

Company Registration No. 2879688

CLSH Management Limited

Report and Financial Statements

31 December 2014

THURSDAY



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CLSH Management Limited

Report and Financial Statements 2014

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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 2014.

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

The Company has also taken advantage of the small companies' exemption from preparing a Strategic Report.

Principal activities

The principal activities of the Company are property and asset management including managing lettings, service charges and the management of residential and commercial development works.

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 did not pay any dividends in the year ended 31 December 2014 (2013: £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 J H Whiteley
Mr R J S Tice (resigned 14 February 2014)
Mr S L Wigzell (appointed 14 February 2014)
Mr F Widlund (appointed 6 November 2014)

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 2014.

Auditor

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 auditor is 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 auditor is 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 (continued)

Auditor (continued)

Pursuant to section 386 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
10 June 2015

Registered office:

86 Bondway
London
SW8 1SF

CLSH Management Limited

Directors' Responsibilities Statement

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 and disclose 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 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 2014 which comprise the Profit and Loss Account, the Balance Sheet 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).

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 Directors' Responsibilities Statement, 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 2014 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 other matter prescribed by the Companies Act 2006

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

Independent Auditor's 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Mark Beddy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
10 June 2015

CLSH Management Limited

Profit and Loss Account Year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	5,198,346	6,387,276
Administrative expenses		<u>(5,904,950)</u>	<u>(5,592,238)</u>
Operating (loss)/profit		(706,604)	795,038
Interest receivable and financial income	4	4,930	2,357
Interest payable	5	<u>(169,129)</u>	<u>(18,486)</u>
(Loss)/profit on ordinary activities before taxation	3	(870,803)	778,909
Tax on (loss)/profit on ordinary activities	8	209,201	(217,889)
(Loss)/profit for the financial year	14	<u><u>(661,602)</u></u>	<u><u>561,020</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)/profit for the financial 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 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible fixed assets	9	230,419	167,170
Investments	10	950	950
		<u>231,369</u>	<u>168,120</u>
Current assets			
Debtors: due within one year	11	34,638,809	36,838,300
Cash at bank and in hand		<u>1,236,340</u>	<u>4,313,053</u>
		35,875,149	41,151,353
Creditors: amounts falling due within one year	12	<u>(34,299,431)</u>	<u>(38,850,784)</u>
Net current assets		<u>1,575,718</u>	<u>2,300,569</u>
Net assets		<u>1,807,087</u>	<u>2,468,689</u>
Capital and reserves			
Called up share capital	13	2,000,000	2,000,000
Profit and loss account	14	<u>(192,913)</u>	<u>468,689</u>
Shareholders' funds		<u>1,807,087</u>	<u>2,468,689</u>

The financial statements of CLSH Management Limited (registered number 2879688) were approved by the Board of Directors on 10 June 2015.

Signed on behalf of the Board of Directors



Mr J H Whiteley

Director

CLSH Management Limited

Notes to the Financial Statements 31 December 2014

1. Significant 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 one 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

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

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	25%
Motor vehicles	25%
Fixtures and fittings	25%

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 2014

1. Significant 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.

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 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 to the scheme.

1.9 Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

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 VAT. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the one activity of property management.

	2014 £	2013 £
Property related services and trading income	5,054,308	6,319,225
Other income	144,038	68,051
	<u>5,198,346</u>	<u>6,387,276</u>

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

	2014 £	2013 £
This is stated after charging:		
Depreciation	100,353	69,601
Operating lease rentals	365,105	446,905
Fees payable to the Company's auditor for the audit of the Company's financial statements	15,000	15,000
	<u>520,458</u>	<u>531,506</u>

There were no fees payable in the year to Deloitte and its associates in respect of non-audit services.

CLSH Management Limited

Notes to the Financial Statements 31 December 2014.

4. Interest receivable and similar income

	2014 £	2013 £
Bank interest income	4,393	171
Other interest income	537	185
Deposit account income	-	2,001
	<u>4,930</u>	<u>2,357</u>

5. Interest payable and similar charges

	2014 £	2013 £
On amounts due to undertakings	118,827	-
Foreign exchange losses	50,302	18,486
	<u>169,129</u>	<u>18,486</u>

6. Employee information

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

	2014	2013
Administration	<u>52</u>	<u>42</u>

Employment costs for all employees:

	2014 £	2013 £
Wages and salaries	3,743,093	3,134,463
Social security costs	453,160	378,996
Pension costs	170,178	99,772
	<u>4,366,431</u>	<u>3,613,231</u>

7. Directors' remuneration

None of the Directors received any remuneration during the year in respect of services as Directors to the Company (2013: £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:

