

**Network Space Developments Limited (formerly
known as Langtree Land and Property plc)**

**Directors' report and financial
statements**

Registered number 01604509

For the year ended 30 June 2015

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Strategic report

The directors present their annual strategic report and the audited financial statements for the year ended 30 June 2015.

Principal activities

The principal activities of the group continue to be property investment and property development.

Performance of the business

The year has been one of significant change for the group. We completed a £16m refinancing of our investment portfolio, concluded and progressed a number of significant development projects and have secured positions and commenced work on a number of exciting new ones. In addition we have exited our public sector joint venture interests and rebranded the group from Langtree to Network Space. It is extremely encouraging to see so much positive activity occurring across the group, especially after the difficult recent years faced by the industry and economy as a whole.

The directors are satisfied with the financial performance of the group in 2015. Group turnover increased to £48.9m in the year (2014: £9.1m) due to the acquisition and disposal of property stock within the year totalling £33.5m. The loss for the year, after taxation, amounted to £42,000 (2014: loss of £211,000) and has been taken from reserves. A dividend of £34.5m (2014: £nil) was paid during the year.

Key performance indicators

The board focuses on performance that will result in growth of net asset value, to support this there are a number of KPIs for each of the principal activities. Capital transactions are generally appraised and monitored through IRR analysis and cash flow forecasts whilst income returns are monitored against annual financial budgets and KPIs such as void rates, net portfolio yields, weighted average unexpired lease term (WAULT) and average net effective rent (ANER).

Principal risks and uncertainties

The group has a monthly board meeting, together with monthly operational meetings. The performance of the portfolio is carefully monitored against detailed budgets, KPI's and industry benchmarks. Properties that fall below the expected performance standards are highlighted and kept under review. In addition to financial and commercial reporting, the monthly board pack also includes relevant market transaction summaries and commentary. The board consider all material operating items arising from the presentation of written and verbal reports in the board pack.

The investment portfolio receives a high level of management attention to ensure the maximisation of rental income and the returns of each property are reviewed on a monthly basis both at management and board level. A financial check is performed on all prospective tenants and appropriate security obtained in advance of a tenancy being entered into. All tenant debts are formally reviewed each month and appropriate debt recovery action taken.

In the current climate the group is mindful of the risks associated with reducing asset values and wider economic factors. The group operates with modest gearing and a business plan that is not reliant upon asset disposals for its profitability.

Future developments

The directors aim to maintain the management policies which have resulted in the company's results for the year. The directors believe that acceptable levels of operating profitability will be delivered in 2016 and the group is well placed to grow in the future.

By order of the board



Richard Ainscough
Director

Centrix House
Crow Lane East
Newton le Willows
WA12 9UY

29th March 2016

Directors' report

The directors present their annual report on the audited financial statements for the year ended 30 June 2015.

Directors

The directors who held office during the year, and up to the date of these financial statements, were as follows:

W Ainscough
T Johnston
S Barnes
J Downes (resigned 12 June 2015)
M Jackson (resigned 12 June 2015)
R Ainscough (appointed 18 May 2015)
R Gaskell (appointed 1 July 2015)
M Mellor (appointed 1 July 2015)
N Jones (appointed 1 July 2015)


Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Robert Gaskell
Director and Company Secretary

Centrix House
Crow Lane East
Newton le Willows
WA12 9UY

29th March 2016

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 their profit or loss 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Network Space Developments Limited (formerly known as Langtree Land and Property plc)

We have audited the financial statements of Network Space Developments Ltd (formerly Langtree Land and Property plc) for the year ended 30 June 2015 set out on pages 6 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 30 June 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Network Space Developments Limited (formerly known as Langtree Land and Property plc) (continued)

