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Registered number: 08028388

NETWORK SPACE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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NETWORK SPACE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R Ainscough D Adamson S Barnes N Jones M Mellor
Registered number	08028388
Registered office	Centrix House Crow Lane East Newton Le Willows St Helens Merseyside WA12 9UY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Royal Liver Building Liverpool L3 1PS

NETWORK SPACE HOLDINGS LIMITED

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NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Objective

Network Space's objective is to create "Better places for business". This is achieved by specialising in the provision of exceptional industrial property for local, national and international organisations. Network Space Holdings Limited is the group parent of three autonomous business operations undertaking Investment, Development and Management activities in the industrial property sector.

Strategy

The board of directors recognise their responsibilities in developing and delivering a robust and effective group corporate strategy in order to deliver the stated objective. Market turbulence, coupled with political and economic uncertainty requires that strategy is reviewed frequently, therefore the board meet regularly to revisit the strategic process.

The board are currently pursuing a group corporate strategy of value creation and continuous improvement through:

- selective investment in industrial property, for both proprietary and partner portfolios
- pre-let and speculative development of best-in-class industrial property, to meet latent occupier demand
- proactive, sector-leading asset and estate management of both proprietary and partner portfolios supported by cutting edge IT systems.

As a foundation for dynamic and effective strategic governance, the board have recognised the importance of a clearly defined Vision, Mission and Values which have been developed in consultation with the wider workforce.

Vision

To provide the best and most complete solution for industrial workspace

Mission

The purpose of our business:

1. We generate sustainable long-term value
2. We create and maintain industrial property that is fit for the future
3. We develop firm and enduring business relationships
4. We deliver bespoke and comprehensive solutions

Values

Our beliefs and our standards of conduct:

1. Aspiration: Try to be the best. Do not be afraid to think big.
2. Innovation: Test the status quo in all that we do, look for a better way.
3. Collaboration: Work together – with our colleagues, our customers, our partners and our community.
4. Agility: Respond quickly and thoughtfully.
5. Proactivity: Think ahead, see opportunity. Propose solutions.
6. Integrity: Be honest, ethical and fair.
7. Dedication: A commitment to delivery and a clear sense of purpose.
8. Approachable: Be accessible and be prepared to listen.

Business Model

As the group holding company, the board of Network Space Holdings ensure that the three operating subsidiaries collaborate and adhere to the group's corporate strategy and the stated objective, vision, mission and values. Beyond this each business is responsible for implementing its own individual strategy that is complementary to that of the group. Each business holds its own monthly board meeting where business strategy is reviewed and for which a full suite of financial and operational board reports are produced.

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Matters of strategic importance

On 12th December 2017 the group sold a portfolio of 20 properties for a consideration of £41.8m.

On 9th April 2018, 100% of the issued share capital of Network Space Holdings Limited was acquired by Datum Edge Limited. Datum Edge Limited is a holding company owned by Group CEO Richard Ainscough.

Post year end the company realised a profit on the sale of investment property with a NBV of £72.4m, and as part of the group's regular review of it's borrowing requirements, the Term Loan facility has been repaid.

Analysis of performance and position

Financial

At the year-end balance sheet date of 30th June 2018, the consolidated profit and loss account reports a profit before tax of £27.7m (2017: £27.8m). This has been achieved through a combination of retained portfolio income returns (£8.9m), profits on the sale of investment property (£5.1m), and increases in the value of retained investment property (£17.4m) before overhead and interest costs are deducted.

The consolidated balance sheet shows an investment portfolio valued at £129.2m, development land stock of £16.5m and cash at bank and in hand of £12.3m. Bank debt stands at £40m equating to a group wide net loan to value ratio of 21.4%. This is considered to be a very strong platform from which to continue the group's growth and success.

The cash position has increased by £4.8m during the year, being the net result of an increase in cash from operating activities of £3.3m, an increase in cash from investing activities of £42.1m and an outflow of £40.6m from financing activities.

Investment

In keeping with the strategy of value creation and industrial sector focus, the investment company sold a portfolio of industrial property in December 2017 and sold a number of other non-industrial assets. This has resulted in a profit on disposal of fixed assets totalling £5.1m.

