

Registered number: 01604509

NETWORK SPACE LAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023



NETWORK SPACE LAND LIMITED

COMPANY INFORMATION

Directors

R Ainscough
D Adamson
S Barnes

Registered number

01604509

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 LAND LIMITED

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NETWORK SPACE LAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Objective

Network Space's objective remains to create "Better places for business". This is achieved by specialising in the provision of exceptional commercial property for local, national and international organisations.

The objective of Network Space Land (NSL) is to act as a property development company for the Network Space Holdings group, engaged primarily in the development of industrial property.

Strategy

The board of directors recognise their responsibilities in developing and delivering a robust and effective strategy in order to deliver the group's stated objective.

Business model

The board is responsible for formulating and implementing a strategy that is complementary to that of the wider group.

Matters of strategic importance

Increased material and labour costs, extended timescales and rising interest rates combine to present materials risk to the viability of commercial development. The company has successfully mitigated these risks through value-engineering design, fixing development finance costs and actively engaging with local authorities to minimise delays.

Analysis of performance and position

Financial

At the year-end balance sheet date of 30th June 2023, the profit and loss account reports a profit before tax of £3.92M. The balance sheet shows net assets of £4.33M.

Commercial

Glass Futures, St Helens 166,000 sq ft completed in the year, whilst planning consents were secured for Brookfield Business Park, Liverpool 72,050 sq ft; Estuary Commerce Park, Liverpool 131,500 sq ft. A lease for 5.8 acres of land at Alchemy Britonwood was exchanged during the year and completed post year-end.

Trends and factors

Investment yields softened in response to rising interest rates, whilst occupational demand appeared to remain robust as evidenced by rising rental values.

Key performance indicators

The board focusses on performance that will result in growth of the net asset value of the company and its subsidiaries. To support this, several KPIs are used across the business units.

Capital transactions are appraised and monitored through IRR analysis and cash-flows, with allowances made for the associated risk. Returns on equity are closely monitored.

NETWORK SPACE LAND LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Principal risks and uncertainties

Materials supplies

The availability of building materials has improved, although costs have remained high. The impact was mitigated by working closely with contractors and their supply chain, as well as identifying efficiencies in design.

Credit risk

Contractors, clients of development management agreements and counter-parties to pre-let/pre-sale agreements are subject to detailed credit assessments.

Revenue risk

The company's revenue is principally made up of management fees. Due to the long gestation period of development projects, it is not unusual for revenue to fluctuate year-on-year.

Political, Economic, Sociological, Technological, Legal and Environmental 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 significant resources.

Interest rates risk

Debt is only obtained on development schemes when there is confidence that it will enhance IRR or when project risk has been mitigated. In order to provide certainty, a fixed rate of interest is obtained where possible.

Valuation risk

In order to acknowledge the negative impact that rising interest rates and softening investment yields may have had, a valuation of the development land and property portfolio was undertaken for this financial year-end. All values are audited.

Liquidity

A detailed and prudent modelling of cashflows is regularly undertaken.

Environmental, employee, social, community and human rights matters

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

All Network Space Holdings group companies observe the National Living Wage and ensure that employee pay matches or exceeds it.

During the financial year the company continued to support a number of charitable organisations as part of the Network Space group, through both direct donations, sponsorship and the supporting of fundraising events.

NETWORK SPACE LAND LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

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

Richard Ainscough

R Ainscough
Director

Date: 13/12/2023

NETWORK SPACE LAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

Results and dividends

The profit for the year, after taxation, amounted to £3,104,000 (2022: £5,274,000).

The directors did not recommend the payment of a dividend in the year (2022: £15,000,000).

Directors

The directors who served during the year and after the year end were:

R Ainscough
D Adamson
S Barnes

Directors' Responsibilities Statement

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 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 company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 are also responsible for safeguarding the assets of the company 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future developments

Glass Futures, St Helens 166,000 sq ft completed in the year, whilst planning consents were secured for Brookfield Business Park, Liverpool 72,050 sq ft; Estuary Commerce Park, Liverpool 131,500 sq ft. A lease for 5.8 acres of land at Alchemy Britonwood was exchanged during the year and completed post year-end.

NETWORK SPACE LAND LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors and the directors of associated companies. These provisions were in place throughout the year and remain in force at the date of this report.

Post balance sheet events

The following dormant subsidiaries were dissolved on 29th August 2023: NS Shelfco 2 Ltd, NS Shelfco 3 Ltd and NS North East Nominees Ltd.

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'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's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, 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: 13/12/2023



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

Opinion

We have audited the financial statements of Network Space Land Limited (the 'company') for the year ended 30 June 2023, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and 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 company's affairs as at 30 June 2023 and of its 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 company 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and inflation, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.