CLSH Management Limited

Notes to the Financial Statements 31 December 2014

8. Tax on (loss)/profit on ordinary activities

	2014 £	2013 £
Current tax	(198,613)	204,570
Deferred tax	(10,588)	13,319
Total current tax (credit)/charge on profit on ordinary activities	<u>(209,201)</u>	<u>217,889</u>

The rate of corporation tax for the financial year beginning 1 April 2013 was 23%. This fell to 21% on 1 April 2014 and the weighted corporation tax rate for the year ended 31 December 2014 was therefore 21.50%. Deferred tax has been calculated at a rate of 20%, being the rate applicable from 1 April 2015 under legislation substantially enacted at the balance sheet date.

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;

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	<u>(870,803)</u>	<u>778,909</u>
(Loss)/profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 21.50% (2013: 23.25%)	(187,223)	181,096
Factors affecting charge:		
Disallowable expenses/non deductible losses	16,550	52,245
Differences between capital allowances and depreciation	<u>(27,940)</u>	<u>(28,771)</u>
Current tax (credit)/charge for the year	<u>(198,613)</u>	<u>204,570</u>

CLSH Management Limited

Notes to the Financial Statements 31 December 2014

9. Tangible fixed assets

	Office equipment £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 January 2014	545,381	13,489	185,196	744,066
Additions	123,704	17,698	22,199	163,601
Disposals	(25,175)	(13,489)	-	(38,664)
At 31 December 2014	<u>643,910</u>	<u>17,698</u>	<u>207,395</u>	<u>869,003</u>
Accumulated depreciation				
At 1 January 2014	437,398	13,489	126,009	576,896
Charge for the period	75,086	2,950	22,072	100,108
Disposals	(24,931)	(13,489)	-	(38,420)
At 31 December 2014	<u>487,553</u>	<u>2,950</u>	<u>148,081</u>	<u>638,584</u>
Net book value				
At 31 December 2014	<u>156,357</u>	<u>14,748</u>	<u>59,314</u>	<u>230,419</u>
At 31 December 2013	<u>107,983</u>	<u>-</u>	<u>59,187</u>	<u>167,170</u>

10. Investments

	Works of Art £
At 1 January 2014 and at 31 December 2014	<u>950</u>

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.

CLSH Management Limited

Notes to the Financial Statements 31 December 2014

11. Debtors: due within one year

	2014 £	2013 £
Trade debtors	1,240	-
Amounts due from group undertakings	32,116,247	34,144,634
Other debtors	178,332	46,388
Prepayments and accrued income	124,684	332,153
Deferred taxation	25,713	15,125
Corporation tax payments on account	2,192,593	2,300,000
	<u>34,638,809</u>	<u>36,838,300</u>

Deferred taxation is analysed as follows:

	Recognised 2014 £	Recognised 2013 £
Capital allowances in excess of depreciation	<u>25,713</u>	<u>15,125</u>
At 1 January	15,125	28,444
Amount credited/(charged) to profit and loss	10,588	(9,609)
Effect of decreased tax rate on opening deferred tax	-	(3,710)
At 31 December	<u>25,713</u>	<u>15,125</u>

12. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	100,656	10,953
Other creditors	151,688	7,474
Amounts due to group undertakings	32,040,556	36,568,259
Other taxation and social security	637,418	888,279
Accruals and deferred income	1,369,113	1,107,188
Bank overdrafts	-	64,061
Corporation tax	-	204,570
	<u>34,299,431</u>	<u>38,850,784</u>

Corporation tax payments on account include payments made on behalf of the Group.

13. Called up share capital

	2014 £	2014 £
Authorised, allotted, called up and fully paid		
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 2014

14. Combined statement of reserves and reconciliation of movement in shareholders' funds

	Share capital £	Profit and Loss Account £	2014 Total £	2013 Total £
At 1 January	2,000,000	468,689	2,468,689	1,907,669
(Loss)/profit for the financial year	-	(661,602)	(661,602)	561,020
At 31 December	<u>2,000,000</u>	<u>(192,913)</u>	<u>1,807,087</u>	<u>2,468,689</u>

15. Operating lease commitments

	2014 Land and buildings £	2013 Land and buildings £
Annual commitments under non cancellable operating leases are as follows:		
Expiring:		
Within one year	45,502	-
Within two to five years	312,525	340,905
	<u>358,027</u>	<u>340,905</u>

16. Parent undertaking

The Directors consider that the immediate and ultimate parent undertaking and 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 2014, being the largest and only group into which the Company is 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.