

Registered number: 08028388

NETWORK SPACE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020



NETWORK SPACE HOLDINGS LIMITED

COMPANY INFORMATION

Directors

R Ainscough
D Adamson
S Barnes
N Jones
M Mellor

Registered number

08028388

Registered office

Centrix House
Crow Lane East
Newton Le Willows
Merseyside
WA12 9UY

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Royal Liver Building
Liverpool
L3 1PS

NETWORK SPACE HOLDINGS LIMITED

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NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Objective

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

Strategy

The board of directors recognise their responsibilities in developing and delivering a robust and effective strategy in order to deliver the stated objective of the group. The political and economic uncertainty arising as a result of Brexit, coupled with the impact of the Covid-19 pandemic requires that strategy is reviewed and reassessed frequently, the board meet regularly with Strategy being a permanent item on the agenda.

Furthermore, to ensure speed of response to the fast-changing circumstances and consequent restrictions being imposed due to the Covid-19 pandemic the board meet on a weekly basis to discuss operational and administrative matters.

Once the initial shock of lockdown had passed, occupier and investment demand for industrial property sector has been relatively robust through the pandemic. The accelerated growth in e-commerce and the increased domestic consumer spending in areas such as home improvements, all of which requires some form of warehousing during its journey through the supply chain, has resulted in a sustained, and in some cases increased, level of enquiries for available property. Furthermore, a decline in investor sentiment for retail and office has led to an increase in demand for industrial property.

The board continue to pursue a group corporate strategy of value creation and continuous improvement through:

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

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

Vision

To provide the best and most complete solution for industrial workspace

Mission

The purpose of our business:

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

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Strategy (continued)

Values

Our beliefs and our standards of conduct:

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

Business Model

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

Matters of strategic importance

In the year Network Space Holdings has repaid loans totalling £23.625m to its parent company Datum Edge Limited. The loan balance at the year end is £nil (2019: £23.625m), meaning the company does not carry any corporate debt.

Analysis of performance and position

Financial

At the year-end balance sheet date of 30th June 2020, the consolidated profit and loss account reports a profit before tax of £19.1m (2019: £20.0m). The table below show how this has been achieved:

	£m
Retained portfolio income returns	3.6
Profits on the sale of investment property	0.0
Increases in the value of retained investment property	3.5
Profits on development activity	12.6
Management Fees and Other income	4.0
	<u>23.7</u>
Overheads and interest	<u>(4.6)</u>
Profit Before Tax	<u>19.1</u>

The consolidated balance sheet shows an investment portfolio valued at £93.5m, development land stock of £8.8m and cash at bank and in hand of £3.5m. £21m was drawn on the investment RCF and development loans stood at £5.1m, equating to a group wide ratio of 22% for loans as a percentage of total land and property assets. This is in keeping with the group's prudent approach to financing and is considered to be a very strong platform from which to continue the group's growth and success.

The cash position has increased by a net £398k during the year.

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Analysis of performance and position (continued)

Commercial

The group continued its strategy of delivering a mix of speculative, pre-let and pre-sold industrial development schemes. In the year, over 125,000 {Element = 103,550, Central 23 = 23,500} sq ft of new industrial space was completed with a further 280,000 {Ashroyd BP = 109,040, Raven Locks = 172,000} sq ft under construction. The design and planning applications for several further schemes were also advanced during the year.

In March 2020 we were delighted to deliver Tameside Wellness Centre in Denton, Manchester on time and on budget. The project transformed an abandoned battery manufacturing plant into a flagship health and well-being centre.

Assets under management totalled £240m, comprising 460 units across 4 million sq ft, collecting rents of £15.37m p.a. Since the onset of the Covid-19 we are proud to have averaged a rent collection rate of over 95%.

Trends and factors

The industrial property sector as a whole has continued to perform comparatively well during the reported financial year in which the impact of Covid-19 and continued Brexit uncertainty took their toll.

Key performance indicators (KPIs)

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

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

Principal risks and uncertainties

Credit risk

Credit risk is managed by a detailed credit assessment of every tenancy application, overseen by the Group Finance Director. The credit rating and key appointments of the top tenancies by value are actively monitored and form part of the management accounts reporting. Trade debts are closely monitored and regular meetings are held to agree recovery strategies.