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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

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 themselves. 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 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 company or to cease operations, or have no realistic alternative but to do so.



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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and *determined that the most significant directly relevant to specific assertions in the financial statements are those related to the reporting framework FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Companies Act 2006 and the relevant tax compliance regulations.*
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Challenge assumptions and judgements, made by management in its significant accounting estimates;
 - Consideration for the potential for fraud in revenue recognition;
 - Identifying and testing journal entries; and
 - Identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature;
- The engagement teams' discussions in respect of potential non-compliance with laws and regulations and fraud included the risk of fraud in revenue recognition.



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

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
 - the entity's control environment, including management's knowledge of relevant laws and regulations and how the Company is complying with those laws and regulations, the adequacy of procedures for authorisation of transactions, and procedures to ensure that possible breaches of law and regulations are appropriately resolved.
 - We enquired of management whether they were aware of any instances or noncompliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

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.

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 14/12/2023

NETWORK SPACE LAND LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 £000	2022 £000
Turnover	4	13,278	20,419
Cost of sales		(13,439)	(14,748)
Gross (loss)/profit		(161)	5,671
Administrative expenses		(452)	(423)
Loss on disposal of investment properties	5	-	(13)
Appropriation to investment property	5	5,163	-
Government grants receivable	5	-	997
Operating profit	5	4,550	6,232
Interest receivable and similar income	9	-	64
Interest payable and expenses	10	(631)	(225)
Profit before tax		3,919	6,071
Tax on profit	11	(815)	(797)
Profit for the financial year		3,104	5,274

There were no recognised gains and losses for 2023 or 2022 other than those included in the Profit and Loss Account.

There was no other comprehensive income for 2023 (2022: £Nil).

The notes on pages 14 to 28 form part of these financial statements.

NETWORK SPACE LAND LIMITED
REGISTERED NUMBER: 01604509

BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investment property	15	6,950	-
Current assets			
Stocks	16	13,058	15,264
Debtors: amounts falling due within one year	17	1,164	8,006
Cash at bank and in hand	18	40	186
		<u>14,262</u>	<u>23,456</u>
Creditors: amounts falling due within one year	19	(16,880)	(22,228)
Net current (liabilities)/assets		<u>(2,618)</u>	<u>1,228</u>
Total assets less current liabilities		<u>4,332</u>	<u>1,228</u>
Net assets		<u><u>4,332</u></u>	<u><u>1,228</u></u>
Capital and reserves			
Called up share capital	21	52	52
Other reserve	22	4,105	-
Profit and loss account	22	175	1,176
Total equity		<u><u>4,332</u></u>	<u><u>1,228</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: 13/12/2023

The notes on pages 14 to 28 form part of these financial statements.

NETWORK SPACE LAND LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital	Other reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2022	52	-	1,176	1,228
Comprehensive income for the year				
Profit for the year	-	-	3,104	3,104
Transfer to/from profit and loss account	-	4,105	(4,105)	-
At 30 June 2023	52	4,105	175	4,332

Included in profit is £5,163,000 relating to revaluation on which corporation tax of £1,058,000 has been charged.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2021	52	6,804	4,098	10,954
Comprehensive income for the year				
Profit for the year	-	-	5,274	5,274
Dividends: Equity capital	-	-	(15,000)	(15,000)
Transfer to/from profit and loss account	-	(6,804)	6,804	-
At 30 June 2022	52	-	1,176	1,228

The notes on pages 14 to 28 form part of these financial statements.

NETWORK SPACE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. General information

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

The principal activity of Network Space Land Limited is to act as a property development company for the Network Space Holdings Group.

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

The functional and presentational currency is pound sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Network Space Holdings Limited as at 30 June 2023 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property.

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)

2.4 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.5 Going concern

The directors produce quarterly business plans that include the company's activities, which run to December 2024. These forecasts identify that the company can continue to meet its day to day working capital requirements through a mixture of available cash resources, group funding and external lending facilities.

The Board scrutinise the business plans on a regular basis, using techniques including scenario modelling and IRR monitoring. Sensitivity analysis is regularly performed on rental levels, exit yields, costs and interest rates. At the time of signing the accounts, the Board are satisfied that the activities of the company remain profitable.

The directors confirm that should it be required, financial support from the parent company remains available, and that no company in the group will recall any amount owed to it by the company, unless the company is in a position to meet the repayment.

The main Group Board of Network Space Holdings continue to meet at regular, frequent intervals, which in addition to the operational Board cycles ensure that the Group's resources are adequately allocated to its subsidiaries at the correct time.

At the time of signing of the financial statements, the directors are satisfied that the processes employed to monitor business operations remain robust and the results of these processes continue to confirm that adoption of the going concern assumption is correct.

