ANNUAL REPORT AND ACCOUNTS 2014

SpaceandPeople

BE SURE YOU PUT YOUR FEET IN THE RIGHT PLACE

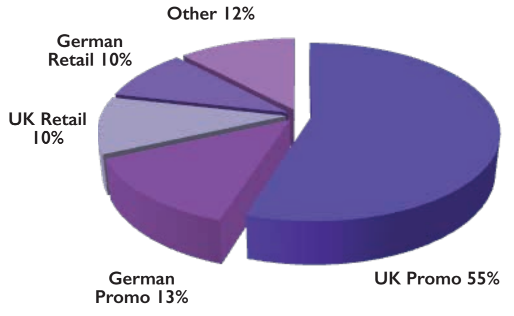
ABRAHAM LINCOLN

KEEP YOUR EYES ON THE STARS AND YOUR FEET ON THE GROUND

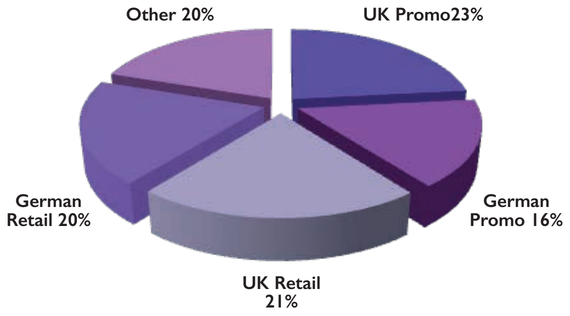
THEODORE ROOSEVELT

FINANCIAL AND OPERATIONAL HIGHLIGHTS

2014 GROSS REVENUE



2014 NET REVENUE



FINANCIAL HIGHLIGHTS

*Gross revenue of **£31.6 million***

*Net revenue of **£15.4 million***

*Operating profit before non-recurring costs of **£1.14 million***

*Normalised EPS of **3.91p***

*Proposed final dividend of **2.00p***

*Net cash at year end of **£1.6 million***

OPERATIONAL HIGHLIGHTS

*Over **20,000 unique promotions***

***276 Retail Merchandising Units** in operation*

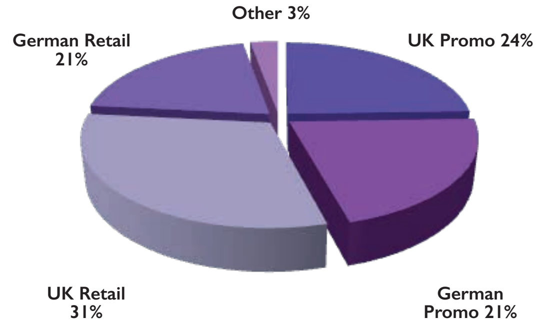
***Launch of Mobile Promotion Kiosks** in UK, Germany and India*

*Over **1,500 unique venues***

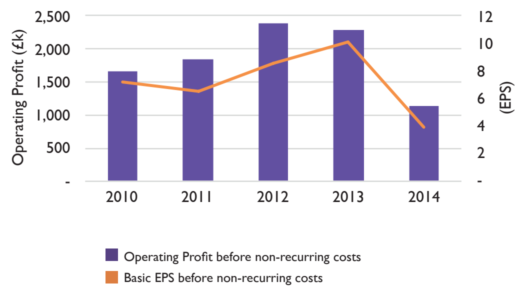
***Successful expansion of S&P+** Limited*

Overhead reduction plan implemented

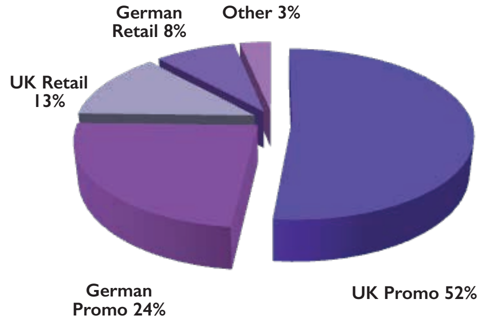
2013 NET REVENUE



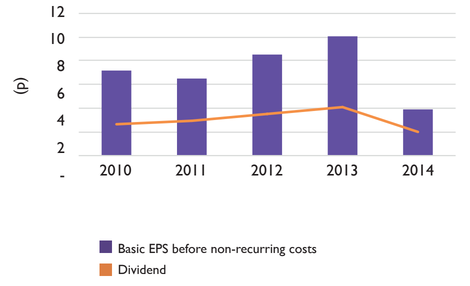
OPERATING PROFIT AND EPS



2013 GROSS REVENUE



EPS AND DIVIDEND



YOU HAVE TO BE FAST ON YOUR FEET

"You have to be fast on your feet and adaptive or else a strategy is useless."

Charles de Gaulle

CHAIRMAN'S STATEMENT FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

2014 was a challenging year for SpaceandPeople, a year in which trading conditions became more difficult resulting in lower than expected business gains in each of the UK and Germany. This was particularly important as the loss of business in the previous year from a significant retail customer needed to be replaced. The reaction of the Executive and Management Teams in the business has been positive to these adverse conditions and the cost base of the business at all levels has been lowered, the effectiveness of the Sales Team improved and a new Mobile Promotions Kiosk product and service launched successfully. As a result, trading in the latter part of the year stabilised and also showed promising signs of growth.

There have been a number of changes at Board level with my own appointment as Non-Executive Chairman in October and I am delighted we have two new Non-Executives on the Board - George Watt and Steve Curtis - whose experience and guidance will be invaluable to the business. The Board is united in its determination to return SpaceandPeople to sustainable growth in its core businesses for the long term and to increase value for its shareholders, all within a structured framework.

The business is seeing the benefit of greater innovation and effectiveness from the Management and also Sales and Venue Teams. The expertise of our people and attractiveness of our business model are also seen in the revenues generated through SpaceandPeople Ventures. This will deliver synergies to the core business over time.

In financial terms, operating profit before non-recurring costs was £1.14m and basic earnings per share before non-recurring costs was 3.91p. The Board has decided to recommend a full dividend of 2.00p per share, a significant portion of the retained earnings, indicating our confidence in the business.

Our people and their expertise are our most valuable asset and their effectiveness in gaining new venue space and commercialising that space continues to be fundamental to our business. The Executive Team have a clear focus on the effectiveness of these dynamics in growing our business and, in particular, establishing the Mobile Promotions Kiosk on a much greater scale.

As a relative newcomer to this business, I have been impressed with the dedication and vitality shown in every area of activity and, as a Board, we believe the business has a promising future.

Charles Hammond.

CHARLES G. HAMMOND • *Chairman*
20 MARCH 2015

STRATEGIC REPORT FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

PRINCIPAL ACTIVITIES

The principal activity 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 also India.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the period and the financial position of the Group are shown in the financial statements on pages 40 to 56.

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 16 to 19 and 20 to 21.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks identified in the business are:

Loss of client - During 2014 a number of the Group's contracts with significant clients came to an end and some were either not renewed or were renewed on a smaller scale. When the amount of business that we transact with an established client reduces, it can take time to replace this income with business from new clients. The Group is not overly reliant on any single client and the loss of a significant client, although unwelcome, would not put the viability of the business at 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 a management team of ten 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 ensures that the business is not at risk while we seek to replace the member or conduct a reorganisation of the team.

