

Company number: 03851074

CLEARSPRINGS (MANAGEMENT) LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011

FRIDAY



AZN0WYD3

A17

14/10/2011

238

COMPANIES HOUSE

Clearsprings (Management) Limited

Company Information

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

Clearsprings (Management) Limited

Contents

	Page
Directors' report	1 - 3
Independent auditors' report	4
Consolidated profit and loss account	5
Statement of total recognised gains and losses	5
Consolidated balance sheet	6
Company balance sheet	7
Consolidated cash flow statement	8
Notes to consolidated cash flow statement	9
Accounting policies	10 - 11
Notes to the financial statements	12 - 20

Clearsprings (Management) Limited

Directors' Report for the year ended 31 January 2011

Principal activities

The group is an established provider of outsourced services to the public and private sector, offering a wide range of housing, support, cleaning and IT services

Review of the business and future developments

The company's accommodation and support activities, which trade as Ready Homes, showed negative growth in the year, due mainly to the end of the Ministry of Justice BASS contract in June 2010, but also due to the reduction in the number of asylum seekers supported under the UKBA contracts. The company was able to use its price competitiveness to win extensions to all its UKBA contracts to April 2012, and to gain significant additional asylum business in London and Kent. The division continues to be profitable, and is well placed to bid next year for the new UKBA contracts to 2017.

The IT services division, Softwerx, has made excellent progress in difficult market conditions, both with its classic systems integration business, and in its role as a developer of advanced membership systems based on Microsoft CRM software. Profit for the year was in line with expectations. Softwerx has developed a low-cost online product, Ready Membership, to coincide with the launch of Microsoft CRM 2011.

During the year the group acquired two cleaning businesses. All post-acquisition trading was carried out by a new subsidiary, Clearsprings Support Services Ltd ("CSS"). The group plans to develop CSS as an innovative and competitive entrant to the high-growth soft services market sector, through a combination of recruitment, organic growth and further acquisitions.

Through careful management of working capital, and the sale of nine properties no longer required for operations, the group was able to fund the acquisitions entirely from its own cash resources. It was also able to repay £200,000 of the borrowing secured on some of the properties retained, and still increase cash balances by £688,000 over the year.

Operating profit on sales declined from 2.5% to 1.7% compared with the previous year. Return on capital employed was 7.4% in the year, compared with 13.5% in the previous year. Liquidity ratio improved over the year from 1.7 to 1.8, reflecting the underlying financial strength of the business.

Principal risks and mitigation

The group manages its exposure to the normal credit risk and cash flow risk associated with credit sales through credit control procedures. UK government departments account for a significant proportion of debtors. The nature of the group's financial instruments means that they are not subject to price or liquidity risk.

The risk to the group of losing business is countered by an ongoing programme to reduce costs through use of technology and an operating model using home-based staff where possible, an approach which maintains the ability to win contracts on price without sacrificing quality. All group operations are accredited to ISO 9001:2008, ISO 14001, ISO 18001 and ISO 27001 standards.

Clearsprings (Management) Limited

**Directors' Report
for the year ended 31 January 2011 (continued)**

Dividends

A dividend of £300,000 was paid during the year (2010 £500,000)

Directors

The following directors have held office during the year

G King
J Vyvyan-Robinson MBE
R Slatter

Corporate social responsibility

The group operates a targeted programme to reduce carbon emissions, to minimise adverse impacts on the environment, and to promote good conditions for workers throughout its supply chain. The group takes part in the Home Office CAESER (Corporate Assessment of Environmental, Social and Economic Responsibility) programme, and achieved a 76% rating in the year, which is 12% above the average score for all suppliers to the Home Office.

Charitable donations

	2011	2010
	£	£
During the year the company made the following charitable donations	2,761	3,205

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.

Market value of land and buildings

Land and buildings are held in the financial statements at market value. As such, there is no difference between the net book value and market value of land and buildings. See note 9 for more details.

