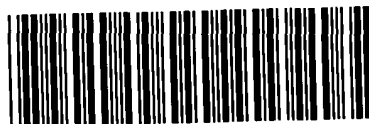


Company Registration No. 09479282 (England and Wales)

FETTER LANE APARTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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FETTER LANE APARTMENTS LIMITED

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FETTER LANE APARTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their annual report and financial statements for the year ended 31 December 2016.

The Directors' Report has been prepared in accordance with the special provision 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 continued to be that of investment in residential property.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend (2015: nil).

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Henry Klotz
Mr Alain Millet
Mr John Whiteley
Mr Fredrik Widlund
Mr Simon Wigzell.

Directors' insurance

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 2016.

FETTER LANE APARTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of Directors' responsibilities

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) including Financial Reporting Standard 101 *Reduced Disclosure Framework*. 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 at the balance sheet date and of the profit or loss of the Company for the period ending on that date. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 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 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.

Auditor

In accordance with the Company's articles, a resolution proposing that Deloitte LLP be reappointed as auditor of the Company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all 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 s418 of the Companies Act 2006.

FETTER LANE APARTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Principal risks and uncertainties

The Directors consider 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 or historical results; the management and mitigation of these risks are the responsibility of the Directors of the Company. The Company is a wholly-owned subsidiary of the CLS Holdings plc Group (the "Group") and is managed on a day-to-day basis by employees of the Group. The principal risks and uncertainties facing the Company are broadly grouped as property investment risk, funding risk and political and economic risk.

Property Investment Risk

A cyclical downturn in the property market, changes in the supply of space and/or occupier demand or overall poor asset management could have a negative impact on the cash flows, profitability and net assets of the Company. To mitigate this risk, senior management of the Group has detailed knowledge of the market in which the Company operates through years of experience within the industry. Furthermore the Group has property managers who actively monitor the performance of the investment properties on a daily basis and report to the Directors.

Funding Risk

The unavailability of financing at acceptable prices, adverse interest rate movements or a breach in borrowing covenants may have a detrimental effect on the ability of the Company to meet its financial obligations. In order to mitigate this risk, the Group's treasury function closely monitors the performance of the Company and looks to limit its exposure through various financial hedging instruments.

Political and Economic Risk

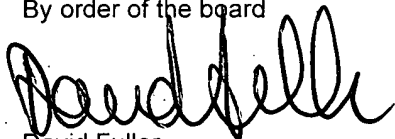
The exit of the United Kingdom from the European Union remains an adverse risk to the overall economy, which may impact the value of net assets and profitability. It is the Directors' view that the United Kingdom's economy remains sufficiently robust to weather any immediate adverse economic effects.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Group's annual report which does not form part of this report and can be found on www.cls Holdings.com.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite the net current liability position at 31 December 2016. Furthermore, at the balance sheet date, the Company has net assets which are expected to generate positive cash flows in addition to the ability to seek alternate funding from within the Group. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

By order of the board



David Fuller

Secretary

14 June 2017

FETTER LANE APARTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FETTER LANE APARTMENTS LIMITED

We have audited the financial statements of Fetter Lane Apartments Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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), including FRS 101 "Reduced Disclosure Framework".

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 Statement of Directors' Responsibilities, 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 2016 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 by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

FETTER LANE APARTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FETTER LANE APARTMENTS LIMITED

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 from the requirement to prepare a Strategic Report.



Mark Beddy FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

14 June 2017

FETTER LANE APARTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	9 March 2015 to 31 December 2015
	Notes	£	£
Revenue	3	240,334	110,118
Net service charge expenditure		(48,499)	(65,091)
Net rental income		191,835	45,027
Administrative expenses		(71,473)	(49,984)
Operating profit/(loss)	5	120,362	(4,957)
Interest payable	8	(251,856)	(95,200)
Net movements on revaluation of investment properties	11	130,000	372,950
(Loss)/profit before taxation		(1,494)	272,793
Tax on (loss)/profit	9	24,371	(230,918)
Profit and total comprehensive income for the financial year		22,877	41,875

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There were no items of other comprehensive income other than those stated above for either period.