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

KEY PERFORMANCE INDICATORS

	2014	2013
Gross revenue (£m)	31.6	35.0
Net revenue (£m)	15.4	14.6
Profit before taxation and non-recurring costs attributable to shareholders (£m)	1.0	2.6
Basic earnings per share before non-recurring costs (p)	3.91	10.11
Proposed dividend (p)	2.0	4.1
Average number of Retail Merchandising Units (RMUs)	276	283
Number of promotions	20,000	14,000

By order of the Board

GREGOR DUNLAY • *Company Secretary*
20 MARCH 2015

GOOD SHOES TAKE YOU GOOD PLACES.

"For women, shoes are the most important.
Good shoes take you good places."

Seo Min Hyun

CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

After many years of consistent and uninterrupted growth, 2014 was a challenging and disappointing year for the Group. I would like to explain what happened and what we have done to address the issues.

There are four core divisions to the business, being UK Promotions, UK Retail, German Promotions and German Retail. In addition to this we have other ventures through our S&P+ and SpaceandPeople India subsidiaries and our Russian licensee.

In the past, if one particular division encountered problems, the growth in the other divisions more than compensated for this and overall the Group's results improved at a steady rate. In 2014 this was not the case as we encountered significant issues and "headwinds" simultaneously in a number of divisions. The cumulative effect of these issues meant that the financial performance of the business in 2014 was significantly poorer than in previous years and was also well below what the Board had expected before the start of the year. I will address each of these issues in turn.

UK PROMOTIONS DIVISION

This is the largest division in the Group and contributed gross sales of £17.4 million in 2014 (2013: £18.1 million). The division had a slow start to the year. New venues that we signed up to the service in 2013 took longer to gain traction and offered a smaller opportunity than we had anticipated. However, sales bounced back in the second half of the year ending up a little ahead of the previous year overall. It is particularly encouraging that these sales figures were achieved when no other commercialisation opportunities with significant property groups came on to the market. This shows the resilience of the business model and that our growth was achieved organically with existing clients and that we delivered record levels of income to many of them.

During the year we also undertook a reorganisation of our sales management structure. This has renewed focus on the basics of sales team productivity and management and revised sales incentives have given us a leaner structure with added emphasis on group as well as individual targets. We are hopeful that growth of UK venues and further improvement in sales productivity will lead to additional growth in 2015.

UK RETAIL DIVISION

This division saw the biggest decline in revenues of all the core divisions; down 22% to £3.1 million from £3.9 million in the previous year. This was due primarily to a decrease in the average number of RMUs available to rent during the year from 175 to 141. Retail letting remains challenging, however we have made significant cost savings in this department and a reorganisation of the business saw it stabilise in the second half of 2014. We are also developing a new business model which looks to bring online retailers into malls. We believe that growth in short term and pop up retail is possible and new management and ideas are already demonstrating this.

GERMAN PROMOTIONS DIVISION

2014 was a year of transition for this division. The renewal of a contract with a significant client on terms that were different to the previous contract removed our ability to book long term deals. Also, problems with new venues taking a protracted period of time to receive the required local government permits delayed our ability to trade. As a result, gross revenues dropped by 49% to £4.2 million from £8.3 million. The very end of the year saw some of these permits being unblocked, with more due to be unblocked in 2015 and we are now placing operators into these malls.

GERMAN RETAIL DIVISION

The number of RMUs rose from 111 to 135 during the year, however, we didn't achieve the planned level of occupancy. As a result revenues were flat compared with the previous year and profits from this division were lower due to the additional rental cost of having more units in operation. The reasons for the lack of occupancy have been identified and acted upon with agreed rent reductions in marginal centres, the removal of RMUs from centres that do not allow sufficient opportunity to sell and a concentration on sales effectiveness as opposed to roll out of new units. This will improve profitability going forward. New innovative retailers and operators of units are still being developed, however the retail environment in Germany remains challenging and longer term we must continue to develop our offer.

MOBILE PROMOTION KIOSKS (MPKs)

MPKs are an innovative and unique product that we launched in the spring of 2014 in a number of Land Securities' shopping centres. As quality standards and prices for promoting have increased over the years this has proved a barrier for potential new promoters to be able to promote their businesses. In response to this, we created a high quality and attractive kiosk that would enable local brands to promote in a professional manner. This addresses the need for local business to gain access to centres without the huge design, build, and logistic cost of creating and installing their own promotional display stand. At the same time this creates promoter diversity and delivers high design standards to malls and has been very successful. The original seven units in this pilot ran at higher than expected occupancy and average sale value. Feedback from operators and venues has led to two new designs being developed that offer greater digital screen space and greater visibility with content management being controlled from our Head Office. We now manage all media content and update presentations which allows promoters to start their promotion without incurring set-up time or cost. The pilot has been extended to Germany and India and it is a key focus of the business to grow this service.

Demand in many venues has been so strong that second units have been introduced in a number of them. Revenues are growing and we aim to reach our planned 40 to 50 units in the UK and 15 to 20 units in Germany by the end of this year, which will deliver real revenue growth and profitability. These innovative products are going back in some ways to SpaceandPeople basics; local and national businesses advertising to a local audience, at a relatively low cost with high impact, customer response and engagement.

CHIEF EXECUTIVE OFFICER'S REVIEW CONT.

CORE BUSINESS OPPORTUNITIES IN 2015

There are four key drivers of growth in the core areas of our business: gaining additional venues, selling more activity to each venue, driving higher prices to promoters and occupiers and achieving a higher commission rate for our services. Of these four key drivers, the one that can have the biggest impact is gaining additional venues and in 2014 there were no significant portfolios up for tender or renewal. The 2015 pipeline is potentially much stronger and we are working hard to ensure that we are in a position to win as many new contracts as possible whilst continuing to increase the number of promotions and retailers we place into venues and improve the quality and pricing overall.

SPACEANDPEOPLE GROUP VENTURES

In addition to our core divisions we also have a number of other businesses that we are now referring to as Ventures.

S&P+

The largest contributor to Ventures is S&P+ Ltd. 2014 was this company's first full year of operation following its launch in early 2013. Revenue in 2014 expanded rapidly to £3.0 million from £250,000 in 2013 and the company made a contribution to Group profit for the first time. The business has gained momentum with additional staff being embedded into major media agencies and the list of brands using our service is growing well. S&P+ is succeeding in filling a niche that allows media planners to offer this expertise to its key clients, managing more of their media spend and bringing additional credibility to the "experiential" buying process. We hope this unique and innovative division (again a world first for SpaceandPeople) although nascent, will develop to become a core division of the business in the medium term.

INDIA

It was encouraging to see this division return to profit of £52,000 in 2014 from a break-even position in 2013. Cost cuts were implemented concentrating sales in Delhi and Mumbai, and I am pleased to report that the MacV sunglasses retail business for which we are the business partner increased the number of kiosks in operation from 11 to 22 during the year. I would like to congratulate Paresh Khivesara, the Managing Director of the Indian business, on being awarded best newcomer at the Indian Retail Awards held in January this year. It is well deserved and demonstrates that we are building a respected brand in India that is being recognised by the Industry. MPKs have been piloted in two venues in 2014 and we hope to expand this network to 10 in 2015

RUSSIA

The effect of sanctions and the drop in oil prices on the Russian economy has been well documented and our retail licensee has not been immune from this. In addition, this has been a transitional year for them as their business adapts from having one dominant client to having to service a far greater number of smaller clients. We remain very supportive of this business and believe that their business will recover in the medium term.