Matters on which we are required to report by exception

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

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

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

31st March 2016

Consolidated profit and loss account
for the year ended 30 June 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover			
Turnover: Group and share of joint ventures		48,906	9,063
Less: Share of joint ventures' turnover		(2,256)	(2,680)
Group turnover	2	46,650	6,383
Expenses		(41,154)	(5,616)
Group operating profit		5,496	767
Share of joint ventures' operating (loss) / profit	4	(2,748)	559
Operating profit after share of joint ventures' results		2,748	1,326
Loss on the sale or termination of an operation		(2,665)	-
(Loss) / profit on the disposal of fixed assets		(108)	301
(Loss) / profit on ordinary activities before interest	3	(25)	1,627
Interest receivable and similar income	7	465	1,212
Interest payable and similar charges	8	(1,548)	(2,953)
Loss on ordinary activities before taxation		(1,108)	(114)
Tax on loss on ordinary activities	9	1,066	(97)
Loss on ordinary activities after taxation		(42)	(211)

All activities of the group are continuing.

The notes on pages 11 to 27 form part of these financial statements.

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2015

	2015 £000	2014 £000
Retained loss as reported	(42)	(211)
Property revaluations	339	786
Property revaluations in respect of joint ventures	107	1,627
Realisation of property revaluation losses from previous years	(6,506)	(345)
Total recognised gains and losses relating to the financial year	(6,102)	1,857

Reconciliation of movement in shareholders' funds
for the year ended 30 June 2015

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Opening shareholders' funds	74,408	72,278	72,448	77,543
(Loss) / profit for the financial year	(125)	(211)	1,070	(5,881)
Equity dividends paid	(34,787)	-	(34,787)	-
Other recognised gains during the year (net)	529	2,341	339	786
Closing shareholders' funds	40,025	74,408	39,070	72,448

Consolidated statement of historical cost profits and losses
for the year ended 30 June 2015

	2015 £000	2014 £000
Reported loss on ordinary activities before taxation	(1,108)	(114)
Realisation of property revaluation losses from previous years	(6,506)	(345)
Historical cost loss on ordinary activities before taxation	(7,614)	(459)
Historical cost loss on ordinary activities after taxation	(6,631)	(556)

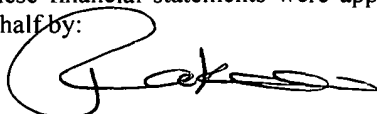
The notes on pages 11 to 27 form part of these financial statements.

Consolidated balance sheet at 30 June 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	11		31,603		27,423
Investments in associates	12		238		-
			<hr/>		<hr/>
			31,841		27,423
Investments in joint ventures					
Share of gross assets	12	-		48,999	
Share of gross liabilities	12	-		(41,614)	
		<hr/>		<hr/>	
Share of net assets			-		7,385
Current assets					
Stocks	13	12,348		14,823	
Debtors (including £3,117,000 due in more than one year (2014: £nil))	14	7,837		84,322	
Cash at bank and in hand		1,633		1,167	
		<hr/>		<hr/>	
Creditors: amounts falling due within one year	15	21,818 (4,496)		100,312 (3,558)	
		<hr/>		<hr/>	
Net current assets			17,322		96,754
			<hr/>		<hr/>
Total assets less current liabilities			49,163		131,562
Creditors: amounts falling due after more than one year	16		-		(52,275)
Provisions for liabilities and charges	17		(9,138)		(4,879)
			<hr/>		<hr/>
Net assets			40,025		74,408
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		52		52
Share premium account	20		2,068		2,068
Capital redemption reserve	20		15,000		15,000
Revaluation reserve	20		728		(6,224)
Profit and loss account	20		22,177		63,512
			<hr/>		<hr/>
Total capital and reserves			40,025		74,408
			<hr/>		<hr/>

The notes on pages 11 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 29th March 2016 and were signed on its behalf by:



