

**Company Registration No. 2879688**

**CLSH Management Limited**

**Report and Financial Statements**

**31 December 2009**



# **CLSH Management Limited**

## **Report and Financial Statements 2009**

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# CLSH Management Limited

## Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2009

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415a of the Companies Act 2006

### Principal activities

The principal activity of the Company is property management

### Review of the business

The results for the year are shown on page 6. The Directors expect the principal activity 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 1.2

### Dividends

The Company does not propose any dividends for the year ended 31 December 2009 (2008: £nil)

### Directors

The Directors of the Company during the year and subsequent changes were as follows

Mr E H Klotz

Mr A G P Millet

Mr T J L Wills

Mr J H Whiteley (appointed 22 January 2010)

Qualifying third-party indemnity provisions (as defined in section 234 of the Companies Act 2006) are in force for the benefit of the Directors and former Directors who held office in 2009

### Auditors

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

# CLSH Management Limited

## Directors' Report

Pursuant to s386 Companies Act 1985, an Elective Resolution was passed on 9 October 2002 dispensing with the requirement to appoint auditors annually. In accordance with that Elective Resolution and paragraph 45(2), Schedule 3 of the Companies Act 2006 (Commencement No 3 Consequential Amendments, Transitional Provisions and Savings) Order 2007, Deloitte LLP is deemed to continue as auditor of the Company.

Approved by the Board of Directors  
and signed by order of the Board



Mr D F Fuller  
Secretary

6 May 2010

**Registered office:**

86 Bondway  
London  
SW8 1SF

# **CLSH Management Limited**

## **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). 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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent Auditors' Report to the members of CLSH Management Limited**

We have audited the financial statements of CLSH Management Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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).

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 auditors' 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 auditors**

As more fully explained 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 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 Practice Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of 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.

## **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss 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 matters prescribed in the Companies Act 2006**

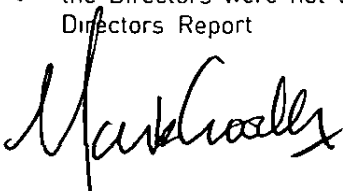
- In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditors' Report to the members of CLSH Management Limited (continued)

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report



Mark Goodey (Senior Statutory Auditor)

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors

London, United Kingdom

6 May 2010

## CLSH Management Limited

### Profit and Loss Account Year ended 31 December 2009

	Notes	2009 €	2008 €
<b>Turnover</b>	2	3,234,365	4,657,213
Administrative expenses		<u>(3,456,148)</u>	<u>(4,353,504)</u>
<b>Operating (loss)/profit</b>		(221,783)	303,709
Interest receivable and financial income	4	12,201	61,706
Interest payable	5	(18,155)	(35,627)
Provisions against investments	10	-	(39,927)
Loss on disposal of fixed assets	9	<u>(1,235)</u>	<u>(236,010)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	3	(228,972)	53,851
Tax credit/(charge) on (loss)/profit on ordinary activities	8	<u>82,031</u>	<u>(116,137)</u>
<b>Loss for the financial year</b>	15	<u><u>(146,941)</u></u>	<u><u>(62,286)</u></u>

The Company has no other recognised gains or losses other than those reported in the Profit and Loss Account

There is no material difference between the (loss)/profit on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents

All items included in the Profit and Loss Account are part of continuing operations



# CLSH Management Limited

## Balance Sheet 31 December 2009

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	9	59,501	114,261
Investments	10	950	950
Deferred Tax asset	13	154,159	-
		<u>214,610</u>	<u>115,211</u>
<b>Current assets</b>			
Debtors due within one year	11	13,084,117	19,484,891
Cash at bank and in hand		<u>7,894,008</u>	<u>947,377</u>
		20,978,125	20,432,268
<b>Creditors: amounts falling due within one year</b>			
	12	<u>(19,555,087)</u>	<u>(18,712,100)</u>
<b>Net current assets</b>			
		<u>1,423,038</u>	<u>1,720,168</u>
<b>Total assets less current liabilities</b>			
		1,637,648	1,835,379
<b>Provisions for liabilities</b>			
	13	<u>-</u>	<u>(50,790)</u>
<b>Net assets</b>			
		<u>1,637,648</u>	<u>1,784,589</u>
<b>Capital and reserves</b>			
Called up share capital	14	2,000,000	2,000,000
Profit and loss account	15	<u>(362,352)</u>	<u>(215,411)</u>
<b>Shareholders' funds</b>			
		<u>1,637,648</u>	<u>1,784,589</u>

The financial statements of CLSH Management Limited (registered number 2879688) were approved by the Board of Directors on 6 May 2010

Signed on behalf of the Board of Directors



Mr J H Whiteley

Director

# CLSH Management Limited

## Notes to the Financial Statements

31 December 2009

### 1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

#### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 not to prepare a cash flow statement as a cash flow statement has been prepared for the Group. The Company is a wholly owned subsidiary of CLS Holdings plc and has taken advantage of the exemption in Financial Reporting Standard No. 8 not to detail transactions with fellow Group undertakings which eliminate on consolidation.