RESTRUCTURING

As the business has changed and grown over the past few years and then encountered a difficult period in 2014, the staff and management structure needed to be reviewed. During 2014 we commissioned an external appraisal of our sales processes and staff structure. This highlighted a number of opportunities to flatten the hierarchy and rationalise sales management, change how sales staff were incentivised to ensure it was aligned with the objectives and targets of the business and improve productivity. The key findings of this process have now been implemented and management are happy with the positive impact that this has had, while at the same time enabling significant savings in sales management costs.

During 2014 a number of senior roles within the Group were reorganised and rationalised. Through a process that involved a small number of redundancies as well as not replacing some individuals who left the business, we now have a smaller number of senior managers and directors that work closely as an executive team. This, along with the sales restructuring and some occupancy cost savings has enabled the Group to make significant overhead savings of around £700,000 on an annualised basis.

BOARD CHANGES

During 2014 we also made a number of changes in the Directorship of the Group. As was mentioned in the Interim Results, David Henderson-Williams stepped down as Chairman in September 2014, Steve Curtis joined the Board in June 2014 and George Watt joined in September 2014, both as Non-Executive Directors. Since then, we have announced the appointment of Charles Hammond as our new Non-Executive Chairman in October 2014 and the retirement of Martin Kemp as an Executive Director in November 2014.

These changes have brought significant additional expertise and experience to the Board and have been invaluable in assisting the other Directors during a challenging year and in proactively planning for a return to growth from 2015 onwards.

After being with the Group since the beginning, Fred Stirling has decided to retire from the Board at the forthcoming AGM. I would like to thank Fred personally for the guidance and support that he has provided to the Group and to Nancy and me in particular. I am delighted to announce that Fred has agreed to become Honorary President of Group and I am very grateful for his continued involvement.

SUMMARY

A tough year has brought focus on developing the most profitable aspects of our business, cost cuts, a new Board with added dynamism and experience, new products and a realisation if you don't innovate you go backwards. That said we have managed to generate £1 million of normalised profit for the year and the Board will recommend a final dividend of 2p per share at the forthcoming AGM. The management and Board feel we have a sustainable and profitable route to growth and we are driven to improve profits in 2015.

MATTHEW BENDING • *Chief Executive Officer*
20 MARCH 2015

OPERATING AND FINANCIAL REVIEW

FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

INTRODUCTION

2014 has been a testing and transformational year for the business with some clients either leaving our service or reducing the amount of business they do with us, but other clients achieving record levels of commercialisation income.

During the year, we have developed and launched our innovative new Mobile Promotions Kiosk service in the UK, Germany and India which has already been well received by existing and potential new clients. The further roll out of this service is a key focus for 2015.

Following its launch in 2013, S&P+ grew its revenue significantly in 2014 and also made good progress in achieving its strategic aim of working with an increased number of the major media agencies.

We also implemented a review and restructuring of the overheads of the Group in early 2014, which was then carried out in the remainder of the year. As a result, from 2015 onwards the business will operate with a flatter, more efficient and more effective staff and management structure and with lower accommodation and servicing costs.

REVENUE

During 2014, gross revenue generated on behalf of our clients was £31.6 million, which was a £3.4 million (10%) reduction in comparison with 2013. This was due primarily to gross revenue in the German promotions business falling by £4.1 million and revenue in the UK retail business falling by £1.1 million, offset by increased revenue in S&P+. Despite this decrease in gross revenue, net revenue earned by the Group increased by 6% to £15.4 million (2013: £14.6 million), although it must be highlighted that this increase was due mainly to the significant growth in the lower margin S&P+ offsetting reduced income in German promotions and UK retail.

Throughout 2014, UK promotions performed well, despite the loss of a significant client during 2013 with net revenue growing by 1% to £3.60 million. This was due to a marked increase in the level of customer acquisition bookings with new promoters and good performance booking retailers onto venues' own retail kiosks. Net revenue in German retail was level with the previous year at £2.99 million in both years however, the increase in the average number of RMUs in operation during the year by 24 to 135 units masked the fact that occupancy rates across this division fell to 78% in 2014 from 92% in 2013. Occupancy levels are expected to rise again in 2015. Retail revenue in the UK was 22% down compared with 2013 at £3.08 million as the average number of units in operation fell to 141 in 2014 from 175 in 2013, with an overall average occupancy rate of 85% in 2014 compared with 88% in 2013. German promotional net revenue fell by 19% to £2.51 million as a result of ECE's decision to take long-term bookings that were previously transacted by us in-house, however the growth in the amount of business transacted with other shopping centre groups has been strong and is encouraging.

During the year, the Group booked over 20,000 promotions and retailers into over 1,500 venues which demonstrates the continued growth in the reach and diversity of the business.

ADMINISTRATIVE EXPENSES

Administrative expenses in the Group increased by only 1% to £8.70 million, due primarily to the growth of S&P+ being offset by reduced costs in the core areas of the business.

The average number of people employed decreased by 10 to 129 from 139 in 2013 mainly as a result of the reduction in sales staff in the Indian business.

PROFIT

Profit before tax and non-recurring costs attributable to shareholders was lower than in the previous year at £1.01 million (2013: £2.62 million) and profit before taxation attributable to shareholders fell by 76% to £0.62 million (2013: £2.62 million).

The average rate of corporation tax across the Group was 22% compared with 27% in 2013. This decrease was as a result of an increased proportion of the Group's profit occurring in the United Kingdom than in previous years where the corporation tax rate is comparatively lower.

Basic Earnings per Share (EPS) before non-recurring costs fell to 3.91p (2013: 10.11p), a decrease of 61% with basic EPS after non-recurring costs falling to 2.34p (2013: 10.11p), a decrease of 77%. Fully diluted EPS before non-recurring costs fell to 3.51p (2013: 8.98p), a decrease of 61% with fully diluted EPS after non-recurring costs falling to 2.10p (2013: 8.98p), a decrease of 77%. 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 19,519,563 (2013: 19,492,416). 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 21,707,874 (2013: 21,945,327).

CASH FLOW

The Group generated £771,000 of net cash flow from operating activities during the year (2013: £2.07 million) and in addition to returning £800,000 to shareholders by way of a dividend payment (2013: £681,000) also repaid the final £205,000 of its term loan (2013: £480,000).

DIVIDENDS

The Group is proposing a final dividend of 2.00p per share at the Annual General Meeting on 24 April 2015. If approved, this will be paid on 27 April 2015. This dividend would represent a distribution to shareholders of 51% of the basic EPS before non-recurring costs in the year.

GREGOR DUNLAY • *Company Secretary*
20 MARCH 2015

BOARD AND SENIOR MANAGEMENT BIOGRAPHIES

CHARLES HAMMOND • *Non-Executive Chairman*

Charles has been Chief Executive Officer of Forth Ports Limited (previously Forth Ports PLC) since 2001 and actively involved in the Ports industry for over 25 years. He is currently Chairman of The United Kingdom Major Ports Group, a member of The Scottish Energy Advisory Board, and a member of the Cabinet Secretary's 2020 Vision for Health & Social Care. He has also previously been Chairman of Scottish Enterprise Edinburgh, the economic development agency for the East of Scotland. Forth Ports owns and operates several ports on the east coast of Scotland and also London's major port, The Port of Tilbury. It provides integrated handling and distribution services and solutions to a wide variety of customers through its ports.

