

Company number. 03851074

**CLEARSPRINGS (MANAGEMENT) LIMITED**  
**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2010**



**Clearsprings (Management) Limited**

**Company Information**

<b>Directors</b>	G King J Vyvyan-Robinson MBE R Slatter
<b>Secretary</b>	R Slatter
<b>Company Number</b>	03851074
<b>Registered Office</b>	26 Brook Road Brook Road Business Park Rayleigh SS6 7XJ
<b>Auditors</b>	Baker Tilly UK Audit LLP Marlborough House Victoria Road South Chelmsford CM1 1LN
<b>Bankers</b>	Barclays Bank plc PO Box 885 Cambridge CB24 9DE

## **Clearsprings (Management) Limited**

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**Clearsprings (Management) Limited**

**Directors' Report  
for the year ended 31 January 2010**

**Principal activities**

The principal activity of the company continued to be that of the provision of support services (including accommodation) to vulnerable people

**Review of the business**

The directors are satisfied with the performance and development of the business during the year

The directors continue to work to diversify, in order to reduce risk, and to secure the long term development of the business

The company monitors its financial performance through the following key performance indicators

Gross and net margin percentage  
Rent payable as a percentage of turnover  
Void bed spaces

Employee and environmental factors are monitored through the following

Staff retention ratio  
Sickness as a percentage of paid time  
Continued compliance with ISO 14001 and other third party accreditations

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors, and mortgage debt. The purpose of these instruments is to raise funds for the company's operations and to finance the company's operations

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility. The company monitors the bank balance levels constantly and avoids using overdraft facilities. The company makes use of money market facilities when funds are available

Trade debtors are managed in respect of credit and cash flow risks by policies concerning credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits

Trade creditors are managed by ensuring sufficient funds are available

Mortgage debt interest rate risk is managed through monitoring of market rates

**Clearsprings (Management) Limited**

**Directors' Report  
for the year ended 31 January 2010 (continued)**

**Dividends**

A dividend of £500,000 was paid during the year (2009 £nil)

**Future developments**

The group will seek to expand and renew contracts as appropriate. The group will seek to enter new contracts with other parties as long as it is in the interests of the group.

**Directors**

The following directors have held office during the year

G King  
J Vyvyan-Robinson MBE  
R Slatter

**Corporate social responsibility**

The company recognises its wider responsibilities and actively works with its customers, suppliers and staff to promote equality and diversity, access to appropriate education, and sustainability through the adoption of appropriate and enlightened policies. Verification of the company's progress in this field is sought through recognised third party accreditation.

**Charitable donations**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
During the year the company made the following charitable donations	3,205	1,000

**Disabled employees**

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses will be given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

**Auditors**

The auditors, Baker Tilly UK Audit LLP, Chartered Accountants, have indicated their willingness to continue in office.

**Clearsprings (Management) Limited**

**Directors' Report  
for the year ended 31 January 2010 (continued)**

**Directors' responsibilities**

The directors are responsible for preparing the Directors' 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 group and the company and of the profit or loss of the group for that period

In preparing those financial statements, the directors are required to

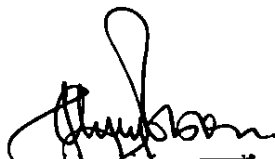
- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**Statement as to disclosure of information to auditors**

The directors who are in office on the date of approval of the financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

On behalf of the board

  
J Wovan Robinson  
Director

18/08/2010

**Independent Auditors' Report to the shareholders of  
Clearsprings (Management) Limited**

We have audited the group and parent company financial statements on pages 5 to 19. 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 auditors**

As more fully explained in the Directors' Responsibilities Statement set out on page 3, 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 Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

**Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 January 2010 and of the group's 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.