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

Revenue risk

Revenue is principally made up of rental income, management fees and development asset sales. Directors actively monitor and report movement in rental values and associated yields, with budgets for quoting terms adjusted accordingly.

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

Principal risks and uncertainties (continued)**Planning risk**

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

Political, Economic, Sociological, Technological, Legal and Environmental risk

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

Interest rates risk

The group is prudent with regard to debt financing and does not typically allow the LTV of investment property loans to increase above 50%. Debt is only obtained on development schemes when there is confidence that it will enhance IRR or when project risk has been mitigated, e.g. by forward sale or pre-let. The Directors use a number of analyses to ensure income returns continue to exceed borrowing costs.

Long-term business forecasts regularly test resilience to an increase in interest rates. The group interest cover significantly exceeds that required by the bank loan facility. In order to provide certainty against volatility an interest rate swap against debt of £20 million was entered in to during the year.

Valuation risk

The investment portfolio is regularly valued, as instructed by either Directors or HSBC UK Bank plc. The valuation policy is to adopt JLL's valuations as they are conducted (whether instructed by the bank or not). All values are audited.

COVID-19

The COVID-19 pandemic has been prevalent for a large proportion of the reported financial year and it has been observed that occupier and investment demand for industrial property has been relatively robust, if not enhanced, in comparison to previous years.

To ensure speed of response to the fast-changing circumstances and consequent restrictions being imposed due to the Covid-19 pandemic the board meet on a weekly basis to discuss operational and administrative matters. The negative impact of Covid-19 has not been as severe to the performance of the group as the board had prepared for, the following key risk areas having been identified with their associated performance noted:

Principal Covid-19 risks

Risk	Associated performance / mitigation
Rent collection	Collection rates averaging in excess of 95% across all portfolios
Reduction in enquiries for vacant space	Recovered to comparable levels year on year, after initial shock of lockdown measures
Delays to / failure of contracted development agreements or property sales	All continue or have completed as planned
Construction contract delays	Minimal delays experienced, none causing consequential damages
Decline of real estate investor sentiment	Evident in retail and office sectors, industrial sector has remained robust
Collection of management fees from clients	Received in full
Staff being able to work effectively from home	IT systems have performed as expected, home office equipment delivered to staff homes as required.
Staff engagement and support when working from home	Operating in small teams which meet virtually on a regularly basis; regular online social events

NETWORK SPACE HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

COVID -19 (continued)

The board are of the opinion that the group's performance through the pandemic compares very favourably to that of its peers in the sector, and the results for the financial year serve to demonstrate this. Our workforce has remained generally busy through the pandemic, the group has not furloughed any member staff nor made any redundancies and there are no plans to do so in the future.

For each operating company in the group, and for the group itself, a detailed and prudent modelling of income and expenditure is regularly undertaken. This ensures that there are sufficient cash and debt reserves immediately available to provide sufficient cover for overheads (with all staff working their usual contracted hours on full pay) and bank loan interest (and in compliance with banking covenants) for a period of at least 12 months.

The group does not maintain a formal policy for dividends; earnings have historically been retained for reinvestment for future growth and this is intended to remain the case. Dividends are only considered when the company board are satisfied that there are sufficient capital and reserves on the balance sheet to make distributions.

The board are of the reasonable expectation that the company will continue to be viable and profitable for the foreseeable future. The board do not consider there to be any transactions or balances in the reported year, or previous, that require restatement as a consequence of the Covid-19 pandemic.

Environmental, employee, social, community and human rights matters

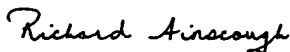
All new developments undertaken by the group are awarded a BREEAM rating of "Very Good" or "Excellent" and EPC ratings of B and higher.

As at the 30th June 2020 Network Space Holdings employed 16 male and 22 female members of staff. The board of directors was made up of 4 males and 1 female.

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

During the financial year the group made charitable contributions totalling £154,821, through both direct donations, sponsorship and the supporting of fundraising events

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



R Ainscough

Director

Date: 30/6/2021

NETWORK SPACE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Financial performance

The profit for the year, after taxation and minority interests, amounted to £14,443 thousand (2019 - £17,727 thousand).

