

Company Registration No. 02767722 (England and Wales)

**NYK INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# NYK INVESTMENTS LIMITED

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# **NYK INVESTMENTS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Directors present the strategic report, annual report and financial statements for the year ended 31 December 2018.

#### **Review of the business**

The results for the year are set out on page 8.

The principal activities of the Company continued to be that of an investment business.

The financial statements have been prepared on a going concern basis as described in note 1.

#### **Future developments**

At the date of approval of this report, the principal activities of the Company are not expected to change from those described above.

#### **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 funding risk and political and economic risk, foreign exchange fluctuations and potential loss on intercompany lending.

##### *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 impact of 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.

##### *Foreign exchange fluctuations*

The Company's operations expose it to the risk of foreign exchange fluctuations. The Company addresses such risks by entering into forward foreign exchange contracts. Such instruments have a year end fair value of (£498,373) (2017: asset of £565,162).

##### *Potential loss on intercompany lending*

The risk of potential loss on intercompany is mitigated by lending on arm's length basis to subsidiaries.

The Directors have considered the risks attached to the Company's financial instruments. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not considered material to the assessment of assets and liabilities in the financial statements. Further discussion of 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](http://www.cls Holdings.com) or from its registered address (see note 16).

#### **Key performance indicators**

The following are key performance indicators of the business:

- Turnover for the year £18,499,685 (2017: £12,439,774)
- Operating profit for the year £940,675 (2017: £5,209,981)
- Net assets at the balance sheet date £36,362,161 (2017: £36,545,634)

# **NYK INVESTMENTS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

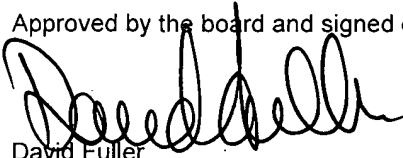
***FOR THE YEAR ENDED 31 DECEMBER 2018***

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### **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 and therefore continue to adopt the going concern basis in preparing the financial statements.

Approved by the board and signed on its behalf



David Fuller

**Secretary**

26 June 2019

16 Tinworth Street, London, SE11 5AL

# NYK INVESTMENTS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The Directors present their annual report and financial statements for the year ended 31 December 2018.

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

Disclosure in respect of a review of the business and future developments required in the Directors' Report as per section 416 (4) of the Companies Act 2006 has been included in the Strategic Report.

#### Results and dividends

The results for the year are set out on page 8.

No dividends were paid. The Directors do not recommend payment of a final dividend (2017: nil).

#### Directors

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

Henry Klotz  
Alain Millet  
John Whiteley  
Fredrik Widlund  
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 2018. The ultimate parent company CLS Holdings plc maintains liability insurance for its directors and directors of its associated companies.

#### 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.

# NYK INVESTMENTS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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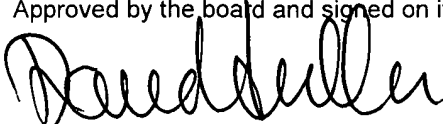
### **Statement of disclosure to auditor**

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

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors 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 section 418 of the Companies Act 2006.

Approved by the board and signed on its behalf



David Fuller

**Secretary**

26 June 2019

16 Tinworth Street, London, SE11 5AL

# **NYK INVESTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF NYK INVESTMENTS LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of NYK Investments Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

##### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

# **NYK INVESTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF NYK INVESTMENTS LIMITED**

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#### **Matters on which we are required to report by exception**

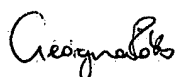
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **Use of our report**

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.



**Georgina Robb FCA (Senior statutory auditor)**

**for and on behalf of Deloitte LLP**

**Statutory Auditor**

**London, United Kingdom**

**26 June 2019**



# **NYK INVESTMENTS LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Turnover	4	18,499,685	12,439,774
Operating expenses		(17,499,674)	(7,181,021)
Administrative expenses		(59,336)	(48,772)
<b>Operating profit</b>	7	940,675	5,209,981
Interest income		95,824	101,106
Fair value movements on derivatives	11	(1,063,535)	50,375
<b>(Loss)/profit before taxation</b>		(27,036)	5,361,462
Tax on (loss)/profit	8	(156,437)	(1,059,204)
<b>(Loss)/profit for the financial year</b>		(183,473)	4,302,258
<b>Other comprehensive income</b>			
Fair value movement on available for sale financial assets		-	736
<b>Total comprehensive income for the year</b>		(183,473)	4,302,994

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 16 form part of these financial statements.