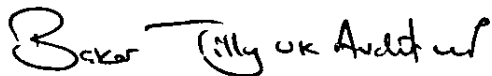
**Opinion on other matters prescribed by the Companies Act 2006**

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

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



JAMES MARCHANT (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Malborough House  
Victoria Road South  
Chelmsford  
Essex  
CM1 1LN

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**Clearsprings (Management) Limited**

**Consolidated Profit and Loss Account  
for the year ended 31 January 2010**

		2010 £	2009 £
	<b>Notes</b>		
Turnover	2	38,018,726	36,989,942
Cost of sales		( 30,096,371)	( 29,821,969)
<b>Gross profit</b>		<b>7,922,355</b>	<b>7,167,973</b>
Administrative expenses		( 6,985,624)	( 6,031,935)
<b>Operating profit</b>	3	<b>936,731</b>	<b>1,136,038</b>
Other interest receivable and similar income	4	4,954	34,182
Interest payable and similar charges	5	( 28,860)	( 118,441)
<b>Profit on ordinary activities before taxation</b>		<b>912,825</b>	<b>1,051,779</b>
Taxation	7	( 629,434)	( 504,045)
<b>Profit on ordinary activities after taxation</b>	17	<b>283,391</b>	<b>547,734</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>	2010 £	2009 £
Profit for the financial year	283,391	547,734
Movements on foreign exchange	( 14,335)	( 4,192)
<b>Total gains and losses recognised since last annual report</b>	<b>269,056</b>	<b>543,542</b>



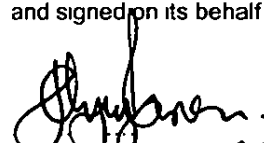
## Clearsprings (Management) Limited

Company number: 03851074

Consolidated Balance Sheet  
as at 31 January 2010

	Notes	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Intangible assets	8		1,054,769		1,406,359
Tangible assets	9		<u>3,790,518</u>		<u>3,993,143</u>
			<u>4,845,287</u>		<u>5,399,502</u>
<b>Current assets</b>					
Stock	11	61,496		89,433	
Debtors	12	5,138,916		6,467,114	
Cash at bank and in hand		1,954,006		1,909,857	
			<u>7,154,418</u>	<u>8,466,404</u>	
<b>Creditors: amounts falling due within one year</b>	13	<b>(4,154,918)</b>		<b>(5,431,730)</b>	
<b>Net current assets</b>			<u>2,999,500</u>	<u>3,034,674</u>	
<b>Total assets less current liabilities</b>			<u>7,844,787</u>	<u>8,434,176</u>	
<b>Creditors: amounts falling due after more than one year</b>	13		<b>(900,000)</b>	<b>(1,007,739)</b>	
<b>Provisions for liabilities</b>	14		<b>(3,164)</b>	<b>(253,870)</b>	
			<u>6,941,623</u>	<u>7,172,567</u>	
<b>Capital and reserves</b>					
Called up share capital	16		100		100
Revaluation reserve	17		480,659		480,659
Other reserves	17		1		1
Profit and loss account	17		<u>6,460,863</u>		<u>6,691,807</u>
<b>Shareholders funds (equity interests)</b>	18		<u>6,941,623</u>		<u>7,172,567</u>

The financial statements on pages 5 to 19 were approved by the Board and authorised for issue on 18/08/2010 and signed on its behalf by

  
J Vyvyan Robinson  
Director

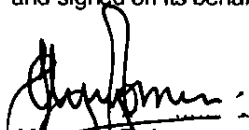
## Clearsprings (Management) Limited

Company number 03851074

Company Balance Sheet  
as at 31 January 2010

	Notes	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Tangible assets	9		3,710,053		3,900,695
Investments	10		<u>2,260,839</u>		<u>2,260,839</u>
			5,970,892		6,161,534
<b>Current assets</b>					
Stock	11	61,496		89,433	
Debtors	12	4,852,592		6,167,186	
Cash at bank and in hand		<u>1,803,723</u>		<u>1,791,563</u>	
		6,717,811		8,048,182	
Creditors amounts falling due within one year	13	(4,127,989)		(5,416,434)	
<b>Net current assets</b>			<u>2,589,822</u>		<u>2,631,748</u>
<b>Total assets less current liabilities</b>			8,560,714		8,793,282
Creditors amounts falling due after more than one year	13		(900,000)		(1,007,115)
<b>Provisions for liabilities</b>	14		-		(250,000)
			<u>7,660,714</u>		<u>7,536,167</u>
<b>Capital and reserves</b>					
Called up share capital	16		100		100
Revaluation reserve	17		480,659		480,659
Other reserves	17		1		1
Profit and loss account	17		7,179,954		7,055,407
<b>Shareholders funds (equity interests)</b>	18		<u>7,660,714</u>		<u>7,536,167</u>