Robert Gaskell
 Director

Company balance sheet
at 30 June 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	11		31,603		26,370
Investments	12		238		7,337
			<hr/>		<hr/>
			31,841		33,707
Current assets					
Stocks	13	12,348		12,867	
Debtors (including £3,117,000 due in more than one year (2014: £nil))	14	6,166		85,859	
Cash at bank and in hand		1,155		450	
		<hr/>		<hr/>	
Creditors: amounts falling due within one year	15	19,669 (11,020)		99,176 (6,658)	
		<hr/>		<hr/>	
Net current assets			8,649		92,518
			<hr/>		<hr/>
Total assets less current liabilities			40,490		126,225
Creditors: amounts falling due after more than one year	16		-		(52,275)
Provisions for liabilities and charges	17		(1,420)		(1,502)
			<hr/>		<hr/>
Net assets			39,070		72,448
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		52		52
Share premium account	20		2,068		2,068
Capital redemption reserve	20		15,000		15,000
Revaluation reserve	20		728		564
Profit and loss account	20		21,222		54,764
			<hr/>		<hr/>
Total capital and reserves			39,070		72,448
			<hr/>		<hr/>

The notes on pages 11 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 29th March 2016 and were signed on its behalf by:



Robert Gaskell
 Director

Consolidated cash flow statement

For the year ended 30 June 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Net cash inflow from operating activities	23		9,256		2,662
Returns on investments and servicing of finance					
Interest received		465		1,212	
Interest paid		(602)		(1,380)	
Equity dividends paid		(34,787)		-	
Net cash outflow for returns on investments and servicing of finance			(34,924)		(168)
Taxation			(130)		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(12,890)		(8,983)	
Payment to acquire interest in joint ventures, associates and subsidiaries		(238)		(5,203)	
Proceeds on sale of fixed assets		8,344		3,704	
Proceeds on sale of joint ventures		3,574		-	
Net cash outflow from capital expenditure			(1,210)		(10,482)
Cash outflow before financing			(27,008)		(7,988)
Financing					
Other loans drawn in the year		-		10,675	
Repayment of other loans		-		(2,500)	
Bank loans drawn		11,015		-	
Repayment of bank loans		(11,015)		-	
Amounts received following repayment of group loans		82,866		-	
Repayments made in relation to group loans		(52,275)		-	
Loans to associated undertakings		(3,117)		-	
Net cash inflow / (outflow) from financing			27,474		8,175
Increase / (decrease) in cash in the year	25		466		187

The notes on pages 11 to 27 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards and using the historical cost convention.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 1.

Basis of consolidation

The consolidated accounts of the group comprise the financial statements of Network Space Developments Ltd and all its subsidiary undertakings. As permitted by Section 408 the Companies Act 2006 a separate company profit and loss account is not presented. The results of the parent company are disclosed in note 20. The Group's share of the results and net assets / net liabilities of joint ventures is based on the gross equity accounting method as required by FRS 9.

Companies included in the consolidation which have different year ends to Network Space Holdings Limited are PxP West Midlands LP and Onsite North East LP. In the prior year there was also Daresbury SIC LLP, Parkside Regeneration LLP and Wire Regeneration Limited, all of which have been disposed of in the year and have a year end of 31 March.

Joint ventures

A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account and recognition of their net assets/(liabilities) is included in investments/(provisions) in the consolidated balance sheet.

Associates

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. The group's share of the profits less losses of associates is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Going concern

The group meets its day to day working capital requirements through cash generated from operations, group borrowings and a 5-year banking facility which was renewed in December 2014 (due to expire in December 2019).

After making enquiries the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes (continued)

1 Accounting policies (continued)

Fixed assets and depreciation

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties. This treatment may be a departure from the requirements of the Companies Act regarding depreciation of fixed assets but the directors consider that this accounting policy is necessary for the accounts to give a true and fair view, as the properties are held for investment not consumption. Depreciation or amortisation is only one of the factors reflected in the annual valuations, and the amount which might otherwise have been shown cannot be separately identified or quantified. The properties are valued at the directors' estimate of open market values.