# NYK INVESTMENTS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Investments	9	1	1
<b>Current assets</b>			
Deferred tax	10	-	96,077
Derivative financial instruments	11	-	565,162
Debtors falling due after one year	12	435,492,058	150,534,442
Debtors	12	141,938,165	263,444,717
Current tax recoverable		5,137	-
Cash at bank and in hand		49,109,785	79,435,231
		<u>626,545,145</u>	<u>494,075,629</u>
<b>Creditors: amounts falling due within one year</b>			
Derivative financial instruments	11	(498,373)	-
Trade and other payables	13	(230,583,852)	(415,420,661)
Current tax payable		-	(1,041,779)
		<u>(231,082,225)</u>	<u>(416,462,440)</u>
<b>Net current assets</b>		<u>395,462,920</u>	<u>77,613,189</u>
<b>Total assets less current liabilities</b>		<u>395,462,921</u>	<u>77,613,190</u>
<b>Creditors: amounts falling due after one year</b>			
Trade and other payables	13	(359,016,037)	(41,067,556)
<b>Provisions for liabilities</b>			
Deferred tax	10	(84,723)	-
<b>Net assets</b>		<u>36,362,161</u>	<u>36,545,634</u>
<b>Capital and reserves</b>			
Called up share capital	14	24,000,000	24,000,000
Profit and loss account		12,362,161	12,545,634
<b>Total equity</b>		<u>36,362,161</u>	<u>36,545,634</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 June 2019 and are signed on its behalf by:



John Whiteley  
Director

Company Registration No. 02767722

# **NYK INVESTMENTS LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	Share capital £	Other reserves £	Profit and loss account £	Total £
<b>Balance at 1 January 2017</b>		24,000,000	(736)	8,243,376	32,242,640
<b>Year ended 31 December 2017:</b>					
Profit for the year		-	-	4,302,258	4,302,258
Other comprehensive income		-	736	-	736
<b>Balance at 31 December 2017</b>		24,000,000	-	12,545,634	36,545,634
<b>Year ended 31 December 2018:</b>					
Loss and total comprehensive income for the year		-	-	(183,473)	(183,473)
<b>Balance at 31 December 2018</b>		24,000,000	-	12,362,161	36,362,161

# NYK INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

NYK Investments Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006, and registered in England. The registered office is 16 Tinworth Street, London, SE11 5AL.

#### 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 nature of the Company's operations and its principal activities are set out in the Directors' report on page 1.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

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 16.

#### 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 and therefore continue to adopt the going concern basis in preparing the financial statements.

#### 1.3 Turnover

Turnover comprises income earned from holding investments and interest receivable on loans to group companies.

#### 1.4 Fixed asset investments

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. Dividend income is recognised when received.

#### 1.5 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.

# NYK INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.6 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.

##### **Available for sale financial assets**

Available-for-sale investments are initially measured at cost, and are subsequently revalued to fair value. Revaluation gains and losses are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets. On disposal, the cumulative gain or loss previously recognised in other comprehensive income is recycled through profit before tax.

##### **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.

#### 1.7 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.

# NYK INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.8 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.

#### 1.9 Derivatives

The Company uses derivative financial instruments, including swaps, interest rate caps and foreign exchange forwards, to help manage its interest rate and foreign exchange rate risk. Derivative financial instruments are recorded, and subsequently revalued, at fair value. Revaluation gains and losses are recognised in profit before tax, except for derivatives which qualify as effective cash flow hedges, the gains and losses relating to which are recognised in other comprehensive income.

The changes in value are included directly in the profit and loss account, or credited to or (as the case may be) debited from the fair value reserve.

#### 1.10 Taxation

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

##### **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.

#### 1.11 Foreign exchange

Transactions in foreign currencies are translated into sterling using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date, and differences arising on translation are recognised in profit before tax.

### 2 Adoption of new and revised standards and changes in accounting policies

No new accounting standards, amendments to accounting standards, or IFRIC interpretations that were effective for the year ended 31 December 2018 have had an impact on the Company.

# NYK INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 3 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 2018 there are no accounting estimates or judgements that are material to the financial statements.

### 4 Turnover

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

	2018 £	2017 £
Interest receivable on loans to group undertakings - United Kingdom	15,437,330	8,334,869
Interest receivable on loans to group undertakings - Germany	2,785,057	3,129,814
Interest receivable on loans to group undertakings - Sweden	277,298	975,091
	<u>18,499,685</u>	<u>12,439,774</u>

### 5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and associates:		

#### For audit services

Audit of the Company's financial statements	<u>6,000</u>	<u>6,000</u>
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No fees were payable to Deloitte LLP and its associates for non-audit services to the Company during the current or preceding year.

### 6 Employees

The Company did not have any employees in the year (2017: none).

No fees or other emoluments were paid to the Directors of the Company during the year (2017: nil) in respect of their services to the Company. The Directors were paid by another entity within the Group.