MATTHEW BENDING • *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 fourteen 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 • *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 and Company Secretary*

Gregor is a chartered accountant having qualified with Price Waterhouse in 1994. Gregor joined SpaceandPeople in 2010 having previously been Finance Director at Industrious Asset Management Limited. 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.

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. During 2014 Richard served as Chairman of both the audit and remuneration committees.

STEVE CURTIS • *Non-Executive Director*

With over 30 years' experience as a media professional, focussed on the 'out of home' sector, Steve is highly regarded as an innovative business developer. He is at the forefront of media retail commercialisation both in the UK and overseas, assisting both venue and media owners to develop effective media business models and development strategies. Through his highly successful media consultancy business he works with global property owners and media groups and has been responsible for planning media networks within some of the world's foremost retail destinations and urban centres. Steve has extensive international experience in the Far East, USA, Africa and the UAE. Steve is an MBA graduate.

GEORGE WATT • *Non-Executive Director*

George is a member of the Institute of Chartered Accountants of Scotland and is the Chief Financial Officer of STV Group plc having served on their Board since 2001. Prior to this he worked for KPMG in their audit and assurance services practice in both the UK and US. He is a non-executive director of GamesAnalytics Ltd and is also an executive committee member of the Scottish Council for Development and Industry and a trustee of the STV Appeal.

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.

PEOPLE LOVE TO BE SWEPT OFF THEIR FEET

"People love to be swept off their feet,
to go into an environment
where they've never been,
to experience things they only dream about."

Peter Guber

REPORT OF THE DIRECTORS

FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

The Directors present their annual report and audited financial statements of SpaceandPeople plc for the year ended 31 December 2014.

KEY PERFORMANCE INDICATORS

The main financial key performance indicators are profit before taxation and non-recurring costs attributable to owners of the Company and basic EPS before non-recurring costs. During the year profit before taxation and non-recurring costs attributable to owners of the Company fell by 61% to £1.01 million and basic EPS before non-recurring costs fell by 61% to 3.91p.

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 2014 was £800,000 (2013: £681,000) which was 4.10p per share (2013: 3.50p per share). The Directors recommend a dividend of £390k being 2.00p per share, which will be payable on 27 April 2015 to all shareholders on the share register as at 7 April 2015, subject to approval at the Annual General Meeting on 24 April 2015.

THE DIRECTORS AND THEIR INTERESTS

The Directors who served during the period under review were:

C G Hammond	Non-Executive Chairman - appointed 7 October 2014
M J Bending	Chief Executive Officer
N J Cullen	Chief Operating Officer
G R Dunlay	Chief Financial Officer
R A Chadwick	Non-Executive Director
A P Stirling	Non-Executive Director
S R Curtis	Non-Executive Director - appointed 19 June 2014
W G Watt	Non-Executive Director - appointed 11 September 2014
D A Henderson-Williams	Non-Executive Chairman - resigned 11 September 2014
M D Kemp	Executive Director - resigned 3 November 2014
M H Helfgott	Non-Executive Director - resigned 24 April 2014

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 1p Shares	Number	%
Hargreave Hale Limited	1,669,837	8.55
Gresham House plc *	2,062,500	10.57
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).*

REPORT OF THE DIRECTORS CONTINUED

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.

CHARITABLE DONATIONS

There were no donations to political parties or charitable organisations during the period (2013: £nil).

FINANCIAL RISK REVIEW

Detailed financial risk management objectives and policies are disclosed in note 20 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 • *Company Secretary*
21 MARCH 2015

CORPORATE GOVERNANCE REPORT FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

INTRODUCTION

SpaceandPeople plc is listed on the AIM Market of the London Stock Exchange and therefore 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 our requirement to comply 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 three Executive Directors and five Non-Executive Directors.

Charles Hammond 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. The Board's five 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, any director appointed since the previous Annual General Meeting shall retire. This year, Steve Curtis, Charles Hammond and George Watt are retiring and will offer themselves for re-election under this provision. Additionally, one-third of the remaining 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 Nancy Cullen and Fred Stirling are scheduled to retire by rotation. Nancy Cullen has confirmed her willingness to be put forward for re-election while Fred Stirling intends to retire at the 2015 Annual General Meeting.

CORPORATE GOVERNANCE REPORT CONTINUED

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

AUDIT COMMITTEE

The Audit Committee comprises Richard Chadwick (Chairman), David Henderson-Williams (until September 2014), Maurice Helfgott (until April 2014), George Watt (from September 2014) and Charles Hammond (from October 2014). 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.

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
C G Hammond [1]	3	2	1	1	-	-
M J Bending	10	9	-	-	-	-
N J Cullen	10	9	-	-	-	-
G R Dunlay	10	10	-	-	-	-
R A Chadwick	10	10	4	4	1	1
A P Stirling	10	2	-	-	-	-
S R Curtis [2]	5	5	-	-	-	-
W G Watt [3]	3	3	1	1	-	-
D A Henderson-Williams [4]	7	4	3	3	1	1
I M D Kemp [5]	8	7	-	-	-	-
M H Helfgott [6]	3	2	3	3	1	1

[1] *appointed 7 October 2014,*
[2] *appointed 19 June 2014,*
[3] *appointed 11 September 2014,*
[4] *resigned 11 September 2014,*
[5] *resigned 3 November 2014 and*
[6] *resigned 24 April 2014.*

REMUNERATION REPORT

FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

REMUNERATION COMMITTEE

The Group has a Remuneration Committee comprising three Non-Executive Directors, Richard Chadwick (Chairman), David Henderson-Williams (until September 2014), Maurice Helfgott (until April 2014), George Watt (from September 2014) and Charles Hammond (from October 2014).

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 2014 are given in note 25 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.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

REMUNERATION REPORT FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

DIRECTORS' REMUNERATION

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

	Salary or fees £	Bonus £	Benefits £	Pension contributions £	2014 £	2013 £
C G Hammond [1]	10,000	-	-	-	10,000	-
M J Bending	139,996	20,487	1,737	7,000	169,220	145,044
N J Cullen	129,227	3,089	1,715	6,461	140,492	150,091
G R Dunlay	129,227	18,911	1,300	6,461	155,899	133,686
R A Chadwick	15,750	-	-	-	15,750	15,000
A P Stirling [2]	12,000	-	-	-	12,000	12,000
S R Curtis [3]	8,308	-	-	-	8,308	-
W G Watt [4]	6,667	-	-	-	6,667	-
D A Henderson-Williams [5]	11,513	-	-	-	11,513	15,350
M D Kemp [6]	123,665	-	2,363	6,461	132,489	146,616
M H Helfgott [7]	8,333	-	-	-	8,333	25,000
C G Stainforth [8]	-	-	-	-	-	23,533
	594,686	**42,487**	**7,115**	**26,383**	**670,671**	**666,320**