The Company has taken advantage of the exemption in the Companies Act 2006 (Section 400(1)(b)) and accordingly has not prepared consolidated financial statements.

#### 1.2 Going concern

The Company's business activities and review of the business are set out in the Directors' Report. The Directors have reviewed the current and projected financial position of the Company making reasonable assumptions about future income and cost base. The Company continues to provide services to fellow group undertakings and is an integral part of the CLS Holdings plc Group. Furthermore, there is an expectation that the Company will remain cash generative for the foreseeable future and will therefore be able to meet all of its obligations as they fall due.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### 1.3 Turnover

Turnover 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

Depreciation is provided on fixed tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Office equipment 20%

Motor vehicles 25%

Fixtures and fittings 20%

#### 1.5 Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date where transactions or events which result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the reversal of the underlying timing differences can be deducted.

# CLSH Management Limited

## Notes to the Financial Statements 31 December 2009

### 1. Accounting policies (continued)

#### 1.5 Taxation (continued)

Deferred tax is measured, on an undiscounted basis, at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws which have been enacted or substantively enacted at the balance sheet date

Provision is not made in respect of property revaluation gains and losses

#### 1.6 Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into pounds sterling at rates of exchange ruling at the end of the financial year. All differences are dealt with through the Profit and Loss Account

#### 1.7 Fixed asset investments

Investments held as fixed assets are stated at cost. A provision is made for any permanent diminution in value

#### 1.8 Pension costs

The Company operates a defined contribution pension scheme for all eligible employees. The pension costs charged represent the contributions payable

### 2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax (loss)/profit, all of which arises in the United Kingdom, is attributable to the one activity of property management

	2009 £	2008 £
Property related services and trading income	3,152,877	4,455,615
Other income	81,488	201,598
	<u>3,234,365</u>	<u>4,657,213</u>

### 3. (Loss)/profit on ordinary activities before taxation

	2009 £	2008 £
This is stated after charging		
Depreciation	65,839	163,900
Fees payable to the Company's auditors for the audit of the Company's financial statements	15,000	21,240
	<u>80,839</u>	<u>185,140</u>

# CLSH Management Limited

## Notes to the Financial Statements 31 December 2009

### 4 Interest receivable and similar income

	2009 £	2008 £
Bank interest income	4,064	20,472
Intercompany interest income	-	40,671
Other interest income	466	563
Deposit account income	7,671	-
	<u>12,201</u>	<u>61,706</u>

### 5 Interest payable and similar charges

	2009 £	2008 £
Bank interest	28	4,631
Foreign exchange losses	18,127	30,996
	<u>18,155</u>	<u>35,627</u>

### 6 Employee information

6.1 The average number of employees during the year was as follows

	2009	2008
Administration	<u>30</u>	<u>31</u>

6.2 Employment costs of all employees

	2009 £	2008 £
Wages and salaries	1,766,300	2,050,212
Social security costs	200,207	247,810
Pension costs	62,865	70,019
	<u>2,029,372</u>	<u>2,368,041</u>

### 7 Directors' remuneration

None of the Directors received any remuneration during the year in respect of services as Directors to the Company (2008: Nil). The emoluments of the Directors of the Company, who are also directors of CLS Holdings plc, are disclosed in that company's financial statements in respect of their services to the Group as a whole.

The Company had no employees during the year (2008: none).