2.6 Revenue

Rental income is derived from the provision of commercial workspaces to customers during the year. All income is derived in the UK. Rental incentives are spread over the life of the related lease. Sales of investment properties are recorded in profit on sale of investment properties.

Income from the sale of developments is recognised at the point which the economic benefits flow to the company and the revenue can be reliably measured.

Development management fee income is recognised at the point the budgeted development costs are incurred.

2.7 Interest income

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

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)**2.8 Finance costs**

Finance costs are charged to the 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.

2.9 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:

Short-term leasehold property	- life of lease
Plant and machinery, fixture and fittings etc	- 4 - 33% 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 Profit and Loss Account.

2.10 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition:

i. Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the Profit and Loss Account in the period that they arise; and

ii. No depreciation is provided in respect of investment properties applying the fair value model.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)

2.12 Stocks

Stocks 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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 the Profit and Loss Account.

2.13 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.

2.14 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.

2.15 Creditors

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

2.16 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.

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 Profit and Loss Account.

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 company 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 no intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NETWORK SPACE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. Accounting policies (continued)

2.17 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the 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 company 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.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 in the countries where the company operates and generates income.

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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.19 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.

2.20 Grant income

Grant income in respect of investment or development properties is held on the Balance Sheet. Investment properties are deemed to have an indefinite useful life, as such the grant income is only recorded in the Profit and Loss Account once the required conditions have been met.

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)

2.21 Transfer of items

Where a property is appropriated from stock to investment property, it is done so at fair value, which may be higher than cost. The difference between the fair value of the property at that date and its previous carrying amount is recognised in the profit and loss accounts.

3. Judgements in applying accounting policies 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 and the amounts reported for revenues and expenses 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 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.

Taxation

The company 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.

Revaluation of investments properties

The company carries its investment property at fair value, with changes in fair value being recorded in the profit and loss account.

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

4. Turnover

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

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Sale of trading developments	-	6,491
Investment property rentals	536	602
Development management fee	12,742	13,326
	<u>13,278</u>	<u>20,419</u>

All turnover arose within the United Kingdom.

5. Other operating income/(expenses)

	2023 £000	2022 £000
Loss on disposal of investment properties	-	(13)
Revaluation of investment property	5,163	-
Government grants receivable	-	997
Operating lease payments	(275)	(275)
	<u>4,888</u>	<u>709</u>

6. Auditor's remuneration

	2023 £000	2022 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>20</u>	<u>17</u>

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

7. Employees

There were no employees of the business in either current or the prior year other than the directors of the company. All employee costs are incurred by Network Space Holdings Limited and recharged to the company's parent, Network Space Developments Limited.

8. Directors' remuneration

Remuneration of directors was incurred by Network Space Holdings Limited in both the current and prior years. All retirement and other benefits accruing to directors were also incurred by Network Space Holdings Limited.

9. Interest receivable

	2023	2022
	£000	£000
Interest receivable from group companies	-	62
Other interest receivable	-	2
	<u>-</u>	<u>64</u>
	<u><u>-</u></u>	<u><u>64</u></u>

10. Interest payable and similar expenses

	2023	2022
	£000	£000
Loans from group undertakings	623	225
Other interest payable	8	-
	<u>631</u>	<u>225</u>
	<u><u>631</u></u>	<u><u>225</u></u>

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

11. Taxation

	2023	2022
	£000	£000
Corporation tax		
Current tax on profits for the year	749	2,133
Adjustments in respect of previous periods	-	(5)
	<u>749</u>	<u>2,128</u>
Total current tax	<u>749</u>	<u>2,128</u>
Deferred tax		
Origination and reversal of timing differences	66	(1,628)
Effect of tax rate change on opening balance	-	297
Total deferred tax	<u>66</u>	<u>(1,331)</u>
Taxation on profit on ordinary activities	<u>815</u>	<u>797</u>
Factors affecting tax charge for the year		

The tax assessed for the year is higher than (2022: *lower than*) the standard rate of corporation tax in the UK of 20.50% (2022: 19%). The differences are explained below:

	2023	2022
	£000	£000
Profit on ordinary activities before tax	<u>3,919</u>	<u>6,071</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.50% (2022: 19%)	803	1,153
Effects of:		
Fixed asset differences	-	(253)
Chargeable gains/(losses)	-	(4)
Expenses not deductible for tax purposes	1,058	-
Income not taxable for tax purposes	(1,058)	-
Remeasurement of deferred tax for change in tax rates	12	(94)
Adjustments to tax charge in respect of prior periods	-	(5)
Total tax charge for the year	<u>815</u>	<u>797</u>

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

11. Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. When the Company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

12. Dividends

	2023 £000	2022 £000
Dividends £Nil per ordinary share (2022: £288.11 per ordinary share)	-	15,000

