

Company Registration No. 2240596

Localright Limited

Report and Financial Statements

31 December 2010

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Localright Limited

Report and Financial Statements 2010

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Localright Limited

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2010

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 Company sold its trading assets in 2008. The Company retains a small net asset base which will continue to generate positive cash flows going forward. The Company is continuing to explore opportunities for future investments.

Review of the business

The results for the year are shown on page 6.

During 2010, the Company received final settlement of revenue rent in respect of the advertising board owned and then sold during 2008. No further income is expected from this asset.

The financial statements are prepared on a going concern basis as described in note 1.2.

Dividends

The Company paid a dividend of £112,903 in the year (2009: £327,495).

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 (resigned 31 August 2010)
Mr J H Whiteley (appointed 22 January 2010)
Mr R J S Tice (appointed 31 August 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 2010.

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.

Localright Limited

Directors' Report (continued)

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

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

A handwritten signature in black ink, appearing to read 'David Fuller', written over a horizontal line.

Mr D F Fuller
Secretary

9 May 2011

Registered office:

86 Bondway
London
SW8 1SF

Localright 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 Localright Limited

We have audited the financial statements of Localright Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 9. 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 Practice 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.

Opinion on the 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 2010 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 matters prescribed in the Companies Act 2006

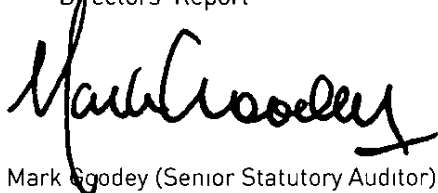
- In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the members of Localright 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 Auditor

London, United Kingdom

9 May 2011

Localright Limited

Profit and Loss Account Year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover		112,429	-
Administrative expenses		(2,000)	(1,589)
Operating profit/(loss)		110,429	(1,589)
Interest receivable and similar income		-	3,490
Profit on ordinary activities before taxation	3	110,429	1,901
Tax charge on profit on ordinary activities	4	-	-
Profit for the financial year	8	110,429	1,901

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 profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

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

Localright Limited

Balance Sheet 31 December 2010

	Notes	2010 £	2009 £
Current assets			
Debtors due within one year	5	19,327	14,548
Creditors: amounts falling due within one year	6	(19,325)	(12,072)
Net current assets and net assets		<u>2</u>	<u>2,476</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	-	2,474
Shareholders' funds		<u>2</u>	<u>2,476</u>

The financial statements of Localright Limited (registered number 2240596) were approved by the Board of Directors on 9 May 2011

Signed on behalf of the Board of Directors



Mr J H Whiteley
Director

Localright Limited

Notes to the Financial Statements 31 December 2010

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 UK 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 as the financial statements of CLS Holdings plc are publicly available.

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 streams and cost base. The Company has sufficient assets to cover its remaining liabilities as they fall due.

On the basis of this review the Directors have concluded that the Company has the ability to meet all external liabilities as they fall due over the course of the twelve months from the date of these financial statements. Accordingly the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Turnover

Turnover comprises the total value of rents receivable under operating leases, excluding VAT. Rents received in advance are shown as deferred income in the Balance Sheet. Turnover arose wholly within the United Kingdom. During 2010, the Company received final settlement of revenue rent in respect of the advertising board owned and then sold during 2008.

1.4 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.

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.

Localright Limited

Notes to the Financial Statements 31 December 2010

2. Directors' emoluments and employee information

None of the Directors received any remuneration during the year in respect of services as Directors to the Company (2009: £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 (2009: none).

3. Profit on ordinary activities before taxation

	2010 £	2009 £
This is stated after charging		
Fees payable to the Company's auditor for the audit of the Company's financial statements (2009: borne by a fellow group undertaking)	2,000	-

4. Tax charge on profit on ordinary activities

	2010 £	2009 £
Total tax charge on profit on ordinary activities	-	-

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

	2010 £	2009 £
Profit on ordinary activities before tax	110,429	1,901
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation of 28.0% (2009: 28.0%)	30,920	532
Effect of: Losses claimed by group/consortium relief for all nil payment and differences between capital allowances and depreciation	(30,920)	(532)
Current tax charge in profit and loss account	-	-

Localright Limited

Notes to the Financial Statements 31 December 2010

5. Debtors due within one year

	2010 £	2009 £
Amounts due from group undertakings	19,327	11,204
Trade debtors	-	3,294
Other taxation and social security	-	50
	<u>19,327</u>	<u>14,548</u>

6. Creditors, amounts falling due within one year

	2010 £	2009 £
Amounts owed to group undertakings	-	12,072
Other taxation and social security	19,325	-
	<u>19,325</u>	<u>12,072</u>

7 Called up share capital

	2010 £	2009 £
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

8 Combined statement of reserves and reconciliation of movement in shareholders' funds

	Share capital £	Profit and loss account £	2010 Total £	2009 Total £
At 1 January	2	2,474	2,476	328,070
Profit for the financial year	-	110,429	110,429	1,901
Dividends	-	(112,903)	(112,903)	(327,495)
	<u>2</u>	<u>-</u>	<u>2</u>	<u>2,476</u>

9 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. Copies of the parent's group financial statements may be obtained from The Secretary, CLS Holdings plc, 86 Bondway, London SW8 1SF.