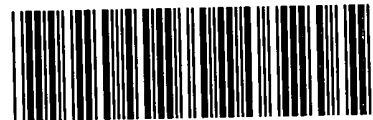


**Company number: 03851074**

**CLEARSPRINGS (MANAGEMENT) LIMITED**  
**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2016**

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**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>	Grant Thornton UK LLP Priory Place New London Road Chelmsford CM2 0PP
<b>Bankers</b>	Barclays Priory Place New London Road Chelmsford CM2 0PP

## **Clearsprings (Management) Limited**

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## **Clearsprings (Management) Limited**

### **Directors' Report for the year ended 31 January 2016**

The directors submit their report and the financial statements of Clearsprings (Management) Limited for the year ended 31 January 2016.

Principal risks and mitigation, and future developments are discussed in the Strategic Report.

#### **Dividends**

On 29 October 2015, the company paid an interim dividend in respect of the year ended 31 January 2016 of £1.70 per share, totalling £1,700,000. S King, a 20% shareholder of the company, waived her right to the dividend.

#### **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. It achieved a rating of 97%.

#### **Employee involvement**

Employees are kept informed of the progress of, and issues affecting, the group through regular newsletters and briefing sessions which include the opportunity to ask questions and suggest ideas. Employees are encouraged to take an interest in all aspects of the group's financial and operational performance.

#### **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, Grant Thornton UK LLP, Chartered Accountants, have indicated their willingness to continue in office.

## **Clearsprings (Management) Limited**

### **Directors' Report for the year ended 31 January 2016**

#### **Directors' Responsibilities Statement**

The directors are responsible for preparing the Strategic Report, 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 laws, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

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 and profit or loss of the company and group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

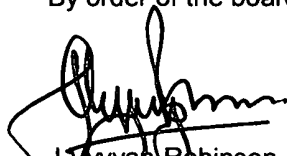
#### **Statement as to disclosure of information to auditors**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors 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 the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



J Vyvan Robinson  
27 October 2016

## Clearsprings (Management) Limited

### Strategic Report for the year ended 31 January 2016

#### Principal activities

The group is an established provider of outsourced services to the public and private sectors, offering a wide range of accommodation, support, sustainable engineering consultancy and IT services.

#### Review of the business and future developments

Clearsprings Ready Homes Ltd continued to operate its contracts with the Home Office for the provision of transport, accommodation and support to asylum seekers in Wales and the south of England. These contracts run until 2017 and are expected to be extended.

Softwerx Ltd had another profitable year, building on its reputation as a leading and capable provider of cloud migration and hosting services. Significant growth is being targeted through investment in a dedicated sales and service team to distribute class-leading third party internet security and business continuity products.

On 30 November 2015, the group disposed of its shareholding in Clearsprings Support Services Ltd.

Clearsprings Energy Solutions Ltd, the group's sustainable consulting engineering practice, made significant progress in the year towards the goal of achieving profitability. The firm moved to a new office in London, and its distinctive service offering is being well received by the architect community. The group is committed to supporting this important venture as it develops and grows in future years.

Operating profit on sales was 0.9%, compared with 0.8% in the previous year. Return on capital employed was 6.4% in the year, compared with 4.8% in the previous year. Liquidity ratio was 1.6, compared with 1.7 in 2015.

#### 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 and significant cash balances means that they are not currently 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, ISO 14001, OHSAS 18001 and ISO 27001 standards.

#### Key performance indicators


Turnover per employee in the year was £101,704 (2015: £83,230).

Operating profit per employee in the year was £902 (2015: £690).

The average number of service users accommodated in the year was 5,945 (2015: 5,481).

Carbon dioxide emissions amounted to 2.85 tonnes (2015: 2.91 tonnes) per service user in the year.

By order of the board

  
.....  
J. Wyatt Robinson  
Director

27 October 2016

## Clearsprings (Management) Limited

### Independent auditor's report to the members of Clearsprings (Management) Limited for the year ended 31 January 2016

We have audited the financial statements of Clearsprings (Management) Limited for the year ended 31 January 2016 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company statement of changes in equity and the related notes. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

#### 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 of the parent company's affairs as at 31 January 2016 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.