Dividends

The company paid a dividend of £Nil (2019: £59.8m) to shareholders.

Directors

The directors who served during the year were:

R Ainscough
D Adamson
S Barnes
N Jones
M Mellor

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

NETWORK SPACE HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Post balance sheet events

Outside of the ordinary course of trading (ie sales of both investment property and new developments), there have been no significant events affecting the group since the year end.

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: 30/6/2021



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

Opinion

We have audited the financial statements of Network Space Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2020, which comprise the Consolidated Profit and Loss Account, the Consolidated and company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 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 and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its 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 when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS 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 Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.



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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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



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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 30/6/2021

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 £000	2019 £000
Turnover		35,501	18,613
Expenses		(19,495)	(13,092)
Exceptional items		12	-
Profit on disposal of tangible fixed assets		(29)	2,416
Revaluation of investment property	16	3,510	10,090
Government grants receivable		-	977
Operating profit	5	19,499	19,004
Share of profit of associates	15	-	1,313
Total operating profit		19,499	20,317
Dividends received		-	2
Interest receivable and similar income	9	514	175
Interest payable and expenses	10	(900)	(513)
Profit before taxation		19,113	19,981
Tax on profit	11	(4,011)	(2,254)
Profit for the financial year		15,102	17,727
Profit for the year attributable to:			
Non-controlling interests		659	-
Owners of the parent company		14,443	17,727
		15,102	17,727

All amounts relate to continuing operations.

There were no recognised gains and losses for 2020 or 2019 other than those included in the Consolidated Profit and Loss account.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 20 to 44 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER:08028388

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	119	105
Tangible assets	14	85	98
Investments	15	-	1,675
Investment property	16	93,554	78,146
		<u>93,758</u>	<u>80,024</u>
Current assets			
Stocks	17	8,858	16,780
Debtors: amounts falling due within one year	18	13,019	7,967
Cash at bank and in hand	19	3,543	3,145
		<u>25,420</u>	<u>27,892</u>
Creditors: amounts falling due within one year	20	(15,962)	(41,725)
Net current assets/(liabilities)		<u>9,458</u>	<u>(13,833)</u>
Total assets less current liabilities		<u>103,216</u>	<u>66,191</u>
Creditors: amounts falling due after more than one year	21	(21,000)	-
Provisions for liabilities			
Deferred taxation	23	(3,459)	(2,725)
		<u>(3,459)</u>	<u>(2,725)</u>
Net assets		<u><u>78,757</u></u>	<u><u>63,466</u></u>

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER:08028388

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Capital and reserves			
Called up share capital	24	47	47
Share premium account	25	180	-
Capital redemption reserve	25	5	5
Investment property reserve	25	19,689	16,680
Profit and loss account	25	57,397	46,734
Equity attributable to owners of the parent company		77,318	63,466
Non-controlling interests		1,439	-
		78,757	63,466

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



D Adamson
Director

Date: 30/6/2021

The notes on pages 20 to 44 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER:08028388

COMPANY BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	43	-
Tangible assets	14	66	77
Investments	15	28,712	28,712
		<u>28,821</u>	<u>28,789</u>
Current assets			
Debtors: amounts falling due within one year	18	25,087	37,277
Cash at bank and in hand	19	1,396	485
		<u>26,483</u>	<u>37,762</u>
Creditors: amounts falling due within one year	20	(806)	(24,293)
Net current assets		<u>25,677</u>	<u>13,469</u>
Total assets less current liabilities		<u>54,498</u>	<u>42,258</u>
Provisions for liabilities			
Deferred taxation	23	(7)	-
		<u>(7)</u>	<u>-</u>
Net assets		<u><u>54,491</u></u>	<u><u>42,258</u></u>
Capital and reserves			
Called up share capital	24	47	47
Capital redemption reserve	25	5	5
Profit and loss account	25	54,439	42,206
		<u><u>54,491</u></u>	<u><u>42,258</u></u>

