

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

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

Company No.1762922



BINGRAM LIMITED

INDEX TO THE ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1999

Page No

1 - 2	Directors' report
3	Auditors' report to the Members
4	Profit and loss account
5	Balance sheet
6 - 8	Notes to the Financial Statements

## **BINGRAM LIMITED**

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

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

#### **1 PRINCIPAL ACTIVITY**

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

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

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

#### **3 DIVIDENDS**

The Directors' do not recommend the payment of any dividend for the year. (1998: Nil).

#### **4 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.

#### **5 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.

**BINGRAM LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)**

**6 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.

**7 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. Mirsch  
*Director*

24 March 2000

**REGISTERED OFFICE:**

6 Spring Gardens  
Citadel Place  
Tinworth Street  
London  
SE11 5EH

## BINGRAM LIMITED

### REPORT OF THE AUDITORS TO THE MEMBERS OF BINGRAM 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 applicable 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 adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion the financial statements give a true and fair view of the state 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

**BINGRAM LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

	NOTES	1999 £	1998 £
Turnover	(2)	1,200	1,200
Administrative expenses		(1,561)	(806)
		<hr/>	<hr/>
(Loss)/Profit on ordinary activities before taxation	(3)	(361)	394
Tax on profit on ordinary activities	(4)	-	-
		<hr/>	<hr/>
Retained (loss)/profit for the year	(10)	(361)	394
		<hr/>	<hr/>

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.

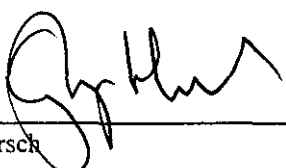
All items included in the above profit and loss account are part of continuing operations.

**BINGRAM LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1999**

	NOTES	1999 £	1998 £
<b>FIXED ASSETS</b>			
Investments	(6)	19,756	19,756
<b>CURRENT ASSETS</b>			
Debtors	(7)	1,207,075	1,207,150
Cash at bank and in hand		2,540	960
		1,209,615	1,208,110
<b>CREDITORS: amounts falling due within one year</b>	(8)	(31,367)	(29,501)
<b>NET CURRENT ASSETS</b>		1,178,248	1,178,609
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,198,004	1,198,365
<b>CAPITAL AND RESERVES</b>			
Called up share capital	(9)	2,000,000	2,000,000
Profit and loss account	(10)	(801,996)	(801,635)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		1,198,004	1,198,365
		1,198,004	1,198,365

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

# BINGRAM 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 and in accordance with applicable accounting standards. The company has taken advantage of the exemptions 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.

The company has received assurances from CLS Holdings plc that sufficient funds will be made available to meet the company's requirements for at least twelve months from the date of these accounts. Accordingly, these financial statements have been prepared on a going concern basis.

#### 1.2 *Fixed Asset Investments*

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

#### 1.3 *Turnover*

Turnover comprises income earned from holding investments, excluding interest receivable on current assets which is disclosed separately and profit and loss from disposal of investments, excluding VAT.

#### 1.4 *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
£	£
1,200	1,200

Interest receivable on investments

### 3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

1999	1998
£	£
1,545	806

This is stated after charging:

Auditors' remuneration

### 4 TAX ON LOSS ON ORDINARY ACTIVITIES

1999	1998
£	£

UK corporation tax at 30.25% (1998 - 31%)

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; losses arising in the year, losses brought forward and group relief surrendered free of charge.

**BINGRAM LIMITED**

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

**5 DIRECTORS' EMOLUMENTS & EMPLOYEE INFORMATION**

The emoluments of the Directors of the company who are 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 (1998: nil).

**6 FIXED ASSET INVESTMENTS**

	1999	1998
	£	£
Gilts	19,756	19,756

The Gilts were purchased at a cost of £19,756. Market value at 31 December 1999 was £19,246 (1998: £20,087). The directors do not consider this diminution to be material, therefore no provision has been made in the accounts.

**7 DEBTORS**

	1999	1998
	£	£
Amounts due from group undertakings	1,206,440	1,206,440
Other debtors	635	710
	<u>1,207,075</u>	<u>1,207,150</u>

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

	1999	1998
	£	£
Amounts due to group undertakings	27,905	27,889
Accruals and deferred income	3,462	1,612
	<u>31,367</u>	<u>29,501</u>

**9 CALLED UP SHARE CAPITAL**

	1999	1998
	£	£
Authorised, allotted, called up and fully paid: Ordinary shares of £1 each	2,000,000	2,000,000

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

	Share Capital £	Profit & Loss Account £	1999 Total £	1998 Total £
Balance at 1 January	2,000,000	(801,635)	1,198,365	1,197,971
(Loss)/Profit for the year	-	(361)	(361)	394
Balance at 31 December	<u>2,000,000</u>	<u>(801,996)</u>	<u>1,198,004</u>	<u>1,198,365</u>

**BINGRAM LIMITED**

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

**11 CONTINGENT LIABILITIES**

In the Directors opinion, no contingent liabilities exist.

**12 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 Secretary, CLS Holdings plc, 6 Spring Gardens, Citadel Place, Tinworth Street, London, SE11 5EH.