

**Company number: 03851074**

**CLEARSPRINGS (MANAGEMENT) LIMITED  
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020**



**Clearsprings (Management) Limited**

**Company Information**

<b>Directors</b>	G King J Vyvyan-Robinson 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 Bank plc 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 2020**

The directors submit their report and the financial statements of Clearsprings (Management) Limited for the year ended 31 January 2020.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £592,745 (2019: £145,064). No dividends were paid or proposed in 2020 or 2019.

#### **Directors**

The following directors have held office during the year:

G King  
J Vyvyan-Robinson  
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 also achieved accreditation for the government's energy savings opportunities scheme (ESOS).

#### **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 group'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, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

**Clearsprings (Management) Limited**

**Directors' Report  
for the year ended 31 January 2020**

**Directors' Responsibilities Statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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 and the group'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 and the group's auditor is aware of that information.

**Matters covered in the Group Strategic Report**

Under Section 414c(ii) of the Companies Act 2006, the following information is included within the Group Strategic Report:

- A review of the business including development in the year, performance and current position;
- A summary of the principal risks and uncertainties affecting the position of the company;
- Information relating to the KPIs of the company; and
- Future developments

**Post balance sheet events**

Restrictions on movement imposed by the UK government in response to the Covid-19 pandemic in March 2020 have impacted the group's activities to an insignificant extent and continue to do so at the date of signing these financial statements. See the note on going concern on page 12.

The directors intend to apply for the striking-off of its subsidiary Clearsprings Energy Solutions Ltd which ceased to trade 31 October 2019.

By order of the board

*James Vyvyan-Robinson*

J Vyvyan-Robinson

Date: 27/5/2020

## **Clearsprings (Management) Limited**

### **Group Strategic Report for the year ended 31 January 2020**

#### **Principal activities**

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

#### **Review of the business and future developments**

The year saw the successful transition of our Home Office asylum accommodation and transport business to the new "AASC" contracts, which will run until 2029. Staff numbers have increased significantly to ensure we are able to deliver the central focus of the new contracts, which place the service user's experience at the heart of the business.

Clearsprings Ready Homes Ltd also continues to operate its 5 year contract with Kent County Council, which will run until 2023.

Softwerx Ltd saw a reduction in sales and profit compared with 2019, and has taken the opportunity to re-position itself as a leading Microsoft cyber-security expert going forward.

Unfortunately, Clearsprings Energy Solutions Ltd, the group's sustainable consulting engineering practice, ceased trading on 31 October 2019 as a result of market uncertainty stemming from the Brexit process. The directors intend to apply for the company to be struck off.

Operating profit on sales was 1.1%, compared with 0.6% in the previous year. Return on capital employed was 12.6% in the year, compared with 6.4% in the previous year. Liquidity ratio was 1.3, compared with 1.3 in 2019, reflecting a continuation of conservative and sustainable financial management policies.

#### **Principal risks and uncertainties and financial risk management policies and objectives**

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.

The directors have considered the effect of Covid-19 on the business. They do not foresee any significant adverse effect on profit or cash flow. It is likely that the market value of the investment properties may reduce to some extent due to a softening in the housing market as a result of the Covid-19 pandemic. The directors do not consider it likely that the impact will be material.

#### **Key performance indicators**

Turnover per employee in the year was £450,436 (2019: £429,405). The increase reflects growth in the number of asylum seekers accommodated under the Home Office contracts.

Operating profit per employee in the year was £4,837 (2019: £2,600). Stronger profitability in Clearsprings Ready Homes Ltd is mainly responsible for this improvement.

*James Vyvyan-Robinson*

J Vyvyan-Robinson  
Director

Date: 27/5/2020

## **Clearsprings (Management) Limited**

### **Independent auditor's report to the members of Clearsprings (Management) Limited for the year ended 31 January 2020**

#### **Opinion**

We have audited the financial statements of Clearsprings (Management) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2020, which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 January 2020 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group and parent company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group and parent company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group or parent company associated with these particular events.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Clearsprings (Management) Limited**

**Independent auditor's report to the members of Clearsprings (Management) Limited  
for the year ended 31 January 2020**

In our evaluation of the directors' conclusions, we considered the risks associated with the group and parent company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group and parent company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and parent company will continue in operation.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and the Group Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Group Strategic Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the Group Strategic Report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.



**Clearsprings (Management) Limited**

**Independent auditor's report to the members of Clearsprings (Management) Limited  
for the year ended 31 January 2020**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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.