The financial statements on pages 5 to 19 were approved by the Board and authorised for issue on 18/08/2010 and signed on its behalf by

  
J. Lyvyan-Robinson  
Director

**Clearsprings (Management) Limited**

**Consolidated Cash Flow Statement  
as at 31 January 2010**

	£	2010 £	£	2009 £
<b>Net cash inflow from operating activities (note 1)</b>		<b>1,774,218</b>		<b>1,055,118</b>
<b>Returns on investments and servicing of finance</b>				
Dividend	(500,000)		-	
Interest received	4,954		34,182	
Interest paid	(28,860)		(118,441)	
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>		<b>(523,906)</b>		<b>(84,259)</b>
<b>Taxation</b>		<b>(530,944)</b>		<b>(835,732)</b>
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets	(88,112)		(399,578)	
Receipts from sales of tangible assets	4,165		172,103	
	<b>(83,947)</b>		<b>(227,475)</b>	
<b>Acquisitions</b>				
Purchase of subsidiary undertaking	(480,000)		(1,780,739)	
Cash acquired with subsidiary	-		536,031	
	<b>(480,000)</b>		<b>(1,244,708)</b>	
<b>Net cash outflow for capital expenditure and financial investment</b>		<b>(563,947)</b>		<b>(1,472,183)</b>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		<b>155,421</b>		<b>(1,337,056)</b>
<b>Financing</b>				
(Decrease)/increase in short term loans	(107,115)		69,375	
Repayment of finance lease	(4,157)		(6,616)	
<b>Net cash (outflow)/inflow from financing</b>		<b>(111,272)</b>		<b>62,759</b>
<b>Increase/(decrease) in cash in the year (note 2)</b>		<b>44,149</b>		<b>(1,274,297)</b>

Clearsprings (Management) Limited

Notes to the Consolidated Cash Flow Statement  
for the year ended 31 January 2010

<b>1</b>	<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		<b>2010</b>	<b>2009</b>	
			<b>£</b>	<b>£</b>	
	Operating profit		936,731	1,136,038	
	Depreciation of tangible assets		282,121	271,136	
	Amortisation of intangible assets		351,590	351,590	
	Exchange differences		( 14,335)	( 4,192)	
	Profit on disposal of tangible assets		( 956)	( 38,837)	
	Decrease in stock		27,937	2,838	
	Decrease/(increase) in debtors		1,354,336	( 903,514)	
	(Decrease)/increase in creditors within one year		( 913,206)	526,697	
	Decrease in provisions for liabilities		( 250,000)	( 286,638)	
	<b>Net cash inflow from operating activities</b>		<b><u>1,774,218</u></b>	<b><u>1,055,118</u></b>	
<b>2</b>	<b>Analysis of net funds</b>	<b>1 February 2009</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 January 2010</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Cash at bank and in hand	<u>1,909,857</u>	<u>44,149</u>	-	<u>1,954,006</u>
	Debt due after 1 year	( 1,007,115)	107,115	-	( 900,000)
	Finance leases	<u>( 4,781)</u>	<u>4,157</u>	-	<u>( 624)</u>
		<u>( 1,011,896)</u>	<u>111,272</u>	-	<u>( 900,624)</u>
	<b>Net funds</b>	<b><u>897,961</u></b>	<b><u>155,421</u></b>	<b>-</b>	<b><u>1,053,382</u></b>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net funds</b>		<b>2010</b>	<b>2009</b>	
			<b>£</b>	<b>£</b>	
	Increase/(decrease) in cash in the year		44,149	( 1,274,297)	
	Cash outflow/(inflow) from decrease/(increase) in debt		111,272	( 62,759)	
	Finance lease acquired		-	( 11,397)	
	<b>Movement in net funds in the year</b>		<b><u>155,421</u></b>	<b><u>( 1,348,453)</u></b>	
	Opening net funds		897,961	2,246,414	
	<b>Closing net funds</b>		<b><u>1,053,382</u></b>	<b><u>897,961</u></b>	

## Clearsprings (Management) Limited

### Notes to the Consolidated Financial Statements for the year ended 31 January 2010

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

#### 1.2 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards

#### 1.3 Turnover

Turnover represents amounts receivable for the provision of accommodation and other services. Income arises under the asylum and bail contracts on a daily basis, and is recognised in the financial statements for the period in which each day falls. Turnover also represents the invoiced value, net of Value Added Tax, of goods sold, work carried out and services provided to customers, recognised on an accruals basis.