Investment properties have been valued by the directors at 30 June 2015.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% straight line
Short leasehold land and buildings	-	life of lease
Plant and machinery, fixtures and fittings etc	-	4-25% straight line

Leases

Operating lease rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Stock

Stock is stated at the lower of cost and net realisable value.

Intangible assets and amortisation

In accordance with FRS10, intangible fixed assets are capitalised at cost and amortised over their expected useful economic life.

Negative goodwill

Negative goodwill represents the difference between the fair value of the purchase consideration for shares in subsidiary undertakings over the fair value to the group of the net assets acquired. Negative goodwill is not amortised and will be realised on the sale of the assets acquired.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Notes (continued)

1 Accounting policies (continued)

Transfer of items

Where management's intention is to dispose of an investment property through development, the investment property has been transferred at its carrying value, which may be higher than cost, from fixed assets to stock. This accounting treatment is not in accordance with the Companies Act which requires that stocks are carried at the lower of cost or net realisable value. In the view of the directors, the treatment required by the Companies Act would not present a true and fair view of the group's effective investment in development stock.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed at the balance sheet date except as otherwise required by FRS 19.

Grant income

Grant income is shown as a deduction against the cost of investment properties or amounts recoverable on long term contracts. This accounting treatment is not in accordance with the Companies Act 2006, under which the investment properties should be stated at their purchase price or production cost and the grant income treated as deferred income and released to the profit and loss account over the useful life of the corresponding assets. The directors are of the opinion that these assets have no finite economic lives and the grant income would therefore remain in the balance sheet in perpetuity. The treatment otherwise required by the Companies Act 2006 would not present a true and fair view of the group's effective investment in investment properties.

Pensions

The group contributes towards defined contribution schemes for some staff members. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Related parties

Under the provisions of FRS 8 "Related Party Transactions" the Company is exempt from the requirement to disclose details of transactions with group companies.

Classification of financial instruments issued by the group

Following the adoption of FRS 25, financial instruments issued by the group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Notes (continued)

2 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 fixed assets.

3 (Loss) / profit on ordinary activities before interest and taxation

	2015 £000	2014 £000
<i>(Loss) / profit on ordinary activities before taxation is stated after (crediting)/charging:</i>		
Loss / (profit) on sale of fixed assets	108	(301)
Auditors' remuneration:		
Audit of these financial statements – group	22	26
Audit of these financial statements – company	19	17
Amounts receivable by the auditors and their associates in respect of:		
Other services in relation to taxation / consultancy services	103	20
Depreciation and other amounts written off tangible fixed assets	51	139
Operating lease rentals	17	17

4 Share of operating (loss) / profit from joint ventures

	2015 £000	2014 £000
Share of other operating (loss) / profit from joint ventures	(2,748)	559
Share of operating (loss) / profit from joint ventures	(2,748)	559

5 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	559	386
Pension costs	42	34
Total directors' emoluments	601	420

The aggregate of emoluments of the highest paid director was £337,000 (2014: £230,000) and Company pension contributions of £30,000 (2014: £19,000) were made to a money purchase scheme on his behalf.

Retirement benefits accrued to three (2014: three) directors under a money purchase pension scheme.

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the group during the year, analysed by category, were as follows:

	Number of employees	
	2015	2014
Administration	26	26
Management	4	4
	<u>30</u>	<u>30</u>

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	1,118	1,101
Social security costs	115	122
Pension costs	57	42
	<u>1,290</u>	<u>1,265</u>

7 Interest receivable and similar income

	2015 £000	2014 £000
On loans with group companies	438	1,205
On cash at bank	8	7
Other interest	19	-
	<u>465</u>	<u>1,212</u>

8 Interest payable and similar charges

	2015 £000	2014 £000
Interest relating to joint ventures	946	1,574
On loans with group companies	519	1,379
On bank loans	83	-
	<u>1,548</u>	<u>2,953</u>

Notes (continued)

9 Taxation

a) Analysis of tax (credit) / charge in year:

