

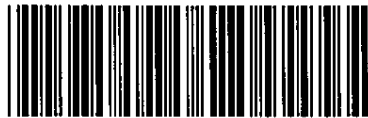
**VISTA CENTRE LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**31 DECEMBER 2007**

THURSDAY



\*AE2RG388\*

A54

18/09/2008

98

COMPANIES HOUSE

**Company No 2329963**

**VISTA CENTRE LIMITED**  
**INDEX TO THE ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**Page No**

|        |  |
|--------|--|
| 1 - 2  | Directors' report                              |
| 3      | Independent Auditors' Report                   |
| 4      | Profit and loss account                        |
| 4      | Statement of total recognised gains and losses |
| 5      | Balance sheet                                  |
| 6 - 10 | Notes to the Financial Statements              |

## **VISTA CENTRE LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007**

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 31 December 2007

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

#### **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 annual report. The Directors expect the principal activity of the Company to remain unchanged for the foreseeable future.

#### **3 FINANCIAL RISK MANAGEMENT**

The Company's operations expose it to the risk of interest rate fluctuations. The Company addresses such risks by purchasing interest rate hedging instruments. Such instruments have a year end book value of £45,203 (2006: £61,129) and a year end market value of £79,115 (2006: £89,722).

#### **4 DIVIDENDS**

No dividend was paid in the year ended 31 December 2007 (2006: none)

#### **5 DIRECTORS**

The Directors of the Company during the year were as follows:

Mr P Sjöberg (resigned 2 May 2008)  
Mr S F Board (resigned 8 May 2008)  
Mr K Chapman (appointed 23 November 2007 and resigned 6 August 2008)  
Mr D Baverstam (resigned 23 November 2007)  
Mr H Klotz (appointed 2 May 2008)  
Mr T.J.L. Willis (appointed 1 September 2008)  
Mr AGP Millet (appointed 1 September 2008)

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) are in force for the benefit of the Directors and former Directors who held office in 2007.

Each Director has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

**VISTA CENTRE LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**6 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the 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). The financial statements are required by law to 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

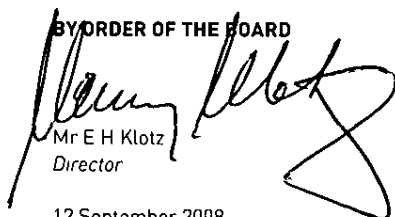
- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper accounting records that 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 1985. 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 Deloitte & Touche LLP as auditors of the Company will be proposed at the annual general meeting

BY ORDER OF THE BOARD



Mr E H Klotz  
Director

12 September 2008

**REGISTERED OFFICE**

86 Bondway  
London  
SW8 1SF  
England

## VISTA CENTRE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISTA CENTRE LIMITED

We have audited the financial statements of Vista Centre Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members as a body in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

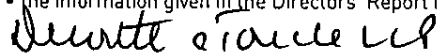
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London, UK

12 September 2008

**VISTA CENTRE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

|   | NOTES | 2007<br>£ | 2006<br>£ |
|---|-------|-----------|-----------|
| <b>Turnover</b>   | (2)   | 1 477 956 | 1,444 044 |
| Service charge expenditure                                  |       | (880 267) | (838 412) |
| <b>Net rental income</b>                                    |       | 597,689   | 605 632   |
| Administrative expenses                                     |       | (503,776) | (326 860) |
| <b>Operating profit</b>                                     |       | 93 913    | 278 772   |
| Interest receivable and similar income                      |       | 52,145    | 16 970    |
| Interest payable and similar charges                        | (3)   | (936,796) | (684 692) |
| Exceptional income - write back on revaluation              |       | -         | 663 565   |
| <b>(Loss)/Profit on ordinary activities before taxation</b> | (5)   | (790 738) | 274,615   |
| Tax charge on (loss)/profit on ordinary activities          | (6)   | (63,270)  | (83 156)  |
| <b>(Loss)/Profit for the financial year</b>                 | (13)  | (854 008) | 191,459   |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

|   | 2007<br>£   | 2006<br>£ |
|---|-------------|-----------|
| Retained (loss)/profit for the financial year | (854,008)   | 191 459   |
| Unrealised deficit on revaluation of property | (3 159 626) | -         |
| Total recognised (losses)/gains for the year  | (4,013 634) | 191 459   |