#### 1.4 Basis of consolidation

The group accounts consolidate the accounts of Clearsprings (Management) Limited and its subsidiaries using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 January 2010. No profit and loss account is presented for Clearsprings (Management) Limited as provided by Section 408 of the Companies Act 2006. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold properties	2% straight line
Leasehold improvements	20% straight line
Computer equipment	33.33% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	25% straight line
Office equipment	25% straight line

Freehold properties are revalued in accordance with FRS15 with a full valuation carried out by professionally qualified Chartered Surveyors on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No 4 and the guidance notes of the Royal Institute of Chartered Surveyors every five years and an interim valuation is carried out in year three.

#### 1.6 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

#### 1.7 Investments

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

## Clearsprings (Management) Limited

### Notes to the Consolidated Financial Statements for the year ended 31 January 2010 (continued)

#### 1 8 Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for obsolete items.

#### 1 9 Pensions

The group operates a defined contribution scheme for employees. Contributions are charged to the profit and loss account as they fall due. The assets of the scheme are held separately from those of the group. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### 1 10 Deferred taxation

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 group's taxable profits and its results as stated in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in periods in which timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non discounted basis.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the asset concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

#### 1 11 Furnishings and equipment

Furniture and equipment costs are written off when incurred as management information has shown that the average stay in a property by a service user is less than one year, and a prepayment is felt by the directors to be inappropriate.

#### 1 12 Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

#### 1 13 Goodwill

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired has been capitalised and the balance amortised over a period of 5 years on a straight line basis. The directors deemed it inappropriate to amortise the goodwill over 20 years as this would not fairly reflect its value to the group. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition, and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### 1 14 Provisions

Provision is made in respect of the best estimate of the cost of a number of unsettled legal cases arising from the termination of the employment of a number of former employees.

#### 1 15 Employee Benefit Trust

The company has established a trust for the benefit of the employees. Monies held in this trust are held by independent trustees and managed at their discretion. The Clearsprings (Management) Limited Employee Benefit Trust was established on 14 January 2010. Where the company retains future economic benefit from, and has de facto control of, the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to the employees in respect of past services is declared and the date that assets of the trust vest in identified beneficiaries.

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
for the year ended 31 January 2010 (continued)**

**2 Turnover**

In the year to 31 January 2010 0.1% (2009 1%) of the group's turnover was to markets outside the United Kingdom

The analysis of turnover and profit before taxation by class of business and the geographical analysis of turnover has not been given as in the opinion of the directors such disclosures would be seriously prejudicial to the interests of the group

**3 Operating profit**

Operating profit is stated after charging/(crediting)

	2010	2009
<b>Group</b>	£	£
Depreciation of tangible assets	282,121	271,136
Profit on disposal of tangible assets	(956)	(38,837)
Amortisation of goodwill	351,590	351,590
Operating lease rentals		
- Land and buildings	13,163,691	12,171,831
Auditors' remuneration	32,000	42,705
Remuneration of auditors for non audit work	4,000	16,380
Directors' remuneration	959,445	944,604
Foreign exchange loss	14,335	4,192
	<u>28,517,381</u>	<u>25,635,075</u>

**4 Investment income**

	2010	2009
	£	£
Bank interest	4,954	34,182
	<u>4,954</u>	<u>34,182</u>

**5 Interest payable**

	2010	2009
	£	£
On bank loans and overdrafts	18,131	88,966
On overdue taxation	10,729	29,391
On hire purchase	-	42
Other interest	-	42
	<u>28,860</u>	<u>118,441</u>

**6 Dividends**

	2010	2009
	£	£
Ordinary		
Interim paid - £5,000 (2009 £nil) per share	500,000	-
	<u>500,000</u>	<u>-</u>

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
for the year ended 31 January 2010 (continued)**