	2015 £000	2014 £000
<i>UK corporation tax</i>		
Current year corporation tax	39	39
Group relief	(1,269)	8
Corporation tax - adjustments in respect of prior years	260	120
	<u>(970)</u>	<u>167</u>
Deferred tax – current year charge	(100)	60
Deferred tax – adjustment in respect of prior years	4	(233)
Deferred tax – impact of change in rate	-	103
	<u>(1,066)</u>	<u>97</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 June 2015 has been calculated based on these rates.

b) Factors affecting the tax charge for the current year

The tax assessed for the year is lower (2014: higher) than the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%). The differences are explained below:

	2015 £000	2014 £000
Loss on ordinary activities before tax	(1,108)	(114)
Current tax at 20.75% (2014: 22.5%)	(230)	(25)
Current tax – adjustments in respect of prior years	260	120
Utilisation of losses and other deductions	(832)	-
Permanent differences	-	(6)
Capital allowances for year in excess of depreciation	(41)	(97)
Other timing differences	62	175
Fixed asset differences	(17)	-
Expenses not deductible for tax	2,146	-
Unrelieved tax losses and other deductions arising in period	736	-
Trade sale of properties adjustment	(2,763)	-
Share of expenses from joint venture	(291)	-
	<u>(970)</u>	<u>167</u>

c) Factors that may affect future tax charges

Based on the current capital investment plans, the group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

Notes (continued)

10 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2015 Land and Buildings £000	2015 Other £000	2014 Land and Buildings £000	2014 Other £000
Group				
Expiring:				
- Within 1 year	-	63	-	-
- Between two and five years	-	48	-	63
- After five years	275	-	275	48
	<u>275</u>	<u>111</u>	<u>275</u>	<u>111</u>
	<u>275</u>	<u>111</u>	<u>275</u>	<u>111</u>
	2015 Land and Buildings £000	2015 Other £000	2014 Land and Buildings £000	2014 Other £000
Company				
Expiring:				
- Within 1 year	-	28	-	-
- Between two and five years	-	24	-	28
- After five years	275	-	275	24
	<u>275</u>	<u>52</u>	<u>275</u>	<u>52</u>
	<u>275</u>	<u>52</u>	<u>275</u>	<u>52</u>

Notes (continued)

11 Tangible fixed assets

Group	Short leasehold land & buildings £000	Investment properties £000	Plant, machinery & fixtures & fittings £000	Total £000
Cost or valuation				
At beginning of year	920	26,220	1,284	28,424
Additions	-	12,873	17	12,890
Revaluation	-	339	-	339
Disposals	(859)	(7,893)	(423)	(9,175)
At end of year	61	31,539	878	32,478
Depreciation and diminution in value				
At beginning of year	74	-	927	1,001
Charge for year	1	-	50	51
On disposals	(48)	-	(129)	(177)
At end of year	27	-	848	875
Net book value				
At 30 June 2015	34	31,539	30	31,603
At 30 June 2014	846	26,220	357	27,423

The historical cost of revalued investment properties as at 30 June 2015 was £41,467,000 (2014: £32,444,000).

Investment properties have been valued by the directors at 30 June 2015. For certain investment properties within the wider Network Space group, an independent external valuation was undertaken by Jones Lang LaSalle in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition) in August 2014 and a further external valuation took place in August 2015. The directors used these external valuations to inform their valuations at 30 June 2015.

Notes (continued)

11 Tangible fixed assets (continued)

Company	Short leasehold land & buildings	Investment properties	Plant, machinery & fixtures & fittings	Total
<i>Cost or valuation</i>	£000	£000	£000	£000
At beginning of year	61	26,220	987	27,268
Additions	-	12,873	17	12,890
Revaluation	-	339	-	339
Disposals	-	(7,893)	(126)	(8,019)
At end of year	61	31,539	878	32,478
<i>Depreciation and diminution in value</i>				
At beginning of year	26	-	872	898
Charge for year	1	-	50	51
On disposals	-	-	(74)	(74)
At end of year	27	-	848	875
<i>Net book value</i>				
At 30 June 2015	34	31,539	30	31,603
At 30 June 2014	35	26,220	115	26,370

Notes (continued)

12 Investments

At 30 June 2015 the group had a net liability of £4,235,000 (2014: £103,000 investment) in PxP West Midlands Limited Partnership and a net liability of £3,483,000 (2014: £3,266,000 net liability) in Onsite North East Limited Partnership.