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above and their historical cost equivalents

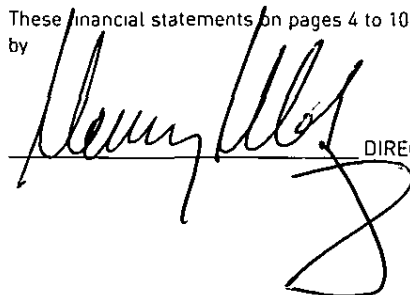
All items included in the above profit and loss account are part of continuing operations

**VISTA CENTRE LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2007**

|   | NOTES | 2007<br>£    | 2006<br>£   |
|---|-------|--------------|-------------|
| <b>FIXED ASSETS</b>   |       |              |             |
| Tangible assets   | (7)   | 12,457 000   | 15 600 000  |
| <b>CURRENT ASSETS</b>   |       |              |             |
| Debtors amounts falling due after more than one year          | (8)   | -            | 45,203      |
| Debtors amounts falling due within one year                   | (8)   | 403 780      | 398,871     |
| Cash at bank and in hand                                      |       | 2 093 625    | 93,431      |
|   |       | 2 497 405    | 537 505     |
| <b>CREDITORS amounts falling due within one year</b>          | (9)   | (15 052 672) | (2 231 200) |
| <b>NET CURRENT LIABILITIES</b>                                |       | (12,555 267) | (1 693 695) |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                  |       | (98 267)     | 13 906 305  |
| <b>CREDITORS amounts falling due after more than one year</b> | (10)  | -            | (9 860 439) |
| <b>PROVISIONS FOR LIABILITIES</b>                             | (11)  | (1 826,991)  | (1 957 490) |
| <b>NET (LIABILITIES)/ASSETS</b>                               |       | (1,925 258)  | 2 088,376   |
| <b>CAPITAL AND RESERVES</b>                                   |       |              |             |
| Called up share capital                                       | (12)  | 100          | 100         |
| Revaluation reserve   | (13)  | (4 913 808)  | -           |
| Profit and loss account                                       | (13)  | 2,988,450    | 2 088 276   |
| <b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>                          |       | (1,925 258)  | 2 088,376   |

These financial statements on pages 4 to 10 were approved by the Board of Directors on 12 September 2008 and signed on its behalf by

 DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 PRINCIPAL 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, modified to include the revaluation of land and buildings and in accordance with applicable UK 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. 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.

1.2 *Investment properties*

Investment properties are revalued bi-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 the profit and loss account where these are considered to be permanent. Any such deficits which are subsequently considered to no longer be permanent are written back to the profit and loss account.

In accordance with Statement of Standard Accounting Practice 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.

1.3 *Turnover*

Turnover comprises the total value of rents and service charges receivable under operating leases, including reverse premiums paid by tenants on surrender of leases and property-related services provided during the year, excluding VAT. Where there is a material rent free period and the amount is considered to be recoverable, the income is spread evenly over the period to the date of the first break. Rents received in advance are shown as deferred income in the balance sheet.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

## 1.4 Taxation

Corporation tax is provided on taxable profits at the current rate

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that 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 the reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis, at the average tax rates that 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 substantially enacted at the balance sheet date.

Provision is not made in respect of property revaluation gains and losses.

## 1.5 Loan Costs

Issue costs relating to new loans are capitalised and amortised to follow the profile of the loan principal. Unamortised amounts at the balance sheet date are deferred against the loan liability.

## 1.6 Interest Rate Caps

The premium paid for interest rate caps used to hedge borrowings is held within debtors on the balance sheet and amortised over the period of the cap.