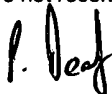
#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.



PAUL DEARSLEY  
Senior Statutory Auditor  
For and on behalf of GRANT THORNTON UK LLP  
Statutory Auditor  
Chartered Accountants  
Chelmsford

27 October 2016

Clearsprings (Management) Limited

Consolidated Profit and Loss Account  
for the year ended 31 January 2016

		2016 Continuing operations £	2016 Discontinued operations £	2016 Total £	2015 Continuing operations £	2015 Discontinued operations £	2015 Total £
	<b>Notes</b>						
Turnover	5	33,420,103	1,769,415	35,189,518	30,801,807	2,157,223	32,959,030
Cost of sales		(29,421,455)	(1,351,019)	(30,772,474)	(26,937,752)	(1,611,156)	(28,548,908)
Gross profit		3,998,648	418,396	4,417,044	3,864,055	546,067	4,410,122
Administrative expenses		(4,184,626)	(420,787)	(4,605,413)	(4,444,511)	(546,588)	(4,991,099)
Exceptional items	6	-	500,305	500,305	854,319	-	854,319
Group operating profit		(185,978)	497,914	311,936	273,863	(521)	273,342
Interest receivable and similar income		6,429	-	6,429	(1,636)	8,591	6,955
Interest payable and similar charges		-	-	-	-	-	-
Profit on ordinary activities before taxation	6	(179,549)	497,914	318,365	272,227	8,070	280,297
Tax on profit on ordinary activities	7	210,434	-	210,434	(173,600)	1,593	(172,007)
Profit for the financial year		30,885	497,914	528,799	98,627	9,663	108,290

Statement of Comprehensive Income  
for the year ended 31 January 2016

	2016 Continuing operations £	2016 Discontinued operations £	2016 Total £	2015 Continuing operations £	2015 Discontinued operations £	2015 Total £
Profit for the financial year	30,885	497,914	528,799	98,627	9,663	108,290
Total comprehensive income for the financial year	30,885	497,914	528,799	98,627	9,663	108,290

The notes on pages 10 to 20, including those on accounting policies, form part of these financial statements.

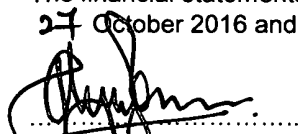
The group profit includes a loss of £331,469 (2015: £978,747) which is dealt with in the financial results of the parent company.



**Consolidated Balance Sheet  
as at 31 January 2016**

		2016	2015
		£	£
	Notes		
<b>Fixed assets</b>			
Intangible assets	8	-	148,000
Tangible assets	9	56,164	84,928
Investment property	10	1,950,000	1,950,000
		<hr/>	<hr/>
		2,006,164	2,182,928
<b>Current assets</b>			
Stock	12	32,030	29,467
Debtors	13	4,000,748	5,408,249
Cash at bank and in hand		4,042,866	3,325,686
		<hr/>	<hr/>
		8,075,644	8,763,402
<b>Creditors: amounts falling due within one year</b>	14	<b>(5,104,173)</b>	<b>(5,133,287)</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>2,971,471</b>	<b>3,630,115</b>
<b>Total assets less current liabilities</b>		<hr/> <b>4,977,635</b>	<hr/> <b>5,813,043</b>
<b>Provisions for liabilities</b>	15	<b>(23,009)</b>	<b>(27,216)</b>
		<hr/>	<hr/>
<b>Net assets</b>		<b>4,954,626</b>	<b>5,785,827</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	17	100	100
Revaluation reserve		295,878	295,878
Other reserves		1	1
Profit and loss account		4,658,647	5,489,848
		<hr/>	<hr/>
<b>Shareholders' funds</b>		<b>4,954,626</b>	<b>5,785,827</b>
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 5 to 20 were approved by the Board and authorised for issue on 27 October 2016 and signed on its behalf by:

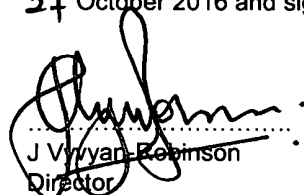
  
 J. Vyvan Robinson  
 Director

The notes on pages 10 to 20, including those on accounting policies, form part of these financial statements.

