

Company Registration No. 5251597

CLS Capital Partners Limited

Report and Financial Statements

31 December 2013

THURSDAY



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CLS Capital Partners Limited

Report and Financial Statements 2013

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CLS Capital Partners Limited

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 small companies under section 415a of the Companies Act 2006

The Company has also taken advantage of the small companies' exemption from preparing a Strategic Report

Principal Activities

The principal activity of the Company is to carry on investment business

Review of the business

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

Dividends

The Company did not pay any dividends in the year ended 31 December 2013 (2012: Nil)

Directors

The Directors of the Company for 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

CLS Capital Partners Limited

Directors' Report (continued)

Auditor

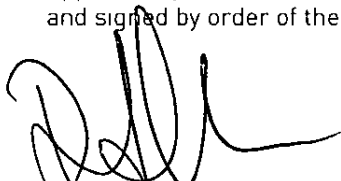
Each of the persons who is a Director at the date of approval of this report confirms that

- 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

Pursuant to section 487(2) Companies Act 2006, an ordinary resolution was passed on 10 October 2008 appointing the auditors until such time as notice is given by either party, therefore Deloitte LLP are deemed to continue as auditor

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

CLS Capital Partners Limited

Director's 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 CLS Capital Partners Limited

We have audited the financial statements of CLS Capital Partners Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. 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 Practices 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. 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 as at 31 December 2013 and of its loss 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 by the Companies Act 2006

In our opinion the information given 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 CLS Capital Partners (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, or
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report



Mark Beddy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
21 May 2014

CLS Capital Partners Limited

Profit and Loss Account Year ended 31 December 2013

	Notes	2013 £	2012 £
Administrative expenses		(1,817)	(2,683)
Operating loss		(1,817)	(2,683)
(Loss)/profit on sale of fixed asset investments	5	(880)	1
Interest receivable		330	324
Loss on ordinary activities before taxation	3	(2,367)	(2,358)
Tax on loss on ordinary activities	4	551	-
Loss for the financial year	10	(1,816)	(2,358)

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 loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

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

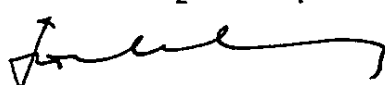
CLS Capital Partners Limited

Balance Sheet 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Investments	5	4,013	4,917
Current assets			
Cash at bank and in hand		1	-
Debtors due within one year	6	612	29
		613	29
Creditors: amounts falling due within one year	7	(117,376)	(115,880)
Net current liabilities		(116,763)	(115,851)
Total assets less current liabilities		(112,750)	(110,934)
Creditors, amounts falling due after more than one year	8	(9,707,758)	(9,707,758)
Net liabilities		(9,820,508)	(9,818,692)
Capital and reserves			
Called up share capital	9	500,000	500,000
Profit and Loss Account	10	(10,320,508)	(10,318,692)
Shareholders' deficit		(9,820,508)	(9,818,692)

The financial statements of CLS Capital Partners Limited (registered number 5251597) were approved by the Board of Directors on 21 May 2014

Signed on behalf of the Board of Directors



Mr J H Whiteley
Director

CLS Capital Partners Limited

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 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 one 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. 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.

1.2 Going concern

The Company's business activities and review of the business are set out in the Directors' Report.

At 31 December 2013 the Company had a significant equity deficit. However, the Directors are in receipt of an unequivocal letter of support from the parent company confirming that sufficient funds will be available to ensure all liabilities are met as they fall due for a period of 12 months from the date of approval of the financial statements, so long as the Company is a wholly owned direct or indirect subsidiary of its current ultimate parent company (note 11). The Directors do not expect that the ownership of the Company will change in the foreseeable future and as such have adopted the going concern basis in preparing the annual report and financial statements.

1.3 Fixed asset investments

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

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 that have been enacted or substantively enacted at the balance sheet date.

CLS Capital Partners Limited

Notes to the Financial Statements 31 December 2013

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 (2012 £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 (2012 none).

3. Loss on ordinary activities before taxation

	2013 £	2012 £
This is stated after charging		
Fees payable to the Company's auditor for the audit of the Company's financial statements	600	600

4. Tax on loss on ordinary activities

	2013 £	2012 £
Current tax	(551)	-

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 substantially enacted at the balance sheet date.

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

	2013 £	2012 £
Loss on ordinary activities before tax	(2,367)	(2,358)
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation of 23.25% (2012: 24.5%)	(551)	(577)
Factors affecting charge		
Losses surrendered by group/consortium relief for nil receipt and differences between capital allowances and depreciation	-	577
Current tax credit for the year	(551)	-

CLS Capital Partners Limited

Notes to the Financial Statements 31 December 2013

5. Investments

	Subsidiary undertakings £	Gilts £	2013 £
At 1 January	1	4,916	4,917
Additions	-	4,012	4,012
Disposals	-	(4,916)	(4,916)
At 31 December	<u>1</u>	<u>4,012</u>	<u>4,013</u>

The gilts, which were purchased at a cost of £4,012 (2012 £4,916) had a market value at 31 December 2013 of £3,901 (2012 £4,263). Gilts with a cost of £4,916 (2012 £nil) were sold during the year and a loss on disposal of £880 (2012 £nil) realised in the Profit and Loss Account for the year ended 31 December 2013.

The Company owns the entire share capital of Mirenwest Limited. The principal activity of Mirenwest Limited is to invest in shares, fixed interest and other forms of investments.

On 2 November 2012 the Company sold its 100% holding of Brideglen Impex Limited for the consideration of £2, realising a profit on disposal of £1 on a cost of £1. Brideglen Impex Limited ceased trading during the year to 31 December 2011.

6. Debtors, amounts falling due within one year

	2013 £	2012 £
Accrued income	61	29
Corporation tax	551	-
	<u>612</u>	<u>29</u>

7. Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts due to group undertakings	<u>117,376</u>	<u>115,880</u>

CLS Capital Partners Limited

Notes to the Financial Statements 31 December 2013

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

	2013 £	2012 £
Amounts due to group undertakings	<u>9,707,758</u>	<u>9,707,758</u>

9 Called up share capital

	2013 £	2012 £
Authorised share capital		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

10. Combined statement of reserves and reconciliation of movement in shareholders' deficit

	Share capital £	Profit and Loss Account £	2013 Total £	2012 Total £
At 1 January	500,000	(10,318,692)	(9,818,692)	(9,816,334)
Loss for the financial year	-	(1,816)	(1,816)	(2,358)
Balance at 31 December	<u>500,000</u>	<u>(10,320,508)</u>	<u>(9,820,508)</u>	<u>(9,818,692)</u>

11. 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. 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.