Development

The development company continued its strategy of speculative and pre-let industrial development, with two new speculative schemes in St Helens and Stoke-on-Trent totalling 220,000 sq ft being started and developed during the year, achieving practical completion shortly after the year-end. A new speculative scheme in Knowsley totalling 104,000 sq ft in 3 units commenced in June 2018 with completion expected in the second quarter of 2019.

The Company's strategy to develop assets for 3rd party partners also continued with exchange of a development agreement in December 2017 for the delivery of a new Wellness Centre in Denton, Manchester for Tameside MBC. The construction contract was let after year-end, in November 2018, with completion expected in the first quarter of 2020.

In March 2018 a pre-let agreement for a 50,000 sq ft unit was exchanged for the next phase in St Helens with practical completion expected in April 2019.

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Analysis of performance and position (continued)

Management

A total of 171 new leases and renewals were completed in the year with a rental gain totalling £0.9m. During the year the management business implemented and continued to improve its IT management systems which now comprises a cloud-based platform hosting all property, tenant and leasehold information. The system can be accessed from mobile devices whilst on site and provides real-time tenancy information, automated electronic document processing, an enhanced control environment and accurate, next-day billing.

In accordance with our strategy of providing sector leading management services, the newly formed subsidiary Network Space Management Ltd has already obtained RICS accreditation.

Trends and factors

The industrial property sector as a whole has continued to perform very well during the reported financial year, this is believed to be a consequence of increasing investor interest in the sector coupled with a lack of quality supply for occupiers. Investment yields have been observed to improve whilst rental values have also increased, therefore leading to an increase in values.

It is anticipated that the next financial year will see a cooling in market sentiment as the uncertainty of Brexit causes both investors and occupiers to defer major decisions until the nature of our ongoing relationship with the EU is more clearly defined.

Key performance indicators (KPIs)

The board focusses on performance that will result in growth of net asset value of both the group and the individual business operations. To support several KPIs are used across the business units.

Capital transactions, whether investment or development in nature, are usually appraised and monitored through IRR analysis and cash-flows with allowances made for the associated risk. Income returns are monitored every month against financial budgets and commercial KPIs such as void rates, net portfolio yields, weighted unexpired lease terms (WAULT) and average net effective rent (ANER).

Return on Equity and Return on Capital Employed are also calculated for each subsidiary operation.

Principal risks and uncertainties

Credit risk

Credit risk is managed by a detailed credit assessment of every tenancy application, overseen by the Group Finance Director. The credit rating and key appointments of the top tenancies by value (which at year-end constituted 38% of the overall passing rent) are actively monitored and form part of the management accounts reporting. Trade debts are closely monitored and regular meetings are held to agree recovery strategies.

For development projects, both contractors and clients of development management contracts or pre-let/pre-sale agreements are also subject to detailed credit assessments. Appropriate cashflow protections are sought if considered necessary.

Revenue risk

The industrial property sector continues to experience rental value growth that is ahead of other property sectors. The Property Director actively monitors and sets budgets for quoting rents and term lengths in both gross and net terms. The management IT system contains a pricing function and ensures that the terms quoted match or exceed budget. Any deviation from budget pricing requires senior management approval.

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Principal risks and uncertainties (continued)

Planning risk

Development projects by their nature require planning consent from the relevant local authority. Before making a significant capital commitment on a given project, pre-application consultations and representations are undertaken to gain comfort that the proposed developments will be approved.

Political, Economic, Sociological, Technological, Legal and Environmental ("PESTLE") risk

As part of regularly revisiting the strategic process, the directors monitor external risks by use of a PESTLE analysis. By the nature of the industry, external risk has a bearing on market sentiment, from both an investor and occupier perspective. The board ensures that current and future possible risks are considered when committing to significant capital transactions, whether for development or investment purposes.

Interest rates risk

The group is prudent with regard to debt financing and does not typically take loans against speculative developments or where gearing of investment property would exceed 50%. The Directors use a number of analyses to ensure income returns continue to exceed borrowing costs. Long-term business forecasts regularly test resilience to an increase in interest rates. The group interest cover significantly exceeds that required by the bank loan facility. Due to the volatility of pricing and the quality of internal controls in place, the Directors have elected not to obtain a hedging facility.