The notes 1 to 17 form part of these financial statements.

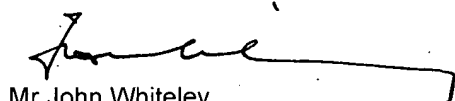
FETTER LANE APARTMENTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible fixed assets	10	43,089	59,980
Investment property	11	5,880,000	5,750,000
		<u>5,923,089</u>	<u>5,809,980</u>
Current assets			
Trade and other receivables	12	1,316,839	22,237
Current tax recoverable		24,996	21,634
		<u>1,341,835</u>	<u>43,871</u>
Creditors: amounts falling due within one year			
Trade and other payables	13	(3,606,490)	(182,373)
Net current liabilities		<u>(2,264,655)</u>	<u>(138,502)</u>
Total assets less current liabilities		3,658,434	5,671,478
Creditors: amounts falling due after one year			
Trade and other payables	13	(3,341,565)	(5,377,050)
Provisions for liabilities			
Deferred tax liabilities	14	(252,116)	(252,552)
Net assets		<u>64,753</u>	<u>41,876</u>
Equity			
Called up share capital	15	1	1
Retained earnings		64,752	41,875
Total equity		<u>64,753</u>	<u>41,876</u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 June 2017 and are signed on its behalf by:



Mr John Whiteley
Director

Company Registration No. 09479282

FETTER LANE APARTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Retained earnings £	Total £
Balance at 9 March 2015		-	-	-
Period ended 31 December 2015:				
Profit and total comprehensive income for the period		-	41,875	41,875
Issue of share capital	15	1	-	1
Balance at 31 December 2015		1	41,875	41,876
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	22,877	22,877
Balance at 31 December 2016		1	64,752	64,753

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Fetter Lane Apartments Limited is a private company limited by shares and incorporated in Great Britain under the Companies Act 2006, and is registered in England. The registered office is 86 Bondway, London, SW8 1SF.

1.1 Accounting convention

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 *Reduced Disclosure Framework* as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties. The principal accounting policies adopted are set out below.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of CLS Holdings plc. The group accounts of CLS Holdings plc are available to the public and can be obtained as set out in note 17.

The Company was incorporated on 9 March 2015. Comparative information is presented for the period 9 March 2015 to 31 December 2015.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite the net current liability position at 31 December 2016. Furthermore, at the balance sheet date, the Company has net assets which are expected to generate positive cash flows in addition to the ability to seek alternate funding from within the Group of the parent company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue comprises the total value of rents from operating leases and is recognised on a straight-line basis over the lease term. The cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. Rents received in advance are shown as deferred income.

Service charge income is recognised on a gross basis in the accounting period in which the services are rendered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
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FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

1.5 Investment properties

Investment properties are those properties held for long-term rental yields or for capital appreciation or both. Investment properties are measured initially at cost, including related transaction costs. Additions to investment properties comprise costs of a capital nature; in the case of investment properties under development, these include capitalised interest and certain staff costs directly attributable to the management of the development. Capitalised interest is calculated at the rate on associated borrowings applied to direct expenditure between the date of gaining planning consent and the date of practical completion. The acquisition of an investment property is recognised when the risks and rewards of ownership have been transferred to the Company, typically on unconditional exchange of contracts or when legal title passes. Investment properties are carried at fair value, based on market value as determined by professional external valuers at the balance sheet date. Changes in fair value are recognised in profit before tax.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between net proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

1.6 Impairment of tangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade and other receivables are recognised initially at fair value. An impairment provision is created where there is objective evidence that the Company will not be able to collect the receivable in full.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. Trade and other payables are stated at cost, which equates to fair value.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's obligations are discharged or cancelled, or when they expire.