**Company Balance Sheet**  
as at 31 January 2016

	Notes	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Intangible assets	8		-		96,000
Tangible assets	9		2,860		11,240
Investment property	10		1,950,000		1,950,000
Investments	11		351,490		351,590
			<u>2,304,350</u>		<u>2,408,830</u>
<b>Current assets</b>					
Debtors	13	758,108		1,661,572	
Cash at bank and in hand		4,018,067		3,299,947	
		<u>4,776,175</u>		<u>4,961,519</u>	
<b>Creditors: amounts falling due within one year</b>	14	(4,691,946)		(3,297,127)	
<b>Net current assets</b>			<u>84,229</u>		<u>1,664,392</u>
<b>Total assets less current liabilities</b>			2,388,579		4,073,222
<b>Provisions for liabilities</b>	15		(14,237)		(7,411)
<b>Net assets</b>			<u>2,374,342</u>		<u>4,065,811</u>
<b>Capital and reserves</b>					
Called up share capital	17		100		100
Revaluation reserve			295,878		295,878
Other reserves			1		1
Profit and loss account			2,078,363		3,769,832
<b>Shareholders' funds</b>			<u>2,374,342</u>		<u>4,065,811</u>

The financial statements on pages 5 to 20 were approved by the Board and authorised for issue on 27 October 2016 and signed on its behalf by:

  
J. V. Ryan Robinson  
Director

The notes on pages 10 to 20, including those on accounting policies, form part of these financial statements.

**Clearsprings (Management) Limited**

**Consolidated Statement of Cash Flows  
for the year ended 31 January 2016**

	2016	2015
	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial year	528,799	108,290
Adjustments for:		
Exceptional items	( 500,305)	( 854,319)
Amortisation of intangible assets	148,000	311,820
Depreciation of tangible assets	40,449	60,310
Interest received	( 6,429)	( 6,955)
Taxation	( 210,434)	172,007
Increase in debtors	( 50,235)	( 23,836)
Increase in stocks	( 2,563)	( 7,047)
Increase in creditors	171,306	1,245,942
Cash from operations	<u>118,588</u>	<u>999,670</u>
Tax paid	( 220,663)	( 172,007)
<b>Net cash generated from operating activities</b>	<u>( 102,075)</u>	<u>827,663</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of fixed asset investments	824,511	-
Proceeds from sale of tangible assets	15,297	7,417
Purchases of tangible assets	( 26,982)	( 44,981)
Interest received	6,429	6,955
<b>Net cash from investing activities</b>	<u>819,255</u>	<u>( 30,609)</u>
<b>Cash and cash equivalents at the beginning of year</b>	3,325,686	2,528,632
<b>Cash and cash equivalents at end of year</b>	<u><u>4,042,866</u></u>	<u><u>3,325,686</u></u>

**Clearsprings (Management) Limited**

**Consolidated Statement of Changes in Equity  
for the year ended 31 January 2016**

	Called-up share capital	Revaluation reserve	Other reserves	Profit and loss account	Total
	£	£	£	£	£
<b>At 31 January 2014</b>	100	112,974	1	5,381,558	5,494,633
Profit for the year	-	-	-	108,290	108,290
Revaluation of property	-	182,904	-	-	182,904
<b>At 31 January 2015</b>	<u>100</u>	<u>295,878</u>	<u>1</u>	<u>5,489,848</u>	<u>5,785,827</u>
Profit for the year	-	-	-	528,799	528,799
Dividend paid	-	-	-	(1,360,000)	(1,360,000)
<b>At 31 January 2016</b>	<u><u>100</u></u>	<u><u>295,878</u></u>	<u><u>1</u></u>	<u><u>4,658,647</u></u>	<u><u>4,954,626</u></u>

