

Registered number: 03674369

NETWORK SPACE (NETWORKCENTRES) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



NETWORK SPACE (NETWORKCENTRES) LIMITED

COMPANY INFORMATION

Directors	R J Ainscough M J Mellor D M Adamson
Registered number	03674369
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 (NETWORKCENTRES) LIMITED

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NETWORK SPACE (NETWORKCENTRES) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report and the financial statements for the year ended 30 June 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,083,259 (2018 - £7,405,124).

Dividends paid amounted to £15,000,000 (2018: £5,500,000).

Directors

The directors who served during the year were:

R J Ainscough
M J Mellor
D M Adamson
N Jones (resigned 21 February 2019)

Directors' responsibilities statement

The directors are responsible for preparing 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.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

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.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



D M Adamson
Director
Date: 25 June 2020



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

Opinion

We have audited the financial statements of Network Space (Networkcentres) Limited (the 'company') for the year ended 30 June 2019, 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 2019 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



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

Conclusions relating to going concern

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the company will continue in operation.

Other information

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

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

We have nothing to report in this regard.



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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 (NETWORKCENTRES)
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.

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 FCCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool

Date: 25 June 2020

NETWORK SPACE (NETWORKCENTRES) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 £	2018 £
Turnover	4	985,299	3,149,256
Admin expenses		(278,461)	(870,756)
Operating profit		706,838	2,278,500
(Loss)/Profit on sales of fixed assets		(49,820)	258,230
Interest receivable and similar income	7	143,950	-
Interest payable and similar expenses	8	(168,936)	(312,308)
Revaluation of investment property		-	6,070,000
Profit before tax		632,032	8,294,422
Tax on profit	9	451,227	(889,298)
Profit for the financial year		1,083,259	7,405,124

The notes on pages 10 to 20 form part of these financial statements.

NETWORK SPACE (NETWORKCENTRES) LIMITED
REGISTERED NUMBER:03674369

BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Fixed assets			
Investment property	11	-	32,060,000
		<u>-</u>	<u>32,060,000</u>
Current assets			
Debtors	12	1,624,328	162,781
Cash at bank and in hand	13	172,190	621,648
		<u>1,796,518</u>	<u>784,429</u>
Creditors: amounts falling due within one year	14	(1,095,972)	(17,390,023)
Net current assets/(liabilities)		<u>700,546</u>	<u>(16,605,594)</u>
Total assets less current liabilities		<u>700,546</u>	<u>15,454,406</u>
Provisions for liabilities			
Deferred tax liability	15	-	(837,119)
		<u>-</u>	<u>(837,119)</u>
Net assets		<u><u>700,546</u></u>	<u><u>14,617,287</u></u>
Capital and reserves			
Called up share capital	16	100	7,500,100
Revaluation reserve	17	-	6,801,233
Profit and loss account	17	700,446	315,954
		<u><u>700,546</u></u>	<u><u>14,617,287</u></u>

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

D M Adamson

D M Adamson
 Director
 Date: 25 June 2020

The notes on pages 10 to 20 form part of these financial statements.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 July 2018	7,500,100	6,801,233	315,954	14,617,287
Total comprehensive income for the year				
Profit or loss	-	-	1,083,259	1,083,259
Cancellation of shares	(7,500,000)	-	7,500,000	-
Transfer between reserves	-	(6,801,233)	6,801,233	-
Dividends	-	-	(15,000,000)	(15,000,000)
Balance at 30 June 2019	<u>100</u>	<u>-</u>	<u>700,446</u>	<u>700,546</u>

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

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 July 2017	7,500,100	949,942	4,262,121	12,712,163
Total comprehensive income for the year				
Profit or loss	-	-	7,405,124	7,405,124
Transfer between reserves	-	(218,709)	218,709	-
Revaluation of investment property	-	6,070,000	(6,070,000)	-
Dividends	-	-	(5,500,000)	(5,500,000)
Total transactions with owners	<u>-</u>	<u>-</u>	<u>(5,500,000)</u>	<u>(5,500,000)</u>
Balance at 30 June 2018	<u>7,500,100</u>	<u>6,801,233</u>	<u>315,954</u>	<u>14,617,287</u>

The notes on pages 10 to 20 form part of these financial statements.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The 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 (£).