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

D Adamson

D Adamson

Director

Date: 30/6/2021

The notes on pages 20 to 44 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 1 July 2019	47	-	5	16,680	46,734	63,466	-	63,466
Comprehensive income for the year								
Profit for the year	-	-	-	-	14,443	14,443	659	15,102
Total comprehensive income for the year	-	-	-	-	14,443	14,443	659	15,102
Shares issued during the year	-	189	-	-	-	189	-	189
Property revaluations	-	-	-	3,365	(3,365)	-	-	-
Non controlling interest	-	(9)	-	(356)	(415)	(780)	780	-
Total transactions with owners	-	180	-	3,009	(3,780)	(591)	780	189
At 30 June 2020	47	180	5	19,689	57,397	77,318	1,439	78,757

The notes on pages 20 to 44 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 July 2018	47	2,068	15,005	34,051	54,368	105,539	655	106,194
Comprehensive income for the year								
Profit for the year	-	-	-	-	17,727	17,727	-	17,727
Total comprehensive income for the year	-	-	-	-	17,727	17,727	-	17,727
Dividends	-	-	-	-	(59,800)	(59,800)	-	(59,800)
Transfers	-	(2,068)	(15,000)	-	55,356	38,288	-	38,288
Transfers	-	-	-	(17,371)	17,371	-	-	-
Property revaluations	-	-	-	-	(38,288)	(38,288)	-	(38,288)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(655)	(655)
Total transactions with owners	-	(2,068)	(15,000)	(17,371)	(25,361)	(59,800)	(655)	(60,455)
At 30 June 2019	47	-	5	16,680	46,734	63,466	-	63,466

The notes on pages 20 to 44 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2019	47	5	42,206	42,258
Comprehensive income for the year				
Profit for the year	-	-	12,233	12,233
Total comprehensive income for the year	-	-	12,233	12,233
Total transactions with owners	-	-	-	-
At 30 June 2020	47	5	54,439	54,491

The notes on pages 20 to 44 form part of these financial statements.

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

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2018	47	5	29,387	29,439
Comprehensive income for the year				
Profit for the year	-	-	72,619	72,619
Total comprehensive income for the year	-	-	72,619	72,619
Contributions by and distributions to owners				
Dividends	-	-	(59,800)	(59,800)
Total transactions with owners	-	-	(59,800)	(59,800)
At 30 June 2019	47	5	42,206	42,258

The notes on pages 20 to 44 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2020**

	At 1 July 2019 £000	Cash flows £000	At 30 June 2020 £000
Cash at bank and in hand	3,145	398	3,543
Debt due after 1 year	-	(21,000)	(21,000)
Debt due within 1 year	(7,000)	7,000	-
	<u>(3,855)</u>	<u>(13,602)</u>	<u>(17,457)</u>

The notes on pages 20 to 44 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

Network Space Holdings 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.

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

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

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

The parent and group have taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

- the requirements of Section 7 to present a statement of cash flows
- the requirements of Section 33 to present related party disclosures;
- financial instrument disclosures including:
 - categories of financial instruments
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to management of financial risks

The information is included in the consolidated financial statements of Datum Edge Limited as at 30 June 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The following principal accounting policies have been applied:

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.2 Basis of consolidation

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

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

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

2.3 Going concern

The directors have produced forecasts and business models for the group covering the period to June 2024. These forecasts identify that the group can meet its day to day working capital requirements through current cash resources and availability of group funding.

Management produce quarterly business plans for each operating company, and at a wider group level, to take account of current and forecast trading conditions. In light of the recent economic uncertainty caused by the Covid-19 pandemic, the Board have closely scrutinised the plans and tested the robustness of assumptions made, including stress-testing scenarios for significant reductions in rental income, management fees and development turnover. At the time of signing the financial statements, no such reductions have materialised.

In light of the increased economic uncertainty caused by the ongoing Covid-19 pandemic, the directors have obtained confirmation of support from the group 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 main Group Board continues to meet at frequent, regular intervals, which in addition to regular Board cycles, ensure that adequate resource, skill and financial support is afforded to each area of the business in a timely manner.

At the time of signing the financial statements, the group had seen negligible impact on the operations of any of its businesses, with cash generation remaining strong, and the industrial property sector remaining buoyant. The directors are therefore satisfied that the regular processes employed to monitor business operations continue to confirm that adoption of the going concern assumption is correct.

2.4 Revenue

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

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

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

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

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss account in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss 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 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.11 Intangible assets

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

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

2.12 Tangible fixed assets

Tangible fixed assets under the cost model 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.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery, fixtures 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 profit or loss.

