

INSTANT OFFICE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2008

Company No. 2122887

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INSTANT OFFICE LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2008

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INSTANT OFFICE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 31 December 2008

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

1 PRINCIPAL ACTIVITY

The principal activity of the Company is letting and property management.

2 REVIEW OF THE BUSINESS

The results of 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.

The accounts have been prepared on a going concern basis as described in note 1.2.

3 DIVIDENDS

No dividend was proposed by the Directors for the year ended 31 December 2008 (2007:nil).

4 DIRECTORS

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

Mr K E Chapman (resigned 6 August 2008)
Mr P H Sjöberg (resigned 2 May 2008)
Mr S F Board (resigned 8 May 2008)
Mr E H Klotz (appointed 2 May 2008)
Mr A G P Millet (appointed 1 September 2008)
Mr T J L Wills (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 2008

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.

INSTANT OFFICE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

5 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 judgements 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.

6 AUDITORS

Pursuant to s386 Companies Act 1985, an elective resolution was passed on 9 October 2002 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte LLP are deemed to continue as auditors.

ON BEHALF OF THE BOARD

Mr T J L Wittis
Director

16 December 2009

REGISTERED OFFICE:

86 Bondway
London
SW8 1SF

INSTANT OFFICE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTANT OFFICE LIMITED

We have audited the financial statements of Instant Office Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1-12. 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 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 LLP

Chartered Accountants and Registered Auditors
London
United Kingdom
16 December 2009

INSTANT OFFICE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2008**

	NOTES	2008 €	2007 €
Turnover	(2)	1,552,639	2,405,799
Administrative expenses		(1,673,713)	(2,718,127)
Operating Loss		(121,074)	(312,328)
Interest receivable and similar income		-	2,162
Interest payable and similar charges	(3)	(80,083)	(80,486)
Loss on ordinary activities before taxation	(5)	(201,157)	(390,652)
Tax (charge)/credit on loss on ordinary activities	(6)	(70,994)	89,473
Loss for the financial year	(11)	(272,151)	(301,179)

The Company has no other recognised gains or losses other than those reported in the above profit and loss account.

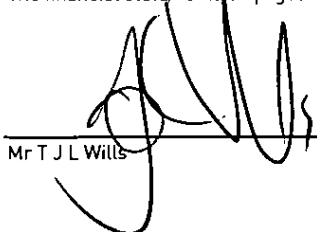
There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

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

BALANCE SHEET AS AT 31 DECEMBER 2008

	NOTES	2008 £	2007 £
FIXED ASSETS			
Tangible assets	(7)	194,946	321,600
CURRENT ASSETS			
Debtors amounts falling due within one year	(8)	252,040	499,406
Cash at bank and in hand		423,520	712,445
		675,560	1,211,851
CREDITORS: amounts falling due within one year	(9)	(1,311,518)	(1,702,313)
NET CURRENT LIABILITIES		(635,959)	(490,462)
NET LIABILITIES		(441,013)	(168,862)
CAPITAL AND RESERVES			
Called up share capital	(10)	500,000	500,000
Profit and loss account	(11)	(941,013)	(668,862)
SHAREHOLDERS' DEFICIT		(441,013)	(168,862)

The financial statements on pages 4 to 9 were approved by the Board of Directors on 16 December 2009 and signed on its behalf by:



 Mr T J L Wills
 DIRECTOR

INSTANT OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 and in accordance with applicable 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 Going Concern

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

The Company has 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, so long as the Company is a wholly owned direct or indirect subsidiary of its current ultimate parent company (note 12). The Directors do not expect that the ownership of the Company will change in the foreseeable future and as such have appropriately adopted the going concern basis of preparation in presenting the accounts.

1.2 Tangible fixed assets

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

Fixtures and Fittings	25%
Office Equipment	25%

1.3 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.

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 substantively enacted at the balance sheet date.

