

Company Registration No. 02879688 (England and Wales)

CLSH MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



CLSH MANAGEMENT LIMITED

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CLSH MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present the strategic report, annual report and financial statements for the year ended 31 December 2016.

Review of the business

The results for the year are set out on page 6.

The principal activities of the Company continued to be that of property and asset management including managing lettings, service charges and the management of commercial and residential works. The Directors expect the principal activities of the Company to remain unchanged for the foreseeable future.

The financial statements have been prepared on a going concern basis as described in note 1.

Principal risks and uncertainties

The Directors consider there are a number of potential risks and uncertainties which could have a material impact on the Company's performance and could cause the actual results to differ materially from expected or historical results; the management and mitigation of these risks are the responsibility of the Directors of the Company. The Company is a wholly-owned subsidiary of the CLS Holdings plc Group (the "Group") and is managed on a day-to-day basis by employees of the Group. The principal risks and uncertainties facing the Company are broadly grouped as political and economic risk.

Political and Economic Risk

The exit of the United Kingdom from the European Union remains an adverse risk to the overall economy, which may impact the value of net assets and profitability. It is the Directors' view that the United Kingdom's economy remains sufficiently robust to weather any immediate adverse economic effects.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Group's annual report which does not form part of this report and can be found on www.clsholdings.com.

Key performance indicators

The following are key performance indicators of the business:

- Revenue for the year £8,323,883 (2015: £8,350,360)
- Operating profit for the year £1,113,391 (2015: £1,329,329)
- Net assets at the balance sheet date £3,772,213 (2015: £2,445,288)

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

By order of the board



David Fuller

Secretary

18 September 2017

CLSH MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their annual report and financial statements for the year ended 31 December 2016.

The Directors' Report has been prepared in accordance with the special provisions relating to medium sized companies under sections 465 - 467 of the Companies Act 2006.

Disclosure in respect of a Review of the Business and future developments required in the Directors' Report as per section 416 (4) of the Companies Act 2006 has been included in the Strategic Report.

Results and dividends

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend (2015: nil).

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Henry Klotz
Mr Alain Millet
Mr John Whiteley
Mr Fredrik Widlund
Mr Simon Wigzell

Directors' insurance

Qualifying third-party indemnity provisions (as defined in section 234 of the Companies Act 2006) are in force for the benefit of the Directors who held office in 2016.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 Financial Reporting Standard 101 *Reduced Disclosure Framework*. 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 at the balance sheet date and of the profit or loss of the Company for the period ending on that date. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Auditor

In accordance with the Company's articles, a resolution proposing that Deloitte LLP be reappointed as auditor of the Company will be put at a General Meeting.

CLSH MANAGEMENT LIMITED

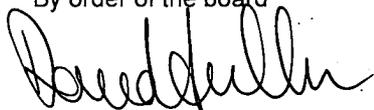
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the board



David Fuller

Secretary

18 September 2017

CLSH MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLSH MANAGEMENT LIMITED

We have audited the financial statements of CLSH Management Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the Strategic Report and the Directors' Report.

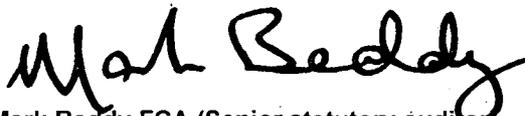
CLSH MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CLSH MANAGEMENT LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Mark Beddy FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
18 September 2017

CLSH MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Revenue	3	8,323,883	8,350,360
Administrative expenses		(7,210,492)	(7,021,031)
Operating profit	4	1,113,391	1,329,329
Interest receivable	7	582,304	4,795
Foreign exchange gains/(losses)		17,918	(63,899)
Interest payable		-	(406,023)
Profit before taxation		1,713,613	864,202
Tax on profit	8	(386,688)	(226,001)
Profit and total comprehensive income for the financial year		1,326,925	638,201

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There were no items of other comprehensive income other than those stated above for either period.

The notes 1 to 16 form part of these financial statements.