## 2 TURNOVER

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Rental income                        | 954,784          | 920,102          |
| Other income                         | 15,549           | 46,388           |
| Service charge expenditure recovered | 507,623          | 477,554          |
|                                      | <u>1,477,956</u> | <u>1,444,044</u> |

## 3 INTEREST PAYABLE AND SIMILAR CHARGES

|  | 2007<br>£      | 2006<br>£      |
|--|----------------|----------------|
| On bank loan                                     | 702,114        | 587,598        |
| Amortisation of refinancing and arrangement fees | 42,436         | 35,886         |
| Amortisation of interest rate caps               | -              | 15,926         |
| On loans from group undertaking                  | 192,246        | 45,282         |
|  | <u>936,796</u> | <u>684,692</u> |

## 4 DIRECTORS' EMOLUMENTS &amp; 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 two employees during the year (2006: two).

| Employment costs of all employees | 2007          | 2006          |
|-----------------------------------|---------------|---------------|
| Wages and salaries                | 48,695        | 46,816        |
| Social security costs             | 7,148         | 6,872         |
|                                   | <u>55,842</u> | <u>53,688</u> |

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

|                               | 2007<br>£ | 2006<br>£ |
|-------------------------------|-----------|-----------|
| This is stated after charging |           |           |
| Auditors' remuneration        | 1,000     | 1,000     |

**VISTA CENTRE LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**
**6 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

|   | <b>2007</b>   | <b>2006</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| UK corporation tax at 30% (2006 30%)                          | -             | -             |
| Deferred tax charge/(credit)                                  | -             | -             |
| Origination and reversal of timing differences                | (130 499)     | 83,156        |
| Payment for losses surrendered under Group Relief arrangement | 193 769       | -             |
|   | <u>63 270</u> | <u>83 156</u> |

The current tax for the year is lower in 2007 and 2006 than the standard rate of UK corporation tax (30%) as explained below

|  | <b>2007</b> | <b>2006</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| (Loss)/Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% (2006 30%) | (237,221)   | 82 385      |
| <u>Effect of:</u>  |             |             |
| Differences due to expenses non-deductible and items not included in profit for tax purposes                                 | -           | (199 070)   |
| Losses surrendered to group/consortium relief and differences between capital allowances and depreciation                    | 237,221     | 116,685     |
|  | <u>-</u>    | <u>-</u>    |
| Tax charge in profit and loss account  | <u>-</u>    | <u>-</u>    |

**7 TANGIBLE ASSETS**

|                               | <b>2007</b>       |
|-------------------------------|-------------------|
|                               | <b>£</b>          |
| Freehold investment property  |                   |
| At 1 January 2007             | 15 600,000        |
| Additions                     | 16,626            |
| Deficit on revaluation        | (3 159 626)       |
|                               | <u>12 457 000</u> |
| Valuation at 31 December 2007 | <u>12 457 000</u> |

At 31 December properties were revalued to an estimate of their open market values taking into account their condition and tenancies existing at that date. Property valuations were carried out by external valuers, Allsop & Co Chartered Surveyors. The historical cost of investment properties included at valuation was £17 370 808 (2006 £17 347 747)

**8 DEBTORS**

|   | <b>2007</b>    | <b>2006</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| <b>Amounts falling due within one year</b>          |                |                |
| Trade debtors                                       | 101 575        | 235,963        |
| Amounts due from group undertakings                 | 30 035         | 95,258         |
| Other debtors                                       | 52,840         | 15 926         |
| Prepayments and accrued income                      | 219,330        | 51 724         |
|   | <u>403,780</u> | <u>398 871</u> |
| <b>Amounts falling due after more than one year</b> |                |                |
| Other debtors                                       | -              | 45 203         |
|   | <u>-</u>       | <u>45 203</u>  |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

| <b>9 CREDITORS amounts falling due within one year</b> | <b>2007<br/>£</b> | <b>2006<br/>£</b> |
|--|-------------------|-------------------|
| Bank loans   | 10 120 000        | 700 000           |
| Unamortised arrangement and finance fees               | (93 680)          | (33 900)          |
| Trade creditors  | (396)             | 2 045             |
| Amounts due to group undertakings                      | 4 442,246         | 1,045,282         |
| Other taxation and social security                     | 44 195            | 44,838            |
| Other creditors  | 54 702            | 60 440            |
| Accruals and deferred income                           | 485 605           | 412 495           |
|  | <b>15 052 672</b> | <b>2,231,200</b>  |

| <b>10 CREDITORS amounts falling due after more than one year</b> | <b>2007<br/>£</b> | <b>2006<br/>£</b> |
|--|-------------------|-------------------|
| Bank loans   | -                 | 9 945 000         |
| Unamortised arrangement and finance fees                         | -                 | (84 561)          |
|  | <b>-</b>          | <b>9,860,439</b>  |