Graham Mummery (Senior Statutory Auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chelmsford  
Date: 27/5/2020

## Clearsprings (Management) Limited

Consolidated Profit and Loss Account  
for the year ended 31 January 2020

		2020	2019
		£	£
	Notes		
Turnover	6	72,520,132	59,257,943
Cost of sales		( 66,166,948)	( 53,646,556)
<b>Gross profit</b>		<b>6,353,184</b>	<b>5,611,387</b>
Administrative expenses		( 5,574,503)	( 5,252,612)
<b>Group operating profit</b>		<b>778,681</b>	<b>358,775</b>
Interest receivable and similar income		13,136	10,434
Interest payable and similar charges		-	-
<b>Profit on ordinary activities before taxation</b>	<b>7</b>	<b>791,817</b>	<b>369,209</b>
Tax on profit on ordinary activities	8	( 199,072)	( 224,145)
<b>Profit for the financial year</b>		<b>592,745</b>	<b>145,064</b>

Consolidated Statement of Comprehensive Income  
for the year ended 31 January 2020

	2020	2019
	Total	Total
	£	£
<b>Profit for the financial year</b>	<b>592,745</b>	<b>145,064</b>
<b>Total comprehensive income for the financial year</b>	<b>592,745</b>	<b>145,064</b>

The notes on pages 12 to 22 form part of these financial statements.

## Clearsprings (Management) Limited

Company number: 03851074

Consolidated Balance Sheet  
as at 31 January 2020

		2020	2020	2019	2019
		£	£	£	£
	<b>Notes</b>				
<b>Fixed assets</b>					
Tangible assets	9		101,241		75,008
Investment property	10		2,200,000		2,020,000
			<u>2,301,241</u>		<u>2,095,008</u>
<b>Current assets</b>					
Stock	12	31,279		44,417	
Debtors	13	10,370,317		8,678,076	
Cash at bank and in hand		7,244,803		6,487,366	
		<u>17,646,399</u>		<u>15,209,859</u>	
<b>Creditors: amounts falling due within one year</b>	14	<b>(13,655,909)</b>		<b>(11,646,908)</b>	
<b>Net current assets</b>			<u>3,990,490</u>		<u>3,562,951</u>
<b>Total assets less current liabilities</b>			<u>6,291,731</u>		<u>5,657,959</u>
<b>Provisions for liabilities</b>	15		<b>(101,728)</b>		<b>(60,701)</b>
<b>Net assets</b>			<u>6,190,003</u>		<u>5,597,258</u>
<b>Capital and reserves</b>					
Called up share capital	17		101		101
Share premium			75		75
Revaluation reserve			295,878		295,878
Other reserves			1		1
Profit and loss account			<u>5,893,948</u>		<u>5,301,203</u>
<b>Shareholders' funds</b>			<u>6,190,003</u>		<u>5,597,258</u>

The financial statements were approved by the Board and authorised for issue on

Date: 27/5/2020

and signed on its behalf by:

J Vyvyan-Robinson  
Director

The notes on pages 12 to 22 form part of these financial statements.

## Clearsprings (Management) Limited

Company number: 03851074

Company Balance Sheet  
as at 31 January 2020

	Notes	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	9		13,381		1,176
Investment property	10		2,200,000		2,020,000
Investments	11		351,490		351,490
			<u>2,564,871</u>		<u>2,372,666</u>
<b>Current assets</b>					
Debtors	13	2,626,329		2,839,583	
Cash at bank and in hand		7,094,468		6,318,679	
		<u>9,720,797</u>		<u>9,158,262</u>	
<b>Creditors: amounts falling due within one year</b>	14	<b>(10,305,078)</b>		<b>(10,375,946)</b>	
<b>Net current liabilities</b>			<b>(584,281)</b>		<b>(1,217,684)</b>
<b>Total assets less current liabilities</b>			<b>1,980,590</b>		<b>1,154,982</b>
<b>Provisions for liabilities</b>	15		<b>(46,171)</b>		<b>(21,442)</b>
<b>Net assets</b>			<b>1,934,419</b>		<b>1,133,540</b>
<b>Capital and reserves</b>					
Called up share capital	17		101		101
Share premium			75		75
Revaluation reserve			295,878		295,878
Other reserves			1		1
Profit and loss account			1,638,364		837,485
<b>Shareholders' funds</b>			<b>1,934,419</b>		<b>1,133,540</b>

The financial statements were approved by the Board and authorised for issue on

Date: 27/5/2020

and signed on its behalf by:

*James Vyvyan-Robinson*  
 J Vyvyan-Robinson  
 Director

The notes on pages 12 to 22, including those on accounting policies, form part of these financial statements.