Clearsprings (Management) Limited

**Directors' Report
for the year ended 31 January 2011 (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

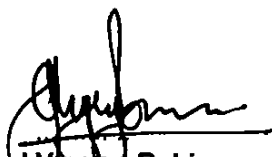
- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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 Vyvyan-Robinson
Director

30.9.2011

Clearsprings (Management) Limited

**Independent Auditors' Report
for the year ended 31 January 2011**

We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 20. 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 of the financial statements

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/private.cfm.

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 2011 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.

Baker Tilly UK Audit LLP

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

12th October 2011

Clearsprings (Management) Limited

**Consolidated Profit and Loss Account
for the year ended 31 January 2011**

		2011 £	2010 £
	Notes		
Turnover	Continuing operations	31,122,246	38,018,726
	Acquisitions	828,346	-
	2 Group turnover	<u>31,950,592</u>	<u>38,018,726</u>
Cost of sales		<u>(24,633,663)</u>	<u>(30,096,371)</u>
Gross profit		7,316,929	7,922,355
Administrative expenses		<u>(6,849,046)</u>	<u>(6,985,624)</u>
Operating profit	Continuing operations	410,832	936,731
	Acquisitions	57,051	-
	3 Group operating profit	<u>467,883</u>	<u>936,731</u>
Other interest receivable and similar income	4	7,013	4,954
Interest payable and similar charges	5	<u>(30,585)</u>	<u>(28,860)</u>
Profit on ordinary activities before taxation		444,311	912,825
Taxation	7	<u>(371,535)</u>	<u>(629,434)</u>
Profit on ordinary activities after taxation	17	<u>72,776</u>	<u>283,391</u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	2011 £	2010 £
Profit for the financial year	72,776	283,391
Unrealised surplus on revaluation of properties	-	-
Movements on foreign exchange	<u>(2,022)</u>	<u>(14,335)</u>
Total gains and losses recognised since last annual report	<u>70,754</u>	<u>269,056</u>

Clearsprings (Management) Limited

Company number: 03851074

Consolidated Balance Sheet
as at 31 January 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Intangible assets	8		1,358,466		1,054,769
Tangible assets	9		<u>3,092,488</u>		<u>3,790,518</u>
			4,450,954		4,845,287
Current assets					
Stock	11	65,920		61,496	
Debtors	12	3,477,405		5,138,916	
Cash at bank and in hand		2,642,050		1,954,006	
		<u>6,185,375</u>		<u>7,154,418</u>	
Creditors: amounts falling due within one year	13	(3,421,459)		(4,154,918)	
Net current assets			<u>2,763,916</u>		<u>2,999,500</u>
Total assets less current liabilities			<u>7,214,870</u>		<u>7,844,787</u>
Creditors: amounts falling due after more than one year	13		(500,000)		(900,000)
Provisions for liabilities	14		(2,493)		(3,164)
			<u>6,712,377</u>		<u>6,941,623</u>
Capital and reserves					
Called up share capital	16		100		100
Revaluation reserve	17		286,952		480,659
Other reserves	17		1		1
Profit and loss account	17		<u>6,425,324</u>		<u>6,460,863</u>
Shareholders funds (equity interests)	18		<u>6,712,377</u>		<u>6,941,623</u>

The financial statements on pages 5 to 20 were approved by the Board and authorised for issue on and signed on its behalf by

30.9.11



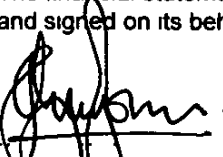
J. Vyvan-Robinson
Director

**Company Balance Sheet
as at 31 January 2011**

		2011	2010
		£	£
	Notes		
Fixed assets			
Intangible assets	8	357,318	-
Tangible assets	9	2,954,373	3,710,053
Investments	10	<u>2,260,839</u>	<u>2,260,839</u>
		5,572,530	5,970,892
Current assets			
Stock	11	65,920	61,496
Debtors	12	2,842,462	4,852,592
Cash at bank and in hand		<u>2,220,546</u>	<u>1,803,723</u>
		5,128,928	6,717,811
Creditors: amounts falling due within one year	13	<u>(2,924,177)</u>	<u>(4,127,989)</u>
Net current assets		<u>2,204,751</u>	<u>2,589,822</u>
Total assets less current liabilities		7,777,281	8,560,714
Creditors: amounts falling due after more than one year	13	(500,000)	(900,000)
Provisions for liabilities	14	-	-
		<u>7,277,281</u>	<u>7,660,714</u>
Capital and reserves			
Called up share capital	16	100	100
Revaluation reserve	17	286,952	480,659
Other reserves	17	1	1
Profit and loss account	17	6,990,228	7,179,954
Shareholders funds (equity interests)	18	<u>7,277,281</u>	<u>7,660,714</u>

