

Company Registration No. 2122887

Instant Office Limited

Report and Financial Statements

31 December 2011

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Instant Office Limited

Report and Financial Statements 2011

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Instant Office Limited

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2011

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415a of the Companies Act 2006

Principal Activity

The principal activities of the Company are property letting and property management

Review of the business

The results for the year are shown on page 6. The Directors expect the principal activity of the Company to remain unchanged for the foreseeable future.

The financial statements have been prepared on a going concern basis as described in note 1.2

Dividends

No dividend was paid in the year ended 31 December 2011 (2010: £nil)

Directors

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

Mr E H Klotz
Mr R J S Tice
Mr A G P Millet
Mr J H Whiteley

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 2011.

Auditor

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

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Instant Office Limited

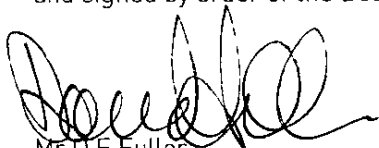
Directors' Report (continued)

Auditor (continued)

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Pursuant to section 386 Companies Act 1985, an Elective Resolution was passed on 9 October 2002 dispensing with the requirement to appoint auditors annually. In accordance with that Elective Resolution and paragraph 45(2), Schedule 3 of the Companies Act 2006 (Commencement No 3 Consequential Amendments, Transitional Provisions and Savings) Order 2007, Deloitte LLP is deemed to continue as auditor of the Company

Approved by the Board of Directors
and signed by order of the Board

A handwritten signature in black ink, appearing to read 'D Fuller', written over the printed name.

Mr D F Fuller
Company Secretary

9 May 2012

Registered office.

86 Bondway
London
SW8 1SF

Instant Office Limited

Directors' Responsibilities Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Instant Office Limited

We have audited the financial statements of Instant Office Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As more fully explained in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

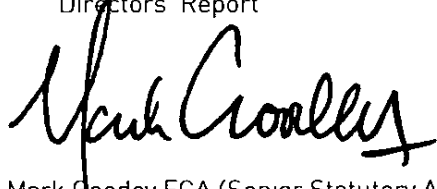
- In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Instant Office Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report

A handwritten signature in black ink, appearing to read 'Mark Goodey', is written over the printed name and company information.

Mark Goodey FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

9 May 2012

Instant Office Limited

Profit and Loss Account Year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2	1,101,083	941,426
Service charge expenditure		(519,968)	(451,855)
Net rental income		581,115	489,571
Administrative expenses		(1,891,006)	(1,000,052)
Operating loss		(1,309,891)	(510,481)
Interest payable and similar charges	3	(71,276)	(45,750)
Loss on ordinary activities before taxation	5	(1,381,167)	(556,231)
Tax (charge)/credit on loss on ordinary activities	6	(176)	6,845
Loss for the financial year	12	(1,381,343)	(549,386)

The Company has no other recognised gains or losses other than those reported in the Profit and Loss Account

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

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

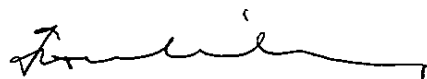
Instant Office Limited

Balance Sheet 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	7	85,530	76,587
Current assets			
Debtors due within one year	8	560,441	422,265
Cash at bank and in hand		54,177	23,075
		614,618	445,340
Creditors' amounts falling due within one year	9	(357,202)	(2,197,638)
Net current assets/(liabilities)		257,416	(1,752,298)
Total assets less current liabilities		342,946	(1,675,711)
Creditors' amounts falling due after more than one year	10	(3,400,000)	-
Net liabilities		(3,057,054)	(1,675,711)
Capital and reserves			
Called up share capital	11	500,000	500,000
Profit and Loss Account	12	(3,557,054)	(2,175,711)
Shareholder's deficit		(3,057,054)	(1,675,711)

The financial statements of Instant Office Limited (registered number 2122887) were approved by the Board of Directors on 9 May 2012

Signed on behalf of the Board of Directors



Mr J H Whiteley
Director

Instant Office Limited

Notes to the Financial Statements 31 December 2011

1 Significant accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below.

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 not to prepare a cash flow statement as one has been prepared for the Group. The Company is a wholly-owned subsidiary of CLS Holdings plc and has taken advantage of the exemption in Financial Reporting Standard No. 8 not to detail transactions with fellow Group undertakings as the financial statements of CLS Holdings plc are publicly available.

1.2 Going concern

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

At 31 December 2011 the Company had a significant equity deficit. However, the Directors are in receipt of an unequivocal letter of support from the parent company confirming that sufficient funds will be available to ensure all liabilities are met as they fall due for a period of 12 months from the date of approval of the financial statements, so long as the Company is a wholly owned direct or indirect subsidiary of its current ultimate parent company (note 14). The Directors do not expect that the ownership of the Company will change in the foreseeable future and as such have adopted the going concern basis in preparing the annual report and financial statements.

1.3 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation of tangible fixed assets is provided on all fixed assets, at rates calculated to write off the cost, less estimate residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	25%
Office equipment	25%

1.4 Turnover

Turnover comprises the total value of rents and other income from business centres, excluding VAT. Rents received in advance are shown as deferred income in the Balance Sheet.

