

**NEW MALDEN HOUSE LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 1999**

**PricewaterhouseCoopers**  
*Chartered Accountants and  
Registered Auditors*  
1 Embankment Place  
London  
WC2N 6NN

Company No. 2505599



NEW MALDEN HOUSE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 1999

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## **NEW MALDEN HOUSE LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999**

The Directors are pleased to present their annual report together with the financial statements for the year ended 31 December 1999.

#### **1 PRINCIPAL ACTIVITY**

The principal activity of the company is to invest in commercial property and other forms of investment business.

#### **2 REVIEW OF THE BUSINESS**

The results for the year are shown on page 4 of the accounts.

#### **3 DIVIDENDS**

The Directors do not recommend the payment of a dividend (1998: £200,000 per share)

#### **4 FIXED ASSETS**

Information relating to the changes in fixed assets is given in note 6 to the accounts.

#### **5 DIRECTORS**

The Directors of the company during the year were as follows:

Mr B F Mörtstedt

Mr G V Hirsch

The Directors had no interests in the shares of the company at any time during the year. The interests of the Directors in CLS Holdings plc are disclosed in that company's financial statements.

#### **6 YEAR 2000**

During the year ended 31 December 1999 the company made considerable efforts to ensure that neither the systems operating within its properties nor its domestic computer systems would be adversely affected by the millennium date change. The cost of this work was not significant and was met from existing capital. No issues have been noted to date. We continue to monitor our significant customers, vendors and service providers and to date we have no information that indicates that significant vendors may be unable to sell to the entity, or significant customers may be unable to purchase from the company, or significant service providers may be unable to provide services to the company, as a result in each case of year 2000 problems, such that the potential financial effect of which would cause significant uncertainty about the company's going concern status.

**NEW MALDEN HOUSE LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

**7 STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which 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. 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.

**8 AUDITORS**

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the forthcoming annual general meeting.

**BY ORDER OF THE BOARD**

  
Mr G V Hirsch  
Director

**REGISTERED OFFICE:**

6 Spring Gardens  
Citadel Place  
Tinworth Street  
London  
SE11 5EH

24 March 2000

## NEW MALDEN HOUSE LIMITED

### REPORT OF THE AUDITORS TO THE MEMBERS OF NEW MALDEN HOUSE LIMITED

We have audited the financial statements on pages 4 to 8.

#### Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with United Kingdom accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company's affairs at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Chartered Accountants and  
Registered Auditors*  
LONDON

24 March 2000

**NEW MALDEN HOUSE LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

	NOTES	1999 £	1998 £
Turnover	(2)	1,200	1,200
Administrative expenses		(2,064)	(996)
<b>Operating Loss</b>		<b>(864)</b>	<b>204</b>
<b>(Loss)/Profit on ordinary activities before taxation</b>	(3)	<b>(864)</b>	<b>204</b>
Tax on profit on ordinary activities	(5)	-	-
<b>(Loss)/Profit on ordinary activities after taxation</b>		<b>(864)</b>	<b>204</b>
Dividends paid		-	(400,000)
<b>Retained (loss) for the year</b>	(11)	<b>(864)</b>	<b>(399,796)</b>

The company has no other recognised gains or losses other than those reported in the above 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.

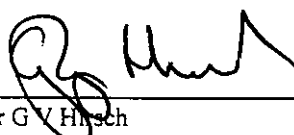
All items included in the above profit and loss account are part of continuing operations.