1.10 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is calculated using rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in arriving at profit after tax, except when it relates to items recognised in other comprehensive income, in which case the deferred tax is recognised in other comprehensive income.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be used. The deferred tax assets and liabilities are only offset if there is a legally enforceable right of set-off and the Company intends to settle its current tax assets and liabilities on a net basis.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

The Directors have considered the judgements that have been made in the process of applying the Company's accounting policies, which are described in note 1, and which of those judgements have the most significant effect on amounts recognised in the financial statements.

In the Directors' opinion for the year ended 31 December 2016 there are no accounting judgements that are material to the financial statements.

Key sources of estimation uncertainty

The Company uses the valuations performed by its independent external valuers as the fair value of its investment properties. The valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

3 Revenue

An analysis of the Company's revenue is as follows:

	2016	9 March 2015 to 31 December 2015
	£	£
Rental income	240,334	110,118

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Revenue (Continued)

Geographical market

Revenue arose wholly within the United Kingdom.

Certain comparative amounts have been reclassified to conform to the current year's presentation. A reclassification was undertaken to reallocate direct service charge income received from revenue to the net service charge expenditure in the statement of comprehensive income. This reclassification has a nil impact to the net rental income in the statement of comprehensive income.

4 Administrative expenses

Certain comparative amounts have been reclassified to conform to the current year's presentation. A reclassification was undertaken to reallocate direct operating expenses to ensure that they are included within net rental income line in the statement of comprehensive income. This reclassification has a nil impact to the operating profit/(loss) in the statement of comprehensive income.

5 Operating profit/(loss)

	2016	9 March 2015 to 31 December 2015
	£	£
Operating profit/(loss) for the year is stated after charging:		
Depreciation of property, plant and equipment	16,891	7,582
	<u>16,891</u>	<u>7,582</u>

6 Employees

The Company did not have any employees in the current or preceding year.

No fees or other emoluments were paid to the Directors of the Company during either the current or preceding year in respect of their services to the Company. The Directors were paid by another entity within the Group.

7 Auditor's remuneration

	2016	9 March 2015 to 31 December 2015
	£	£
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the Company's financial statements	4,800	4,800
	<u>4,800</u>	<u>4,800</u>

No fees were payable to Deloitte LLP and its associates for non-audit services to the Company during the current or preceding year.

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest payable and similar expenses

	2016	9 March 2015 to 31 December 2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	248,990	95,200
Interest on other loans	2,866	-
	<u>251,856</u>	<u>95,200</u>

9 Income tax expense

	2016	9 March 2015 to 31 December 2015
	£	£
Current tax		
Current year taxation	(23,935)	(21,634)
Deferred tax		
Origination and reversal of temporary differences	(436)	252,552
	<u>(24,371)</u>	<u>230,918</u>

The rate of corporation tax for the financial years beginning 1 April 2015 and 1 April 2016 was 20.00%. This fell to 19.00% on 1 April 2017 and will reduce to 17.00% on 1 April 2020 under legislation substantively enacted at the balance sheet date. The weighted average corporation tax rate for the year ended 31 December 2016 was 20.00% (2015: 20.08%). Deferred tax has been calculated at a rate of 17.00% (2015: 18.00%), being the rate expected to apply in the period when the liability is settled or the asset is realised.