The group profit includes a profit of £800,879 (2019: loss of £50,587) which is dealt with in the financial results of the parent company.

## Clearsprings (Management) Limited

Consolidated Statement of Cash Flows  
for the year ended 31 January 2020

	2020	2019
	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial year	592,745	145,064
Adjustments for:		
Revaluation of investment properties	( 180,000)	-
Depreciation of tangible assets	85,339	87,958
Interest received	( 13,136)	( 10,434)
Taxation	199,072	224,145
(Increase) in debtors	( 1,679,342)	( 1,067,755)
Decrease/(Increase) in stocks	13,138	( 21,077)
Increase in creditors	2,050,028	2,845,721
Cash from operations	<u>1,067,844</u>	<u>2,203,622</u>
Tax paid	( 211,971)	( 396,186)
<b>Net cash generated from operating activities</b>	<u>855,873</u>	<u>1,807,436</u>
<b>Cash flows from investing activities</b>		
Purchases of tangible assets	( 111,572)	( 13,731)
Interest received	13,136	10,434
<b>Net cash from investing activities</b>	<u>( 98,436)</u>	<u>( 3,297)</u>
<b>Cash flows from financing</b>	-	-
<b>Net cash flow for the year</b>	757,437	1,804,139
<b>Cash and cash equivalents at the beginning of year</b>	6,487,366	4,683,227
<b>Cash and cash equivalents at end of year</b>	<u>7,244,803</u>	<u>6,487,366</u>

**Clearsprings (Management) Limited**  
**Consolidated Statement of Changes in Equity**  
**for the year ended 31 January 2020**

	Called-up share capital	Share premium	Revaluation reserve	Other reserves	Profit and loss account	Total
	£	£	£	£	£	£
<b>At 31 January 2018</b>	<b>101</b>	<b>75</b>	<b>295,878</b>	<b>1</b>	<b>5,156,139</b>	<b>5,452,194</b>
Profit for the year	-	-	-	-	145,064	145,064
<b>At 31 January 2019</b>	<b>101</b>	<b>75</b>	<b>295,878</b>	<b>1</b>	<b>5,301,203</b>	<b>5,597,258</b>
Profit for the year	-	-	-	-	692,746	692,746
<b>At 31 January 2020</b>	<b>101</b>	<b>75</b>	<b>295,878</b>	<b>1</b>	<b>5,893,948</b>	<b>6,190,003</b>

The notes on pages 12 to 22 form part of these financial statements.

**Clearsprings (Management) Limited**  
**Company Statement of Changes in Equity**  
**for the year ended 31 January 2020**

	Called-up share capital	Share premium	Revaluation reserve	Other reserves	Profit and loss account	Total
	£	£	£	£	£	£
<b>At 31 January 2018</b>	<b>101</b>	<b>75</b>	<b>295,878</b>	<b>1</b>	<b>888,072</b>	<b>1,184,127</b>
Loss for the year	-	-	-	-	(50,687)	(50,687)
<b>At 31 January 2019</b>	<b>101</b>	<b>75</b>	<b>295,878</b>	<b>1</b>	<b>837,485</b>	<b>1,133,540</b>
Profit for the year	-	-	-	-	800,879	800,879
<b>At 31 January 2020</b>	<b>101</b>	<b>75</b>	<b>295,878</b>	<b>1</b>	<b>1,638,364</b>	<b>1,934,419</b>

The notes on pages 12 to 22 form part of these financial statements.

**Clearsprings (Management) Limited**

**Notes to the Financial Statements  
for the year ended 31 January 2020**

**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. The company's registered number is 03851074.

**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. The financial statements are presented in Sterling (£).

**Basis of consolidation**

The financial statements consolidate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements.

**3 Going concern**

The group has positive shareholders' funds and net current assets. Commercial arrangements with key suppliers and sub-contractors are structured so as to provide natural resilience during conditions of increased or decreased demand. The new Home Office contracts are not expected to place significant strain on cash resources or working capital. Management are confident based upon forecasts that the group has adequate resources to continue in operational existence for the foreseeable future being a period of no less than 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have carefully reviewed their forecasts in the light of the Covid-19 pandemic. They do not consider it likely that the impact of the pandemic on the group's businesses will be significantly adverse. When considering worst-case scenarios, the margin of safety afforded by the published opportunity to delay payment of VAT if necessary, is considered more than adequate to ensure the continued survival of the group for more than 12 months from the date of signing these financial statements.