**Clearsprings (Management) Limited**

**Company Statement of Changes in Equity  
for the year ended 31 January 2016**

	Called-up share capital	Revaluation reserve	Other reserves	Profit and loss account	Total
	£	£	£	£	£
<b>At 31 January 2014</b>	100	112,974	1	4,748,579	4,861,654
Loss for the year	-	-	-	(978,747)	(978,747)
Revaluation of property	-	182,904	-	-	182,904
<b>At 31 January 2015</b>	<u>100</u>	<u>295,878</u>	<u>1</u>	<u>3,769,832</u>	<u>4,065,811</u>
Loss for the year	-	-	-	(331,469)	(331,469)
Dividend paid	-	-	-	(1,360,000)	(1,360,000)
<b>At 31 January 2016</b>	<u><u>100</u></u>	<u><u>295,878</u></u>	<u><u>1</u></u>	<u><u>2,078,363</u></u>	<u><u>2,374,342</u></u>

## **Clearsprings (Management) Limited**

### **Notes to the Financial Statements for the year ended 31 January 2016**

#### **1 Company information**

Clearsprings (Management) Limited is a private company limited by shares, incorporated in England and Wales. Its principal place of business is 26 Brook Road, Rayleigh SS6 7XJ.

#### **2 Basis of preparation**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 25 for an explanation of the transition. The financial statements are presented in Sterling (£).

The company has taken advantage of the following disclosure exemptions under FRS 102

- the requirement to present a statement of cash flows and related notes
- the requirement to disclose key management personnel compensation
- financial instrument disclosures

The date of transition was 1 February 2014. The last set of financial statements prepared under previous UK GAAP was that for the year ended 31 January 2015.

#### **3 Going concern**

The group has shareholders' funds and net current assets. Management are confident based upon forecasts that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

#### **4 Principal accounting policies**

##### **4.1 Tangible assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Computer equipment and software 3 years
- Fixtures, fittings and equipment 5 years
- Motor vehicles 4 years

##### **4.2 Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## **Clearsprings (Management) Limited**

### **Notes to the Financial Statements for the year ended 31 January 2016**

#### **4.3 Leases**

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease terms, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of any leases incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

#### **4.4 Stock**

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

#### **4.5 Provisions for liabilities**

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

#### **4.6 Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

#### **4.7 Housing furnishings and equipment**

Housing 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.

#### **4.8 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.

## **Clearsprings (Management) Limited**

### **Notes to the Consolidated Financial Statements for the year ended 31 January 2016**

#### **4.9 Goodwill**

Goodwill representing the difference between the fair value of the consideration and the fair value of assets and liabilities acquired has been capitalised, and the balance amortised over the directors' estimate of the useful economic life of 5 years on a straight line basis. 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.

#### **4.10 Dividends**

Equity dividends are recognised when paid.

#### **4.11 Going concern**

The group has shareholders' funds and net current assets. Management are confident based upon forecasts that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

#### **4.12 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 vesting period, the conditions for which are disclosed in note 24. 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.

#### **4.13 Turnover**

Accommodation services are rendered daily. Any services rendered in the accounting period are included in turnover.

Turnover from the rendering of professional services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer.

#### **4.14 Employee benefits**

Short-term employee benefits and contributions to deferred contribution plans are recognised in the period in which they are incurred.

## Clearsprings (Management) Limited

### Notes to the Consolidated Financial Statements for the year ended 31 January 2016

#### 4.15 Investments

Investments are stated at cost less provision for impairment.

#### 4.16 Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

#### 4.17 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

#### 5 Turnover

The company's turnover was entirely within 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.

#### 6 Profit on ordinary activities before taxation

The group profit on ordinary activities before taxation is stated after:

	2016	2015
	£	£
Depreciation of tangible assets	40,449	60,310
(Profit)/loss on disposal of tangible assets	-	(6,542)
Amortisation of goodwill	148,000	311,820
Operating lease rentals		
- Land and buildings	9,612,448	7,647,525
Auditors' remuneration - audit services	36,250	32,000
Auditors' remuneration - taxation services	6,000	6,000
Directors' remuneration (see note 20)	1,578,407	1,320,647
Defined contribution pension cost	81,271	90,742
Cost of key management personnel	882,229	837,703

Exceptional items of £500,305 in 2016 relate to the profit on sale of Clearsprings Support Services Ltd.