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 2019 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. See note 2.9 for further information.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.4 Going concern

The directors have produced forecasts and business models for the company covering the period to June 2021. These forecasts identify that the company can meet its day to day working capital requirements through current cash resources and availability of group funding through its parent company Network Space Holdings Limited.

In light of the increased economic uncertainty caused by the ongoing Covid-19 pandemic, the directors have obtained confirmation of support from their parent company to ensure that adequate financial support is available should it be required and confirmation that no company within the group will recall any amounts due from another group company unless the company owing any amounts are in a position to do so.

The Network Space Holdings Board has scrutinised the business models and tested the robustness of future trading forecasts, of all businesses in the group, and has satisfied itself with the assumptions and results and believe that the group has sufficient cash resources available to provide continued financial support to each company within the group for at least the next 12 months. Therefore the directors continue to adopt the going concern basis in preparing the annual report and accounts.

2.5 Revenue

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

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

2.6 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.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)**2.7 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.

2.8 Interest income

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

2.9 Investment property

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

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

2.10 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.

2.11 Cash and cash equivalents

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

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)**2.12 Creditors**

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

2.13 Financial instruments

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

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the 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 an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 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 directors.

2.15 Leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet 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.

Revaluation of investment properties

The company carries its investment property at fair value, with changes in fair value being recorded in the Profit and Loss Account. Valuations are sensitive to estimated yields and occupancy rates. See note 11 for further information.

Taxation

The company establishes tax provisions based on reasonable estimates. The amounts of such provisions are 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.

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.

5. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>5,000</u>	<u>4,000</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.

6. Employee costs and remuneration of directors

No directors' remuneration was paid in the year (2018: £Nil). The company had no employees during the current or preceding financial year. All employees are remunerated through Network Space Holdings Limited.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

7. Interest receivable

	2019 £	2018 £
Other interest receivable	143,950	-
	<u>143,950</u>	<u>-</u>

8. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	167,235	312,308
Other interest payable	1,701	-
	<u>168,936</u>	<u>312,308</u>

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the period	79,053	451,042
Adjustments in respect of prior periods	(28,617)	61,858
Group relief payable	48,311	-
s171A transfers payable	297,281	-
Total current tax	<u>396,028</u>	<u>512,900</u>
Deferred tax		
Origination and reversal of timing differences	(833,926)	376,398
Effect of tax rate change on opening balance	49,086	-
Adjustments in respect of prior periods	(62,415)	-
Total deferred tax	<u>(847,255)</u>	<u>376,398</u>
Total tax	<u>(451,227)</u>	<u>889,298</u>

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	632,032	8,294,422
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19.00%)	120,086	1,575,940
Effects of:		
Expenses not deductible for tax purposes	-	241
Income not taxable for tax purposes	-	(1,153,300)
Fixed asset differences	(469,173)	(49,064)
Payment for s171A transfers	297,281	-
Group relief (claimed)	(48,311)	-
Payment for group relief	48,311	-
Other tax adjustments, reliefs and transfers	-	17,029
Chargeable gains/(losses)	(357,475)	1,286,030
Adjustments to tax charge in respect of prior periods	(91,032)	61,858
Adjust closing deferred tax to average rate of 19.00%	-	(100,708)
Adjust opening deferred tax to average rate of 19.00%	49,086	-
Deferred tax not recognised	-	(810,372)
S171a tax relief reversal	-	61,644
Total tax charge for the year	(451,227)	889,298

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

10. Dividends

	2019 £	2018 £
Dividends: £150,000 per ordinary share (2018: £55,000 per A & B share)	<u>15,000,000</u>	<u>5,500,000</u>

11. Investment property

	Freehold investment property £
At 1 July 2018	32,060,000
Disposals	(32,060,000)
At 30 June 2019	<u><u>-</u></u>

The historical cost of re-valued investment properties as at 30 June 2019 was £Nil (2018: £22,729,196).

