

Company Registration No. 3358043

Citadel Holdings plc

Report and Financial Statements

31 December 2013

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Citadel Holdings plc

Report and Financial Statements 2013

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Citadel Holdings plc

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2013

This Directors' Report has been prepared in accordance with the special provisions relating to medium sized companies under sections 465-467 of the Companies Act 2006

Disclosures required in the Directors' Report as per section 416 (4) of the Companies Act 2006 have been included in the Strategic Report and relate to

- Review of the Business

Dividends

The Company paid a dividend of £3,823,000 in the year ended 31 December 2013 (2012 £1,340,000)

Directors

The Directors of the Company during the year and subsequent changes were as follows

Mr A G P Millet

Mr E H Klotz

Mr J H Whiteley

Mr R J S Tice (resigned 14 February 2014)

Mr S L Wigzell (appointed 14 February 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 2013

Auditor

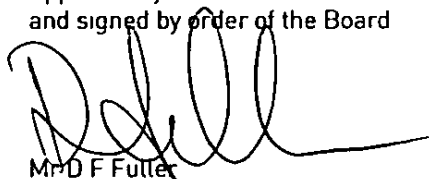
Each of the persons who is a Director at the date of approval of this report confirms that

- 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

A resolution to reappoint Deloitte LLP as auditor of the Company will be proposed at the annual general meeting

Approved by the Board of Directors
and signed by order of the Board



Mr D F Fuller
Secretary

21 May 2014

Registered office:

86 Bondway
London
SW8 1SF

Citadel Holdings plc

Strategic Report

Principal activities

The principal activities of the Company during the year were to hold investments, earn income therefrom and to provide services to its subsidiaries

Review of the business

The results for the year are shown on page 6 The Directors expect the principal activities 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

Key performance indicators

The following are key performance indicators of the business

Revenue for the year £2,057,000 (2012 £2,012,000)

Operating profit for the year £668,000 (2012 £630,000)

Net assets at the balance sheet date £41,771,000 (2012 £39,871,000)

Principal risks and uncertainties

The Company considers there are a number of potential risks and uncertainties which could have a material impact on the Company's performance and could cause the actual results to differ materially from expected and historical results Management and mitigation of these risks is the responsibility of the Directors of the Company

Risk

Mitigation

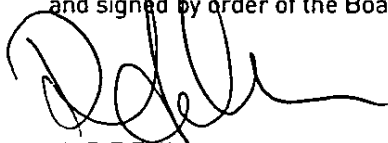
Loss in value of subsidiary undertakings

Subsidiaries include the French property division of the CLS Holdings plc Group which are well established and positioned for long-term supportable organic growth

Potential loss on intercompany lending

Lending on arm's length basis to subsidiaries with excellent covenant strength

Approved by the Board of Directors
and signed by order of the Board



Mr D F Fuller
Secretary

21 May 2014

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86 Bondway
London
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Citadel Holdings plc

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 Citadel Holdings plc

We have audited the financial statements of Citadel Holdings plc for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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 more fully explained 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 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 at 31 December 2013 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 other matter prescribed in the Companies Act 2006

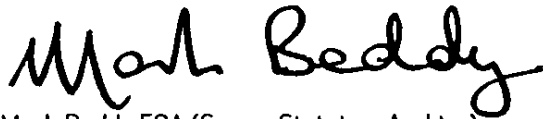
In our opinion the information in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Citadel Holdings plc (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



Mark Beddy FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

21 May 2014

Citadel Holdings plc

Profit and Loss Account Year ended 31 December 2013

	Notes	2013 £000	2012 £000
Turnover	2	2,057	2,012
Interest payable on loans from subsidiaries	3	(758)	(776)
Administrative expenses		(631)	(606)
Operating profit	4	668	630
Income from shares in group undertakings	5	5,210	2,878
Profit on ordinary activities before taxation		5,878	3,508
Tax on profit on ordinary activities	6	(155)	-
Profit for the financial year	14	5,723	3,508

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents

The Company has no recognised gains and losses other than those reported in the Profit and Loss Account

