

MIRENWEST LIMITED
ANNUAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 1995

COOPERS & LYBRAND
Chartered Accountants and
Registered Auditors
1 Embankment Place
London
WC2N 6NN



Company No. 2991340

MIRENWEST LIMITED

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FOR THE PERIOD ENDED 31 DECEMBER 1995

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MIRENWEST LIMITED

REPORT OF THE DIRECTORS' FOR THE PERIOD ENDED 31 DECEMBER 1995

The directors are pleased to present their report and the audited accounts of the company for the period ended 31st December 1995.

1 PRINCIPAL ACTIVITY

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

2 REVIEW OF THE BUSINESS

The company was incorporated on 16 November 1994 and commenced business on 1 December 1994 when it exchanged contracts for the purchase of Conoco House. The results for the period are shown on page 4 of the accounts.

3 DIVIDENDS

The directors do not recommend payment of any dividends for the period ended 31st December 1995.

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 period were as follows:

L&A Registrars Limited	(appointed 16 November 1994, resigned 29 November 1994)
Mr B F Mörtstedt	(appointed 29 November 1994)
Mr H O T Lundqvist	(appointed 29 November 1994, resigned 30 September 1995)
Mr G Hirsch	(appointed 28 June 1995)

6 AUDITORS

The directors appointed Coopers & Lybrand as auditors to the company and a resolution will be proposed at the forthcoming annual general meeting to ratify and reappoint Coopers & Lybrand.

BY ORDER OF THE BOARD


T J THOMSON
Secretary

REGISTERED OFFICE:

6 Spring Gardens
Citadel Place
Tinworth Street
London
SE11 5EH

4 April 1996

MIRENWEST 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.

MIRENWEST LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF MIRENWEST 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.

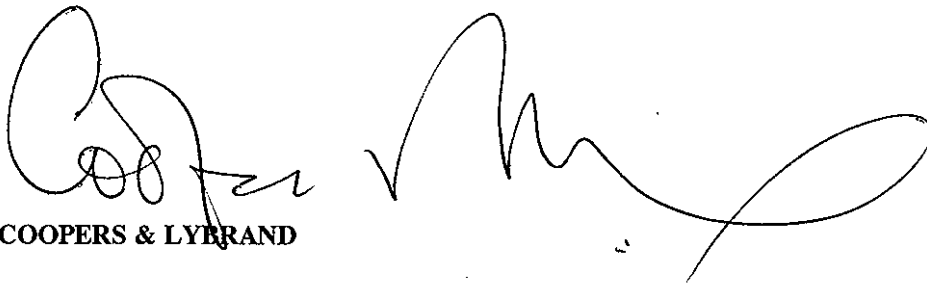
Basis of Opinion

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 period then ended, and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, likely belonging to a member of the Coopers & Lybrand audit team, is written over the printed name.

COOPERS & LYBRAND

*Chartered Accountants and
Registered Auditors*
LONDON

4 April 1996

MIRENWEST LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 31 DECEMBER 1995**

	NOTES	1995 £
Turnover	(2)	809,073
Administrative expenses		(105,856)
Operating profit		<hr/> 703,217
Interest receivable and financial income		1,631
Interest payable and related charges	(4)	(102,629)
Profit on ordinary activities before taxation	(3)	<hr/> 602,219
Tax on profit on ordinary activities	(6)	(1,464)
Retained profit for the year	(13)	<hr/> <hr/> 600,755

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1995 £
Profit for the financial year	600,755
Unrealised surplus on revaluation of properties	983,420
Total gains and losses recognised	<hr/> <hr/> 1,584,175

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.

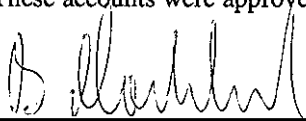
All items included in the above profit and loss account are part of continuing operations.