During the year the group disposed of its investments in Daresbury SIC Limited Liability Partnership (2014: £2,120,000 investment), Wire Regeneration Limited (2014: £3,750,000 investment) and Parkside Regeneration Limited Liability Partnership (2014: £1,413,000 investment). These investments were disposed for a total of £3,574,000 resulting in a loss on disposal of £2,665,000.

During the year the group and the company made an investment in Langtree Property Partners Ltd of £238,000, which is disclosed as an associated undertaking (note 12(c) below).

a. Joint ventures

The amounts included in respect of joint ventures comprise the following:

	PxP West Midlands Limited Partnership	Onsite North East Limited Partnership	Total 2015	Total 2014
	2015 £000	2015 £000	2015 £000	2014 £000
Share of assets				
Share of fixed assets	-	-	-	32,999
Share of current assets	-	-	-	12,735
	-	-	-	45,734
Share of liabilities				
Due within one year	(4,235)	(3,483)	(7,718)	(2,493)
Due after one year	-	-	-	(39,121)
	(4,235)	(3,483)	(7,718)	(41,614)
Share of net (liabilities) / assets	(4,235)	(3,483)	(7,718)	4,120

Share of net liabilities in PXP West Midlands Limited Partnership and Onsite North East Limited Partnership are included in provisions (note 17).

The joint ventures are as follows:

Joint ventures	Holding (Ordinary)	Country of incorporation	Principal activity
PxP West Midlands Limited Partnership	50%	England and Wales	Management and development of commercial property
Onsite North East Limited Partnership	50%	England and Wales	Management and development of commercial activity

Notes (continued)

12 Investments (continued)

Langtree Investments North East Limited's subsidiary company, Langtree North East Limited, invested in the Onsite North East Limited Partnership, a company established to manage a portfolio of investment sites in the North East. Onsite North East Limited Partnership is a 50/50 joint venture between Langtree North East Limited and The Homes and Communities Agency. As a result Network Space Developments Ltd has an effective 50% interest in Onsite North East Limited Partnership.

Langtree Ventures Limited's subsidiary company, Langtree Midwest Limited, invested in the PXP West Midlands Limited Partnership, a company established to manage and develop a portfolio of industrial and commercial properties in the West Midlands. PXP West Midlands Limited Partnership is a 50/50 joint venture between Langtree Midwest Limited and The Homes and Communities Agency. As a result Network Space Developments Ltd has an effective interest of 50% in PXP West Midlands Limited Partnership.

The group disposed of its other joint venture investments during the year.

b. Subsidiary companies

Investments in subsidiary undertakings included in the consolidation comprise the following:

	Country of Incorporation	Principal Activity	Class and percentage of shares held
NS Festival Gardens Limited	England and Wales	Property Redevelopment	Ordinary 100%
NS (PDMS) Limited	England and Wales	Management Services	Ordinary 100%
Network Space Ventures Limited	England and Wales	Property Investment	Ordinary 100%
NS Midwest Limited	England and Wales	Property Development	Ordinary 100%
Network Space NE Limited	England and Wales	Property Investment	Ordinary 100%
Langtree Investments North East Limited	England and Wales	Property Investment	Ordinary 100%
NS Artisan Limited	England and Wales	Property Redevelopment	Ordinary 100%
High Carr Axis Management Company Limited	England and Wales	Property Management	Ordinary 100%
High Carr Point Management Company Limited *	England and Wales	Property Management	Ordinary 100%
St Helens Stadium Limited	England and Wales	Property Management	Ordinary 100%
NS Managed Services Limited	England and Wales	Dormant	Ordinary 100%
NS Shelfco 1 Limited	England and Wales	Dormant	Ordinary 100%
NS Shelfco 2 Limited	England and Wales	Dormant	Ordinary 100%