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

Citadel Holdings plc

Balance Sheet 31 December 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Investments	9	9,948	9,948
Current assets			
Debtors due within one year	10	539	2,077
Debtors due after one year	10	67,454	63,336
Cash at bank and in hand		187	13
		68,180	65,426
Creditors: amounts falling due within one year	11	(2,740)	(1,886)
Net current assets		65,440	63,540
Total assets less current liabilities		75,388	73,488
Creditors: amounts falling due after more than one year	12	(33,617)	(33,617)
Net assets		41,771	39,871
Capital and reserves			
Called up share capital	13	8,379	8,379
Share premium account	14	24,013	24,013
Profit and Loss Account	14	9,379	7,479
Shareholders' funds		41,771	39,871

The financial statements of Citadel Holdings plc (registered number 3358043) were approved by the Board of Directors on 21 May 2014

Signed on behalf of the Board of Directors



Mr J H Whiteley
Director

Citadel Holdings plc

Notes to the Financial Statements 31 December 2013

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 United Kingdom 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 One Limited and ultimately owned by CLS Holdings plc, and it 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.

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.

The Company has taken advantage of the exemption in Financial Reporting Standard No. 29 not to provide disclosures to enable users of the financial statements to evaluate the significance of the Company's financial instruments to financial position and performance of the Company, and the nature and extent of risks arising from the Company's financial instruments, as equivalent disclosure is made in the Group accounts of CLS Holdings plc which are publicly available.

1.2 Going concern

The Company's business activities and review of the business are set out in the Strategic report.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have reviewed the recoverability of investments and intercompany assets and the security of cash flows therefrom and concluded that there are no significant uncertainties resulting from these assets that would cast doubt on the ability of the Company to continue as a going concern. Accordingly they continue to adopt the going concern basis in preparing the annual report and Financial Statements.

1.3 Foreign currencies

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. Exchange differences are dealt with through the Profit and Loss Account.

1.4 Investments

Fixed asset investments are held at cost. Investments are reviewed annually for impairment and a provision is made for any permanent material diminution in value.

1.5 Turnover

Turnover comprises income earned from funds provided to subsidiaries together with fees charged to recover costs for services provided to subsidiaries and interest receivable on loans to group companies. Revenue is recognised when the underlying service (or measurable part thereof) has been provided.

Citadel Holdings plc

Notes to the Financial Statements 31 December 2013

1. Significant accounting policies (continued)

1.6 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

2. Turnover

The Company's turnover analysed by geographical destination is as follows

	2013 £000	2012 £000
Fees - France (including Luxembourg)	537	563
Income earned on loans to group undertakings – United Kingdom	1,520	1,449
	<u>2,057</u>	<u>2,012</u>

3. Interest payable on loans from subsidiaries

	2013 £000	2012 £000
Interest payable on loans from group undertakings	<u>758</u>	<u>776</u>

Citadel Holdings plc

Notes to the Financial Statements 31 December 2013

4. Operating profit

	2013 £000	2012 £000
This is stated after charging Fees payable to the Company's auditor for audit of the Company's Financial Statements	<u>4</u>	<u>4</u>

5. Income from shares in group undertakings

	2013 £000	2012 £000
Dividends received	<u>5,210</u>	<u>2,878</u>

6. Tax on profit on ordinary activities

	2013 £000	2012 £000
Current tax	<u>155</u>	<u>-</u>

The rate of corporation tax for the financial year beginning 1 April 2012 was 24%. This fell to 23% on 1 April 2013 and the weighted corporation tax rate for the year ended 31 December 2013 was therefore 23.25%. Deferred tax has been calculated at a rate of 20%, being the rate applicable from 1 April 2015 under legislation substantively enacted at the balance sheet date.