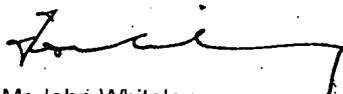
CLSH MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible fixed assets	9	328,217	367,638
Investments	10	950	950
		<u>329,167</u>	<u>368,588</u>
Current assets			
Deferred tax asset	13	-	12,006
Other debtors	11	25,462,380	25,429,075
Current tax recoverable		545,501	79,457
Cash at bank and in hand		2,626,695	4,716,743
		<u>28,634,576</u>	<u>30,237,281</u>
Creditors: amounts falling due within one year			
Trade and other payables	12	(25,174,187)	(28,160,581)
		<u>3,460,389</u>	<u>2,076,700</u>
Net current assets			
		<u>3,789,556</u>	<u>2,445,288</u>
Total assets less current liabilities			
		<u>3,789,556</u>	<u>2,445,288</u>
Provisions for liabilities			
Deferred tax liabilities	13	(17,343)	-
		<u>3,772,213</u>	<u>2,445,288</u>
Net assets			
		<u>3,772,213</u>	<u>2,445,288</u>
Equity			
Called up share capital	14	2,000,000	2,000,000
Retained earnings		1,772,213	445,288
		<u>3,772,213</u>	<u>2,445,288</u>
Total equity			
		<u>3,772,213</u>	<u>2,445,288</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 September 2017 and are signed on its behalf by:



Mr John Whiteley
Director

Company Registration No. 02879688

CLSH MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 January 2015		2,000,000	(192,913)	1,807,087
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	638,201	638,201
Balance at 31 December 2015		2,000,000	445,288	2,445,288
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	1,326,925	1,326,925
Balance at 31 December 2016		2,000,000	1,772,213	3,772,213

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

CLSH Management Limited is a private company limited by shares and incorporated in Great Britain under the Companies Act 2006, and is registered in England. The registered office is 86 Bondway, London, SW8 1SF.

1.1 Accounting convention

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 *Reduced Disclosure Framework* as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of CLS Holdings plc. The group accounts of CLS Holdings plc are available to the public and can be obtained as set out in note 16.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

1.3 Revenue

Revenue primarily comprises property-related services supplied to group companies and other income mostly comprising insurance commissions, excluding VAT. Revenue is recognised when the underlying service (or measurable part thereof) has been provided.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
Computers	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.5 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the Company from the adoption of IFRS 13.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.8 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade and other receivables are recognised initially at fair value. An impairment provision is created where there is objective evidence that the Company will not be able to collect the receivable in full.

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. Trade and other payables are stated at cost, which equates to fair value.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's obligations are discharged or cancelled, or when they expire.

1.10 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is calculated using rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in arriving at profit after tax, except when it relates to items recognised in other comprehensive income, in which case the deferred tax is recognised in other comprehensive income.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be used. The deferred tax assets and liabilities are only offset if there is a legally enforceable right of set-off and the Company intends to settle its current tax assets and liabilities on a net basis.

1.12 Pension costs

The Company operates a defined contribution pension scheme for all eligible employees. The pension costs charged represent the contributions payable. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

1.14 Foreign exchange

Transactions in foreign currencies are translated into sterling using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date, and differences arising on translation are recognised in profit before tax.

Changes in the fair value of monetary securities classified as available-for-sale and denominated in foreign currencies are recognised in profit before tax where the translation difference results from changes in the amortised cost of the security, and are recognised in equity where it results from other changes in the carrying amount of the security.

2 Critical accounting estimates and judgements

The Directors have considered the judgements that have been made in the process of applying the Company's accounting policies, which are described in note 1, and which of those judgements have the most significant effect on amounts recognised in the financial statements.

In the Directors' opinion for the year ended 31 December 2016 there are no accounting judgements that are material to the financial statements.

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Revenue

An analysis of the Company's revenue is as follows:

	2016 £	2015 £
Property related services and trading income	8,132,126	8,160,532
Income from insurance commissions	191,757	189,828
	<u>8,323,883</u>	<u>8,350,360</u>

Geographical market

Revenue arose wholly within the United Kingdom.

4 Profit for the year

	2016 £	2015 £
Profit for the year is stated after (crediting)/charging:		
Net foreign exchange (gains)/losses	(17,918)	63,899
Depreciation of property, plant and equipment	97,346	97,038
Staff costs	5,706,922	5,403,223
	<u>5,786,350</u>	<u>5,564,160</u>

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the Company's financial statements	15,000	15,000
	<u>15,000</u>	<u>15,000</u>

No fees were payable to Deloitte LLP and its associates for non-audit services to the Company during the current or preceding year.

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Employees

The average monthly number of persons (including non-executive directors) employed by the Company during the year was:

	2016 Number	2015 Number
Administration	59	59

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	4,855,221	4,636,139
Social security costs	611,781	545,760
Pension costs	239,920	221,324
	<u>5,706,922</u>	<u>5,403,223</u>

No fees or other emoluments were paid to the Directors of the Company during either the current or preceding year in respect of their service to the Company. The Directors are paid by another entity within the ultimate parent company's group.