<b>7 Taxation</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
UK corporation tax	617,705	428,401
Adjustment for prior periods	39,565	43,498
<b>Current tax charge</b>	<u>657,270</u>	<u>471,899</u>
<b>Deferred tax</b>		
Deferred tax charge current year	(26,844)	17,519
Adjustment for prior periods	(992)	14,627
	<u>(27,836)</u>	<u>32,146</u>
	<u>629,434</u>	<u>504,045</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>912,825</u>	<u>1,051,779</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 28% (2009 28%)	255,591	294,498
Effects of		
Non deductible expenses	334,960	114,436
Difference between capital allowances and depreciation	26,844	6,230
Other short term timing differences	-	12,373
Indexation allowance	-	(4,215)
Difference between UK tax rate and overseas tax rate	310	86
Part of the year taxed at a different rate	-	4,993
Adjustments to tax charge in respect of previous periods	39,565	43,498
	<u>401,679</u>	<u>177,401</u>
<b>Current tax charge</b>	<u>657,270</u>	<u>471,899</u>
<b>8 Intangible fixed assets</b>		
<b>Cost</b>		
At 1 February 2009		1,757,949
Additions		-
		<u>1,757,949</u>
<b>Amortisation</b>		
At 1 February 2009		351,590
Charge for the year		351,590
		<u>703,180</u>
<b>Net book value</b>		
At 31 January 2010		<u>1,054,769</u>
At 31 January 2009		<u>1,406,359</u>



Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements  
for the year ended 31 January 2010 (continued)

9 Tangible fixed assets - Group

	Freehold land and buildings	Computer equipment and software	Fixtures, fittings & equipment	Motor vehicles	Office equipment	Total
	£	£	£	£	£	£
<b>Cost/Valuation</b>						
At 1 February 2009	3,825,709	527,658	198,355	233,248	754	4,785,724
Additions	-	87,201	856	-	55	88,112
Disposals	-	(9,390)	(1,602)	(103,563)	-	(114,555)
Exchange differences	-	(4,098)	(2,927)	-	(67)	(7,092)
At 31 January 2010	<u>3,825,709</u>	<u>601,371</u>	<u>194,682</u>	<u>129,685</u>	<u>742</u>	<u>4,752,189</u>
<b>Depreciation</b>						
At 1 February 2009	208,295	217,969	134,023	232,005	289	792,581
On disposals	-	(7,378)	(405)	(103,563)	-	(111,348)
Charge for the year	76,514	188,694	15,498	1,243	172	282,121
Exchange differences	-	(1,518)	(142)	-	(25)	(1,685)
At 31 January 2010	<u>284,809</u>	<u>397,767</u>	<u>148,974</u>	<u>129,685</u>	<u>436</u>	<u>961,671</u>
<b>Net book value</b>						
At 31 January 2010	<u>3,540,900</u>	<u>203,604</u>	<u>45,708</u>	<u>-</u>	<u>306</u>	<u>3,790,518</u>
At 31 January 2009	<u>3,617,414</u>	<u>309,689</u>	<u>64,332</u>	<u>1,243</u>	<u>465</u>	<u>3,993,143</u>

The directors consider that the book value of freehold land and buildings is consistent with market value

The net book value of tangible fixed assets includes £nil (2009 £3 691) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £nil (2009 £6 205)

The bank loan is secured by charges against certain freehold land and buildings

The historic cost of land and buildings as at the year end was £3,345,050 (2009 £3,345,050)

Tangible fixed assets - Company

	Freehold land and buildings	Computer equipment and software	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost/Valuation</b>					
At 1 February 2009	3,825,709	444,263	125,958	230,451	4,626,381
Additions	-	59,585	-	-	59,585
Disposals	-	-	-	(103,563)	(103,563)
At 31 January 2010	<u>3,825,709</u>	<u>503,848</u>	<u>125,958</u>	<u>126,888</u>	<u>4,582,403</u>
<b>Depreciation</b>					
At 1 February 2009	208,295	190,114	96,826	230,451	725,686
On disposals	-	-	-	(103,563)	(103,563)
Charge for the year	76,514	164,002	9,711	-	250,227
At 31 January 2010	<u>284,809</u>	<u>354,116</u>	<u>106,537</u>	<u>126,888</u>	<u>872,350</u>
<b>Net book value</b>					
At 31 January 2010	<u>3,540,900</u>	<u>149,732</u>	<u>19,421</u>	<u>-</u>	<u>3,710,053</u>
At 31 January 2009	<u>3,617,414</u>	<u>254,149</u>	<u>29,132</u>	<u>-</u>	<u>3,900,695</u>