The financial statements on pages 5 to 20 were approved by the Board and authorised for issue on and signed on its behalf by

3.9.11


 J. Vyvan-Robinson
 Director

Clearsprings (Management) Limited

**Consolidated Cash Flow Statement
as at 31 January 2011**

	£	2011 £	£	2010 £
Net cash inflow from operating activities (note 1)		2,062,918		1,774,218
Returns on investments and servicing of finance				
Interest received	7,013		4,954	
Interest paid	(30,585)		(28,860)	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(23,572)		(23,906)
Taxation		(501,836)		(530,944)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(119,059)		(88,112)	
Receipts from sales of tangible assets	568,937		4,165	
	<u>449,878</u>		<u>(83,947)</u>	
Acquisitions				
Purchase of subsidiary undertakings	(415,682)		(480,000)	
Cash acquired with subsidiary	63,609		-	
Purchase of trade and assets	(446,648)		-	
	<u>(798,721)</u>		<u>(480,000)</u>	
Net cash outflow for capital expenditure and financial investment		(348,843)		(563,947)
Equity dividends paid		(300,000)		(500,000)
Net cash inflow before management of liquid resources and financing		888,667		155,421
Financing				
Decrease in short term loans	(200,000)		(107,115)	
Repayment of finance lease	(624)		(4,157)	
Net cash outflow from financing		(200,624)		(111,272)
Increase in cash in the year (note 2)		688,043		44,149

Clearsprings (Management) Limited

**Notes to the Consolidated Cash Flow Statement
for the year ended 31 January 2011**

1	Reconciliation of operating profit to net cash inflow from operating activities	2011 £	2010 £		
	Operating profit	467,883	936,731		
	Depreciation of tangible assets	260,201	282,121		
	Amortisation of intangible assets	515,412	351,590		
	Exchange differences	(3,645)	(14,335)		
	Profit on disposal of tangible assets	(641)	(956)		
	(Increase)/decrease in stock	(3,524)	27,937		
	Decrease in debtors	1,778,552	1,354,336		
	Decrease in creditors within one year	(951,320)	(913,206)		
	Decrease in provisions for liabilities	-	(250,000)		
	Net cash inflow from operating activities	<u>2,062,918</u>	<u>1,774,218</u>		
2	Analysis of net funds	1 February 2010 £	Cash flow £	Other non- cash changes £	31 January 2011 £
	Cash at bank and in hand	<u>1,954,006</u>	<u>688,044</u>	-	<u>2,642,050</u>
	Debt due after 1 year	(900,000)	200,000	200,000	(500,000)
	Debt due within 1 year	-	-	(200,000)	(200,000)
	Finance leases	<u>(624)</u>	<u>624</u>	-	-
		<u>(900,624)</u>	<u>200,624</u>	-	<u>(700,000)</u>
	Net funds	<u>1,053,382</u>	<u>888,668</u>	-	<u>1,942,050</u>
3	Reconciliation of net cash flow to movement in net funds	2011 £	2010 £		
	Increase in cash in the year	688,044	44,149		
	Cash outflow from decrease in debt	200,624	111,272		
	Movement in net funds in the year	888,668	155,421		
	Opening net funds	1,053,382	897,961		
	Closing net funds	<u>1,942,050</u>	<u>1,053,382</u>		

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2011**

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 2011 with the exception of Simmons Business Services Limited and the Adept Cleaning Company Limited for which accounts are made up to 31 December 2010. As these companies ceased to trade after acquisition, the directors saw no benefit in changing the year ends. On consolidation, relevant adjustments were made to reflect the transactions up to the group year end. 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 2011 (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.