* High Carr Point Management Company Limited was sold on 25th September 2015.

c. Associated companies

Investments in associated undertakings included in the consolidation comprise the following:

	Country of Incorporation	Principal Activity	Class and percentage of shares held
Langtree Property Partners Limited	England and Wales	Property Investment and Development	Ordinary 30%

Notes (continued)

13 Stocks

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Land held for development	<u>12,348</u>	<u>14,823</u>	<u>12,348</u>	<u>12,867</u>

14 Debtors

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Trade debtors	610	589	402	292
Amounts owed by group undertakings	1,791	82,866	556	85,311
Amounts owed by associated undertakings	3,117	-	3,117	-
Other debtors	629	73	582	67
Prepayments and accrued income	1,599	217	1,509	189
Other taxes and social security	-	577	-	-
Corporation tax	91	-	-	-
	<u>7,837</u>	<u>84,322</u>	<u>6,166</u>	<u>85,859</u>

Amounts owed by associated undertakings are due in more than one year.

15 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Trade creditors	1,505	694	1,373	327
Amounts due to group undertakings	-	-	6,846	2,091
Corporation tax	-	176	-	2,192
Other taxes and social security	58	167	58	104
Other creditors	294	31	273	15
Accruals and deferred income	2,096	2,208	1,926	1,647
Rents in advance	286	158	286	158
Deposits	257	124	258	124
	<u>4,496</u>	<u>3,558</u>	<u>11,020</u>	<u>6,658</u>

Notes (continued)

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Amounts owed to group undertakings	-	52,275	-	52,275
	<u>-</u>	<u>52,275</u>	<u>-</u>	<u>52,275</u>

17 Provisions for liabilities and charges

	Group £000	Company £000
Deferred taxation		
At beginning of year	1,613	1,502
Movement during year	(193)	(82)
At end of year	<u>1,420</u>	<u>1,420</u>
Provision for liabilities owed by joint ventures (see note 12a)		
At beginning of year	3,266	-
Movement during year	4,452	-
At end of year	<u>7,718</u>	<u>-</u>
Total provision for liabilities and charges at 30 June 2015	<u>9,138</u>	<u>1,420</u>
Total provision for liabilities and charges at 1 July 2014	<u>4,879</u>	<u>1,502</u>

The amounts provided for deferred taxation are set out below:

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Excess of tax allowances over depreciation of tangible fixed assets	1,543	1,638	1,543	1,525
Other timing differences	(123)	(25)	(123)	(23)
	<u>1,420</u>	<u>1,613</u>	<u>1,420</u>	<u>1,502</u>

Notes (continued)

18 Dividends

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Equity dividend paid in the year (note 20)	34,787	-	34,787	-

19 Called up share capital

	2015 £	2014 £
<i>Authorised, allotted, called up and fully paid</i>		
52,063 Ordinary Shares of £1 each	52,063	52,063
	<u>52,063</u>	<u>52,063</u>

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.

Notes (continued)

20 Reserves

	Revaluation Reserve £000	Capital Redemption Reserve £000	Share Premium Account £000	Profit and Loss Account £000	Total £000
Group					
At beginning of year	(6,224)	15,000	2,068	63,512	74,356
Property revaluations	339	-	-	-	339
Profit and loss account for the year	-	-	-	(42)	(42)
Amount relating to joint ventures	107	-	-	-	107
Transfers	6,506	-	-	(6,506)	-
Dividends	-	-	-	(34,787)	(34,787)
At end of year	728	15,000	2,068	22,177	39,973
Company					
At beginning of year	564	15,000	2,068	54,764	72,396
Property revaluations	339	-	-	-	339
Transfers	(175)	-	-	175	-
Profit and loss account for the year	-	-	-	1,070	1,070
Dividends	-	-	-	(34,787)	(34,787)
At end of year	728	15,000	2,068	21,222	39,018

Notes (continued)

21 Pension scheme

The pension cost charge for the year represents contributions payable by the group to the scheme and amounts to £57,000 (2014: £42,000). There were no outstanding amounts or prepayments at the year end.