**4 Judgements and key sources of estimation uncertainty**

**Recoverability of debtor balances**

Management make an assessment of the recoverable value of trade and other debtors. This estimate is based on a number of factors including the ageing profile of the debtors and historical experience. When necessary, a provision is made to reduce the net carrying value.

**Dilapidations**

The group maintains a portfolio of leasehold property which is utilised in the normal course of business. Through general use these properties suffer wear and tear and require maintenance and upkeep. Management have a comprehensive programme in place for maintenance and upkeep of these properties. The timing of surrender of these leases cannot be predicted. In addition this unknown timing makes quantifying any potential dilapidation provision difficult to measure and as such management have not provided for any potential dilapidation payments to landlords.

**Investment property**

The Group's investment properties are regularly valued by independent third party professionals who are competent to undertake such valuations. In instances whereby the investment property portfolio is not professionally valued, the directors assess the fair value by reference to available market data and making comparisons to similar properties within the locality.

**5 Principal accounting policies**

**5.1 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

**5.2 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 carrying 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 2020**

**5.3 Investment properties**

Investment properties are initially measured at cost and subsequently measured at fair value. Revaluations gains and losses are recognised in the profit and loss account.

**5.4 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**5.5 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**5.6 Creditors**

Short term creditors are measured at the transaction price.

**5.7 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 lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

**5.8 Stock**

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

**5.9 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.

**5.10 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.



**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
for the year ended 31 January 2020**

**5.11 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.

**5.12 Dividends**

Equity dividends are recognised when paid.

**5.13 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 23. 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.

**5.14 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.

**5.15 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 2020**

**5.16 Investments**

Investments are stated at cost less provision for impairment.

**5.2 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.

**6 Turnover**

The company's turnover was entirely within the United Kingdom.

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

**7 Profit on ordinary activities before taxation**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible assets	<b>85,339</b>	<b>87,958</b>
Operating lease rentals		
- Land and buildings	<b>16,547,381</b>	<b>11,435,501</b>
Auditors' remuneration - audit services	<b>33,000</b>	<b>28,500</b>
Auditors' remuneration - taxation compliance services	<b>9,125</b>	<b>5,500</b>
Auditors' remuneration - taxation advice	<b>1,750</b>	<b>-</b>
Directors' remuneration (see note 19)	<b>545,959</b>	<b>685,181</b>
Defined contribution pension cost	<b>164,598</b>	<b>126,464</b>
Cost of key management personnel	<b>1,220,467</b>	<b>1,302,935</b>

**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
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<b>8 Tax on profit on ordinary activities</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
UK corporation tax	183,193	221,419
Adjustment in respect of previous period	<u>(13,805)</u>	<u>(2,968)</u>
Total current tax	169,388	218,451
Deferred taxation	29,684	5,694
Tax on profit on ordinary activities	<u>199,072</u>	<u>224,145</u>
 Factors affecting the tax charge for the year		
The tax assessed on the profit on ordinary activities for the year is higher than the effective standard rate of corporation tax in the UK of 19%, as explained below:		
 Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	<u>791,817</u>	<u>369,209</u>
Profit on ordinary activities before taxation multiplied by the UK rate of corporation tax of 19%	150,445	70,150
 Effects of:		
Net expenses not deductible/(income not taxable) for tax purposes	97,662	143,994
Adjustment in respect of prior period	(13,805)	(2,968)
Chargeable gains/(losses)	27,998	6,942
Deferred tax not recognised	(63,228)	6,027
Tax on profit on ordinary activities	<u>199,072</u>	<u>224,145</u>

## Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements  
for the year ended 31 January 2020

## 9 Tangible fixed assets - Group

	Computer equipment and software £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 31 January 2019	143,180	258,031	401,211
Additions	85,951	25,621	111,572
Disposals	(34,691)	(110,535)	(145,226)
At 31 January 2020	<u>194,440</u>	<u>173,117</u>	<u>367,557</u>
<b>Depreciation</b>			
At 31 January 2019	111,440	214,763	326,203
On disposals	(34,691)	(110,535)	(145,226)
Charge for the year	38,270	47,069	85,339
At 31 January 2020	<u>115,019</u>	<u>151,297</u>	<u>266,316</u>
<b>Net book value</b>			
At 31 January 2020	<u>79,421</u>	<u>21,820</u>	<u>101,241</u>
At 31 January 2019	<u>31,740</u>	<u>43,268</u>	<u>75,008</u>