1 16 Substance over form

The acquisitions by the group in the year as noted in note 25 to the financial statements were legally made in the name of Clearsprings Support Services Ltd, a subsidiary company and were funded by the parent company of the group. However, in the view of the directors the substance of the transactions was that they were group acquisitions, funded by the parent company, and therefore the investment should be included in the accounts for Clearsprings (Management) Ltd. This is further evidenced by deeds of assignment dated 29 June 2011, formally assigning the legal form of the transaction to Clearsprings (Management) Ltd and confirming that Clearsprings (Management) Limited was the intended beneficiary at the date of each acquisition.

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2011 (continued)**

1.17 Share based payments

The group operates a reward scheme for the senior management team which gives employees the right to acquire shares in the group which are immediately reacquired by the group for their cash value less amounts for tax. This arrangement is treated as a cash-settled share-based payment scheme. For cash-settled share-based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value, measured based on historic EBITDA and price earnings ratios that are publicly available for companies in similar industries, is initially measured at the grant date and spread over the period during which the share options are expected to be exercised, the conditions for which are disclosed in note 26. The liability is remeasured at each balance sheet date and at the settlement date with any changes to fair value being recognised in the profit and loss account.

2 Turnover

In the year to 31 January 2011 0.2% (2010 0.1%) 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)

Group	2011	2010
	£	£
Depreciation of tangible assets	260,201	282,121
Profit on disposal of tangible assets	(641)	(956)
Amortisation of goodwill	515,412	351,590
Operating lease rentals		
- Land and buildings	10,891,593	13,163,691
Auditors' remuneration - audit services	32,000	32,000
Auditors' remuneration - taxation services	4,000	4,000
Share option charge	61,878	-
Directors' remuneration	1,041,893	959,445
Foreign exchange loss	2,022	14,335
	<u>2,022</u>	<u>14,335</u>

4 Investment income

	2011	2010
	£	£
Bank interest	<u>7,013</u>	<u>4,954</u>

5 Interest payable

	2011	2010
	£	£
On bank loans and overdrafts	24,833	18,131
On overdue taxation	5,752	10,729
	<u>30,585</u>	<u>28,860</u>

6 Dividends

	2011	2010
	£	£
Ordinary		
Interim paid - £3,000 (2010 £5,000) per share	<u>300,000</u>	<u>500,000</u>

Note that the dividend for 2011 was paid prior to the change in the number of shares as set out in note 16 to the financial statements.

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2011 (continued)**

7	Taxation	2011 £	2010 £
	Domestic current year tax		
	UK corporation tax	441,988	617,705
	Adjustment for prior periods	(116,304)	39,565
	Current tax charge	<u>325,684</u>	<u>657,270</u>
	Deferred tax		
	Deferred tax charge current year	45,851	(26,844)
	Adjustment for prior periods	-	(992)
		<u>45,851</u>	<u>(27,836)</u>
		<u>371,535</u>	<u>629,434</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>444,311</u>	<u>912,825</u>
	Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 28% (2010 28%)	124,407	255,591
	Effects of		
	Non deductible expenses/non taxable income	298,989	334,960
	Difference between capital allowances and depreciation	11,357	26,844
	Capital gain on disposal of property	45,727	-
	Indexation allowance	(22,196)	-
	Difference between UK tax rate and overseas tax rate	400	310
	Lower rate of UK corporation tax	(16,696)	-
	Adjustments to tax charge in respect of previous periods	(116,304)	39,565
		<u>201,277</u>	<u>401,679</u>
	Current tax charge	<u>325,684</u>	<u>657,270</u>
8	Intangible fixed assets - Goodwill	Group	Company
	Cost		
	At 1 February 2010	1,757,949	-
	Additions	819,109	446,648
		<u>2,577,058</u>	<u>446,648</u>
	Amortisation		
	At 1 February 2010	703,180	-
	Charge for the year	515,412	89,330
		<u>1,218,592</u>	<u>89,330</u>
	Net book value		
	At 31 January 2011	<u>1,358,466</u>	<u>357,318</u>
	At 31 January 2010	<u>1,054,769</u>	-