[1] *appointed 7 October 2014*
[2] *paid to Friars Management Services Ltd*
[3] *appointed 19 June 2014*
[4] *appointed 11 September 2014*
[5] *resigned 11 September 2014*
[6] *resigned 3 November 2014*
[7] *resigned 24 April 2014, paid to Amery Capital Ltd*
[8] *resigned 23 July 2013*

DIRECTORS' INTERESTS IN SHARES

The interests of the Directors in the shares of the Company at 31 December 2014, together with their interests at 31 December 2013, were as follows:

	Number of ordinary 1p shares 31 December 2014	31 December 2013
Matthew Bending	2,102,200	2,092,000
Nancy Cullen	1,333,000	1,333,000
Gregor Dunlay	10,000	-
Charles Hammond	23,500	-
Richard Chadwick	42,500	42,500
George Watt	25,000	-
Fred Stirling	985,818	985,818

DIRECTORS' INTERESTS IN SHARE OPTIONS

The interests of the Directors at 31 December 2014, in options over the ordinary shares of the Company were as follows:

	At 31 December 2013	Granted	Exercised	Surrendered	Lapsed	At 31 December 2014	Exercise Price	Date of Grant	Date from which exercisable	Expiry date
Matthew Bending	120,000	-	-	-	(120,000)	-	70p	27/03/12	27/03/15	27/03/22
	120,000	-	-	-	-	120,000	101p	02/04/13	02/04/16	02/04/23
Nancy Cullen	120,000	-	-	-	(120,000)	-	70p	27/03/12	27/03/15	27/03/22
	120,000	-	-	-	-	120,000	101p	02/04/13	02/04/16	02/04/23
Gregor Dunlay	120,000	-	-	-	(120,000)	-	70p	27/03/12	27/03/15	27/03/22
	120,000	-	-	-	-	120,000	101p	02/04/13	02/04/16	02/04/23
Total	**720,000**	**-**	**-**	**-**	**(360,000)**	**360,000**				

All of these share options are subject to performance criteria.

RICHARD CHADWICK • *Chairman of the Remuneration Committee*
20 MARCH 2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPACEANDPEOPLE PLC

We have audited the financial statements of SpaceandPeople plc for the year ended 31 December 2014 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, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 Group's and the parent 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 Report of the Directors and Financial Statements 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 2014 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Campbell Dallas LLP.

DONALD BOYD *(Senior Statutory Auditor)*
for and on behalf of Campbell Dallas LLP
20 MARCH 2015

CONSOLIDATED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	12 months to 31 December '14 £'000	12 months to 31 December '13 £'000
Revenue	4	**15,446**	**14,567**
Cost of Sales	4	(5,839)	(4,023)
Gross Profit		**9,607**	**10,544**
Administration expenses		(8,696)	(8,587)
Other operating income		224	322
Operating profit before non-recurring costs	5	**1,135**	**2,279**
Non-recurring costs	7	(391)	-
Operating Profit		**744**	**2,279**
Finance income	8	36	215
Finance costs	8	(18)	(55)
Profit before taxation		**762**	**2,439**
Taxation	9	(166)	(648)
Profit after taxation		**596**	**1,791**
Foreign exchange differences on translation of foreign operations		(28)	(51)
Total comprehensive income for the period		**568**	**1,740**
Profit for the year attributable to:			
Owners of the Company		456	1,971
Non-controlling interests		140	(180)
		596	**1,791**
Total comprehensive income for the period attributable to:			
Owners of the Company		428	1,920
Non-controlling interests		140	(180)
Total comprehensive income for the period		**568**	**1,740**
Earnings per share	24		
Basic - Before non-recurring costs		3.91p	10.11p
Basic - After non-recurring costs		2.34p	10.11p
Diluted - Before non-recurring costs		3.51p	8.98p
Diluted - After non-recurring costs		2.10p	8.98p

CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION

	Notes	31 December '14 £'000	31 December '13 £'000
Assets			
Non-current assets:			
Goodwill	12	8,225	8,225
Other intangible assets	13	18	7
Property, plant & equipment	14	1,374	1,590
		9,617	**9,822**
Current assets:			
Trade & other receivables	16	4,221	5,137
Cash & cash equivalents	17	2,115	2,088
		6,336	**7,225**
Total assets		**15,953**	**17,047**
Liabilities			
Current liabilities:			
Trade & other payables	18	5,835	6,260
Current tax payable	18	(170)	562
Other borrowings	19	250	205
		5,915	**7,027**
Non-current liabilities:			
Deferred tax liabilities	15	10	10
Long-term loan	19	250	-
		260	**10**
Total liabilities		**6,175**	**7,037**
Net assets		**9,778**	**10,010**
Equity			
Share capital	22	195	195
Share premium		4,868	4,868
Special reserve		233	233
Retained earnings		4,345	4,717
Equity attributable to owners of the Company		**9,641**	**10,013**
Non-controlling interest		137	(3)
Total equity		**9,778**	**10,010**

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2015.
Signed on behalf of the Board of Directors by:

Matthew Bending

MATTHEW BENDING • *Director*
20 MARCH 2015

CONSOLIDATED GROUP STATEMENT OF CASH FLOWS

	Notes	12 months to 31 December '14 £'000	12 months to 31 December '13 £'000
Cash flows from operating activities			
Cash generated from operations		1,687	2,499
Interest paid	8	(18)	(55)
Taxation		(898)	(375)
Net cash inflow from operating activities		**771**	**2,069**
Cash flows from investing activities			
Interest received	8	36	215
Purchase of intangible assets	13	(30)	(1)
Purchase of property, plant & equipment	14	(245)	(592)
Net cash (outflow) from investing activities		**(239)**	**(378)**
Cash flows from financing activities			
Proceeds from issue of shares		-	39
Repayment of bank loan / loan notes		(205)	(480)
Bank facility received / (repaid)		500	(500)
Dividends paid	11	(800)	(681)
Net cash (outflow) from financing activities		**(505)**	**(1,622)**
Increase in cash and cash equivalents		**27**	**69**
Cash and cash equivalents at beginning of period		2,088	2,019
Cash and cash equivalents at end of period	**17**	**2,115**	**2,088**

Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		744	2,279
Amortisation of intangible assets	13	19	14
Depreciation of property, plant & equipment	14	461	364
Effect of foreign exchange rate moves		(28)	(51)
Decrease / (increase) in receivables		916	(1,298)
(Decrease) / increase in payables		(425)	1,191
Cash flow from operating activities		**1,687**	**2,499**

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
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**
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**	**4,717**	**(3)**	**10,010**
Comprehensive income:						
Foreign currency translation	-	-	-	(28)	-	(28)
Profit for the period	-	-	-	456	140	596
Total comprehensive income	**-**	**-**	**-**	**428**	**140**	**568**
Dividends paid	-	-	-	(800)	-	(800)
Total transactions with owners	**-**	**-**	**-**	**(800)**	**-**	**(800)**
At 31 December 2014	**195**	**4,868**	**233**	**4,345**	**137**	**9,778**

NOTES TO THE FINANCIAL STATEMENTS

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 2014 and for the comparative period ended 31 December 2013 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
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
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 32 - Amendments to 'Financial Instruments : Presentation: Offsetting Financial Assets and Financial Liabilities'	Annual periods beginning on or after 1 January 2014	None
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	Annual periods beginning on or after 1 January 2014	None
IAS 36 - Amendments to 'Recoverable Amount Disclosures for Non-Financial Assets'	Annual periods beginning on or after 1 January 2014	None