13. Tangible fixed assets

	Plant, machinery & fixtures & fittings £000
Cost	
At 1 July 2022	3
Disposals	(2)
At 30 June 2023	1
Depreciation	
At 1 July 2022	3
Disposals	(2)
At 30 June 2023	1
Net book value	
At 30 June 2023	-
At 30 June 2022	-

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

14. Subsidiary undertakings**Direct or indirect subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
NS Festival Gardens Limited	Property Development	Ordinary	100%
NS (PDMS) Limited	Property Management	Ordinary	100%
NS Investments North East Limited	Property Development	Ordinary	100%
St Helens Stadium Limited	Property Management	Ordinary	100%
Network Space NE Limited*	Dormant	Ordinary	100%
NS Managed Services Limited	Dormant	Ordinary	100%
NS Shelfco 1 Limited	Dormant	Ordinary	50%
NS Shelfco 2 Limited	Dormant	Ordinary	100%
NS Shelfco 3 Limited	Dormant	Ordinary	100%
NS North East Nominees Limited*	Dormant	Ordinary	100%

*Network Space NE Limited and NS North East Nominees Limited are direct subsidiaries of NS Investments North East Limited.

The registered office address of all of the above subsidiary undertakings is Centrix House, Crow Lane East, Newton Le Willows, St Helens Merseyside, WA12 9UY.

15. Investment property

	Freehold investment property £000
Valuation	
At 1 July 2022	-
Appropriation from stock to investment property	1,787
Surplus on revaluation	5,163
At 30 June 2023	6,950

The historical cost of re-valued investment properties as at 30 June 2023 was £1,787k (2022: £Nil).

The 2023 valuations were made by Jones Lang LaSalle, on an open market value for existing use basis.

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

16. Stocks

	2023	2022
	£000	£000
Land and properties held for development	13,058	15,264

Stocks are stated after provisions for impairment of £1,650,000 (2022: £Nil).

17. Debtors

	2023	2022
	£000	£000
Trade debtors	250	1,347
Amounts owed by group undertakings	10	28
Other debtors	43	988
Prepayments and accrued income	423	5,139
Deferred taxation	438	504
	1,164	8,006

A provision for bad debt of £125k (2022: £79k) was recognised against trade debtors.

Amounts owed by group undertakings are repayable on demand.

18. Cash and cash equivalents

	2023	2022
	£000	£000
Cash at bank and in hand	40	186

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

19. Creditors: Amounts falling due within one year

	2023	2022
	£000	£000
Deposits	33	33
Trade creditors	86	137
Amounts owed to group undertakings	13,749	15,675
Corporation tax	749	720
Rents in advance	-	41
Other creditors	166	149
Accruals and deferred income	2,097	5,473
	<u>16,880</u>	<u>22,228</u>

Amounts owed to group companies falling within one year are repayable on demand and interest is charged at a commercial rate.

20. Deferred taxation

	2023
	£000
At beginning of year	504
Charged to profit or loss	(66)
At end of year	<u>438</u>

The deferred tax asset is made up as follows:

	2023	2022
	£000	£000
Fixed asset timing differences	447	514
Short term timing differences	(9)	(10)
	<u>438</u>	<u>504</u>

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

21. Share capital

	2023	2022
	£000	£000
Allotted, called up and fully paid		
52,063 (2022: 52,063) Ordinary shares of £1 each	52	52

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.

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

22. Reserves**Other reserve**

Includes all historic revaluations of stock appropriated to investment properties less current tax recognised on these revaluations.

Profit and loss account

Includes all current and prior periods retained profits and losses.

23. Commitments under operating leases

At 30 June 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£000	£000
Not later than 1 year	275	275
Later than 1 year and not later than 5 years	1,100	1,100
Later than 5 years	9,147	9,422
	10,522	10,797

NETWORK SPACE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

24. Receipts under operating leases

At 30 June 2023 the company had future minimum lease receipts under non-cancellable operating leases as follows;

	2023	2022
	£000	£000
Not later than 1 year	5	336
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>5</u>	<u>336</u>

25. Related party transactions

As a wholly owned subsidiary of Datum Edge Limited, the company is exempt from the requirements of FRS102 Section 33 to disclose transactions with members of the group.

No key management personnel received remuneration from the company in either current or prior year.

26. Ultimate holding company and controlling party

The parent and controlling party of the company is Network Space Developments Limited, a company registered in England and Wales, which is also a subsidiary of Network Space Holdings Limited. Network Space Holdings Limited is a 100% subsidiary of Datum Edge Limited and the smallest group into which Network Space Land Limited is consolidated. The majority of the shares in Datum Edge Limited are owned by Mr R Ainscough who is the ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent undertaking, Datum Edge Limited. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.