group accounts are the accounting principles used in the Company's annual accounts. Any variations in principal are described below.

2. Accounting policies

Investments in subsidiaries

The Company's investments in subsidiary undertakings are included in the statement of financial position at cost, less provision for any impairment in value.

Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue is shown net of value-added tax, rebates and discounts. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when any specific delivery criteria have been met.

Commission

Revenue from commission is recognised when the following conditions are satisfied:

- Contract is agreed with promoter / merchant
- Venue acceptance of contract
- Invoice issued and no further input anticipated

3. Profit for the period

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The Group profit for the period includes a Company profit after tax and before dividends of £1,697,837 after the incorporation of all UK head office costs (2012: £382,418) which is dealt with in the financial statements of the parent Company.

Company profit includes licence fee recharges back to both German companies during the period for the years 2012 and 2013.

4. Investment in subsidiaries

The Company movement in investment in subsidiaries was:

Cost and net book value	£'000
As at 31 December 2011	6,527
Additions	628
As at 31 December 2012	7,155
Additions	-
As at 31 December 2013	7,155

Included in the cost of investments is £1.728m worth of loan notes taken on as part of the acquisition of Retail Profile Holdings Limited in 2010.

The additions of £628k in 2012 represent the initial investment made in SpaceandPeople India Pvt Ltd and the further shareholding taken in 2012 to bring its proportion of ownership to 62.51% - total addition £608k. Further additions of £20k represents further share capital issued in SpaceandPeople GmbH for a consideration of €25,000.

During 2012, the Company invested in S&P+ Limited which is a new service offering to experiential agencies giving them the tools and services to maximise the effectiveness of campaigns. This investment was made at nominal value for 51% ownership.

In the opinion of the Directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which it is stated in the Company statement of financial position.

Fixed asset investments of the Company (or subsidiary undertaking where indicated *) include the following:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company	
			31 Dec '13	31 Dec '12
MacPherson & Valentine Limited	Licensing of intellectual property	United Kingdom	100%	100%
SpaceandPeople GmbH	Media	Germany	100%	100%
Retail Profile Holdings Limited	Leasing of RMUs	United Kingdom	100%	100%
* Retail Profile Europe Limited	Leasing of RMUs	United Kingdom	100%	100%
* Retail Products Limited	Dormant	United Kingdom	100%	100%
* Retail Profile GmbH	Leasing of RMUs	Germany	100%	100%
* Retail Profile Limited	Dorman	United Kingdom	100%	100%
S&P Consult Limited	Dormant	United Kingdom	100%	100%
SpaceandPeople India Pvt Ltd	Media	India	62.51%	62.51%
S&P+ Limited	Media	United Kingdom	51%	51%

5. Other intangible assets

Cost	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000
At 31 December 2011	284	137	10	431
Additions	-	-	30	30
At 31 December 2012	284	137	40	461
Additions	-	-	1	1
At 31 December 2013	284	137	41	462

Amortisation	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000
At 31 December 2011	274	124	7	405
Charge for the period	10	13	13	36
At 31 December 2012	284	137	20	441
Charge for the period	-	-	14	14
At 31 December 2013	284	137	34	455

Net book value	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000
At 31 December 2011	10	13	3	26
At 31 December 2012	-	-	20	20
At 31 December 2013	-	-	7	7

6. Property, plant and equipment

The Company movement in property, plant & equipment assets was:

Cost	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2011	168	178	346
Additions	16	74	90
Disposal on subsidiary	(9)	-	(9)
At 31 December 2012	175	252	427
Additions	3	140	143
At 31 December 2013	178	392	570

Depreciation	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2011	120	138	258
Charge for the period	16	22	38
At 31 December 2012	136	160	296
Charge for the period	20	63	83
At 31 December 2013	156	223	379

Net book value	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2011	48	40	88
At 31 December 2012	39	92	131
At 31 December 2013	22	169	191

7. Trade and other receivables

	31 December '13 £'000	31 December '12 £'000
Trade debtors	1,566	1,923
Prepayments	98	51
Amounts due from related parties	2,122	1,523
Total	3,786	3,497



The ageing of trade debtors:

	Current £'000	0 – 30 Days £'000	31 – 60 Days £'000	61 Days + £'000	Total £'000
31 December '13	1,154	170	108	134	1,566
31 December '12	1,276	271	160	216	1,923

8. Cash and cash equivalents

	31 December '13 £'000	31 December '12 £'000
Cash at bank and on hand	327	367
	327	367

9. Trade and other payables

	31 December '13 £'000	31 December '12 £'000
Trade creditors	33	61
Other creditors	1,975	1,551
Social Security and other taxes	206	300
Accrued expenses	561	656
Amounts due to related parties	2,044	2,498
Trade and other payables	4,819	5,066
Corporation tax	(231)	(218)
Total	4,588	4,848

10. Non-current liabilities

As at 31 December 2013, SpaceandPeople plc had drawn down £nil (2012: £500,000) of its agreed bank facility of £2,000,000.