The following standards will be introduced in future periods

TITLE	IMPLEMENTATION	EFFECT ON GROUP
IAS 19 - Amendments to 'Defined Benefit Plans: Employee Contributions'	Annual periods beginning on or after 1 July 2014	None
Annual Improvements to IFRSs (2010-2012 and 2011-2013)	Annual periods beginning on or after 1 July 2014	None
Annual Improvements to IFRSs (2012-2014)	Annual periods beginning on or after 1 January 2016	None
IFRS 15 - 'Revenue from Contracts with Customers'	Annual periods beginning on or after 1 January 2017	None
IAS 16 & IAS 38 - 'Clarification of Acceptable Methods of Depreciation and Amortisation'	Annual periods beginning on or after 1 January 2016	None
IFRS 9 - 'Financial Instruments (2014)'	Annual periods beginning on or after 1 January 2018	None
IAS 27 - Amendments to 'Equity Method in Separate Financial Statements'	Annual periods beginning on or after 1 January 2016	None
IFRS 10 & IAS 28 - 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture'	Annual periods beginning on or after 1 January 2016	None
IAS 1 - Amendments to 'Disclosure Initiative'	Annual periods beginning on or after 1 July 2016	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.

Licence 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.

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 core business segments - Promotional Sales and Retail, split by geographic area, before licence fees and management charges made between Group companies and an Other segment that incorporates S&P+ and SpaceandPeople India.

Segment revenues and results for 12 months to 31 December '14	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000	Head Office £'000	Other £'000	Group £'000
Continuing operations revenue	**3,603**	**2,507**	**3,277**	**2,988**	**-**	**3,071**	**15,446**
Cost of sales	-	-	(2,148)	(1,651)	-	(2,040)	(5,839)
Administrative expenses	(2,438)	(2,335)	(883)	(1,110)	(1,183)	(747)	(8,696)
Other revenue	-	24	-	190	-	10	224
Non recurring costs	(214)	(27)	(150)	-	-	-	(391)
Segment operating profit / (loss)	**951**	**169**	**96**	**417**	**(1,183)**	**294**	**744**
Finance income	36	-	-	-	-	-	36
Finance costs	(16)	-	(2)	-	-	-	(18)
Segment profit / (loss) before taxation	**971**	**169**	**94**	**417**	**(1,183)**	**294**	**762**

Segment assets and liabilities as at 31 December '14	Promotion UK £'000	Promotion Germany £'000	Retail UK £'000	Retail Germany £'000	Other £'000	Group £'000
Total segment assets	5,558	2,786	4,869	1,681	1,059	15,953
Total segment liabilities	(2,540)	(1,132)	(1,138)	(671)	(694)	(6,175)
Total net assets	**3,018**	**1,654**	**3,731**	**1,010**	**365**	**9,778**

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**
Cost of sales	-	-	(2,542)	(1,312)	-	(169)	(4,023)
Administrative expenses	(2,104)	(2,365)	(931)	(1,166)	(1,402)	(619)	(8,587)
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**

5. OPERATING PROFIT

The operating profit is stated after charging:

	12 months to December '14 £'000	12 months to December '13 £'000
Motor vehicle leasing	63	53
Property leases	290	287
Amortisation of intangible assets	19	14
Depreciation of property, plant and equipment	461	364
	833	**718**
Auditor's remuneration:		
Fees payable for:		
Audit of Company	18	18
Audit of subsidiary undertakings	22	16
Tax services	4	4
Other services	7	9
	51	**47**
Directors' remuneration	**671**	**666**

6 STAFF COSTS

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

	12 months to December '14	12 months to December '13
Executive Directors	6	6
Administration	26	27
Telesales	65	70
Commercial	25	27
Maintenance	7	9
	129	**139**

	12 months to December '14 £'000	12 months to December '13 £'000
Wages and salaries	4,470	4,354
Social Security costs	524	551
Pensions	42	26
	5,036	**4,931**

Details of Directors' emoluments, including details of share option schemes, are given in the remuneration report on pages 19 to 21. These disclosures form part of the audited financial statements of the Group.

7. NON-RECURRING COSTS

During the period, the Group took steps to reduce costs and streamline overheads. As a result, non-recurring costs of £391,000 were incurred. This was as a result of redundancy costs (£230,000) and other costs (£11,000). The Group also made provision for possible retrospective costs in relation to UK centres (£150,000).

8. FINANCE INCOME AND COSTS

	12 months to December '14 £'000	12 months to December '13 £'000
Finance costs:		
Interest received	**36**	**215**
Interest payable	**(18)**	**(55)**

Interest received in 2013 included the refund of interest previously paid on interest hedging products and the associated interest on overpayments.

9. TAXATION

	12 months to December '14 £'000	12 months to December '13 £'000
UK corporation tax:		
Corporation tax	152	674
Adjustment in respect of prior period	(20)	170
Foreign tax:		
Current tax on foreign income for the period	34	-
Adjustment in respect of prior period	-	(196)
Income tax expense as reported in the Income Statement	**166**	**648**

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

		12 months to December '14 £'000	12 months to December '13 £'000
Profit on ordinary activities before tax		762	2,439
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)			
	Jan - Mar 2013: 24%		144
	Apr - Dec 2013: 23%		423
	Jan - Mar 2014: 23%	44	
	Apr - Dec 2014: 21%	120	
Tax effect of:			
- Expenses not deductible for tax purposes		-	81
- Difference due to foreign taxation rates		2	-
Income tax expense as reported in the Income Statement		**166**	**648**

10. 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 £4,452 after the incorporation of all UK head office costs (2013: £1,697,837) which is dealt with in the financial statements of the parent Company.

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

11. DIVIDENDS

	12 months to December '14 £'000	12 months to December '13 £'000
Paid during the period	**800**	**681**
Recommended final dividend	**390**	**800**

Equity - 4.10p per ordinary share proposed and paid for 2013. Recommended final dividend for 2014 - 2.00p 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.

12. GOODWILL

Cost	£'000
At 31 December 2012	8,225
Additions	-
At 31 December 2013	8,225
Additions	-
At 31 December 2014	**8,225**
Accumulated impairment losses	
At 31 December 2012	-
Charge for the period	-
At 31 December 2013	-
Charge for the period	-
At 31 December 2014	-
Net book value	
At 31 December 2012	8,225
At 31 December 2013	8,225
At 31 December 2014	**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 businesses of Retail Profile Holdings Limited and SpaceandPeople India Pvt Limited are identifiable CGUs and the carrying amount of Goodwill is allocated against these CGUs. 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 and goodwill for SpaceandPeople India Pvt Limited remains unchanged at £244,000.

The recoverable amounts of the cash generating units are determined on value in use calculations which use cash flow projections based on financial budgets approved by the Board covering a 5 year period followed by a terminal factor at a discount rate of 6% per annum. Cash flow projections during the budget period are based on an average growth in EBITDA which the Directors consider to be very conservative given the plans for the businesses and the potential increased returns. As a result of the sensitivity analysis carried out, the Directors believe that any reasonable possible change in the key assumptions on which the recoverable amounts are based would not cause the aggregate carrying amounts to exceed the aggregate recoverable amounts of the cash generating units and that cash flows from these units will continue in line with expectations for the foreseeable future.