Valuation risk

A formal valuation of the investment portfolio by an independent external valuer is instructed by HSBC bank to value one-third of the secured portfolio; this is rotated every year in accordance with the terms of the bank facility. The valuation policy is to adopt these valuations as they are conducted, with the balance of the portfolio being valued by Directors, guided by the valuer's comparables. Land stock values are reviewed and tested to ensure the lower of cost and net realisable value is recorded for such assets. All values are audited.


Environmental, employee, social, community and human rights matters

All new developments undertaken by the group are awarded a BREEAM rating of "Very Good" or "Excellent" and EPC ratings of B and higher.

As at the 30th June 2018 Network Space Holdings employed 15 male and 17 female members of staff. The board of directors was made up of 4 males and 1 female.

Network Space Holdings observes the National Living Wage and ensures that employee pay matches or exceeds it.

This report was approved by the board and signed on its behalf.



R Ainscough
Director

Date: 29th March 2019

NETWORK SPACE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Directors

The directors who served during the year were:

R Ainscough
W Ainscough (resigned 9 April 2018)
R Gaskell (resigned 18 September 2017)
T Johnston (resigned 9 April 2018)
R Bailey (resigned 9 April 2018)
D Adamson (appointed 4 December 2017)
S Barnes (appointed 10 April 2018)
N Jones (appointed 10 April 2018)
M Mellor (appointed 10 April 2018)

Financial performance

The profit for the year, after taxation and minority interests, amounted to £25.1m (2017: £ 27.4m).

Dividends

The company paid a dividend of £41m (2017: £Nil) to shareholders.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NETWORK SPACE HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

Post balance sheet events

Refer to events noted within the group strategic report.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, who were appointed post year end, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



D Adamson

Director

Date: 29 MARCH 2019



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Network Space Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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



Emma Stoddart
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 29 March 2019

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £000	2017 £000
Turnover		12,325	22,466
Expenses		(6,499)	(11,696)
Profit on disposal of tangible fixed assets		5,075	923
Revaluation of investment property		17,449	8,960
Operating profit	5	28,350	20,653
Share of profit of associates	15	229	565
Total operating profit		28,579	21,218
Profit on termination of joint venture		-	7,718
Interest receivable and similar income	9	180	171
Interest payable and expenses	10	(1,045)	(1,301)
Profit before taxation		27,714	27,806
Tax on profit	11	(2,407)	(364)
Profit for the financial year		25,307	27,442
Profit for the year attributable to:			
Non-controlling interests		211	75
Owners of the parent company		25,096	27,367
		25,307	27,442

All amounts relate to continuing operations.

There were no recognised gains and losses for 2018 or 2017 other than those included in the Consolidated Profit and Loss account.

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 19 to 42 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER: 08028388

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	13	(2,276)	(2,803)
Tangible assets	14	220	227
Investments	15	1,134	905
Investment property	16	129,216	148,681
		<u>128,294</u>	<u>147,010</u>
Current assets			
Stocks	17	16,496	10,554
Debtors: amounts falling due within one year	18	4,686	9,172
Cash at bank and in hand	19	12,273	7,462
		<u>33,455</u>	<u>27,188</u>
Creditors: amounts falling due within one year	20	(13,376)	(11,434)
Net current assets		<u>20,079</u>	<u>15,754</u>
Total assets less current liabilities		<u>148,373</u>	<u>162,764</u>
Creditors: amounts falling due after more than one year	21	(40,000)	(40,000)
Provisions for liabilities			
Deferred taxation	24	(2,179)	(856)
		<u>(2,179)</u>	<u>(856)</u>
Net assets		<u><u>106,194</u></u>	<u><u>121,908</u></u>

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER:08028388

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2018

	Note	2018 £000	2017 £000
Capital and reserves			
Called up share capital	25	47	47
Share premium account	26	2,068	2,068
Capital redemption reserve	26	15,005	15,005
Investment property reserve	26	34,029	22,839
Profit and loss account	26	54,390	81,280
Equity attributable to owners of the parent company		<u>105,539</u>	<u>121,239</u>
Non-controlling interests		655	669
		<u><u>106,194</u></u>	<u><u>121,908</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D Adamson

Director

Date: 29 MARCH 2019

The notes on pages 19 to 42 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER:08028388