Exceptional items in 2015 of £854,319 relate to the reversal of a provision in respect of the directors loan account (see note 23)



**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
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<b>7</b>	<b>Tax on profit on ordinary activities</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	UK corporation tax	-	-
	Provision for tax under s. 455	(213,580)	-
	Adjustment in respect of previous period	90	131,120
		<u>          </u>	<u>          </u>
	Total current tax	(213,490)	131,120
	Deferred taxation	3,056	40,887
	Tax on profit on ordinary activities	<u>(210,434)</u>	<u>172,007</u>
	Factors affecting tax charge for the year		
	Profit on ordinary activities before taxation	<u>318,365</u>	<u>280,297</u>
	Profit on ordinary activities before taxation multiplied by the UK rate of corporation tax of 20.16% (2015: 21.33%)	64,182	59,787
	Effects of:		
	Net income not taxable	(79,573)	(18,900)
	Adjustment in respect of prior period	90	131,120
	Unrelieved tax losses	18,447	-
	Provision for tax under s. 455	(213,580)	-
	Tax on profit on ordinary activities	<u>(210,434)</u>	<u>172,007</u>
<b>8</b>	<b>Intangible fixed assets - Goodwill</b>		
		<b>Group</b>	<b>Company</b>
		<b>£</b>	<b>£</b>
	<b>Cost</b>		
	At 31 January 2015	3,996,065	973,148
	Additions	-	-
	Disposals	(3,996,065)	(973,148)
	At 31 January 2016	<u>          </u>	<u>          </u>
	<b>Amortisation</b>		
	At 31 January 2015	3,848,065	877,148
	Charge for the year	148,000	96,000
	Disposals	(3,996,065)	(973,148)
	At 31 January 2016	<u>          </u>	<u>          </u>
	<b>Net book value</b>		
	At 31 January 2016	<u>          </u>	<u>          </u>
	At 31 January 2015	<u>148,000</u>	<u>96,000</u>

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
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**9 Tangible fixed assets - Group**

	Computer equipment and software £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 31 January 2015	169,358	260,449	27,412	457,219
Additions	4,089	22,893	-	26,982
Disposals	(5,263)	(60,525)	(27,412)	(93,200)
At 31 January 2016	<u>168,184</u>	<u>222,817</u>	<u>-</u>	<u>391,001</u>
<b>Depreciation</b>				
At 31 January 2015	125,621	227,575	19,095	372,291
On disposals	(4,305)	(54,503)	(19,095)	(77,903)
Charge for the year	24,084	16,365	-	40,449
At 31 January 2016	<u>145,400</u>	<u>189,437</u>	<u>-</u>	<u>334,837</u>
<b>Net book value</b>				
At 31 January 2016	<u>22,784</u>	<u>33,380</u>	<u>-</u>	<u>56,164</u>
At 31 January 2015	<u>43,737</u>	<u>32,874</u>	<u>8,317</u>	<u>84,928</u>

**Tangible fixed assets - Company**

	Computer equipment and software £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 31 January 2015	46,554	156,924	-	203,478
Additions	1,292	-	-	1,292
Disposals	-	-	-	-
At 31 January 2016	<u>47,846</u>	<u>156,924</u>	<u>-</u>	<u>204,770</u>
<b>Depreciation</b>				
At 31 January 2015	44,634	147,604	-	192,238
On disposals	-	-	-	-
Charge for the year	1,188	8,484	-	9,672
At 31 January 2016	<u>45,822</u>	<u>156,088</u>	<u>-</u>	<u>201,910</u>
<b>Net book value</b>				
At 31 January 2016	<u>2,024</u>	<u>836</u>	<u>-</u>	<u>2,860</u>
At 31 January 2015	<u>1,920</u>	<u>9,320</u>	<u>-</u>	<u>11,240</u>

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
for the year ended 31 January 2016**

**10 Investment property - Group and Company**

The investment property was valued by David Moor Chartered Surveyors and Roger Roberts Surveys Limited on an open market basis as at 31 January 2011. A desk top update of the valuation was conducted by the same valuers as at 31 January 2014. The directors considered the update to be in excess of market value, but revalued the investment property to £1,950,000 at 31 January 2015. The directors are satisfied that the investment property continues to be valued at £1,950,000 at 31 January 2016.