The freehold land and buildings used for the company's business activities were valued by Bagshaws Residential a firm of estate agents and property auctioneers as at 31 January 2006. The directors consider that the book value of freehold land and buildings is consistent with market value

The net book value of tangible fixed assets includes £Nil (2009 £Nil) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £Nil (2009 £Nil)

The bank loan is secured by charges against certain freehold land and buildings

The historic cost of land and buildings as at the year end was £3,345,050 (2009 £3,345,050)

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
for the year ended 31 January 2010 (continued)**

**10 Fixed asset investments - Company**

£

Balance at 1 February 2009 and 31 January 2010 2,260,839

The company holds more than 20% of the share capital of the following companies

<b>Company</b>	<b>Country of registration or incorporation</b>	<b>Class</b>	<b>Shares held %</b>
<b>Subsidiary undertaking</b>			
Softwerx Ltd (formerly Systems Administrators Ltd)	England	Ordinary	100
Softwerx (Private) Ltd (formerly SysAdmins Lanka (Private) Ltd)	Sri Lanka	Ordinary	100
SysAdmins Ltd	England	Ordinary	100
NVF Limited	England	Ordinary	100

**The principal activities of the undertakings for the last relevant financial period are as follows**

Softwerx Ltd (formerly Systems Administrators Ltd)	IT services and systems
Softwerx Lanka (Private) Ltd (formerly SysAdmins Lanka (Private) Ltd)	IT services and systems
SysAdmins Ltd	Dormant
NVF Limited	Dormant

**11 Stock - group and company**

2010      2009  
£            £

Finished goods and goods for resale 61,496      89,433

**12 Debtors**

	<b>Group 2010 £</b>	<b>Company 2010 £</b>	<b>Group 2009 £</b>	<b>Company 2009 £</b>
Trade debtors	1,444,640	1,261,835	4,648,449	4,479,804
Other debtors	85,218	41,817	110,276	57,792
Prepayments and accrued income	3,477,444	3,420,337	1,604,101	1,527,588
Deferred Tax Asset (see Note 14)	128,140	128,603	102,002	102,002
Foreign corporation tax debtor	3,474	-	2,286	-
	<u>5,138,916</u>	<u>4,852,592</u>	<u>6,467,114</u>	<u>6,167,186</u>

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements  
for the year ended 31 January 2010 (continued)

13 Creditors amounts falling due within one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade creditors	1,807,504	1,726,410	2,833,587	2,730,678
Amounts owed to subsidiary undertakings	-	179,297	-	27,795
Corporation tax	616,649	611,211	496,722	418,729
Other taxes and social security costs	106,744	35,388	328,007	293,331
Other creditors	46,180	-	499,415	480,000
Accruals and deferred income	1,577,217	1,575,683	1,469,842	1,465,901
Hire purchase	624	-	4,157	-
	<u>4,154,918</u>	<u>4,127,989</u>	<u>5,431,730</u>	<u>5,416,434</u>

Creditors amounts falling due after more than one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Loan	900,000	900,000	1,007,115	1,007,115
Hire purchase	-	-	624	-
	<u>900,000</u>	<u>900,000</u>	<u>1,007,739</u>	<u>1,007,115</u>

The loan is secured by charges on certain freehold land and buildings

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
<b>Analysis of debt maturity</b>				

Amounts payable

In more than two years but not more than five years	<u>900,000</u>	<u>900,000</u>	<u>1,007,115</u>	<u>1,007,115</u>
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Obligations under finance leases and hire purchase contracts

Amounts payable

Within two to five years	<u>-</u>	<u>-</u>	<u>624</u>	<u>-</u>
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14 Provisions for liabilities

Group

	Deferred tax asset £	Deferred tax liability £	Employment claims £	Total provision £
Balance at 1 February 2009	(102,002)	3,870	250,000	253,870
Profit and loss account	<u>(28,138)</u>	<u>(706)</u>	<u>(250,000)</u>	<u>(250,706)</u>
Balance at 31 January 2010	<u>(128,140)</u>	<u>3,164</u>	<u>-</u>	<u>3,164</u>