COMPANY BALANCE SHEET
AS AT 30 JUNE 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	14	203	158
Investments	15	28,042	28,042
		<u>28,245</u>	<u>28,200</u>
Current assets			
Debtors: amounts falling due within one year	18	1,989	15,292
Cash at bank and in hand	19	1,197	4,636
		<u>3,186</u>	<u>19,928</u>
Creditors: amounts falling due within one year	20	(1,970)	(681)
Net current assets		<u>1,216</u>	<u>19,247</u>
Total assets less current liabilities		<u>29,461</u>	<u>47,447</u>
Creditors: amounts falling due after more than one year	21	-	(8,000)
Provisions for liabilities			
Deferred taxation	24	(22)	(27)
		<u>(22)</u>	<u>(27)</u>
Net assets		<u>29,439</u>	<u>39,420</u>
Capital and reserves			
Called up share capital	25	47	47
Capital redemption reserve	26	5	5
Profit and loss account	26	29,387	39,368
		<u>29,439</u>	<u>39,420</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Dan Adamson

D Adamson

Director

Date: 29 MARCH 2019

The notes on pages 19 to 42 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 1 July 2017	47	2,068	15,005	22,839	81,280	121,239	669	121,908
Comprehensive income for the year								
Profit for the year	-	-	-	-	25,096	25,096	211	25,307
Prior year adjustment	-	-	-	-	4	4	-	4
Total comprehensive income for the year								
Dividends	-	-	-	-	25,100	25,100	211	25,311
Transfers	-	-	-	-	(40,800)	(40,800)	-	(40,800)
Property revaluations	-	-	-	(6,063)	6,063	-	-	-
NCI Dividends	-	-	-	17,275	(17,275)	-	-	-
	-	-	-	-	-	-	(225)	(225)
Total transactions with owners								
	-	-	-	11,212	(52,012)	(40,800)	(225)	(41,025)
At 30 June 2018	47	2,068	15,005	34,051	54,368	105,539	655	106,194

The notes on pages 19 to 42 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 1 July 2016	47	2,068	15,005	17,439	59,363	93,922	544	94,466
Comprehensive income for the year	-	-	-	-	27,367	27,367	75	27,442
Profit for the year	-	-	-	-	27,367	27,367	75	27,442
Total comprehensive income for the year	-	-	-	-	27,367	27,367	75	27,442
Transfer to/from profit and loss account	-	-	-	5,400	(5,450)	(50)	50	-
Total transactions with owners	-	-	-	5,400	(5,450)	(50)	50	-
At 30 June 2017	47	2,068	15,005	22,839	81,280	121,239	669	121,908

The notes on pages 19 to 42 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2017	47	5	39,368	39,420
Comprehensive income for the year				
Profit for the year	-	-	30,819	30,819
Total comprehensive income for the year	-	-	30,819	30,819
Contributions by and distributions to owners				
Dividends	-	-	(40,800)	(40,800)
Total transactions with owners	-	-	(40,800)	(40,800)
At 30 June 2018	47	5	29,387	29,439

The notes on pages 19 to 42 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2016	47	5	39,363	39,415
Comprehensive income for the year				
Profit for the year	-	-	5	5
Total comprehensive income for the year	-	-	5	5
Dividends	-	-	-	-
Total transactions with owners	-	-	-	-
At 30 June 2017	47	5	39,368	39,420

The notes on pages 19 to 42 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Profit for the financial year	25,307	27,442
Adjustments for:		
Amortisation of intangible assets	(527)	-
Depreciation and amortisation	65	(93)
Change in value of investment property	(17,449)	(8,960)
Interest paid	1,045	1,301
Interest received	(180)	(171)
Gain on sale of tangible assets	(5,077)	(924)
Share of operating (loss) in joint ventures	(229)	(565)
Profit on termination of joint ventures	-	(7,719)
Taxation	2,407	364
	<u>857</u>	<u>(1,411)</u>
Decrease/(increase) in debtors	857	(1,411)
(Increase)/decrease in stocks	(5,942)	2,226
Increase in creditors	5,636	1,015
	<u>(2,645)</u>	<u>(1,443)</u>
Net cash generated from operating activities	<u>3,268</u>	<u>11,062</u>
Cash flows from investing activities		
Sale of tangible fixed assets	55,637	5,957
Purchase of tangible fixed assets	(96)	(178)
Purchase of investment properties	(13,608)	(15,801)
Interest received	145	-
Associates interest received	35	-
Net cash from investing activities	<u>42,113</u>	<u>(10,022)</u>