Company bank borrowings are secured by an unlimited debenture incorporating a bond and floating charge.

11. Operating lease commitments

At the period end date, SpaceandPeople plc had outstanding commitments for future lease payments which fall due as follows:

	31 December '13 £'000	31 December '12 £'000
Within 1 year	162	158
Between 2 and 5 years inclusive	81	424

12. Called up share capital

		31 December '13	31 December '12
Allotted, issued and fully paid			
Class	Nominal value		
Ordinary	1p	£ 195,196	194,581
	Number	19,519,563	19,458,063

61,500 shares were issued in the year as part of the exercise of share options.

13. Share options

Details of the Company's share options are as at note 24 to the Group annual report.

14. Related party transactions

On 2 July 2012, the Company transferred the trade and assets of its German branch to a subsidiary company SpaceandPeople GmbH. The consideration for the net assets was the book value and was settled by the receipt of additional €25,000 of shares in SpaceandPeople GmbH and an inter-company receivable.

During the year, the Company charged its subsidiary companies the following amounts in respects of costs incurred on their behalf: Retail Profile Europe Limited £600,492 (2012: £554,199), SpaceandPeople GmbH £549,478 (2012: £nil) and Retail Profile Europe GmbH £483,475 (2012: £nil).

At 31 December 2013, the Company had the following balance with Group companies:

Amount due from SpaceandPeople GmbH	£937k
Amount due from S&P+ Limited	£538k
Amount due from Retail Profile GmbH	£637k
Amount due from SpaceandPeople India PVT	£11k
Amount due to Retail Profile Europe Limited	(£1,274k)
Amount due to Retail Profile Holdings Limited	(£769k)

DIRECTORS:

D A Henderson-Williams	Non-Executive Chairman
M J Bending	Chief Executive Officer
N J Cullen	Chief Operating Officer
G R Dunlay	Chief Financial Officer
M D Kemp	Executive Director
M H Helfgott	Non-Executive Director
R A Chadwick	Non-Executive Director
A P Stirling	Non-Executive Director
G R Dunlay	Secretary

REGISTERED OFFICE:

2nd Floor
100 West Regent Street
Glasgow
G2 2QD

REGISTERED NUMBER:

SC212277

NOMINATED ADVISORS
AND BROKERS:

Cantor Fitzgerald Europe
1 Churchill Place
Canary Wharf
London
E14 5RB

REGISTRARS:

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

AUDITORS:

Campbell Dallas LLP
Chartered Accountants
& Registered Auditors
Titanium 1
King's Inch Place
Glasgow
G51 4BP

BANKERS:

Lloyds TSB Bank plc
12 Cavendish Place
London
W1G 9DJ

SOLICITORS:

Sherrards Solicitors LLP
7 Swallow Place
London
W1B 2AG



UK GERMANY

RETAIL PROFILE
w: www.retailprofile.com
e: info@retailprofile.com
t: +44 (0) 141 354 6689

RETAIL PROFILE EUROPE
w: www.retailprofile.com/de
e: info@retailprofile.de
t: +49 (0) 4035 704 0120

SPACEANDPEOPLE
w: www.spaceandpeople.com
e: help@spaceandpeople.com
t: +44 (0) 141 353 1215

SPACEANDPEOPLE DEUTSCHLAND
w: www.spaceandpeople.de
e: info@spaceandpeople.de
t: +49 (0) 4035 704 0100

RUSSIA SCANDINAVIA

RETAIL PROFILE RUSSIA
w: www.retailprofile.ru
e: info@retailprofile.ru
t: +7 (495) 545 0700

RETAIL PROFILE SCANDINAVIA
e: peter.scherr@retailprofile.se
t: +46 (0) 70 757 7600

INDIA

SPACEANDPEOPLE INDIA
w: www.spaceandpeople.in
e: help@spaceandpeople.in
t: +99 (0) 224 200 5678