Company

	Deferred tax asset £	Employment claims £	Total provision £
Balance at 1 February 2009	(102,002)	250,000	250,000
Profit and loss account	<u>(28,601)</u>	<u>(250,000)</u>	<u>(250,000)</u>
Balance at 31 January 2010	<u>(128,603)</u>	<u>-</u>	<u>-</u>

Deferred Tax

The deferred tax asset is based on decelerated capital allowances

The deferred tax liability is based on accelerated capital allowances and other timing differences

Employment claims

A provision was made for the best estimate of the outcome of a number of legal cases arising from the termination of employment of a number of former employees that was previously yet to be determined

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements  
for the year ended 31 January 2010 (continued)

15 Pension costs

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Contributions payable for the year	<u>156,661</u>	<u>118,404</u>	<u>136,990</u>	<u>105,872</u>

At the balance sheet date there were no outstanding or prepaid contributions

16 Share capital

Authorised	2010 £	2009 £
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

17 Statement of movements on reserves

Group	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 February 2009	480,659	1	6,691,807
Retained profit for the year	-	-	283,391
Movements in foreign exchange	-	-	(14,335)
Dividend	-	-	(500,000)
Balance at 31 January 2010	<u>480,659</u>	<u>1</u>	<u>6,460,863</u>
Company			
	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 February 2009	480,659	1	7,055,407
Retained profit for the year	-	-	624,547
Dividend	-	-	(500,000)
Balance at 31 January 2010	<u>480,659</u>	<u>1</u>	<u>7,179,954</u>

Other reserves

Capital redemption reserve

Balance at 31 January 2009 & 2010	<u>1</u>
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The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
for the year ended 31 January 2010 (continued)**

**18 Reconciliation of movements in shareholders' funds**

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Profit for the financial year	283,391	624,547	547,734	935,754
Movements in foreign exchange	(14,335)	-	(4,192)	-
Dividend	(500,000)	(500,000)	-	-
Net addition to shareholders' funds	<u>(230,944)</u>	<u>124,547</u>	<u>543,542</u>	<u>935,754</u>
Opening shareholders' funds	7,172,567	7,536,167	6,629,025	6,600,413
Closing shareholders' funds	<u><u>6,941,623</u></u>	<u><u>7,660,714</u></u>	<u><u>7,172,567</u></u>	<u><u>7,536,167</u></u>

**19 Financial commitments**

At 31 January 2010 the group and company had annual commitments under non-cancellable operating leases as follows

Expiry date	Land & buildings 2010 £	Land & buildings 2009 £
Between two and five years	48,022	48,022
	<u>48,022</u>	<u>48,022</u>

**20 Directors' emoluments**

	2010 £	2009 £
Emoluments for qualifying services	939,759	926,146
Pension payment for directors	19,686	18,458
	<u>959,445</u>	<u>944,604</u>

The number of directors for whom benefits are accruing under defined contribution schemes was 2 (2009 2)

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
for the year ended 31 January 2010 (continued)**

**21 Employees**

Number of employees  
The average monthly number of employees (including directors)  
during the year was

	2010 Number	2009 Number
Administrative (including directors)	55	73
Regional field staff	111	116
Warehouse	6	7
Development	35	38
Technical	3	3
Application support	6	3
	<u>216</u>	<u>240</u>
<b>Employment costs</b>		
	£	£
Wages and salaries	6,135,885	6,190,389
Social security costs	573,135	653,505
Other pension costs	156,661	136,990
	<u>6,865,681</u>	<u>6,980,884</u>

**22 Control**

The company is controlled by G King and J King, who each own 40% of the issued share capital

**23 Related party disclosures**

The company is exempt from disclosing transactions with group entities under the provisions of FRS8, as they are wholly owned subsidiaries

The financial statements include the following transactions with companies in which G King and J King have a beneficial interest

During the year services amounting to £10,352 (2009 £124,282) were acquired from Kings Aviation Limited. At 31 January 2010, the company owed £nil to Kings Aviation Limited (2009 £124,282)

During the year, rent of £10,400 (2009 £10,400) was paid to Pemican Limited. At the year end, the total amount owed to Pemican Limited was £867 (2009 £7,519 owed by Pemican)

During the year, the company paid £403,675 to the Employee Benefit Trust, which has been loaned out by the Trust. This debt has been provided for in full at the year end