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Income tax expense

(Continued)

The tax (credit)/charge for the year can be reconciled to the (loss)/profit on ordinary activities as follows:

	2016 £	9 March 2015 to 31 December 2015 £
(Loss)/profit before taxation	(1,494)	272,793
Expected tax (credit)/charge based on a corporation tax rate of 20.00% (2015: 20.08%)	(299)	54,777
Income not taxable	-	(1,522)
Adjustment in respect of prior years	1,061	-
Effect of change in UK corporation tax rate	(16,430)	(7,757)
Change in tax basis of properties, including indexation uplift	(8,703)	185,420
Tax (credit)/charge for the year	(24,371)	230,918

10 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 January 2016 and 31 December 2016	67,562
Accumulated depreciation and impairment	
At 1 January 2016	7,582
Charge for the year	16,891
At 31 December 2016	24,473
Carrying amount	
At 31 December 2016	43,089
At 31 December 2015	59,980

11 Investment property

	2016 £
Fair value	
At 1 January 2016	5,750,000
Fair value adjustment	130,000
At 31 December 2016	5,880,000

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Investment property

(Continued)

The investment property was revalued at 31 December 2016 to its fair value, based on current prices in an active market for all properties. The property valuations were carried out by Cushman & Wakefield who are external, professional qualified valuers.

Property valuations are complex and require a degree of judgement and are based on data which is not publicly available. Consistent with EPRA guidance, we have classified the valuations of our property portfolio as level 3 as defined by IFRS 13. Inputs into the valuations include equivalent yields and rental income and are described as 'unobservable' as per IFRS 13. All other factors remaining constant, an increase in rental income would increase valuations, whilst an increase in equivalent nominal yield would result in a fall in value and vice versa.

The Company has pledged all of its investment property to secure banking facilities granted to the Company.

The historical cost of investment property was £5,377,050 (2015: £5,377,050).

12 Trade and other receivables

	2016 £	2015 £
Trade debtors	31,499	22,237
Other receivables	4,250	-
Amounts due from fellow group undertakings	1,266,030	-
Prepayments	15,060	-
	<u>1,316,839</u>	<u>22,237</u>

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

13 Trade and other payables

	Current		Non-current	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	592	-	-	-
Amounts due to fellow group undertakings	3,566,601	156,317	3,341,565	5,377,050
Accruals and deferred income	39,297	23,782	-	-
Other creditors	-	2,274	-	-
	<u>3,606,490</u>	<u>182,373</u>	<u>3,341,565</u>	<u>5,377,050</u>

Payables include a loan of £3,341,565 (2015: £nil) due to a fellow group undertaking. The loan is due for repayment on 31 December 2021. Interest is charged on the loan at a rate of LIBOR plus a margin of 3.25%.

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	UK Capital Allowances	Fair value adjustment to investment properties	Total
	£	£	£
Deferred tax liability at 9 March 2015	-	-	-
Deferred tax movements in prior year			
Charge to profit or loss	-	252,552	252,552
Deferred tax liability at 1 January 2016	-	252,552	252,552
Deferred tax movements in current year			
Charge/(credit) to profit or loss	3,452	(3,888)	(436)
Deferred tax liability at 31 December 2016	3,452	248,664	252,116

	2016 £	2015 £
Deferred tax liabilities	252,116	252,552

15 Share capital

Ordinary share capital

Authorised, issued and fully paid

1 ordinary shares of £1 each

	2016 £	2015 £
1 ordinary shares of £1 each	1	1

16 Operating lease commitments

Lessor

At the reporting end date the Company had contracted with tenants for the following minimum lease payments:

	2016 £	2015 £
Within one year	214,325	197,004
Between two and five years	101,580	234,613
	315,905	431,617

FETTER LANE APARTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Operating lease commitments

(Continued)

Operating leases where the Company is the lessor are typically negotiated on a tenant-by-tenant basis and include break clauses and indexation provisions. Rental income earned during the year was £240,334 (2015: £110,118) and direct operating expenses arising on the properties in the period was £48,499 (2015: £65,091). The lessees do not have an option to purchase the property at the expiry of the lease period.

17 Controlling party

The Directors consider that the immediate and ultimate parent undertaking and ultimate 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 2016, being the largest and only Group into which the Company's financial statements are consolidated. Copies of the Group financial statements are publicly available and may be obtained from The Secretary, CLS Holdings plc, 86 Bondway, London, SW8 1SF.