MIRENWEST LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1995

	NOTES	1995 £
FIXED ASSETS		
Tangible assets	(7)	5,000,000
CURRENT ASSETS		
Debtors - Amounts falling due after more than one year		31,601
Debtors - Amounts falling due within one year	(8)	13,654
		45,255
CREDITORS: amounts falling due within one year	(9)	(1,459,614)
NET CURRENT ASSETS		(1,414,359)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,585,641
CREDITORS: amounts falling due after more than one year	(10)	2,000,000
PROVISION for liabilities and charges	(11)	1,464
CAPITAL AND RESERVES		
Called up share capital	(12)	2
Revaluation Reserve	(13)	983,420
Profit and loss account	(13)	600,755
TOTAL SHAREHOLDERS' FUNDS		1,584,177
		3,585,641

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


 _____ Director
 Mr B F Mörtstedt

MIRENWEST LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD 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 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*

No depreciation is provided on leasehold investment properties with unexpired terms of more than 50 years. Leasehold properties having unexpired terms of less than 50 years are amortised so as to write off their cost or valuation over the unexpired period of the lease.

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
£

Rental income within the United Kingdom

809,073

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

1995
£

This is stated after charging:
Auditors' remuneration

433

MIRENWEST LIMITED**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1995 (CONTINUED)****4 INTEREST PAYABLE AND RELATED CHARGES****1995**
£

On bank loans, overdrafts and other loans :

Repayable within 5 years, by instalments

98,240

Interest cap amortisation

4,389

102,629

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.

6 CORPORATION TAX**1995**
£

Deferred Taxation (note 11)

1,464

UK Corporation tax at 33%.

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

7 TANGIBLE FIXED ASSETS**1995**
£

Leasehold property

Additions

4,016,580

Surplus on revaluation

983,420

Valuation at 31 December

5,000,000

At 31 December the leasehold investment properties were revalued at an estimate of their open market values taking into account their condition and tenancies existing at that date. The property valuations were carried out by professional valuers, Allsop & Co. Chartered Surveyors.

The historical cost of the leasehold investment properties included at valuation is £4,016,580.

MIRENWEST LIMITED

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

8	DEBTORS - Amounts falling due within one year	1995
		£
	Other debtors	9,010
	Prepayment and accrued income	4,644
		<hr/>
		13,654
		<hr/>

9	CREDITORS: amounts falling due within one year	1995
		£
	Bank loans and overdrafts	500,000
	Trade Creditors	339
	Amounts due to group undertakings	749,444
	Accruals and deferred income	209,831
		<hr/>
		1,459,614
		<hr/>

10	CREDITORS: amounts falling due after more than one year	1995
		£
	Bank loans	2,000,000
		<hr/>
		2,000,000
		<hr/>

Interest on the bank loan is charged at libor plus a margin of 1.25% and is repayable within five years. The bank loan is secured by a legal charge over the respective property to which it relates.

The loan is repayable as follows:	1995
	£
In one year or less	500,000
Between one and two years	199,200
Between two and five years	1,800,800
	<hr/>
	2,500,000
	<hr/>

MIRENWEST LIMITED

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

11 DEFERRED TAXATION

Deferred taxation is provided as follows:

	1995	
	Provision	Amount Unprovided
	£	£
Capital allowances in excess of depreciation	-	80,925
Other short term timing differences	1,464	-
Taxation on revaluation surplus	-	286,090
	<u>1,464</u>	<u>367,015</u>

MOVEMENT IN THE YEAR

	£
At 16 November 1994	-
Profit and loss account	1,464
	<u>1,464</u>
At 31 December 1995	<u>1,464</u>

12 CALLED UP SHARE CAPITAL

	1995 £
Authorised, allotted, called up and fully paid: Ordinary shares of £1 each	2
	<u>2</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Revaluation Reserve £	Profit & Loss Account £	1995 Total £
Issued during period	2	-	-	2
Loss for the period	-	-	600,755	600,755
Surplus on revaluation	-	983,420	-	983,420
	<u>2</u>	<u>983,420</u>	<u>600,755</u>	<u>1,584,177</u>

MIRENWEST LIMITED

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

14 CONTINGENT LIABILITIES

In the opinion of the directors, 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.