12. Debtors

	2019 £	2018 £
Trade debtors	-	2,767
Amounts owed by group undertakings	1,572,059	-
Other debtors	5,384	1,417
Prepayments and accrued income	36,749	158,597
Deferred taxation	10,136	-
	<u><u>1,624,328</u></u>	<u><u>162,781</u></u>

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	172,190	621,648

14. Creditors: amounts falling due within one year

	2019 £	2018 £
Deposits	73,806	539,760
Trade creditors	20,061	107,539
Rents in advance	-	244,833
Amounts payable to parent undertakings	463,671	15,767,136
Corporation tax	16,200	299,834
Other creditors	10,387	139,622
Accruals and deferred income	511,847	291,299
	<u>1,095,972</u>	<u>17,390,023</u>

15. Deferred taxation

	2019 £	2018 £
At beginning of year	(837,119)	(460,721)
Charged to profit or loss	847,255	(376,398)
At end of year	<u>10,136</u>	<u>(837,119)</u>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	10,136	(484,853)
Capital gains/(losses)	-	(352,266)
	<u>10,136</u>	<u>(837,119)</u>

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

16. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
0 (2018: 49) Ordinary 'A' shares of £1 each	-	49
0 (2018: 51) Ordinary 'B' shares of £1 each	-	51
0 (2018: 7,500,000) 'C' shares of £1 each	-	7,500,000
100 (2018 - 0) Ordinary Shares shares of £1 each	100	-
	<u>100</u>	<u>7,500,100</u>

In the year 7,500,000 'C' shares were waived by the shareholder, the reduction in share capital was transferred to the profit and loss account and included within distributable reserves. At this point the remaining 'A' and 'B' shares combined to 100 ordinary shares.

'A' shares, 'B' shares and 'C' shares were separate classes of shares and ranked *pari passu* in all respects except for the following:

Rights of the 'C' shares

Income

The profits of the company available for dividend and resolved to be distributed in respect of each financial year of the company shall be applied first in payment of dividends to the holders of 'A' shares and 'B' shares but so that the gross amount so paid in respect of each financial year shall not exceed £20,000,000 and the balance (if any) of such profits should be distributed by way of dividend as to 99/100 to the holders of the 'A' shares and the 'B' shares and as to 1/100 to the holders of the 'C' shares.

Capital

On a return of capital on a winding up or otherwise the assets of the company available for distribution amongst the members shall be applied in repayments to the holders of 'A' shares and the 'B' shares of the amount paid up on such shares together with a premium of £1,000,000 per share. The balance of such assets shall be distributed amongst the holders of the 'A' shares, the 'B' shares and the 'C' shares ratably according to the amounts paid up on such shares. This is provided the amount payable to the holders of the 'C' shares shall not in any event exceed the amount paid up on the 'C' shares, and the 'C' shares shall not entitle the holders thereof to any further or other right of participation in the assets of the company.

Voting

The 'C' share shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the company.

17. Reserves

Revaluation reserve

Includes all historic revaluations on investment properties.

Profit and loss account

Includes all current and prior period retained profits and losses.

NETWORK SPACE (NETWORKCENTRES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Receipts under operating leases

At 30 June 2019 the company had future minimum lease receipts under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	-	1,891,297
Later than 1 year and not later than 5 years	-	2,441,557
Later than 5 years	-	146,382
	<u>-</u>	<u>4,479,236</u>

19. Commitments under operating leases

The company had no commitments under the non-cancellable operating leases as at the Balance Sheet date.

20. Related party transactions

As a wholly owned subsidiary of Datum Edge Limited, the company is exempt from requirements of FRS 102 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.

21. Ultimate holding company and controlling party

The parent of the company is Network Space Investments Limited, registered in England. The results of Network Space (Networkcentres) Limited are consolidated in the financial statements of Network Space Holdings Limited, which leads the smallest group into which the results of the company are consolidated. Copies of Network Space Ltd accounts can be obtained from the company's registered office, Centrix House, Crow Lane East, Newton-Le-Willows, Merseyside, WA12 9UY.

The ultimate parent of the company is Datum Edge Limited a company registered in England, which heads the largest group into which the results of the company are consolidated. Copies of Datum Edge Limited accounts can be obtained from the company's registered office, Centrix House, Crow Lane East, Newton-Le-Willows, Merseyside, WA12 9UY.

The ultimate controlling party is R J Ainscough by venture of his controlling shares in Datum Edge Limited.