

**NEW MALDEN HOUSE LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 1995**

**COOPERS & LYBRAND**  
*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 1995**

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**NEW MALDEN HOUSE LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1995**

The directors are pleased to present their annual report together with the audited accounts for the year ended 31 December 1995.

**1 PRINCIPAL ACTIVITY**

The principal activity of the company is to invest in commercial property.

**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 payment of any dividends for the year ended 31 December 1995 (1994 : Nil).

**4 FIXED ASSETS**

Information relating to the changes in tangible fixed assets is given in note 7 to the accounts.

**5 DIRECTORS**

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

Mr B F Mörtstedt	
Mr H O T Lundqvist	(resigned 30 September 1995)
Mr G V Hirsch	(appointed 28 June 1995)

The directors had no interests in the shares of the company at any time during the year.

**6 AUDITORS**

A resolution to re-appoint Coopers & Lybrand as auditors will be put to the members at the next annual General Meeting.

**BY ORDER OF THE BOARD**

  
T J THOMSON  
Secretary

4 April 1996

**REGISTERED OFFICE:**

6 Spring Gardens  
Citadel Place  
Tinworth Street  
London  
SE11 5EH

## **NEW MALDEN HOUSE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the Directors to prepare accounts 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 those accounts, 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 accounts,
- prepare the accounts 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 accounts 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.

**NEW MALDEN HOUSE LIMITED**

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

We have audited the accounts on pages 4 to 9.

**Respective Responsibilities of Directors and Auditors**

As described on page 2, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

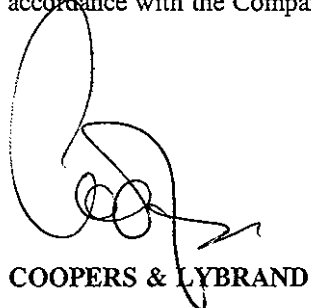
**Basis of Opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

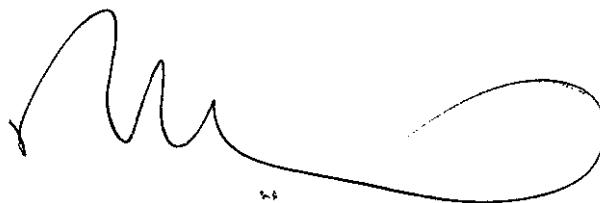
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.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

**Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 1995 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



**COOPERS & LYBRAND**



*Chartered Accountants and  
Registered Auditors*  
**LONDON**

4 April 1996

**NEW MALDEN HOUSE LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1995**

	NOTES	1995 £	1994 £
Turnover	(2)	1,013,533	1,013,750
Administrative expenses		(199,936)	(148,141)
<b>Operating Profit</b>		<b>813,597</b>	<b>865,609</b>
Interest receivable and financial income		29,294	8,132
Interest payable and related charges	(4)	(614,444)	(503,863)
<b>Profit on ordinary activities before taxation</b>	(3)	<b>228,447</b>	<b>369,878</b>
Tax on profit on ordinary activities	(6)	(42,747)	-
<b>Retained profit for the year</b>	(13)	<b>185,700</b>	<b>369,878</b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	1995 £	1994 £
Profit for the financial year	185,700	369,878
Unrealised deficit on revaluation of property	(900,000)	(500,000)
<b>Total gains/(losses) recognised since last annual report</b>	<b>(714,300)</b>	<b>(130,122)</b>

There is no 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 1995

	NOTES	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	(7)	11,600,000	12,500,000
<b>CURRENT ASSETS</b>			
Debtors	(8)	295,701	261,578
Cash at bank and in hand		479,826	402,249
<b>CREDITORS: amounts falling due within one year</b>	(9)	775,527 (3,533,594)	663,827 (3,457,595)
<b>NET CURRENT LIABILITIES</b>		(2,758,067)	(2,793,768)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,841,933	9,706,232
<b>CREDITORS: amounts falling due after more than one year</b>	(10)	7,150,000	7,300,000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	(12)	2	2
Revaluation reserves	(13)	1,198,765	2,098,765
Profit and loss account	(13)	493,166	307,465
<b>TOTAL SHAREHOLDERS' FUNDS</b>		1,691,933	2,406,232
		8,841,933	9,706,232

These accounts were approved by the Board of Directors on 4 April 1996 and signed on its behalf by:

  
 \_\_\_\_\_ DIRECTOR  
 Mr B F Mörtstedt

# NEW MALDEN HOUSE LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1995

### 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 accounts.

#### 1.1 *Basis of preparation*

The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings and in accordance with applicable accounting standards. 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.