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2011 (continued)**

9 Tangible fixed assets - Group

	Freehold land and buildings	Computer equipment and software	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost/Valuation					
At 1 February 2010	3,825,709	602,113	194,682	129,685	4,752,189
Additions	-	41,680	53,379	24,000	119,059
Assets acquired	-	-	9,785	-	9,785
Revaluation	-	-	-	-	-
Disposals	(609,500)	(118,412)	(13,320)	(33,034)	(774,266)
Exchange differences	-	1,493	918	-	2,411
At 31 January 2011	<u>3,216,209</u>	<u>526,874</u>	<u>245,444</u>	<u>120,651</u>	<u>4,109,178</u>
Depreciation					
At 1 February 2010	284,809	398,203	148,974	129,685	961,671
Revaluation	-	-	-	-	-
On disposals	(50,316)	(117,912)	(4,708)	(33,034)	(205,970)
Charge for the year	64,324	163,697	29,880	2,500	260,201
Exchange differences	-	596	192	-	788
At 31 January 2011	<u>298,817</u>	<u>444,584</u>	<u>174,138</u>	<u>99,151</u>	<u>1,016,690</u>
Net book value					
At 31 January 2011	<u>2,917,392</u>	<u>82,290</u>	<u>71,306</u>	<u>21,500</u>	<u>3,092,488</u>
At 31 January 2010	<u>3,540,900</u>	<u>203,910</u>	<u>45,708</u>	<u>-</u>	<u>3,790,518</u>

The freehold land and buildings used for the company's business activities were valued by David Moor Chartered Surveyors and Roger Roberts Surveys Limited on an open market basis in accordance with FRS 15 as at 31 January 2011. The directors therefore consider that the book value of freehold land and buildings is consistent with market value.

The historic cost of land and buildings as at the year end was £2,992,182 (2010 £3,345,050).

Tangible fixed assets - Company

	Freehold land and buildings	Computer equipment and software	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost/Valuation					
At 1 February 2010	3,825,709	503,848	125,958	126,888	4,582,403
Additions	-	11,114	-	-	11,114
Revaluation	-	-	-	-	-
Disposals	(609,500)	(114,237)	-	(33,034)	(756,771)
At 31 January 2011	<u>3,216,209</u>	<u>400,725</u>	<u>125,958</u>	<u>93,854</u>	<u>3,836,746</u>
Depreciation					
At 1 February 2010	284,809	354,116	106,537	126,888	872,350
Revaluation	-	-	-	-	-
On disposals	(50,316)	(114,237)	-	(33,034)	(197,587)
Charge for the year	64,324	133,575	9,711	-	207,610
At 31 January 2011	<u>298,817</u>	<u>373,454</u>	<u>116,248</u>	<u>93,854</u>	<u>882,373</u>
Net book value					
At 31 January 2011	<u>2,917,392</u>	<u>27,271</u>	<u>9,710</u>	<u>-</u>	<u>2,954,373</u>
At 31 January 2010	<u>3,540,900</u>	<u>149,732</u>	<u>19,421</u>	<u>-</u>	<u>3,710,053</u>

The freehold land and buildings used for the company's business activities were valued by David Moor Chartered Surveyors and Roger Roberts Surveys Limited on an open market basis in accordance with FRS 15 as at 31 January 2011. The directors therefore consider that the book value of freehold land and buildings is consistent with market value.

The historic cost of land and buildings as at the year end was £2,992,182 (2010 £3,345,050).

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2011 (continued)**

10 Fixed asset investments - Company

	£
Balance at 1 February 2010	2,260,839
Additions	415,782
Disposals	(100)
Impairment	(415,682)
Balance at 31 January 2011	<u>2,260,839</u>

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

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertaking			
Softwerx Ltd	England	Ordinary	100
Softwerx (Private) Ltd	Sri Lanka	Ordinary	100
Clearsprings Support Services Ltd	England	Ordinary	100
The Adept Cleaning Company Limited	England	Ordinary	100
Simmons Business Services Limited	England	Ordinary	100

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

Softwerx Ltd	IT services and systems
Softwerx Lanka (Private) Ltd	IT services and systems
Clearsprings Support Services Ltd	Cleaning
The Adept Cleaning Company Limited	Dormant (dissolved on 9 August 2011)
Simmons Business Services Limited	Dormant (dissolved on 9 August 2011)