**11 Fixed asset investments - Company**

	£
Balance at 31 January 2015	351,590
Sale of shares in Clearsprings Support Services Ltd	(100)
Balance at 31 January 2016	<u>351,490</u>

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

Subsidiary undertaking	Country of registration or incorporation	Class	Shares held %
Clearsprings Ready Homes Ltd	England	Ordinary	100
Softwerx Ltd	England	Ordinary	100
Clearsprings Energy Solutions Ltd	England	Ordinary	100

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

Clearsprings Ready Homes Ltd	Accommodation and support
Softwerx Ltd	IT services
Clearsprings Energy Solutions Ltd	Sustainable engineering consultancy

**12 Stock**

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Finished goods and goods for resale	<u>32,030</u>	<u>-</u>	<u>29,467</u>	<u>-</u>

**13 Debtors**

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Trade debtors	1,026,994	8,234	1,132,088	-
Amounts owed by subsidiary undertakings	-	99,604	-	-
Other debtors	130,520	91,785	130,058	94,648
Prepayments and accrued income	2,370,254	85,505	2,679,820	100,641
Corporation tax	382,098	382,098	-	-
Directors loan account - less than one year	23,600	23,600	1,382,315	1,382,315
Directors loan account - greater than one year	67,282	67,282	83,968	83,968
	<u>4,000,748</u>	<u>758,108</u>	<u>5,408,249</u>	<u>1,661,572</u>

Except for the directors loan as noted above, all amounts fall due for payment within one year.

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements  
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14 Creditors: amounts falling due within one year

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Trade creditors	1,755,269	23,737	1,525,294	17,337
Amounts owed to subsidiary undertakings	-	4,379,628	-	2,868,600
Corporation tax	-	-	52,055	54,976
Other taxes and social security costs	440,497	26,340	650,143	100,686
Other creditors	7,834	7,133	7,855	6,375
Accruals and deferred income	2,900,573	255,108	2,897,940	249,153
	<u>5,104,173</u>	<u>4,691,946</u>	<u>5,133,287</u>	<u>3,297,127</u>

15 Provisions for liabilities

Group	Deferred tax £	Leave pay £	Total £
Balance at 31 January 2015	(8,788)	(18,428)	(27,216)
Utilised	-	18,428	18,428
Additions	-	(13,091)	(13,091)
On disposal	1,926	-	1,926
Origination and reversal of timing differences	(3,056)	-	(3,056)
Balance at 31 January 2016	<u>(9,918)</u>	<u>(13,091)</u>	<u>(23,009)</u>

Deferred Tax

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

Company	Deferred tax £	Leave pay £	Total £
Balance at 31 January 2015	(7,411)	-	(7,411)
Additions	-	(6,826)	(6,826)
Origination and reversal of timing differences	-	-	-
Balance at 31 January 2016	<u>(7,411)</u>	<u>(6,826)</u>	<u>(14,237)</u>

Deferred Tax

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 2016**

**16 Pension costs**

	<b>Group 2016 £</b>	<b>Company 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2015 £</b>
Contributions payable for the year	<u><b>81,271</b></u>	<u><b>39,086</b></u>	<u><b>90,742</b></u>	<u><b>37,286</b></u>

At the balance sheet date there were outstanding contributions of £Nil (2015: £nil).

**17 Share capital and reserves**

	<b>2016 £</b>	<b>2015 £</b>
<b>Allotted, called up and fully paid</b>		
1,000,000 ordinary A shares of £0.0001 each	<u><b>100</b></u>	<u><b>100</b></u>

Called-up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

Revaluation reserve - this reserve is used to record increases in fair value of investment property.

Other reserves - this relates to a capital redemption reserve and records the nominal value of shares repurchased by the company.