# CLSH Management Limited

## Notes to the Financial Statements 31 December 2009

### 8 Tax (credit)/charge on (loss)/profit on ordinary activities

	2009 £	2008 £
Payment for group relief claimed in respect of previous periods	122,918	33,040
Total current tax charge	122,918	33,040
Deferred tax (credit)/charge origination and reversal of timing difference	(204,949)	83,097
Total tax (credit)/charge on (loss)/profit on ordinary activities	<u>(82,031)</u>	<u>116,137</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit on ordinary activities before tax is as follows,

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	<u>(228,972)</u>	<u>53,851</u>
(Loss)/profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 28.0% (2008 28.5%)	(64,112)	15,348
Effect of		
Differences due to non-deductible expenses and items not included in the (loss)/profit for tax purposes	18,043	71,058
Losses surrendered/(claimed) by group/consortium relief for nil payment and differences between capital allowances and depreciation	46,069	(86,406)
Payment for group relief claimed in respect of previous periods	122,918	33,040
Current tax charge	<u>122,918</u>	<u>33,040</u>

# CLSH Management Limited

## Notes to the Financial Statements 31 December 2009

### 9 Tangible fixed assets

	Office equipment £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 January 2009	400,268	13,489	89,919	503,676
Additions	12,314	-	-	12,314
Disposals	(20,054)	-	-	(20,054)
At 31 December 2009	<u>392,528</u>	<u>13,489</u>	<u>89,919</u>	<u>495,936</u>
<b>Accumulated depreciation</b>				
At 1 January 2009	294,609	12,926	81,880	389,415
Charge for the period	60,043	563	5,233	65,839
Disposals	(18,819)	-	-	(18,819)
At 31 December 2009	<u>335,833</u>	<u>13,489</u>	<u>87,113</u>	<u>436,435</u>
<b>Net book value</b>				
At 31 December 2009	<u>56,695</u>	<u>-</u>	<u>2,806</u>	<u>59,501</u>
At 31 December 2008	<u>105,659</u>	<u>563</u>	<u>8,039</u>	<u>114,261</u>

Following an office relocation assets with a book value of £1,235 (2008 £379,501) were sold realising a loss of £1,235 (2008 £236,010)

### 10. Investments

	Works of Arts £
At 1 January 2009 and at 31 December 2009	<u>950</u>

During the year to 31 December 2008, an independent valuation of the art work was conducted and a provision of £39,927 was made in respect of the carrying value. No further impairment was deemed to be required during the year to 31 December 2009.

# CLSH Management Limited

## Notes to the Financial Statements 31 December 2009

### 11. Debtors: due within one year

	2009 £	2008 £
Trade debtors	7,340	57,260
Amount due from group undertakings	12,803,075	19,293,489
Other debtors	33,147	33,090
Payments and accrued income	240,555	101,052
	<u>13,084,117</u>	<u>19,484,891</u>

### 12. Creditors amounts falling due within one year

	2009 £	2008 £
Trade creditors	147,891	-
Amounts due to group undertakings	18,639,491	17,976,193
Other taxation and social security	184,501	170,442
Accruals and deferred income	583,204	565,465
	<u>19,555,087</u>	<u>18,712,100</u>

### 13. Provisions for liabilities

Deferred taxation is analysed as follows

	Provision 2009 £	Amount unprovided 2009 £	Provision 2008 £	Amount unprovided 2008 £
Capital allowances in excess of depreciation	(154,159)	-	50,790	-
	<u>(154,159)</u>	<u>-</u>	<u>50,790</u>	<u>-</u>
1 January 2009	50,790		(32,307)	
Amount (credited)/charged to profit and loss	(204,949)		83,097	
31 December 2009	<u>(154,159)</u>		<u>50,790</u>	

### 14. Called up share capital

	2009 £	2008 £
<b>Authorised, allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

# CLSH Management Limited

## Notes to the Financial Statements 31 December 2009

### 15 Combined statement of reserves and reconciliation of movement in shareholders' funds

	Share capital £	Profit & loss account £	2009 Total £	2008 Total £
At 1 January	2,000,000	(215,411)	1,784,589	1,846,875
Loss for the year	-	(146,941)	(146,941)	(62,286)
Balance at 31 December	<u>2,000,000</u>	<u>(362,352)</u>	<u>1,637,648</u>	<u>1,784,589</u>

### 16 Operating lease commitments

	2009 £	2008 £
<b>Expiring:</b>		
More than one but not more than 5 years	166,500	-
More than 5 years	-	166,500
	<u>166,500</u>	<u>166,500</u>

### 17. Ultimate parent company

The Directors consider that the immediate and ultimate parent undertaking and controlling party is CLS Holdings plc, which is incorporated in Great Britain. Copies of the parent's group financial statements may be obtained from The Secretary, CLS Holdings plc, 86 Bondway, London SW8 1SF