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	4,672	4,162
Interest receivable from group companies	576,612	-
Other interest income	1,020	633
	<u>582,304</u>	<u>4,795</u>

8 Income tax expense

	2016 £	2015 £
Current tax		
Current year taxation	357,339	212,294
Deferred tax		
Origination and reversal of temporary differences	29,349	13,707
	<u>386,688</u>	<u>226,001</u>

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Income tax expense

(Continued)

The rate of corporation tax for the financial years beginning 1 April 2015 and 1 April 2016 was 20.00%. This fell to 19.00% on 1 April 2017 and will reduce to 17.00% on 1 April 2020 under legislation substantively enacted at the balance sheet date. The weighted average corporation tax rate for the year ended 31 December 2016 was 20.00% (2015: 20.25%). Deferred tax has been calculated at a rate of 17.00% (2015: 18.00%), being the rate expected to apply in the period when the liability is settled or the asset is realised.

The tax charge/(credit) for the year can be reconciled to the profit on ordinary activities as follows:

	2016 £	2015 £
Profit before taxation	1,713,613	864,202
Expected tax charge based on a corporation tax rate of 20.00% (2015: 20.25%)	342,723	175,001
Expenses not deductible in determining taxable profit	18,054	33,710
Adjustment in respect of prior years	30,306	16,701
Effect of change in UK corporation tax rate	(4,395)	589
Tax charge for the year	386,688	226,001

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Tangible fixed assets

	Leasehold land £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 January 2016	147,367	220,945	717,250	17,698	1,103,260
Additions	-	1,037	56,888	-	57,925
At 31 December 2016	147,367	221,982	774,138	17,698	1,161,185
Accumulated depreciation					
At 1 January 2016	-	170,912	557,335	7,375	735,622
Charge for the year	-	23,550	69,371	4,425	97,346
At 31 December 2016	-	194,462	626,706	11,800	832,968
Carrying amount					
At 31 December 2016	147,367	27,520	147,432	5,898	328,217
At 31 December 2015	147,367	50,033	159,915	10,323	367,638

10 Investments

	2016 £	2015 £
Works of art (held at fair value)	950	950

The works of art were last revalued in 2008 by Sotheby's, who are external, professionally qualified valuers. This valuation is deemed sufficient for the purposes of these accounts.

11 Trade and other receivables

	2016 £	2015 £
Trade debtors	-	14,731
Other receivables	179,408	110,256
Amounts due from fellow group undertakings	25,018,879	24,959,216
Prepayments	264,093	344,872
	25,462,380	25,429,075

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12 Trade and other payables

	2016 £	2015 £
Trade creditors	77,897	-
Amounts due to fellow group undertakings	22,068,956	25,345,115
Accruals	25,845	1,519,679
Social security and other taxation	1,696,318	1,248,662
Other creditors	1,305,171	47,125
	<u>25,174,187</u>	<u>28,160,581</u>

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	UK Capital Allowances £	Total £
Deferred tax asset at 1 January 2015	(25,713)	(25,713)
Deferred tax movements in prior year		
Charge to profit or loss	13,707	13,707
Deferred tax asset at 1 January 2016	(12,006)	(12,006)
Deferred tax movements in current year		
Charge to profit or loss	29,349	29,349
Deferred tax liability at 31 December 2016	<u>17,343</u>	<u>17,343</u>

	2016 £	2015 £
Deferred tax liabilities	17,343	-
Deferred tax assets	-	(12,006)
	<u>17,343</u>	<u>(12,006)</u>

14 Share capital

	2016 £	2015 £
Ordinary share capital		
<i>Authorised, issued and fully paid</i>		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

CLSH MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

15 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements with fellow group undertakings for commercial office space and company accommodation, including the Head Office of 86 Bondway, are as follows:

	2016 £	2015 £
Minimum lease payments under operating leases	344,036	367,555

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	208,136	342,319
Between two and five years	10,912	38,318
	<u>219,048</u>	<u>380,637</u>

Lessor

At the balance sheet date the Company had contracted to receive the following future minimum lease payments from tenants in respect of the lease of space at 86 Bondway:

	2016 £	2015 £
Within one year	4,615	7,032

Operating leases where the Company is the lessor are typically negotiated on a tenant-by-tenant basis and include break clauses and indexation provisions. Rental income earned during the year was £13,588 (2015: £25,918). The lessees do not have an option to purchase the property at the expiry of the lease period.

16 Controlling party

The Directors consider that the immediate and ultimate parent undertaking and ultimate controlling party is CLS Holdings plc, which is incorporated in Great Britain. The financial statements of the Company are consolidated into the CLS Holdings plc group accounts for the year ended 31 December 2016, being the largest and only Group into which the Company's financial statements are consolidated. Copies of the Group financial statements are publicly available and may be obtained from The Secretary, CLS Holdings plc, 86 Bondway, London, SW8 1SF.