**An analysis of the maturity of the bank loan is as follows**

|   | <b>2007<br/>£</b> | <b>2006<br/>£</b> |
|---|-------------------|-------------------|
| In one year or less, or on demand                   | 10,026 320        | 666 100           |
| In more than one year but not more than two years   | -                 | 668 327           |
| In more than two years but not more than five years | -                 | 9 192 112         |
|   | <b>10,026,320</b> | <b>10 526 539</b> |

Interest is charged on the bank loan at the rate of LIBOR plus a margin of 1.00% and is secured by a legal charge over the property to which it relates

The capitalised arrangement fees for the year are £17 653 50 (2006: £nil)

**11 PROVISIONS FOR LIABILITIES**

Deferred taxation is provided as follows

|  | <b>2007<br/>Provision<br/>£</b> | <b>Amount<br/>unprovided<br/>£</b> | <b>2006<br/>Provision<br/>£</b> | <b>Amount<br/>unprovided<br/>£</b> |
|--|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| Capital allowances in excess of depreciation | 1 826,991                       | -                                  | 1,957,490                       | -                                  |
| Unrelieved losses                            | -                               | (485 590)                          | -                               | (524 509)                          |
|  | <b>1 826 991</b>                | <b>(485 590)</b>                   | <b>1,957,490</b>                | <b>(524 509)</b>                   |
| At 1 January                                 | 1,957,490                       |                                    | 1,874,334                       |                                    |
| Amount charged/(credited) to profit and loss | (130 499)                       |                                    | 83 156                          |                                    |
| At 31 December                               | <b>1 826 991</b>                |                                    | <b>1 957 490</b>                |                                    |

No tax would arise on the disposal of the property as the current market value is below historical cost

The deferred tax balance disclosed above has not been recognised on the grounds that it is uncertain that suitable future taxable profits will be available from which the reversal of the underlying timing differences can be deducted

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

## 12 CALLED UP SHARE CAPITAL

|  | 2007<br>£ | 2006<br>£ |
|--|-----------|-----------|
| Authorised<br>Ordinary shares of £1 each                                   | 10 000    | 10 000    |
| Authorised allotted called up and fully paid<br>Ordinary shares of £1 each | 100       | 100       |

## 13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS

|                                      | Share<br>Capital<br>£ | Revaluation<br>Reserve<br>£ | Profit &<br>Loss Account<br>£ | 2007<br>Total<br>£ | 2006<br>Total<br>£ |
|--------------------------------------|-----------------------|-----------------------------|-------------------------------|--------------------|--------------------|
| Balance at 1 January                 | 100                   | -                           | 2,088 276                     | 2 088 376          | 1,896,917          |
| (Loss)/Profit for the financial year | -                     | -                           | (854 008)                     | (854 008)          | 191,459            |
| Deficit on revaluation               | -                     | (3,159,626)                 | -                             | (3 159 626)        | -                  |
| Reserves transfer                    | -                     | (1,754,182)                 | 1 754 182                     | -                  | -                  |
| Balance at 31 December               | 100                   | (4 913 808)                 | 2,988,450                     | (1 925 258)        | 2 088,376          |

## 14 PARENT UNDERTAKING

The Directors consider that the immediate ultimate parent undertaking and controlling party is CLS Holdings plc which is incorporated in Great Britain and registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from The Secretary, CLS Holding plc 86 Bondway, London SW8 1SF.

## 15 POST BALANCE SHEET EVENTS

On 1 February 2008, the company sold its property for a consideration of £12 775 000. The historical cost at 31 December 2007 was £17,370,808.