## Tangible fixed assets - Company

	Computer equipment and software £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 31 January 2019	36,520	156,924	193,444
Additions	-	15,681	15,681
Disposals	(30,564)	(48,703)	(79,267)
At 31 January 2020	<u>5,956</u>	<u>123,902</u>	<u>129,858</u>
<b>Depreciation</b>			
At 31 January 2019	35,344	156,924	192,268
On disposals	(30,564)	(48,703)	(79,267)
Charge for the year	737	2,739	3,476
At 31 January 2020	<u>5,517</u>	<u>110,960</u>	<u>116,477</u>
<b>Net book value</b>			
At 31 January 2020	<u>439</u>	<u>12,942</u>	<u>13,381</u>
At 31 January 2019	<u>1,176</u>	<u>-</u>	<u>1,176</u>

## Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements  
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## 10 Investment property - Group and Company

	£
Balance at 31 January 2019	2,020,000
Fair value movement	306,961
Impairment charge	(126,961)
Balance at 31 January 2020	<u>2,200,000</u>

The investment property was valued by Jones Lang LaSall and Herbert R Thomas on an open market basis in July 2019 and May 2019 respectively. The directors have assessed that the fair value has not changed significantly between the dates of valuation and 31 January 2020.

## 11 Fixed asset investments - Company

	£
Balance at 31 January 2019	351,490
Balance at 31 January 2020	<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, now dormant

The directors intend to apply for the striking-off of its subsidiary Clearsprings Energy Solutions Ltd which ceased to trade in the year to 31 January 2020.

The undertakings are all included in the consolidated financial statements and all have their registered office at 26 Brook Road, Rayleigh, SS6 7XJ.

## 12 Stock

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Finished goods and goods for resale	<u>31,279</u>	<u>-</u>	<u>44,417</u>	<u>-</u>

## 13 Debtors

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Trade debtors	763,239	47,220	1,099,220	12,154
Amounts owed by subsidiary undertakings	-	-	-	-
Other debtors	60,194	-	56,371	2,911
Prepayments and accrued income	8,328,824	1,188,279	6,417,096	1,497,802
Corporation tax	466,287	639,057	423,704	645,031
Other taxes and social security costs	691,432	691,432	619,094	619,094
Directors loan account - less than one year	60,341	60,341	62,591	62,591
	<u>10,370,317</u>	<u>2,626,329</u>	<u>8,678,076</u>	<u>2,839,583</u>

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

An impairment loss of £53,271 (2019: £48,759) was recognised against trade debtors. Trade debtors includes a credit note provision of £nil (2019: £35,439).

## Clearsprings (Management) Limited

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

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Trade creditors	6,244,655	9,084	3,407,676	30,450
Amounts owed to subsidiary undertakings	-	10,106,459	-	9,729,277
Other taxes and social security costs	2,711,755	28,962	2,349,818	60,517
Other creditors	207,713	25,573	1,113,344	451,248
Accruals and deferred income	4,491,786	135,000	4,776,070	104,454
	<u>13,655,909</u>	<u>10,305,078</u>	<u>11,646,908</u>	<u>10,375,946</u>

## 15 Provisions for liabilities

Group	Deferred tax £	Leave pay £	Total £
Balance at 31 January 2019	(17,223)	(43,478)	(60,701)
Utilised	-	43,478	43,478
Additions	-	(54,821)	(54,821)
Origination and reversal of timing differences	(29,684)	-	(29,684)
Balance at 31 January 2020	<u>(46,907)</u>	<u>(54,821)</u>	<u>(101,728)</u>

## Deferred Tax

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

The group has an unprovided deferred tax asset in respect of losses carried forward amounting to £296,733 (2019: £296,733).

Company	Deferred tax £	Leave pay £	Total £
Balance at 31 January 2019	(12,831)	(8,611)	(21,442)
Utilised	-	8,611	8,611
Additions	-	(3,833)	(3,833)
Origination and reversal of timing differences	(29,507)	-	(29,507)
Balance at 31 January 2020	<u>(42,338)</u>	<u>(3,833)</u>	<u>(46,171)</u>

## Deferred Tax

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

The company has an unprovided deferred tax asset in respect of losses carried forward amounting to £nil (2019: £nil).

## Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements  
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## 16 Pension costs

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Contributions payable for the year	<u>164,598</u>	<u>27,116</u>	<u>126,464</u>	<u>24,215</u>

At the balance sheet date there were outstanding contributions of £Nil (2019: £nil).

## 17 Share capital and reserves

	2020 £	2019 £
Allotted, called up and fully paid		
1,000,000 A ordinary shares of £0.0001 each	100	100
7,557 B ordinary shares of £0.0001 each	<u>1</u>	<u>1</u>
	<u>101</u>	<u>101</u>

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

Ordinary shares carry rights in respect of dividends and voting.

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

Revaluation reserve - this reserve was used to record historic increases in the fair value of investment property prior to the adoption of FRS 102.

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

## 18 Operating lease commitments

At 31 January 2020 the group had the following minimum lease payments falling due as follows:

	Land & buildings 2020 £	Land & buildings 2019 £
Within one year	1,806,942	1,473,764
Between two and five years	<u>701,570</u>	<u>85,973</u>
	<u>2,508,512</u>	<u>1,559,737</u>

## Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements  
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19 Directors' emoluments	2020	2019
	£	£
Emoluments for qualifying services	528,284	669,793
Pension payment for directors	17,675	15,388
	<u>545,959</u>	<u>685,181</u>

The number of directors for whom benefits are accruing under defined contribution schemes was 1 (2019: 1). The highest paid director received aggregate remuneration during the year of £336,448 (2019: £276,484). Pension payments made during the year in respect of the highest paid director were £nil (2019: £nil).

## 20 Employees

Number of employees

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

	2020	2019
	Number	Number
Accommodation and support	102	74
Logistics	20	18
IT services	21	26
Energy consulting	3	8
Shared services	15	13
	<u>161</u>	<u>138</u>

## Employment costs

	£	£
Wages and salaries	6,271,334	5,228,848
Social security costs	530,892	498,211
Other pension costs	164,598	126,464
	<u>5,966,824</u>	<u>5,853,523</u>

## 21 Control

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

## 22 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.

During the year the company paid property rental to G King amounting to £13,315 (2019: £13,549).

During the year the company paid £3,753 (2019: £2,507 to Steve's Radio Cars Limited, a company controlled by G King and J King).

At year end, the balance of the loan to R Slatter, a director, was £60,341 (2019: £62,591). Interest of 2.5% applies to the reducing balance of the loan, which is due for repayment before 31 August 2021.

At the year end, included within other creditors is a balance of £nil (2019: £4,452) owing to G King, a director and shareholder.

Bespoke Strategy Solutions Limited ("BSS") is a related party of Clearsprings (Management) Limited by virtue of their common shareholder, G King. During the year, amounts totalling £902,371 (2019: £848,054) were recognised within administrative expenses in respect of consultancy services provided by BSS. As at the year end, amounts owing to BSS totalling £nil (2019: £431,050) were outstanding within other creditors. As at the year end, included within prepayments is £1,125,205 (2019: £1,425,246) in respect of prepaid consultancy services to BSS.



**Clearsprings (Management) Limited**

**Notes to the Consolidated Financial Statements  
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**23 Share options**

Two directors hold options over 73,524 B Ordinary shares. There is no limited contractual life to these options 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 (2019: £nil).

Further details of the option plan are as follows:

It comprises equity settled share options over 73,524 B Ordinary shares with various vesting conditions relating to profit targets and unanimous board decisions

	2020 Number	2019 Number
Outstanding at start of period	73,524	73,524
Exercised in the period	<u>-</u>	<u>-</u>
Outstanding at end of period	<u>73,524</u>	<u>73,524</u>

The exercise price for the scheme is £0.001 per share.

The estimated fair value of the outstanding share options at the balance sheet date was £nil (2019: £nil)

The total expense recognised in profit or loss for the period was £nil (2019: £nil).

**24 Financial instruments**

**Group**

Financial assets measured at amortised cost amounted to £16,457,401 (2019: £14,122,644). This balance comprises cash, amounts due from trade and other debtors, directors' loan account and accrued income.

Financial liabilities measured at amortised cost amounted to £10,944,154 (2019: £9,297,090). This balance comprises accruals and amounts due to trade and other creditors.

**Company**

Financial assets measured at amortised cost amounted to £8,390,308 (2019: £7,894,137). This balance comprises cash, and amounts due from trade, group and other debtors and directors' loan accounts.

Financial liabilities measured at amortised cost amounted to £10,276,116 (2019: £10,315,429). This balance comprises accruals and amounts due to trade, group and other creditors.