13. OTHER INTANGIBLE ASSETS

Cost	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000
At 31 December 2012	284	137	40	461
Additions	-	-	1	1
At 31 December 2013	**284**	**137**	**41**	**462**
Additions	-	-	30	30
At 31 December 2014	**284**	**137**	**71**	**492**

Amortisation	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000
At 31 December 2012	284	137	20	441
Charge for the period	-	-	14	14
At 31 December 2013	**284**	**137**	**34**	**455**
Charge for the period	-	-	19	19
At 31 December 2014	**284**	**137**	**53**	**474**

Net book value	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000
At 31 December 2012	-	-	20	20
At 31 December 2013	-	-	7	7
At 31 December 2014	**-**	**-**	**18**	**18**

14. 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 2012	1,645	255	280	2,180
Additions	426	3	163	592
At 31 December 2013	**2,071**	**258**	**443**	**2,772**
Additions	210	-	35	245
At 31 December 2014	**2,281**	**258**	**478**	**3,017**

Depreciation	Plant & equipment £'000	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2012	478	161	179	818
Charge for the period	247	47	70	364
At 31 December 2013	**725**	**208**	**249**	**1,182**
Charge for the period	341	25	95	461
At 31 December 2014	**1,066**	**233**	**344**	**1,643**

Net book value	Plant & equipment £'000	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2012	1,167	94	101	1,362
At 31 December 2013	1,346	50	194	1,590
At 31 December 2014	**1,215**	**25**	**134**	**1,374**

15. DEFERRED TAX

	31 December '14 £'000	31 December '13 £'000
Deferred tax liability:		
Accelerated capital allowances	10	10
Movement on deferred tax position:		
Opening balance	10	10
Closing balance	**10**	**10**

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

16. TRADE AND OTHER RECEIVABLES

	31 December '14 £'000	31 December '13 £'000
Trade debtors	3,864	4,329
Other debtors	44	203
Prepayments	308	269
Accrued revenue	5	336
Total	**4,221**	**5,137**

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 2014, trade receivables of £685,000 (2013: £1.44 million) were past due but not impaired.

The ageing of trade debtors:

	Current £'000	0 - 30 Days £'000	31 - 60 Days £'000	61 Days + £'000	Total £'000
31 December '14	3,179	167	127	391	**3,864**
31 December '13	2,888	433	275	733	**4,329**

17. CASH AND CASH EQUIVALENTS

	31 December '14 £'000	31 December '13 £'000
Cash at bank and on hand	2,115	2,088
	2,115	**2,088**

18. TRADE AND OTHER PAYABLES

	31 December '14 £'000	31 December '13 £'000
Trade creditors	685	899
Other creditors	2,098	2,047
Social Security and other taxes	613	407
Accrued expenses	1,707	1,812
Deferred income	732	1,095
Trade and other payables	**5,835**	**6,260**
Corporation tax	(170)	562
Total	**5,665**	**6,822**

19. OTHER BORROWINGS

	31 December '14 £'000	31 December '13 £'000
Bank loan:		
Less than one year	250	205
Greater than one year	250	-
	500	**205**

At 31 December 2014, Retail Profile Holdings Limited had a bank loan of £nil (2013: £204,907). The loan was repaid in monthly instalments of £37,917 with interest at a fixed rate of 6.5%. The loan was secured by a fixed and floating charge over the assets of SpaceandPeople plc and its subsidiaries. This has now been repaid in full.

In addition, as at 31 December 2014, SpaceandPeople plc had drawn down £500,000 (2013: £nil) of its agreed bank facility of £2 million (2013: £2 million), £1 million of which expires in December 2015 and the other £1 million expires in July 2017.

20. 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 agreed facilities of £2 million, of which £500,000 was utilised at the year end. £250,000 was drawn down from a £1 million facility, which expires in July 2017, at a rate of 2.99% above base rate. The other £250,000 was drawn down from the other £1 million facility, which expires in December 2015, at a rate of 3.69% above base rate. Both of these facilities are secured by an omnibus guarantee and set off agreement. These facilities improve 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 revolving credit facilities of £2million, of which £500,000 was utilised at the year end. 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.

21. OPERATING LEASE COMMITMENTS

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

	31 December '14 £'000	31 December '13 £'000
Within 1 year	2,744	3,172
Between 2 and 5 years inclusive	4,439	5,978

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			31 December '14	31 December '13
Class	Nominal value			
Ordinary	1p	£	195,196	195,196
		Number	19,519,563	19,519,563

23. 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.

24. EARNINGS PER SHARE

	12 months to 31 December '14 Pence per share	12 months to 31 December '13 Pence per share
Basic earnings per share		
Before non-recurring costs	3.91p	10.11p
After non-recurring costs	2.34p	10.11p
Diluted earnings per share		
Before non-recurring costs	3.51p	8.98p
After non-recurring costs	2.10p	8.98p

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.

24. EARNINGS PER SHARE (CONTINUED)

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 '14 £'000	12 months to 31 December '13 £'000
Profit after tax for the period attributable to owners of the Company	456	1,971

	12 months to 31 December '14 '000	12 months to 31 December '13 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	19,520	19,492

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 '14 £'000	12 months to 31 December '13 £'000
Profit after tax for the period attributable to owners of the Company	456	1,971

	12 months to 31 December '14 '000	12 months to 31 December '13 '000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	21,708	21,945

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 '14 '000	12 months to 31 December '13 '000
Weighted average number of shares in issue during the period	19,520	19,492
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	2,188	2,453
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	21,708	21,945

25. SHARE OPTIONS

The Group has established a share option scheme that senior executives and certain eligible employees are entitled to participate in 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 1,130,082 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 - 30 April 2015	88.6p
22 October 2009	194,665	1 November 2013 - 30 April 2015	88.6p
26 March 2013	710,000	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 '14 '000	12 months to 31 December '13 '000
Number of options outstanding as at the beginning of the period	2,452,911	1,983,076
Granted	-	730,000
Exercised	-	(61,500)
Forfeited	-	(198,665)
Lapsed	(1,322,829)	-
Number of options outstanding as at the end of the period	1,130,082	2,452,911

In total, 1,130,082 options were outstanding at 31 December 2014 (2,452,911 at 31 December 2013) with a weighted average exercise price of 96.5p (86.9p at 31 December 2013). Of these, 420,082 were exercisable (808,246 at 31 December 2013) with a weighted average exercise price of 89.0p (88.8p at 31 December 2013).