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £000	2017 £000
Cash flows from financing activities		
Interest paid	(1,045)	(1,285)
Repayment of loans	-	(5,925)
Loans from associates repaid	-	1,617
Repayment of loans from associates	1,500	-
Dividends paid	(40,800)	-
Interest received	-	169
Dividends paid to non controlling interests	(225)	-
Net cash used in financing activities	(40,570)	(5,424)
Net Increase/(decrease) in cash and cash equivalents	4,811	(4,384)
Cash and cash equivalents at beginning of year	7,462	11,846
Cash and cash equivalents at the end of year	12,273	7,462
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	12,273	7,462
	12,273	7,462

The notes on pages 19 to 42 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

Network Space Holdings Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at Centrix House, Crow Lane East, Newton Le Willows, St Helens, Merseyside, WA12 9UY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 30 June 2014.

2.3 Going concern

As at 30 June 2018, the group had net debt of £27.7m (2017: £32.5m), and an undrawn Revolving Credit Facility of £25m which expires in December 2019. Together with the group's low gearing level of 26% and £7.9m of unencumbered properties, significant capacity exists to raise additional finance or to provide additional security for existing facilities should property values fall. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.4 Revenue

Rental income is recognised on a straight line basis over the course of the period of the lease. Any differences between the cash receipts and straight line recognition is deferred/accrued as appropriate.

Other income is recognised at the point which the economic benefits flow to the company and the revenue can be reliably measured.

2.5 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the Consolidated Profit and Loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Interest income

Interest income is recognised in the Consolidated Profit and Loss account using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Consolidated Profit and Loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Short-term leasehold property	- over life of the lease
Plant and machinery, fixtures and fittings etc.	- 4 - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss account.

2.12 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Profit and Loss account.

Fair values are determined from market based evidence. Professionally qualified external valuers are engaged to value a portion of the property portfolio each year. All properties receive a valuation externally at least once every 3 years.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.14 Associates and joint ventures

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Profit and Loss account includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.15 Stocks

Stocks comprise land held for developments and developments under construction and are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that *probably requires settlement by a transfer of economic benefit, and a reliable estimate* can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Profit and Loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy set out for stock in note 2. Initial capitalisation is based on management's judgement that technical and economic feasibility is confirmed through the use of established project management models. In determining the ongoing amounts to be capitalised, management make assumptions regarding the expected future cash generation of the asset and the expected period of benefits.

Revaluation of investment properties

The group carries its investment property at fair value, with changes in fair value being recorded in the profit and loss account. The properties have been valued by the directors as at 30 June 2018. Valuations are sensitive to estimated yields and occupancy rates, as well as current market conditions (see note 16).

Recoverability and impairment of non-financial assets

Where there are indicators of impairment of individual assets, the group performs impairment tests based on fair value less costs to sell or a value in use calculation. Recoverable amounts are sensitive to the discount rates used in a discounted cash flow model, and to the estimates of future cash flows and growth rates used to extrapolate values. Any impairment losses recognised will only be reversed in a subsequent period if the reasons for the impairment loss have ceased to apply.

Taxation

The group establishes tax provisions based on reasonable estimates. The amount of such provisions is based on various factors, such as experience with previous tax audits and interpretations of tax regulations. Management estimation is required to determine the amount of deferred tax assets or liabilities to be recognised, based upon the likely future timing and level of taxable profits, together with an assessment of the effect of future tax planning strategies.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4. Turnover

Turnover represents the rental income receivable in the year, amounts derived from the provision of site services to customers during the year and proceeds from the sale of trading developments (excluding value added tax). Rental incentives are spread over the life of the related lease. Sales of investment properties are recorded in Profit on sale of investment.

	2018 £000	2017 £000
Sale of trading developments	1,797	8,950
Investment property rentals	10,528	13,516
	<u>12,325</u>	<u>22,466</u>

All turnover is derived from UK operations and is recognised when the services are delivered.

5. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Amortisation of intangible assets, including goodwill	(527)	(133)
Depreciation of tangible fixed assets	65	40
Other operating lease rentals	10	4
	<u></u>	<u></u>

6. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	<u>13</u>	<u>18</u>
Fees payable to the group's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	37	46
Taxation compliance services	<u>14</u>	<u>10</u>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group and company 2018 £000	<i>Group and company 2017 £000</i>
Wages and salaries	2,574	406
Social security costs	293	52
Cost of defined contribution scheme	54	16
	<u>2,921</u>	<u>474</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	<i>2017 No.</i>
Administration	31	38
Management	6	5
	<u>37</u>	<u>43</u>

All employees were employed and remunerated by the company.

8. Directors' remuneration

	2018 £000	<i>2017 £000</i>
Directors' emoluments	1,793	766
Pension cost	32	40
	<u>1,825</u>	<u>806</u>

The aggregate of emoluments of the highest paid director was £588,639 (2017: £209,553) and company pension contributions of £9,375 (2017: £11,284) were made to a money purchase scheme on their behalf.

During the year retirement benefits accrued to five (2017: five) directors under a money purchase pension scheme.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

9. Interest receivable

	2018 £000	2017 £000
Other interest receivable	145	36
Interest receivable from HMRC	-	2
Share of associates' interest receivable	35	133
	<u>180</u>	<u>171</u>

10. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	1,045	1,301

11. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	1,084	1,798
Adjustments in respect of previous periods	-	(66)
Total current tax	<u>1,084</u>	<u>1,732</u>
Deferred tax		
Origination and reversal of timing differences	1,323	(1,178)
Adjustment in respect of prior year	-	(190)
Total deferred tax	<u>1,323</u>	<u>(1,368)</u>
Taxation on profit on ordinary activities	<u>2,407</u>	<u>364</u>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	<u>27,714</u>	<u>27,806</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.75%)	5,266	5,492
Effects of:		
Non-deductible expenses	60	(1,608)
Fixed asset timing differences	(836)	-
Tax exempt income	-	(1,777)
Current tax - adjustment in respect of prior years	96	(66)
Deferred tax - adjustment in respect of prior years	(2)	(1,691)
Deferred tax - adjustment in respect of revaluations	(3,315)	-
Other differences	1,138	14
Total tax charge for the year	<u><u>2,407</u></u>	<u><u>364</u></u>

Factors that may affect future tax charges

Reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016. The deferred tax liability at 30 June 2018 has been calculated based on these rates. An additional reduction to 17% (effective from April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability accordingly.

12. Dividends

	2018 £000	2017 £000
Dividends paid (873 per share)	41,025	-
	<u><u>41,025</u></u>	<u><u>-</u></u>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

13. Intangible assets

Group and Company

	Other £000	Negative goodwill £000	Total £000
Cost			
At 1 July 2017	275	(2,953)	(2,678)
At 30 June 2018	<u>275</u>	<u>(2,953)</u>	<u>(2,678)</u>
Amortisation			
At 1 July 2017	275	(150)	125
Charge for the year	-	(527)	(527)
At 30 June 2018	<u>275</u>	<u>(677)</u>	<u>(402)</u>
Net book value			
At 30 June 2018	<u>-</u>	<u>(2,276)</u>	<u>(2,276)</u>
At 30 June 2017	<u>-</u>	<u>(2,803)</u>	<u>(2,803)</u>

Negative goodwill relates to the acquisition of the remaining 49% share in Network Space (Networkcentres) Limited in November 2012 as consideration was less than the fair value of the non-monetary assets acquired. The resulting negative goodwill has been recognised on the Balance Sheet. An amount equal to the fair value of the non-monetary assets acquired is being released to the Consolidated Profit and Loss account commensurately with the sale of the non-monetary assets acquired.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. Tangible fixed assets

Group

	Short leasehold land & buildings £000	Plant, machinery & fixtures & fittings £000	Total £000
Cost or valuation			
At 1 July 2017	61	1,284	1,345
Additions	-	98	98
Disposals	(61)	(1,037)	(1,098)
At 30 June 2018	-	345	345
Depreciation			
At 1 July 2017	30	1,088	1,118
Charge for the year on owned assets	1	64	65
Disposals	(31)	(1,027)	(1,058)
At 30 June 2018	-	125	125
Net book value			
At 30 June 2018	-	220	220
At 30 June 2017	31	196	227