**NEW MALDEN HOUSE LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1999**

	NOTES	1999 £	1998 £
<b>FIXED ASSETS</b>			
Investments	(6)	700,463	19,756
<b>CURRENT ASSETS</b>			
Debtors	(7)	43,006	42,468
Investments	(8)	-	680,707
<b>CREDITORS: amounts falling due within one year</b>	(9)	43,006 (3,157)	723,175 (1,755)
<b>NET CURRENT ASSETS</b>		39,849	721,420
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		740,312	741,176
<b>CAPITAL AND RESERVES</b>			
Called up share capital	(10)	2	2
Profit and loss account	(11)	740,310	741,174
<b>EQUITY SHAREHOLDERS' FUNDS</b>		740,312	741,176
		740,312	741,176

These financial statements were approved by the Board of Directors on 24 March 2000 and signed on its behalf by:


  
 \_\_\_\_\_ DIRECTOR
   
 Mr G V Hirsch

# NEW MALDEN HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 1 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention. The company has taken advantage of the exemption in Financial Reporting Standard No. 1 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 Investments

Fixed asset investments are held at cost. A provision is made for any diminution in value.

#### 1.3 Deferred taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced. It is calculated at the rate at which it is estimated that tax will be payable.

### 2 TURNOVER

	1999	1998
	£	£
Interest receivable	1,200	1,200
	<u>          </u>	<u>          </u>

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999	1998
	£	£
This is stated after charging:		
Auditors' remuneration	1,545	806
	<u>          </u>	<u>          </u>

### 4 DIRECTORS' EMOLUMENTS & EMPLOYEE INFORMATION

The emoluments of the Directors of the company who are Directors of CLS Holdings plc are disclosed in the financial statements of that company in respect of their services to the group as a whole. The company had no employees during the year (1998: nil).

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
UK corporation tax at 30.25% (1998 - 31%)	<u>          </u>	<u>          </u>

No provision for Corporation Tax has been made for the year due to the availability of losses. Losses are available from one or more of the following sources; losses arising in the year, losses brought forward and group relief surrendered free of charge.



**NEW MALDEN HOUSE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)**

**6 FIXED ASSET INVESTMENTS**

	Gilts £	Joint Venture £	Total £
Balance at 1 January	19,756	-	19,756
Additions	-	680,707	680,707
	<hr/>	<hr/>	<hr/>
Valuation at 31 December	19,756	680,707	700,463
	<hr/>	<hr/>	<hr/>

The Gilts were purchased at a cost of £19,756. Market value at 31 December 1999 was £19,246 (1998: £20,087).

The 25% interest in Teighmore has not been accounted for as a joint venture in the company's financial statements as it has been accounted for under the equity method of accounting in the consolidated financial statements of the company's ultimate parent undertaking.

**7 DEBTORS**

	1999 £	1998 £
Amounts due from group undertakings	42,196	41,758
Prepayments and accrued income	810	710
	<hr/>	<hr/>
	43,006	42,468
	<hr/>	<hr/>

**8 CURRENT ASSET INVESTMENTS**

	1999 £	1998 £
Other investments	-	680,707
	<hr/>	<hr/>

Other investments in 1998 which are stated at cost relate to a 25% share in the capital of Teighmore Limited, an investment which owns the freehold of Southwark Towers, London Bridge. This has been accounted for as a fixed asset investment in year as it is no longer held for resale.

**9 CREDITORS: amounts falling due within one year**

	1999 £	1998 £
Trade creditors	-	143
Accruals and deferred income	3,157	1,612
	<hr/>	<hr/>
	3,157	1,755
	<hr/>	<hr/>

**10 CALLED UP SHARE CAPITAL**

	1999 £	1998 £
Authorised ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

**NEW MALDEN HOUSE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)**

**11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	Share Capital £	Profit & Loss Account £	1999 Total £	1998 Total £
Balance at 1st January	2	741,174	741,176	1,140,972
Loss for the year	-	(864)	(864)	(399,796)
Balance at 31 December	2	740,310	740,312	741,176

**12 CONTINGENT LIABILITY**

In the Directors opinion, no contingent liabilities exist.

**13 PARENT UNDERTAKING**

The directors consider that the immediate, ultimate parent undertaking and controlling party is CLS Holdings plc which is registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from The Secre CLS Holdings plc, 6 Spring Gardens, Citadel Place, Tinworth Street, London, SE11 5EH.