Instant Office Limited

Notes to the Financial Statements 31 December 2011

1. Significant accounting policies (continued)

1.5 Taxation

Corporation tax is provided on taxable profits at the current rate

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date where transactions or events which result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the reversal of the underlying timing differences can be deducted

Deferred tax is measured, on an undiscounted basis, at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws which have been enacted or substantively enacted at the balance sheet date

2. Turnover

	2011 £	2010 £
Rental income	1,004,788	884,174
Other income	96,295	57,252
	<u>1,101,083</u>	<u>941,426</u>

Turnover arose wholly within the United Kingdom

3 Interest payable and similar charges

	2011 £	2010 £
On loans from group undertaking	<u>71,276</u>	<u>45,750</u>

Instant Office Limited

Notes to the Financial Statements 31 December 2011

4 Directors' emoluments and employee information

The average number of employees during the year was as follows

	2011 No.	2010 No.
Administration	3	3

	2011 £	2010 £
Employment costs for all employees:		
Wages and salaries	126,667	122,566
Pension costs	5,385	5,282
Social security costs	16,160	15,688
	<u>148,212</u>	<u>143,536</u>

None of the Directors received any remuneration during the year in respect of services as Directors to the Company (2010 £nil). 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.

5 Loss on ordinary activities before taxation

	2011 £	2010 £
This is stated after charging		
Fees payable to the Company's auditor for the audit of the Company's financial statements	4,000	3,000
Operating lease rentals	1,181,423	622,632
Depreciation	<u>39,242</u>	<u>56,927</u>

Instant Office Limited

Notes to the Financial Statements 31 December 2011

6. Tax charge/(credit) on loss on ordinary activities

	2011 £	2010 £
Current tax	-	-
Deferred tax charge/(credit) origination and reversal of timing differences and effect of change in tax rate	176	(6,845)
Total tax charge/(credit) on loss on ordinary activities	<u>176</u>	<u>(6,845)</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(1,381,167)</u>	<u>(556,231)</u>
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation of 26.5% (2010: 28%)	(366,009)	(155,745)
Effect of Losses surrendered to group/consortium relief for nil receipt and differences between capital allowances and depreciation	<u>366,009</u>	<u>155,745</u>
Current tax charge in profit and loss account	<u>-</u>	<u>-</u>

The rate of corporation tax for the financial year 2010 was 28%. This fell to 26% on 1 April 2011 and the weighted corporation tax rate for the year ended 31 December 2011 was therefore 26.5%. Deferred tax has been calculated at a rate of 25%, being the rate applicable from 1 April 2012 under legislation substantially enacted at the balance sheet date.

Instant Office Limited

Notes to the Financial Statements 31 December 2011

7. Tangible assets

	Office equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2011	136,542	275,115	411,657
Additions	9,267	38,918	48,185
Disposals	-	(23,628)	(23,628)
At 31 December 2011	145,809	290,405	436,214
Accumulated depreciation			
At 1 January 2011	122,079	212,991	335,070
Charge for the period	7,169	32,073	39,242
Eliminated on disposal	-	(23,628)	(23,628)
At 31 December 2011	129,248	221,436	350,684
Net book value			
At 31 December 2011	16,561	68,969	85,530
At 31 December 2010	14,463	62,124	76,587

8. Debtors: due within one year

	2011 £	2010 £
Trade debtors	26,883	19,191
Amounts due from group undertakings	34,353	146,626
Prepayments and accrued income	344,582	187,728
Taxation and social security	85,036	15,630
Other debtors	16,673	-
Deferred taxation	52,914	53,090
	560,441	422,265

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Notes to the Financial Statements 31 December 2011

8. Debtors: due within one year (continued)

Deferred tax assets are recognised as follows

	Recognised 2011 £	Amount unrecognised 2011 £	Recognised 2010 £	Amount unrecognised 2010 £
Capital allowances in excess of depreciation	52,914	-	53,090	-
Future benefit of tax losses	-	71,283	-	76,986
	<u>52,914</u>	<u>71,283</u>	<u>53,090</u>	<u>76,986</u>
At 1 January	53,090		46,245	
Amount credited to profit and loss	3,757		8,497	
Effect of decreased tax rate on opening deferred tax asset	(3,933)		(1,652)	
At 31 December	<u>52,914</u>		<u>53,090</u>	

9 Creditors: amounts falling due within one year

	2011 £	2010 £
Amounts due to group undertakings	133,164	1,695,750
Trade creditors	7,653	233,893
Other creditors	142,225	135,786
Accruals and deferred income	74,160	132,209
	<u>357,202</u>	<u>2,197,638</u>

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

	2011 £	2010 £
Amounts due to group undertakings	<u>3,400,000</u>	<u>-</u>

Instant Office Limited

Notes to the Financial Statements 31 December 2011

11. Called up share capital

	2011 £	2010 £
Authorised		
Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	500,000	500,000

12. Combined statement of reserves and reconciliation of movement in shareholder's deficit

	Share capital £	Profit and Loss Account £	2011 Total £	2010 Total £
At 1 January	500,000	(2,175,711)	(1,675,711)	(1,126,325)
Loss for the year	-	(1,381,343)	(1,381,343)	(549,386)
Balance at 31 December	500,000	(3,557,054)	(3,057,054)	(1,675,711)

13. Operating lease commitments

At 31 December 2011 the Company had commitments under non-cancellable operating leases as set out below

	2011 £	2010 £
Expiring:		
More than one but not more than five years	83,700	-
More than five years	816,380	979,364
	900,080	979,364

14. Parent undertaking

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