#### 1.2 *Tangible fixed assets*

Investment properties are revalued annually. Completed investment properties are stated at their open market value. Investment properties in the course of development are stated at open market value in their existing state. Surpluses or deficits arising on revaluation are reflected in the revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses are charged to profit and loss account.

#### 1.3 *Depreciation*

In accordance with Statement of Standard Practice No. 19 no depreciation is provided on completed freehold investment properties. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. Depreciation or amortisation is one of many factors influencing a property valuation and if depreciation or amortisation might have been charged, it is not possible to identify or quantify this separately.

#### 1.4 *Turnover*

Turnover comprises the total value of rents receivable during the year, excluding VAT. Rents received in advance are shown as deferred income in the balance sheet.

#### 1.5 *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

	1995 £	1994 £
Rental income within the United Kingdom	1,013,533	1,013,750



**NEW MALDEN HOUSE LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)**

**3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1995	1994
	£	£
This is stated after charging:		
Auditors' remuneration	864	1,763

**4 INTEREST PAYABLE**

	1995	1994
	£	£
On bank loans, overdrafts, and other loans :		
Repayable within 5 years, not by instalments	-	245,879
Repayable wholly or partly in more than 5 years	614,444	257,984
	614,444	503,863

**5 DIRECTORS' EMOLUMENTS & EMPLOYEE INFORMATION**

The emoluments of the directors of the company are disclosed in the financial statements of CLS Holdings plc for their services to the group as a whole. The company had no employees during the year (1994: none).

**6 CORPORATION TAX**

	1995	1994
	£	£
Payment for group relief for prior years	42,747	-

UK corporation tax at 33% (1994 - 33%)

No provision for Corporation Tax has been made for the year due to group relief surrendered free of charge.

**NEW MALDEN HOUSE LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)**

**7 TANGIBLE FIXED ASSETS**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Freehold Investment property :		
Balance at 1 January	12,500,000	13,000,000
Deficit on revaluation	(900,000)	(500,000)
	<hr/>	<hr/>
Valuation at 31 December	11,600,000	12,500,000
	<hr/>	<hr/>

At 31st December properties were valued at an estimate of their open market values taking into account their condition and tenancies existing at that date. Property valuations were carried out by professional valuers, Allsop & Co. Chartered Surveyors.

The historical cost of investment included at valuation is £10,401,235.

**8 DEBTORS**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Trade debtors	238,750	204,858
Prepayments and accrued income	56,951	56,720
	<hr/>	<hr/>
	295,701	261,578
	<hr/>	<hr/>

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

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Bank loans	150,000	200,000
Trade creditors	339	341
Amounts due to group undertakings	2,938,485	2,960,390
Accruals and deferred income	444,770	296,864
	<hr/>	<hr/>
	3,533,594	3,457,595
	<hr/>	<hr/>

**10 CREDITORS: amounts falling due after more than one year**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Bank loans	7,150,000	7,300,000
<b>Bank loans are repayable as follows :</b>		
In one year or less	150,000	200,000
Between one year and two years	150,000	150,000
Between two and five years	450,000	450,000
In five years or more	6,550,000	6,700,000
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	7,300,000	7,500,000
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The bank loan is charged interest at Libor plus a margin of 1.5% and is secured by a legal charge over the respective property to which it relates.

# NEW MALDEN HOUSE LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

### 11 DEFERRED TAXATION

Deferred taxation is provided as follows:

	1995		1994	
	Provision	Potential Liability	Provision	Potential Liability
	£	£	£	£
Capital allowances in excess of depreciation	-	748,573	-	700,894
Other short term timing differences	-	(49,936)	14,218	14,218
Losses brought forward	-	-	(14,218)	(38,238)
	-	698,637	-	676,874

### 12 CALLED UP SHARE CAPITAL

	1995	1994
	£	£
Authorised ordinary shares of £1 each	100	100
Allotted, called up and fully paid: Ordinary shares of £1 each	2	2

### 13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital	Revaluation Reserve	Profit & Loss Account	1995 Total	1994 Total
	£	£	£	£	£
Balance at 1st January	2	2,098,765	307,465	2,406,232	2,536,354
Deficit on revaluation of property	-	(900,000)	-	(900,000)	(500,000)
Profit for the year	-	-	185,700	185,700	369,878
Balance at 31 December	2	1,198,765	493,165	1,691,932	2,406,232

### 14 CONTINGENT LIABILITY

In the directors opinion, no contingent liabilities exist.

### 15 PARENT UNDERTAKING

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