The total share-based payment charge for the year, calculated in accordance with IFRS2 on share based payments, was £nil (2013: £30,806). 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 STATEMENT OF FINANCIAL POSITION

Company Number SC212277

	Notes	31 December '14 £'000	31 December '13 £'000
Assets			
Non-current assets:			
Investment in subsidiaries	4	5,427	5,427
Loan notes	4	1,728	1,728
Other intangible assets	5	18	7
Property, plant & equipment	6	133	191
		7,306	**7,353**
Current assets:			
Trade & other receivables	7	2,419	3,786
Cash & cash equivalents	8	420	327
		2,839	**4,113**
Total assets		**10,145**	**11,466**
Liabilities			
Current liabilities:			
Trade & other payables	9	3,477	4,819
Current tax payable	9	86	(231)
Other borrowings	10	250	-
		3,813	**4,588**
Non-current liabilities:			
Long-term loan	10	250	-
Total liabilities		**4,063**	**4,588**
Net assets		**6,082**	**6,878**
Equity			
Share capital	12	195	195
Share premium		4,868	4,868
Special reserve		233	233
Retained earnings		786	1,582
Shareholders' equity		**6,082**	**6,878**

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2015.
Signed on behalf of the Board of Directors by:

MATTHEW BENDING • *Director*
20 MARCH 2015

COMPANY STATEMENT OF CASH FLOWS

	Notes	12 months to 31 December '14 £'000	12 months to 31 December '13 £'000
Cash flows from operating activities			
Cash generated from operations		542	1,379
Interest paid		(16)	-
Taxation		(105)	(133)
Net cash inflow (outflow) from operating activities		**421**	**1,246**
Cash flows from investing activities			
Interest received		36	-
Purchase of intangible assets	5	(30)	(1)
Purchase of property, plant & equipment	6	(34)	(143)
Net cash (outflow) from investing activities		**(28)**	**(144)**
Cash flows from financing activities			
Proceeds from issue of shares		-	39
Bank loan drawn down / (repaid) in year	10	500	(500)
Dividends paid		(800)	(681)
Net cash (outflow) from financing activities		**(300)**	**(1,142)**
Increase / (decrease) in cash and cash equivalents		93	(40)
Cash and cash equivalents at beginning of period		327	367
Cash and cash equivalents at end of period	**8**	**420**	**327**

	Notes	12 months to 31 December '14 £'000	12 months to 31 December '13 £'000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		406	1,818
Amortisation of intangible assets	5	19	14
Depreciation of property, plant & equipment	6	92	83
Decrease / (increase) in receivables		1,367	(289)
(Decrease) in payables		(1,342)	(247)
Cash flow from operating activities		**542**	**1,379**

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Special reserve £'000	Retained earnings £'000	Total equity £'000
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**
Comprehensive income:					
Profit for the period	-	-	-	4	4
Total comprehensive income	**-**	**-**	**-**	**4**	**4**
Transactions with owners:					
Dividends paid	-	-	-	(800)	(800)
Total transactions with owners	**-**	**-**	**-**	**(800)**	**(800)**
At 31 December 2014	**195**	**4,868**	**233**	**786**	**6,082**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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 2014 and for the comparative period ended 31 December 2014 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 £4,452 after the incorporation of all UK head office costs (2013: £1,697,837) which is dealt with in the financial statements of the parent Company.

4. INVESTMENT IN SUBSIDIARIES

The Company movement in investment in subsidiaries was:

Cost and net book value	£'000
As at 31 December 2012	7,155
Additions	-
As at 31 December 2013	7,155
Additions	-
As at 31 December 2014	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.

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 December '14	31 December '13
MacPherson & Valentine Limited	Licensing of intellectual property	United Kingdom	100%	100%
SpaceandPeople GmbH	Media	Germany	100%	100%
Retail Profile Holdings Limited	Leasing of Retail Merchandising Units (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	Dormant	United Kingdom	100%	100%
S&P Consult Limited	Dormant	United Kingdom	100%	100%
SpaceandPeople India Pvt Ltd	Media	India	59.94%	59.94%
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 2012	284	137	40	461
Additions	-	-	1	1
At 31 December 2013	**284**	**137**	**41**	**462**
Additions	-	-	30	30
At 31 December 2014	**284**	**137**	**71**	**492**

Amortisation	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000
At 31 December 2012	284	137	20	441
Charge for the period	-	-	14	14
At 31 December 2013	**284**	**137**	**34**	**455**
Charge for the period	-	-	19	19
At 31 December 2014	**284**	**137**	**53**	**474**

Net book value	Website development £'000	Product development £'000	Patents & trademarks £'000	Total £'000
At 31 December 2012	-	-	20	20
At 31 December 2013	-	-	7	7
At 31 December 2014	**-**	**-**	**18**	**18**

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 2012	175	252	427
Additions	3	140	143
At 31 December 2013	178	392	570
Additions	-	34	34
At 31 December 2014	178	426	604

Depreciation	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2012	136	160	296
Charge for the period	20	63	83
At 31 December 2013	156	223	379
Charge for the period	12	80	92
At 31 December 2014	168	303	471

Net book value	Fixture & fittings £'000	Computer equipment £'000	Total £'000
At 31 December 2012	39	92	131
At 31 December 2013	22	169	191
At 31 December 2014	**10**	**123**	**133**

7. TRADE AND OTHER RECEIVABLES

	31 December '14 £'000	31 December '13 £'000
Trade debtors	1,664	1,566
Prepayments	55	98
Amounts due from related parties	695	2,122
Accrued income	5	-
Total	**2,419**	**3,786**

The ageing of trade debtors:

	Current £'000	0 - 30 Days £'000	31 - 60 Days £'000	61 Days + £'000	Total £'000
31 December '14	1,203	84	53	324	**1,664**
31 December '13	1,154	170	108	134	**1,566**

8. CASH AND CASH EQUIVALENTS

	31 December '14 £'000	31 December '13 £'000
Cash at bank and on hand	420	327
	420	327

9. TRADE AND OTHER PAYABLES

	31 December '14 £'000	31 December '13 £'000
Trade creditors	22	33
Other creditors	1,592	1,975
Social Security and other taxes	363	206
Accrued expenses	381	561
Amounts due to related parties	1,119	2,044
Trade and other payables	**3,477**	**4,819**
Corporation tax	86	(231)
Total	**3,563**	**4,588**

10. NON-CURRENT LIABILITIES

As at 31 December 2014, SpaceandPeople plc had drawn down £500,000 (2013: £nil) of its agreed bank facility of £2 million.

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 '14 £'000	31 December '13 £'000
Within 1 year	56	162
Between 2 and 5 years inclusive	-	81

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			31 December '14	31 December '13
Class	Nominal value			
Ordinary	1p	£	195,196	195,196
		Number	19,519,563	19,519,563

13. SHARE OPTIONS

Details of the Company's share options are as at note 25 to the Group annual report.

14. RELATED PARTY TRANSACTIONS

During the year, the Company charged its subsidiary companies the following amounts in respects of costs incurred on their behalf: Retail Profile Europe Limited £556,572 (2013: £600,492), SpaceandPeople GmbH £323,814 (2013: £549,478) and Retail Profile Europe GmbH £336,812 (2013: £483,475).

At 31 December 2014, the Company had the following balance with Group companies:

Amount due from SpaceandPeople GmbH	£392,000
Amount due from S&P+ Limited	£65,000
Amount due from Retail Profile GmbH	£238,000
Amount due to Retail Profile Europe Limited	(£570,000)
Amount due to Retail Profile Holdings Limited	(£549,000)

COMPANY INFORMATION

C G HAMMOND - *Non-Executive Chairman*
M J BENDING - *Chief Executive Officer*
N J CULLEN - *Chief Operating Officer*
G R DUNLAY - *Chief Financial Officer*
R A CHADWICK - *Non-Executive Director*
S R CURTIS - *Non-Executive Director*
A P STIRLING - *Non-Executive Director*
W G WATT - *Non-Executive Director*

G R DUNLAY - *Secretary*

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