

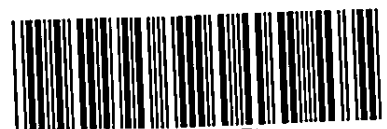
Company Registration No. 2122887

Instant Office Limited

Report and Financial Statements

31 December 2009

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Instant Office Limited

Report and Financial Statements 2009

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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 2009

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 activity of the Company is 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

The Directors do not propose any dividends for the year ended 31 December 2009 (2008 - £nil)

Directors

The Directors, who served throughout the year except as noted, were as follows

Mr E H Klotz
Mr A G P Millet
Mr T J L Wills
Mr J H Whiteley (appointed 22 January 2010)

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 2009

Auditors

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 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

Instant Office Limited

Directors' Report

Auditors (continued)

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

Pursuant to s386 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 F Fuller', with a long horizontal stroke extending to the right.

Mr D F Fuller
Company Secretary

6 May 2010

Registered office

86 Bondway
London
SW8 1SF

Instant Office Limited

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). 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, 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 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 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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 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

As more fully explained 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 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 Practice Board's (APB'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.

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 2009 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

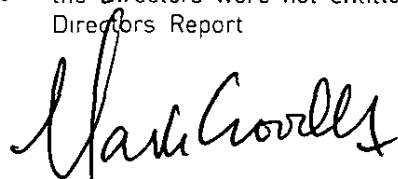
- In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' 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



Mark Goodey (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

6 May 2010

Instant Office Limited

Profit and Loss Account Year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	2	886,130	1,552,639
Administrative expenses		(1,536,754)	(1,673,713)
Operating loss		(650,624)	(121,074)
Interest payable and similar charges	3	(34,688)	(80,083)
Loss on ordinary activities before taxation	5	(685,312)	(201,157)
Tax charge on profit on ordinary activities	6	-	(70,994)
Loss for the financial year	11	(685,312)	(272,151)

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 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	7	78,500	194,946
Current assets			
Debtors due within one year	8	333,254	252,040
Cash at bank and in hand		283,774	423,520
		617,028	675,560
Creditors: amounts falling due within one year	9	(1,821,853)	(1,311,519)
Net current liabilities		(1,204,825)	(635,959)
Net liabilities		(1,126,325)	(441,013)
Capital and reserves			
Called up share capital	10	500,000	500,000
Profit and Loss Account	11	(1,626,325)	(941,013)
Shareholders' deficit		(1,126,325)	(441,013)

The financial statements of Instant Office Limited (registered number 2122887) were approved by the Board of Directors on 6 May 2010

Signed on behalf of the Board of Directors



Mr J H Whiteley
Director

Instant Office Limited

Notes to the Financial Statements

31 December 2009

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular 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 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 Directors' Report.

At 31 December 2009 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 12). 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

Depreciation of tangible fixed assets is provided on all fixed assets, at rates calculated to write off the cost, less estimate residual value, or 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.

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.

Instant Office Limited

Notes to the Financial Statements 31 December 2009

2. Turnover

	2009 £	2008 £
Rental income	825,513	1,384,463
Other income	60,617	168,176
	<u>886,130</u>	<u>1,552,639</u>

Turnover arose wholly within the United Kingdom

3. Interest payable and similar charges

	2009 £	2008 £
Other interest	375	100
On loans from group undertaking	34,313	79,983
	<u>34,688</u>	<u>80,083</u>

4. Directors' emoluments and employee information

The average number of employees during the year was as follows

	2009 No.	2008 No.
Administration	<u>3</u>	<u>3</u>

Employment costs of all employees

	2009 £	2008 £
Wages and salaries	118,003	134,948
Social security costs	17,321	18,751
	<u>135,324</u>	<u>153,699</u>

None of the Directors received any remuneration during the year in respect of services as Directors to the Company (2008 £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.

Instant Office Limited

Notes to the Financial Statements 31 December 2009

5. Loss on ordinary activities before taxation

	2009 £	2008 £
This is stated after charging		
Fees payable to the Company's auditors for the audit of the Company's financial statements	3,000	4,000
Depreciation	144,072	149,028
	<u>147,072</u>	<u>153,028</u>

6. Tax charge on loss on ordinary activities

	2009 £	2008 £
Total current tax charge	-	-
Deferred tax charge origination and reversal of timing differences	-	70,994
Total tax charge on loss on ordinary activities	<u>-</u>	<u>70,994</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

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(685,312)</u>	<u>(201,157)</u>
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation of 28.0% (2008: 28.5%)	(191,887)	(57,330)
Effect of		
Losses claimed by group/consortium relief for all nil payment and differences between capital allowances and depreciation	<u>191,887</u>	<u>57,330</u>
Current tax charge in Profit and Loss Account	<u>-</u>	<u>-</u>

Instant Office Limited

Notes to the Financial Statements 31 December 2009

7 Tangible assets

	Office equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2009	677,395	1,255,736	1,933,131
Additions	11,991	15,635	27,626
At 31 December 2009	689,386	1,271,371	1,960,757
Accumulated depreciation			
At 1 January 2009	610,560	1,127,625	1,738,185
Charge for the period	53,079	90,993	144,072
At 31 December 2009	663,639	1,218,618	1,882,257
Net book value			
At 31 December 2009	25,747	52,753	78,500
At 31 December 2008	66,835	128,111	194,946

8. Debtors, due within one year

	2009 £	2008 £
Trade debtors	93,743	37,609
Other debtors	-	4,448
Prepayments and accrued income	188,756	145,628
Other taxation	4,510	18,110
Deferred taxation	46,245	46,245
	333,254	252,040

Instant Office Limited

Notes to the Financial Statements 31 December 2009

8. Debtors: due within one year (continued)

Deferred taxation is analysed as follows

	Provision 2009 £	Amount unprovided 2009 £	Provision 2008 £	Amount unprovided 2008 £
Other timing differences	(46,245)	-	(46,245)	-
Future benefit of tax losses	-	(79,837)	-	(79,837)
	<u>(46,245)</u>	<u>(79,837)</u>	<u>(46,245)</u>	<u>(79,837)</u>
At 1 January	(46,245)		(117,239)	
Amount charged to profit and loss	-		70,994	
At 31 December	<u>(46,245)</u>		<u>(46,245)</u>	

9. Creditors: amounts falling due within one year

	2009 £	2008 £
Amount due to group undertakings	1,525,181	1,149,409
Other creditors	121,861	161,825
Accruals and deferred income	174,811	285
	<u>1,821,853</u>	<u>1,311,519</u>

10 Called up share capital

	2009 £	2008 £
Authorised		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Instant Office Limited

Notes to the Financial Statements 31 December 2009

11. Combined statement of reserves and reconciliation of movement in shareholders' deficit

	Share capital £	Profit and Loss Account £	2009 Total £	2008 Total £
At 1 January	500,000	(941,013)	(441,013)	(168,862)
Loss for the year	-	(685,312)	(685,312)	(272,151)
Balance at 31 December	<u>500,000</u>	<u>(1,626,325)</u>	<u>(1,126,325)</u>	<u>(441,013)</u>

12. 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.