2.13 Investment property

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

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

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

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

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.15 Associates and joint ventures

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

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

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

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

2.16 Stocks

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

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

2.17 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.

2.18 Cash and cash equivalents

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

2.19 Creditors

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

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.20 Provisions for liabilities

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

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

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

2.21 Financial instruments

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

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

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

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

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

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

2.22 Dividends

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

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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

Critical accounting judgements and key sources of estimation uncertainty

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

Development expenditure

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

Revaluation of investment properties

The group carries its investment property at fair value, with changes in fair value being recorded in the profit and loss account. The properties have been valued by the directors as at 30 June 2019. Valuations are sensitive to estimated yields and occupancy rates, as well as current market conditions (see note 16).

Recoverability and impairment of non-financial assets

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

Taxation

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

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. Turnover

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

	2020	2019
	£000	£000
Sale of trading developments	16,719	6,556
Investment property rentals	4,951	5,888
Development management fee	12,833	5,635
Management of real estate fee	998	534
	<u>35,501</u>	<u>18,613</u>

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

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£000	£000
Amortisation of intangible assets, including goodwill	35	34
Depreciation of tangible fixed assets	35	28
	<u>70</u>	<u>62</u>

6. Auditor's remuneration

	2020	2019
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	16	14
	<u>16</u>	<u>14</u>

Fees payable to the Group's auditor and its associates in respect of:

Audit of financial statements of subsidiaries of the company	57	45
Taxation compliance services	13	21
Other services relating to taxation	-	49
	<u>70</u>	<u>115</u>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Employees

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

	Group and Company 2019 £000	<i>Group and Company 2018 £000</i>
Wages and salaries	2,878	2,248
Social security costs	312	270
Cost of defined contribution scheme	85	62
	<u>3,275</u>	<u>2,580</u>

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

	2020 No.	<i>2019 No.</i>
Administration	31	28
Management	6	5
	<u>37</u>	<u>33</u>

All employees were employed and remunerated by the company.

8. Directors' remuneration

	2020 £000	<i>2019 £000</i>
Directors' emoluments	1,488	1,155
Pension cost	31	32
	<u>1,519</u>	<u>1,187</u>

The aggregate of emoluments of the highest paid director was £667,587 (2019: £26,865) and company pension contributions of £8,288 (2019: £9,750) were made to a money purchase scheme on their behalf.

During the year retirement benefits accrued to four (2019: four) directors under a money purchase pension scheme.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

9. Interest receivable

	2020	2019
	£000	£000
Bank and other interest receivable	512	175
Interest receivable from HMRC	2	-
	<u>514</u>	<u>175</u>

10. Interest payable and similar expenses

	2020	2019
	£000	£000
Bank interest payable	586	471
Other loan interest payable	-	2
Loans from group undertakings	314	40
	<u>900</u>	<u>513</u>

11. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	3,254	1,592
Adjustments in respect of previous periods	23	(67)
s171A transfers payable	-	(62)
Group relief	-	246
Total current tax	<u>3,277</u>	<u>1,709</u>
Deferred tax		
Origination and reversal of timing differences	734	536
Adjustment in respect of prior year	-	(206)
Effect of tax rate change on opening balance	-	215
Total deferred tax	<u>734</u>	<u>545</u>
Taxation on profit on ordinary activities	<u>4,011</u>	<u>2,254</u>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	19,111	19,981
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	3,631	3,796
Effects of:		
Non-deductible expenses	35	415
Fixed asset timing differences	4	(660)
Income not taxable for tax purposes	(596)	(1,124)
Current tax - adjustment in respect of prior years	23	(67)
Deferred tax - adjustment in respect of prior years	-	(206)
Adjustment for opening deferred tax to average rate	-	137
Group relief surrendered/(claimed)	-	(245)
Payment/(receipt) of group relief	-	245
Receipt (credit) for s171A transfers	-	(62)
Land remediation increased deduction - trade	(30)	(57)
Chargeable gains/(losses)	944	701
Deferred tax not recognised	-	32
Other differences	-	(651)
Total tax charge for the year	4,011	2,254

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. The directors do not believe a change in rate would have a material impact on the financial statements.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