22 Related party disclosures

Transactions with joint venture undertakings

As part of the bidding process for PxP West Midlands LP, Onsite North East LP, Daresbury SIC LLP, Parkside Regeneration LP and Wire Regeneration Limited the process required the bidder to provide property management expertise through a wholly owned subsidiary. The fees charged were assessed as part of the bidding process and are documented in a management agreement. In the year, the company has charged fees of £104,000 (2014: £176,000) to PxP West Midlands LP, £147,000 (2014: £308,000) to Onsite North East LP, £296,000 (2014: £342,000) to Daresbury SIC LLP, £119,000 (2014: £66,000) to Parkside Regeneration LLP, £204,000 (2014: £61,000) to Wire Regeneration Ltd in accordance with the agreed rates.

Transactions with associated undertakings

In December 2014 the company disposed of its joint venture interests in Daresbury SIC LLP, Parkside Regeneration LP and Wire Regeneration Limited. Disposal to Langtree Property Partners Ltd, an associated undertaking, for a total consideration of £3.6m, generating a loss on disposal of £2.7m. The following transactions occurred with Langtree Property Partners Ltd in June 2015:

- The company subscribed for 30% equity in Langtree Property Partners Ltd at a cost of £238,000. The acquisition has been accounted for using the equity method in accordance with FRS 9.
- The company provided a £3.1m loan to Langtree Property Partners Ltd on an arms length basis and is repayable in April 2027.
- A £7m debt facility was provided to Langtree Daresbury Ltd, a wholly owned subsidiary of Langtree Property Partners Ltd, on an arms length basis to support development. The facility is repayable in June 2016 and was undrawn at the year end.

Transactions with directors

During the year the following transactions also require disclosure in accordance with FRS 8:

- Property was sold to Himor Carrington Ltd, a subsidiary of Himor Group Ltd, which is under the control of Mr William Ainscough.
- Included in other creditors is a directors loan of £2,500,000 (2014: £nil) owing to Mr W Ainscough. The loan was provided on an arms length basis and was repaid subsequent to the year end.

23 Reconciliation of operating profit to operating cashflow

	2015 £000	2014 £000
Operating profit	5,496	767
Depreciation	51	139
(Increase) / decrease in debtors	622	207
Decrease in stock	2,475	1,242
Increase in creditors	612	307
Net cash inflow from operating activities	9,256	2,662

Notes (continued)

24 Analysis of net debt

	At 1 st July 2014 £000	Cashflow £000	Other non cash changes £000	At 30 th June 2015 £000
Cash at bank and in hand	1,167	466	-	1,633
Group loans	(52,275)	52,275	-	-
Total	(51,108)	52,741	-	1,633

25 Reconciliation of net cash flow to movement in net debt

	2015 £000	2014 £000
Increase in cash in the year	466	187
Group loan repaid in the year	52,275	2,500
Bank loan repaid in the year	11,015	-
Bank loan drawn down in the year	(11,015)	-
Other loan drawn down in the year	-	(10,675)
Change in net debt resulting from cash flows before financing	52,741	(7,988)
Net debt at the start of the year	(51,108)	(43,120)
Net cash / (debt) at the end of the year	1,633	(51,108)

26 Ultimate controlling party

The company is a subsidiary of Network Space Holdings Ltd (formerly Langtree Real Estate Holdings Ltd), a company incorporated in England. The majority of the shares in Network Space Holdings Ltd are owned by Mr W Ainscough who is the ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Network Space Holdings Ltd. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.