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

14. Tangible fixed assets (continued)

Company

	Plant, machinery & fixtures & fittings £000
Cost or valuation	
At 1 July 2017	168
Additions	89
At 30 June 2018	<u>257</u>
Depreciation	
At 1 July 2017	10
Charge for the year on owned assets	44
At 30 June 2018	<u>54</u>
Net book value	
At 30 June 2018	<u>203</u>
At 30 June 2017	<u>158</u>

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

15. Fixed asset investments

Group

	Investments in associates £000
Cost or valuation	
At 1 July 2017	905
Share of profit/(loss)	229
At 30 June 2018	<u>1,134</u>
Net book value	
At 30 June 2018	<u>1,134</u>
At 30 June 2017	<u>905</u>

At 30 June 2018 the Group had an investment in Langtree Property Partners Ltd valued at £1,134k (2017: £905k).

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were direct or indirect subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Network Space Limited	Ordinary	99 %	Property Investment
Network Space (Networkcentres) Limited	Ordinary	99 %	Property Investment
Network Space Developments Limited	Ordinary	100 %	Property Investment and Development
NS Festival Gardens Limited	Ordinary	100 %	Property Development
NS (PDMS) Limited	Ordinary	100 %	Property Management
Network Space Management Limited	Ordinary	100 %	Property Management
Network Space Projects Limited	Ordinary	100 %	Property Development
NS Midwest Nominees Limited	Ordinary	100 %	Dormant
NS Investments North East Limited	Ordinary	100 %	Property Investment
NS Artisan Limited	Ordinary	100 %	Property Development
High Carr Axis Management Company Limited	Ordinary	100 %	Property Management
St Helens Stadium Limited	Ordinary	100 %	Property Management
Network Space NE Limited	Ordinary	100 %	Dormant
NS Managed Services Limited	Ordinary	100 %	Dormant
NS Shelfco 1 Limited	Ordinary	50 %	Dormant
NS Shelfco 2 Limited	Ordinary	100 %	Dormant
NS Shelfco 3 Limited	Ordinary	100 %	Dormant
NS North East Nominees Limited	Ordinary	100 %	Dormant

During the year, Network Space Holdings Limited provided parental guarantees, under s479C of the Companies Act 2006, to the following subsidiary companies which as a result are now exempt from the requirements of the Companies Act 2006 to have an audit of individual company accounts by virtue of s479A:

- NS Midwest Nominees Limited, Registered number 6113526
- NS Managed Services Limited, Registered number 3100769
- NS Investments North East Ltd, Registered number 6842304

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2017	28,042
At 30 June 2018	<u>28,042</u>
Net book value	
At 30 June 2018	<u>28,042</u>
At 30 June 2017	<u>28,042</u>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

16. Investment property

Group

	Development property £000	Investment property £000	Total £000
Valuation			
At 1 July 2017	4,669	144,012	148,681
Additions at cost	13,589	6,263	19,852
Disposals	-	(56,766)	(56,766)
Revaluation	-	17,449	17,449
Transfers between classes	709	(709)	-
At 30 June 2018	18,967	110,249	129,216

The historical cost of re-valued investment properties as at 30 June 2018 was £76,284,000 (2017: £120,030,000).

Investment properties have been valued by the directors at 30 June 2018. An independent external valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition) in June 2018 for a sample of properties. The directors used these external valuations to inform their valuations at 30 June 2018.

The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Development property represents properties in course of development at the year end.

17. Stocks

	Group 2018 £000	Group 2017 £000
Land and property held for development	16,496	10,554

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

18. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	47	5,190	1	-
Amounts owed by group undertakings	476	-	1,785	15,047
Amounts owed by joint ventures and associated undertakings	-	1,500	-	-
Other debtors	2,365	171	42	100
Prepayments and accrued income	1,798	2,311	161	145
	4,686	9,172	1,989	15,292

Amounts within the company by group undertakings are interest bearing and repayable on demand.

Amounts owed by associated undertakings includes £Nil (2017: £1,500,000) due in more than one year.