### 7 Operating profit for the year

	2018 £	2017 £
This is stated after charging/(crediting):		
Net foreign exchange loss/(gain)	1,354,524	(2,681,070)
Interest payable on loans from group undertakings	<u>16,145,150</u>	<u>9,862,091</u>

# **NYK INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2018**

### **8 Tax on profit**

	2018 £	2017 £
<b>Current tax</b>		
Current year taxation	(24,363)	1,067,767
<b>Deferred tax</b>		
Origination and reversal of temporary differences	180,800	(8,563)
<b>Total tax charge</b>	<u>156,437</u>	<u>1,059,204</u>

The rate of corporation tax for the financial year beginning 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 2018 was 19.00% (2017: 19.25%). Deferred tax has been calculated at a rate of 17.00% (2017: 17.00%), being the rate expected to apply in the period when the liability is settled or the asset is realised.

The tax charge for the year can be reconciled to the statement of comprehensive income as follows:

	2018 £	2017 £
(Loss)/profit before taxation	<u>(27,036)</u>	<u>5,361,462</u>
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2017: 19.25%)	(5,137)	1,032,081
Adjustment in respect of prior years	(19,226)	25,988
Effect of change in UK corporation tax rate	-	1,135
Fair value movement on derivatives	180,800	-
<b>Tax charge for the year</b>	<u>156,437</u>	<u>1,059,204</u>

### **9 Investments**

	2018 £	2017 £
Investments in subsidiaries	<u>1</u>	<u>1</u>

The Company owns 100% of the ordinary share capital of Citadel Finance Limited. Citadel Finance Limited is incorporated in the United Kingdom and registered in England and Wales and its principal activity is to act as a financial investment company. The registered office is 16 Tinworth Street, London, SE11 5AL.



# **NYK INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **10 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.

	Fair value adjustment to financial instruments £
Deferred tax asset at 1 January 2017	(87,514)
<b>Deferred tax movements in prior year</b>	
Credit to profit or loss	(8,563)
	<u>          </u>
Deferred tax asset at 1 January 2018	(96,077)
<b>Deferred tax movements in current year</b>	
Charge to profit or loss	180,800
	<u>          </u>
Deferred tax liability at 31 December 2018	<u>84,723</u>

	2018 £	2017 £
Deferred tax liability/(asset)	<u>84,723</u>	<u>(96,077)</u>

#### **11 Derivative financial instruments**

	2018 £	2017 £
Forward foreign exchange contracts (liability)/asset	<u>(498,373)</u>	<u>565,162</u>

The Company has entered into a forward foreign exchange contract to hedge the exchange rate risk arising on US Dollar denominated corporate bonds. The hedged cash flows are expected to occur and to affect profit and loss within the next financial year. At 31 December 2018, the value of the outstanding foreign exchange contract totalled £16,117,503 (2017: £23,274,876). Forward foreign exchange contracts are measured at fair value at the year end.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted rates matching maturities of the contracts.

The fair value movements on derivatives in the year were (£1,063,535) (2017: gain £50,375).

# **NYK INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **12 Debtors**

	<b>Current</b>		<b>Non-current</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts due from fellow group undertakings	141,938,165	263,444,717	435,492,058	150,534,442

Debtors due after more than one year include balances falling due for repayment after five years of £18,642,026 (2017: £36,527,068) due from fellow group undertakings. This amount consists of balances due for repayment on dates ranging from 31 March 2024 to 31 January 2026 (2017: 31 January 2023 to 31 July 2025). Interest is charged on these loans at rates ranging from 2.50% to 6.00% (2017: 2.50% to 4.00%) above the applicable index rate, being the standard market practice rate for the relevant currency for a period of three months.

#### **13 Trade and other payables**

	<b>Current</b>		<b>Non-current</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts due to fellow group undertakings	230,583,852	415,420,661	359,016,037	41,067,556

Creditors due after more than one year include balances falling due for repayment after five years of £5,487,533 (2017: £6,544,985) due to fellow group undertakings and is due for repayment on 31 January 2026 (2017: 31 January 2026). Interest is charged on these loans at rates ranging from 2.00% to 4.00% (2017: 2.00% to 3.25%) above the applicable index rate, being the standard market practice rate for the relevant currency for a period of three months.

#### **14 Share capital**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Authorised, issued and fully paid</b>		
24,000,000 ordinary shares of £1 each	24,000,000	24,000,000

The Company has one class of ordinary shares which carry no right to fixed income.

#### **15 Subsidiaries**

These financial statements are separate company financial statements for NYK Investments Limited.

At 31 December 2018, the Company held one subsidiary, Citadel Finance Limited, which was 100% owned and has the same registered office as the Company.

#### **16 Controlling party**

The Directors consider that the immediate and ultimate parent undertaking and ultimate controlling party is CLS Holdings plc, which is incorporated in the United Kingdom. The financial statements of the Company are consolidated into the CLS Holdings plc group accounts for the year ended 31 December 2018, 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 its registered address, CLS Holdings plc, 16 Tinworth Street, London, SE11 5AL.