12. Dividends

	2020 £000	<i>2019 £000</i>
Dividends paid £Nil per ordinary share (2019: £1,272 per ordinary share)	-	59,800

13. Intangible assets**Group and Company**

	Software £000
Cost	
At 1 July 2019	139
Additions	51
At 30 June 2020	190
Amortisation	
At 1 July 2019	34
Charge for the year on owned assets	35
At 30 June 2020	69
Net book value	
At 30 June 2020	121
<i>At 30 June 2019</i>	104

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

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

14. Tangible fixed assets

Group

	Plant and machinery £000
Cost or valuation	
At 1 July 2019	216
Additions	23
Disposals	(17)
At 30 June 2020	<u>222</u>
Depreciation	
At 1 July 2019	117
Charge for the year on owned assets	35
Disposals	(15)
At 30 June 2020	<u>137</u>
Net book value	
At 30 June 2020	<u><u>85</u></u>
At 30 June 2019	<u><u>98</u></u>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

14. Tangible fixed assets (continued)

Company

	Plant, machinery & fixtures & fittings £000
Cost or valuation	
At 1 July 2019	116
Additions	15
At 30 June 2020	<u>131</u>
Depreciation	
At 1 July 2019	39
Charge for the year on owned assets	26
At 30 June 2020	<u>65</u>
Net book value	
At 30 June 2020	<u><u>66</u></u>
At 30 June 2019	<u><u>77</u></u>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Fixed asset investments

Group

	Investments in associates £000
At 1 July 2019	1,675
Disposals	(1,675)
	<hr/>
At 30 June 2020	-
Net book value	
At 30 June 2020	<hr/> <hr/>
<i>At 30 June 2019</i>	<hr/> <hr/> 1,675

At 30 June 2020 the Group had an investment in Langtree Property Partners Ltd valued at £Nil (2019: £1,675k).

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2019	28,712
At 30 June 2020	28,712
Net book value	
At 30 June 2020	28,712
At 30 June 2019	28,712

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Network Space Investments Limited	Property Investment	Ordinary	100%
Network Space (Networkcentres) Limited	Property Investment	Ordinary	100%
Network Space Land Limited	Property Investment and Development	Ordinary	100%
NS Festival Gardens Limited	Property Development	Ordinary	100%
NS (PDMS) Limited	Property Management	Ordinary	100%
NSM Property & Asset Management Limited	Property Management	Ordinary	100%
Network Space Projects Limited	Property Development	Ordinary	100%
NS Midwest Nominees Limited	Dormant	Ordinary	100%
NS Investments North East Limited	Property Investment	Ordinary	100%
Network Space Capital 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 Developments Limited	Property Development	Ordinary	100%

NS Midwest Nominees Limited is a direct subsidiary of NSM Property & Asset Management Limited (formerly Network Space Management Limited). Network Space NE Limited and NS North East Nominees Limited are direct subsidiaries of NS Investments North East Limited.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

16. Investment property**Group**

	Development property £000	Investment property £000	Total £000
Valuation			
At 1 July 2019	9,726	68,420	78,146
Additions at cost	13,068	120	13,188
Disposals	-	(1,290)	(1,290)
Surplus on revaluation	-	3,510	3,510
Transfers between classes	(9,050)	9,050	-
At 30 June 2020	13,744	79,810	93,554

The historical cost of re-valued investment properties as at 30 June 2020 was £71,277,000 (2019: £59,570,000).

Investment properties have been valued by an independent external valuator. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition) in June 2020 for all properties.

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

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

17. Stocks

	Group 2020 £000	Group 2019 £000
Land and property held for development	8,858	16,780

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

18. Debtors

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Trade debtors	3,581	<i>3,920</i>	-	-
Amounts owed by group undertakings	-	-	24,878	<i>36,944</i>
Amounts owed by joint ventures and associated undertakings	6,394	-	-	-
Other debtors	484	<i>1,031</i>	-	<i>9</i>
Prepayments and accrued income	2,560	<i>3,016</i>	209	<i>308</i>
Deferred taxation	-	-	-	<i>16</i>
	13,019	<i>7,967</i>	25,087	<i>37,277</i>

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

On 20 June 2019 Network Space Capital acquired a 50% stake in Interchange 26 LLP for £1. During the year, the company has entered into an LLP agreement with Opus North (Bierley) LLP in relation to the organisation and management of Interchange 26 LLP and entered into a loan agreement with the joint venture to the company with a maximum of £8.265m to acquire land for development. At the year end the amounts owed to the company by the joint venture was £6,394,000.