19. Cash and cash equivalents

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash at bank and in hand	12,273	7,462	1,197	4,636

20. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade creditors	2,179	814	94	29
Amounts owed to group undertakings	-	-	410	410
Corporation tax	648	886	1	26
Other taxation and social security	162	144	162	142
Other creditors	1,142	1,675	14	9
Accruals and deferred income	6,543	4,116	1,289	65
Rents in advance	1,321	2,010	-	-
Deposits	1,381	1,789	-	-
	13,376	11,434	1,970	681

The amounts due to group undertakings falling due within one year are repayable on demand and no interest is charged.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Bank loans	40,000	40,000	-	-
Amounts owed to group undertakings	-	-	-	8,000
	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>8,000</u>

Details regarding the bank loans included in the table above can be found in note 22, interest bearing loans and borrowings.

Amounts due to group undertakings falling due after more than one year are interest bearing with no fixed repayment date.

22. Loans

This note provides information about the contractual terms of the group's and parent company's interest-bearing loans and borrowings, are measured at amortised cost.

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Amounts falling due 1-2 years				
Bank loans	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>

The group operates under two banking facilities totalling £65m which were both approved in December 2014 and run to December 2019. Interest rates are charged on a variable basis.

The bank loans are secured by fixed and floating charges on certain investment properties of the group. All bank loans are repayable between one and two years (2017: between two and five years).

Subsequent to the year end, following a review of the group's borrowing requirements, the company repaid and cancelled £40m of the available facility.

NETWORK SPACE HOLDINGS LIMITED

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23. Financial Instruments

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Financial assets				
Assets measured at amortised cost	<u>16,736</u>	<u>14,323</u>	<u>2,990</u>	<u>19,783</u>
Financial liabilities				
Liabilities measured at amortised cost	(10,302)	(6,288)	(639)	(448)
Loan commitments measured at cost less impairment	(40,000)	(40,000)	-	(8,000)
	<u>(50,302)</u>	<u>(46,288)</u>	<u>(639)</u>	<u>(8,448)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group, amounts owed by associates, other debtors and cash.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and deferred income.

24. Deferred taxation

Group

	2018 £000	<i>2017 £000</i>
At beginning of year	(856)	(2,224)
Charged to profit or loss	(1,323)	1,368
At end of year	<u>(2,179)</u>	<u>(856)</u>

NETWORK SPACE HOLDINGS LIMITED

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24. Deferred taxation (continued)

Company

	2018 £000	2017 £000
At beginning of year	(27)	-
Charged to profit or loss	5	(27)
At end of year	(22)	(27)

The provision for deferred taxation is made up as follows:

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Accelerated capital allowances	(2,179)	(856)	(22)	(27)

25. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
47,000 (2017 - 47,000) Ordinary shares of £1.00 each	47	47

Ordinary shares

Each holder of an Ordinary Share is entitled to receive notice of, and to attend and speak at, any general meeting of the company. Any such holder shall, on a show of hands have one vote, and on a poll have one vote, for each Ordinary Share that they hold.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

26. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

A non-distributable reserve which includes amounts transferred following the purchase of the company's own shares.

Investment property revaluation reserve

Includes all historic revaluations on investment properties.

Profit and loss account

Includes all current and prior period retained profits and losses.

27. Pension commitments

The pension cost charge for the year represents contributions payable by the group to the scheme and amounts to £60,000 (2017: £16,000). There were no outstanding amounts or prepayments at the year end.

28. Commitments under operating leases

At 30 June 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Land and buildings		
Within 1 year	296	321
Between two and five years	1,150	1,167
After five years	11,800	12,087
	13,246	13,575

Company

At as 30 June 2018 and 30 June 2017 the company had no annual commitments under non-cancellable operating leases.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

29. Receipts under operating leases

At 30 June 2018 the group had future minimum lease receipts under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	6,785	9,715
Later than 1 year and not later than 5 years	14,986	23,486
Later than 5 years	4,359	7,682
	26,130	40,883

Company

At as 30 June 2018 and 30 June 2017 the company had no annual receipts under non-cancellable operating leases.

30. Related party transactions

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,826,000 (2017: 806,000).

31. Controlling party

The immediate and ultimate parent company is Datum Edge Limited, which is controlled by Mr. R Ainscough by virtue of his controlling interest.

The results of the group are consolidated into Datum Edge Limited as the largest entity into which they are consolidated. Those accounts can be obtained from Companies House.