**18 Dividends**

	<b>2016 £</b>	<b>2015 £</b>
Ordinary: Paid - £1.70 (2015: £nil) per share	<u><b>1,360,000</b></u>	<u><b>-</b></u>

**19 Operating lease commitments**

At 31 January 2016 the company had the following minimum lease payments falling due as follows:

	<b>Land &amp; buildings 2016 £</b>	<b>Land &amp; buildings 2015 £</b>
Within one year	<b>1,002,422</b>	<b>866,997</b>
Between two and five years	<b>30,167</b>	<b>248,692</b>
Greater than five years	<b>-</b>	<b>5,250</b>
	<u><b>1,032,589</b></u>	<u><b>1,120,939</b></u>

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
for the year ended 31 January 2016**

<b>20 Directors' emoluments</b>		<b>2016</b>	<b>2015</b>
		£	£
Emoluments for qualifying services		1,569,074	1,311,482
Pension payment for directors		9,333	9,165
		<b>1,578,407</b>	<b>1,320,647</b>

The number of directors for whom benefits are accruing under defined contribution schemes was 1 (2015: 2). The highest paid director received aggregate remuneration during the year of £1,195,049 (2015: £960,006). Pension payments made during the year in respect of the highest paid director were £nil (2015: £nil).

**21 Employees**

Number of employees

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

	<b>2016</b>	<b>2015</b>
	Number	Number
Accommodation and support	55	47
Logistics	22	18
IT services	17	16
Cleaning	233	294
Energy consulting	7	7
Shared services	12	14
	<b>346</b>	<b>396</b>

**Employment costs**

	£	£
Wages and salaries	5,821,252	5,841,209
Social security costs	398,875	391,255
Other pension costs	81,271	90,742
	<b>6,301,398</b>	<b>6,323,206</b>

**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 has taken advantage of the exemption allowed under FRS 102 from disclosing transactions with other members of the group headed by Clearsprings (Management) Limited

At the year end, G King owed the group £nil (2015: £1,354,319) of which £nil (2015: £nil) was provided for.

During the year the company paid property rental to G King amounting to £11,400 (2015: £11,400).

During the year the company paid £8,136 (2015: £7,703) to Steve's Radio Cars Limited, a company controlled by G King and J King.

During the year ended 31 January 2014 the company made a loan of £125,000 to R Slatter, repayable over five years. At year end, the balance of the loan was £90,882 (2015: £111,984).

## Clearsprings (Management) Limited

### Notes to the Consolidated Financial Statements for the year ended 31 January 2016

#### 24 Share options

On 20 December 2010, the company granted two directors 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 £nil (2015: £nil).

Further details of the option plan are as follows:

	2016 Number	2015 Number
Outstanding at start of period	81,081	81,081
Granted	-	-
Outstanding at end of period	<u>81,081</u>	<u>81,081</u>

The exercise price for the scheme is £0.01.

#### 25 Transition to FRS 102

The company has adopted FRS 102 for the year ended 31 January 2015 and the only adjustment at 1 February 2014 was to recognise a deferred tax liability on revalued properties of £7,411. This is unchanged at 31 January 2015. At 31 January 2015, the holiday pay accrual of £6,826 was reclassified from accruals to provisions. There was no effect on the 2015 profit and loss account in respect of transition. The date of transition was 1 February 2014.

#### 26 Financial instruments

##### Group

Financial assets measured at amortised cost amounted to £7,204,635 (2015: £8,518,163). This balance comprises cash, amounts due from trade and other debtors, and accrued income.

Financial liabilities measured at amortised cost amounted to £4,308,572 (2015: £4,860,878). This balance comprises accruals and amounts due to trade and other creditors.

##### Company

Financial assets measured at amortised cost amounted to £4,630,781 (2015: £3,830,973). This balance comprises cash, and amounts due from trade, group and other debtors.

Financial liabilities measured at amortised cost amounted to £4,665,606 (2015: £3,141,465). This balance comprises accruals and amounts due to trade, group and other creditors.

#### 27 Contingent liabilities

During the year the company reached a settlement with HMRC regarding the group's tax enquiries, as seen in note 7, and awaits a formal closure notice.