11 Stock - group and company	2011	2010
	£	£
Finished goods and goods for resale	<u>65,920</u>	<u>61,496</u>

12 Debtors	Group	Company	Group	Company
	2011	2011	2010	2010
	£	£	£	£
Trade debtors	786,899	172,898	1,444,640	1,261,835
Amounts owed by subsidiary undertakings	-	108,329	-	-
Other debtors	57,767	10,887	85,218	41,817
Prepayments and accrued income	2,546,154	2,453,212	3,477,444	3,420,337
Deferred Tax Asset (see Note 14)	81,618	97,136	128,140	128,603
Foreign corporation tax debtor	4,967	-	3,474	-
	<u>3,477,405</u>	<u>2,842,462</u>	<u>5,138,916</u>	<u>4,852,592</u>

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements
for the year ended 31 January 2011 (continued)

13 Creditors amounts falling due within one year

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Bank loan	200,000	200,000	-	-
Trade creditors	967,193	854,308	1,807,504	1,726,410
Amounts owed to subsidiary undertakings	-	87,314	-	179,297
Corporation tax	441,990	435,709	616,649	611,211
Other taxes and social security costs	358,992	64,943	106,744	35,388
Other creditors	26,433	-	46,180	-
Share options liability	61,878	61,878	-	-
Accruals and deferred income	1,364,973	1,220,026	1,577,217	1,575,683
Hire purchase	-	-	624	-
	<u>3,421,459</u>	<u>2,924,177</u>	<u>4,164,918</u>	<u>4,127,989</u>

Creditors amounts falling due after more than one year

Bank loan	500,000	500,000	900,000	900,000
	<u>500,000</u>	<u>500,000</u>	<u>900,000</u>	<u>900,000</u>

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

Analysis of debt maturity	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Amounts payable				
In more than two years but not more than five years	<u>500,000</u>	<u>500,000</u>	<u>900,000</u>	<u>900,000</u>

14 Provisions for liabilities

Group	Deferred tax asset £	Deferred tax liability £	Total provision £
Balance at 1 February 2010	(128,140)	3,164	3,164
Profit and loss account	<u>46,522</u>	<u>(671)</u>	<u>(671)</u>
Balance at 31 January 2011	<u>(81,618)</u>	<u>2,493</u>	<u>2,493</u>
Company	Deferred tax asset £		
Balance at 1 February 2010	(128,603)		
Profit and loss account	<u>31,467</u>		
Balance at 31 January 2011	<u>(97,136)</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

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2011 (continued)**

15 Pension costs

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Contributions payable for the year	<u>141,832</u>	<u>98,808</u>	<u>156,661</u>	<u>118,404</u>

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

16 Share capital

Allotted, called up and fully paid	2011 £	2010 £
100 ordinary shares of £1 each	-	100
1,000,000 ordinary A shares of £0 0001 each	<u>100</u>	<u>-</u>

On 20 December 2010 the 100 ordinary shares of £1 each comprising the entire issued share capital were subdivided into, and redesignated as, 1,000,000 ordinary A shares of £0 0001 each

17 Statement of movements on reserves

Group

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance at 1 February 2010	480,659	1	6,460,863
Retained profit for the year	-	-	72,776
Movements in foreign exchange	-	-	(2,022)
Excess depreciation transferred on revalued properties	(44,831)	-	44,831
Dividend	-	-	(300,000)
Revaluation realised on disposal	(148,876)	-	148,876
	<u>286,952</u>	<u>1</u>	<u>6,425,324</u>

Company

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance at 1 February 2010	480,659	1	7,179,954
Retained profit for the year	-	-	(83,433)
Excess depreciation transferred on revalued properties	(44,831)	-	44,831
Dividend	-	-	(300,000)
Revaluation realised on disposal	(148,876)	-	148,876
	<u>286,952</u>	<u>1</u>	<u>6,990,228</u>