2 TURNOVER

	2008 £	2007 £
Rental income	1,384,463	2,074,259
Other Income	168,176	331,540
	<hr/>	<hr/>
Turnover arose wholly within the United Kingdom.	1,552,639	2,405,799
	<hr/>	<hr/>

INSTANT OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

3	INTEREST PAYABLE AND SIMILAR CHARGES	2008	2007
		£	£
	Other interest	100	-
	On loans from group undertaking	79,983	80,486
		<u>80,083</u>	<u>80,486</u>

4 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

4.1 The average number of employees during the year was as follows:

	2008	2007
Administration	<u>3</u>	<u>3</u>

4.2 Employment costs of all employees:

	2008	2007
	£	£
Wages and salaries	134,948	166,944
Social security costs	18,751	23,197
	<u>153,699</u>	<u>190,141</u>

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	2008	2007
		£	£
	This is stated after charging:		
	Fees payable to the company's auditor for the audit of the company's annual accounts	4,000	1,500
	Depreciation	149,028	154,262
		<u>153,028</u>	<u>155,762</u>

6	TAX CHARGE/(CREDIT) ON LOSS ON ORDINARY ACTIVITIES	2008	2007
		£	£
	Payments made for losses claimed as group relief	-	27,766
	Total current tax charge	-	27,766
	Deferred tax charge/(credit): origination and reversal of timing differences	70,994	(117,239)
	Total tax charge/(credit) on loss on ordinary activities	<u>70,994</u>	<u>(89,473)</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;

	2008	2007
	£	£
Loss on ordinary activities before tax	<u>(201,157)</u>	<u>(390,652)</u>
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 28.5% (2007: 30%)	(57,330)	(117,196)
Effect of:		
Losses surrendered by group/consortium relief for nil payment and differences between capital allowances and depreciation	57,330	117,196
Payment for group relief claimed in respect of previous periods	-	27,766
	<u>-</u>	<u>27,766</u>
Current tax charge in profit and loss account		

INSTANT OFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7 TANGIBLE ASSETS

	Office Equipment £	Fixtures & Fittings £	Total £
Cost			
At 1 January 2008	676,666	1,234,091	1,910,757
Additions	729	21,645	22,374
	<hr/>	<hr/>	<hr/>
At 31 December 2008	677,395	1,255,736	1,933,131
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2008	555,480	1,033,677	1,589,157
Charge for the period	55,080	93,948	149,028
	<hr/>	<hr/>	<hr/>
At 31 December 2008	610,560	1,127,625	1,738,185
	<hr/>	<hr/>	<hr/>
Net Book Value at 31 December 2008	66,835	128,111	194,946
	<hr/>	<hr/>	<hr/>
Net Book Value at 31 December 2007	121,186	200,414	321,600
	<hr/>	<hr/>	<hr/>

8 DEBTORS: amounts falling due within one year

	2008 £	2007 £
Trade debtors	37,609	27,687
Other debtors	4,448	-
Prepayments and accrued income	145,628	338,303
Other taxation	18,110	16,177
Deferred taxation	46,245	117,239
	<hr/>	<hr/>
	252,040	499,406
	<hr/>	<hr/>

Deferred taxation is provided as follows:

	2008 Provided £	Amount Unprovided £	2007 Provided £	Amount Unprovided £
Capital allowances in excess of depreciation	-	-	(37,990)	-
Other timing differences (deferred tax asset)	(46,245)	-	-	-
Unrelieved Losses		(79,837)	(79,249)	
	<hr/>	<hr/>	<hr/>	<hr/>
	(46,245)	(79,837)	(117,239)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January	(117,239)		-	
Amount charged / (credited) to profit and loss	70,994		(117,239)	
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	(46,245)		(117,239)	
	<hr/>	<hr/>	<hr/>	<hr/>

INSTANT OFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

9	CREDITORS: amounts falling due within one year	2008 £	2007 £
	Trade creditors	-	20,670
	Amount due to group undertakings	1,149,409	1,323,150
	Other creditors	161,825	232,428
	Accruals and deferred income	285	126,065
		<u>1,311,518</u>	<u>1,702,313</u>

10	CALLED UP SHARE CAPITAL	2008 £	2007 £
	Authorised share capital:		
	Ordinary shares of £1 each	1,000,000	1,000,000
		<u>1,000,000</u>	<u>1,000,000</u>
	Issued share capital:		
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	500,000	500,000
		<u>500,000</u>	<u>500,000</u>

On 17 December 2007, 100,000 shares were issued at par.

11	COMBINED STATEMENT OF RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT	Share Capital £	Profit and Loss account £	2008 Total £	2007 Total £
	Balance at 1 January	500,000	(668,862)	(168,862)	32,317
	Issue of shares	-	-	-	100,000
	Loss for the year	-	(272,151)	(272,151)	(301,179)
		<u>500,000</u>	<u>(941,013)</u>	<u>(441,013)</u>	<u>(168,862)</u>

12 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 Holdings plc, 86 Bondway, London SW8 1SF.