Citadel Holdings plc

Notes to the Financial Statements 31 December 2013

6. Tax on profit on ordinary activities (continued)

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

	2013 £000	2012 £000
Profit on ordinary activities before tax	5,878	3,508
Profit on ordinary activities multiplied by the weighted average rate of UK corporation tax of 23.25% (2012: 24.5%)	1,367	859
Factors affecting charge		
Non-taxable dividends received	(1,212)	(705)
Losses claimed by group/consortium relief for nil payment	-	(154)
Current tax charge for the year	155	-

7. Employee information

The average number of employees during the year was as follows

	2013 No.	2012 No.
Administration	1	1

	2013 £000	2012 £000
Employment costs of all employees:		
Wages and salaries	61	60
Social security costs	7	3
Other pension costs	3	-
	71	63

Citadel Holdings plc

Notes to the Financial Statements 31 December 2013

8. Directors' emoluments

None of the Directors received emoluments for their services to the Company during the year (2012: £nil). The emoluments of the Directors of the Company who are also directors of CLS Holdings plc, are paid by and disclosed in that company's financial statements in respect of their services to the Group as a whole.

9. Fixed assets investments

	2013 £000	2012 £000
At 1 January and 31 December	9,948	9,948

A list of principal subsidiary undertakings is shown in note 17.

The nominal value of the allotted shares that were held by the Company was £8,000,000 (2012: £8,000,000).

At 31 December 2013 all investments were reviewed for impairment and no provision was required.

10. Debtors: due within one year

	2013 £000	2012 £000
Amounts due from group undertakings	486	2,040
Other taxation and social security	53	37
	<u>539</u>	<u>2,077</u>
Debtors: due after one year		
Amounts due from group undertakings	<u>67,454</u>	<u>63,336</u>

Citadel Holdings plc

Notes to the Financial Statements 31 December 2013

11. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Amounts due to group undertakings	2,582	1,886
Accruals and deferred income	3	-
Corporation tax	155	-
	<u>2,740</u>	<u>1,886</u>

12. Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Amounts due to group undertakings	<u>33,617</u>	<u>33,617</u>

13. Called up share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
33,516,057 ordinary shares of 25p each	<u>8,379</u>	<u>8,379</u>

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

	Share capital £000	Share premium account £000	Profit and Loss Account £000	2013 Total £000	2012 Total £000
At 1 January	8,379	24,013	7,479	39,871	37,703
Profit for the financial year	-	-	5,723	5,723	3,508
Dividend paid	-	-	(3,823)	(3,823)	(1,340)
At 31 December	<u>8,379</u>	<u>24,013</u>	<u>9,379</u>	<u>41,771</u>	<u>39,871</u>

Citadel Holdings plc

Notes to the Financial Statements 31 December 2013

15. Contingent liabilities

At 31 December 2013 the Company had guaranteed certain Group companies' liabilities, primarily in relation to Group borrowings, interest and amortisation payments under banking facilities. In addition, certain warranties had been given in the course of corporate sales. As the likelihood of payment by the Company under any of those guarantees and warranties is remote, no provision has been made for them in the accounts.

16. Ultimate parent undertaking

The Directors consider that the immediate parent undertaking is CLS One Limited. The 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 2013, these accounts are the largest, and only group into which the Company is consolidated. Copies of these financial statements are publicly available and may be obtained from The Secretary, CLS Holdings plc, 86 Bondway, London SW8 1SF.

17. Investment in group undertakings

The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those wholly owned subsidiary companies whose results or financial position, in the opinion of the Directors, principally affected the figures of the Group. To comply with the Companies Act 2006, a full list of subsidiaries will be filed with the Company's next annual return.

The principal subsidiary undertaking (which is wholly-owned by the Company) is Hermalux Sàrl (incorporated in Luxembourg). The principal activity of this subsidiary is to act as a holding company. The principal activity of each of the other subsidiaries listed below is property investment, except for Citadel Services Sàrl which is a management company.

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by	
			Company	Group
Hermalux Sàrl	Luxembourg	Ordinary shares of €0.30	100%	
Valencia Investments Sàrl	Luxembourg	Ordinary shares of €0.30		100%
Citadel Services Sàrl	France	Ordinary shares of €15.24		100%
Sigma Sàrl	France	Ordinary shares of €15.24		100%
Petits Champs Sàrl	France	Ordinary shares of €15.24		100%
Forum SCI	France	Ordinary shares of €15.24		100%
120 Rue Jean Jaurès Sàrl	France	Ordinary shares of €15.24		100%
Debussy SCI	France	Ordinary shares of €1		100%
Quatuor SCI	France	Ordinary shares of €1		100%
Frères Peugeot SCI	France	Ordinary shares of €1		100%