19. Cash and cash equivalents

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Cash at bank and in hand	3,543	<i>3,145</i>	1,396	<i>485</i>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Creditors: Amounts falling due within one year

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Bank loans	-	7,000	-	-
Trade creditors	1,712	981	21	102
Amounts owed to group undertakings	242	23,871	209	23,802
Corporation tax	581	378	50	-
Other taxation and social security	476	210	297	210
Deposits	629	707	-	-
Other creditors	1,311	83	16	13
Accruals and deferred income	10,107	7,773	213	166
Rents in advance	904	722	-	-
	<u>15,962</u>	<u>41,725</u>	<u>806</u>	<u>24,293</u>

The amounts owed to group undertakings falling due within one year are repayable on demand and interest is charged at a commercial rate.

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

	Group 2020 £000	<i>Group 2019 £000</i>
Bank loans	<u>21,000</u>	<u>-</u>

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

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

22. Loans

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

	Group 2020 £000	<i>Group 2019 £000</i>
Amounts falling due within one year		
Bank loans	-	7,000
	<hr/> -	<hr/> 7,000
Amounts falling due 2-5 years		
Bank loans	21,000	-
	<hr/> 21,000	<hr/> 7,000
	<hr/> <hr/> 21,000	<hr/> <hr/> 7,000

The group operates under a banking facility totalling £35m which was approved on 11 December 2019 and runs until 11 December 2022 at which point the total loan is due for repayment. Interest rates are charged on a variable basis.

The bank loans are secured by fixed and floating charges on certain investment properties of the group.

23. Deferred taxation**Group**

	2020 £000	<i>2019 £000</i>
At beginning of year	(2,725)	(2,179)
Charged to profit or loss	(734)	(546)
At end of year	<hr/> (3,459) <hr/>	<hr/> (2,725) <hr/>

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

23. Deferred taxation (continued)

Company

	2020	2019
	£000	£000
At beginning of year	16	(22)
Credited to profit or loss	(23)	38
At end of year	(7)	16

The provision for deferred taxation is made up as follows:

	Group	Group	Company	Company
	2020	2019	2020	2019
	£000	£000	£000	£000
Accelerated capital allowances	(1,170)	(859)	(10)	16
Tax losses carried forward	3	30	3	-
Capital gains/losses	(2,292)	(1,896)	-	-
	(3,459)	(2,725)	(7)	16

24. Share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
47,000 (2019 - 47,000) Ordinary shares of £1 each	47	47

Ordinary shares

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

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

25. Reserves**Share premium account**

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

Revaluation reserve

Includes all historic revaluation gains recognised on investment properties net of deferred tax.

Capital redemption reserve

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

Profit and loss account

Includes all current and prior period retained profits and losses.

26. Pension commitments

The pension cost charge for the year represents contributions payable by the group to the scheme and amounts to £85,467 (2019: £62,295). There were no outstanding amounts or prepayments at the year end.

27. Commitments under operating leases

At 30 June 2020 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £000	<i>Group 2019 £000</i>
Within 1 year	283	<i>309</i>
Between two and five years	1,134	<i>1,142</i>
After five years	10,859	<i>11,157</i>
	12,276	<i>12,608</i>

Company

At as 30 June 2019 and 30 June 2018 the company had no annual commitments under non-cancellable operating leases.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

28. Receipts under operating leases

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

	Group 2019 £000	<i>Group 2018 £000</i>
Not later than 1 year	4,244	3,628
Later than 1 year and not later than 5 years	11,652	10,920
Later than 5 years	16,414	16,810
	<u>32,310</u>	<u>31,358</u>

Company

At as 30 June 2019 and 30 June 2018 the company had no annual receipts under non-cancellable operating leases.

29. Related party transactions

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,519,000 (2019: 1,187,000).

30. Controlling party

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

The results of the group are consolidated into Datum Edge Limited as the largest entity into which they are consolidated. Those accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.