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 2011 (continued)**

18 Reconciliation of movements in shareholders' funds

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Profit for the financial year	72,776	(83,433)	283,391	624,547
Movements in foreign exchange	(2,022)	-	(14,335)	-
Dividend	(300,000)	(300,000)	(500,000)	(500,000)
	<u>(229,246)</u>	<u>(383,433)</u>	<u>(230,944)</u>	<u>124,547</u>
Net (reduction)/addition to shareholders' funds				
Opening shareholders' funds	6,941,623	7,660,714	7,172,567	7,536,167
Closing shareholders' funds	<u>6,712,377</u>	<u>7,277,281</u>	<u>6,941,623</u>	<u>7,660,714</u>

19 Financial commitments

At 31 January 2011 the group and company had annual commitments under non-cancellable operating leases as follows

	Land & buildings 2011 £	Land & buildings 2010 £
Expiry date		
Between two and five years	-	48,022
More than five years	57,022	-
	<u>57,022</u>	<u>48,022</u>

20 Directors' emoluments

	2011 £	2010 £
Emoluments for qualifying services	1,021,175	939,759
Pension payment for directors	20,718	19,686
	<u>1,041,893</u>	<u>959,445</u>

The number of directors for whom benefits are accruing under defined contribution schemes was 2 (2010 2)

21 Post balance sheet events

On 1 March 2011, the company acquired 100% of the share capital of Crusader Cleaners Limited for a consideration of £260,000 plus net assets of £382,707

On 18 March 2011, the company purchased the trade and assets of Brewster Limited for a consideration of £240,000 plus assets of £10,600

On 1 June 2011, the company purchased the trade of Paul Dyson Limited for a consideration of £40,000

On 1 July 2011, the company purchased the trade and assets of Manor Cleaning Services Limited for a consideration of £230,000 plus assets of £15,000

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2011 (continued)**

22 Employees

Number of employees

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

	2011 Number	2010 Number
Administrative staff	43	55
Accommodation and support field staff	60	111
Logistics staff	6	6
IT staff	51	43
Cleaning staff	122	1
	<u>282</u>	<u>216</u>
Employment costs		
	£	£
Wages and salaries	5,558,475	6,135,885
Social security costs	465,935	573,135
Other pension costs	116,465	156,661
	<u>6,140,875</u>	<u>6,865,681</u>

23 Control

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

24 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 £35,236 (2010 £10,352) were acquired from Kings Aviation Limited. At 31 January 2011, the company owed £11,550 to Kings Aviation Limited (2010 £nil)

During the year, rent of £3,958 (2010 £10,400) was paid to Pemican Limited. At the year end, the total amount owed to Pemican Limited was £nil (2010 £867)

During the year, the company paid £526,092 (2010 £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

25 Purchase of subsidiary undertaking

On 5 September 2010, the group purchased 100% of the share capital of Simmons Business Services Limited and its wholly owned subsidiary Adept Cleaning Company Limited for the consideration of £400,000 plus £15,682 costs

The fair value and book value of the assets and liabilities of the group acquired as at 5 September 2010 were

	£
Tangible fixed assets	9,785
Stock	900
Debtors	162,070
Cash at bank and in hand	63,609
Creditors	(193,143)
	<u>43,221</u>
Consideration paid	415,682
Goodwill arising	372,461

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2011 (continued)**

25 Purchase of subsidiary undertaking (continued)

On 1 September 2010, the group purchased 100% of the trade and assets of Sarum Limited for the consideration of £468,855 plus costs of £6,648

The fair value and book value of the assets and liabilities of the assets acquired as at 1 September 2010 were

	£
Tangible fixed assets	<u>28,855</u>
Consideration paid	475,503
Goodwill arising	446,648

26 Share options

On 20 December 2010, the company granted a total of 81,081 options over 81,081 B Ordinary shares. There is no limited contractual life and there are various vesting conditions relating to profit targets for the group. The estimated fair value of each share option at the balance sheet date was £3.45. This is not considered materially different to the fair value at the date of the grant.

Further details of the option plan are as follows

	2011 Number	2010 Number
Outstanding at start of period	-	-
Granted	<u>81,081</u>	<u>-</u>
Outstanding at end of period	<u>81,081</u>	<u>-</u>
The exercise price for the scheme is £0.01		
	2011 £	2010 £
Charge arising from share option scheme	<u>61,878</u>	<u>-</u>