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Company number: 03851074

CLEARSPRINGS (MANAGEMENT) LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018



Clearsprings (Management) Limited

Company Information

Directors	G King J Vyvyan-Robinson MBE R Slatter
Secretary	R Slatter
Company Number	03851074
Registered Office	26 Brook Road Brook Road Business Park Rayleigh SS6 7XJ
Auditors	Grant Thornton UK LLP Priory Place New London Road Chelmsford CM2 0PP
Bankers	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 2018

The directors submit their report and the financial statements of Clearsprings (Management) Limited for the year ended 31 January 2018.

Results and dividends

The profit for the year, after taxation, amounted to £295,681 (2017: £201,811). No dividends were paid or proposed in 2018 or 2017.

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 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 2018**

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 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;
- 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.

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.

Matters covered in the Group Strategic Report

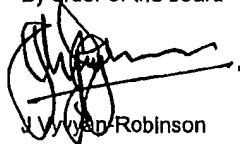
Under Section 414c(ii) of the Companies Act 2006, the following information is included within the Group Strategic Report:

- 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

There have been no significant events affecting the company since the year end.

By order of the board



J. W. Robinson

21st September 2018

Clearsprings (Management) Limited

Group Strategic Report for the year ended 31 January 2018

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

Clearsprings Ready Homes Ltd continues 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 have been extended to September 2019. The company is participating in the Home Office procurement exercise for the next round of asylum contracts. Negotiations with the Home Office in respect of the award of new asylum contracts are still at an early stage, but these are expected to progress to provisional award stage by December 2018. During the year, the company was awarded a five year accommodation contract by Kent County Council.

Softwerx Ltd had another profitable year, with growth in sales of support services, professional services, Microsoft software licences and cyber-security software.

Clearsprings Energy Solutions Ltd ("CES"), the group's sustainable consulting engineering practice, achieved profitability in the year as planned. Now established at its new office in Old Street, London EC1, CES has worked on a number of high-profile projects in the arts and education sectors, including some nominated for industry awards.

Operating profit on sales was 0.9%, compared with 0.5% in the previous year. Return on capital employed was 7.8% in the year, compared with 4.5% in the previous year. Liquidity ratio was 1.4, compared with 1.4 in 2017, reflecting a successful continuation of conservative and sustainable financial management policies.

Principal risks and uncertainties and financial risk management policies and objectives

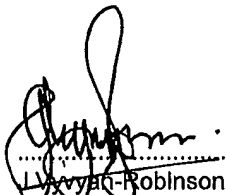
The group manages its exposure to the normal credit risk and cash flow risk associated with credit sales through credit control procedures. UK government departments account for a significant proportion of debtors. The nature of the group's financial instruments and significant cash balances means that 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.

Key performance indicators

Turnover per employee in the year was £377,528 (2017: £362,181).

Operating profit per employee in the year was £3,242 (2017: £1,704).



L. Vyvan-Robinson
Director

21st September 2018

Clearsprings (Management) Limited

Independent auditor's report to the members of Clearsprings (Management) Limited for the year ended 31 January 2018

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 2018 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 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 parent company's affairs as at 31 January 2018 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Who we are reporting to

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.

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 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 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and strategic report set out on pages 1 to 3. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 1, 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 parent 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 parent 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 2018**

Auditor's 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 auditor's 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. This description forms part of our auditor's report.



Graham Mummery (Senior Statutory Auditor)
For and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor

28 September 2018

Clearsprings (Management) Limited

**Consolidated Profit and Loss Account
for the year ended 31 January 2018**

		2018	2017
		£	£
	Notes		
Turnover	6	50,211,248	44,910,431
Cost of sales		(45,124,592)	(41,076,361)
Gross profit		5,086,656	3,834,070
Administrative expenses		(4,655,494)	(3,722,797)
Exceptional Items		-	100,000
Group operating profit		431,162	211,273
Interest receivable and similar income		2,259	4,996
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation	7	433,421	216,269
Tax on profit on ordinary activities	8	(137,740)	(14,458)
Profit for the financial year		295,681	201,811

**Consolidated Statement of Comprehensive Income
for the year ended 31 January 2018**

	2018	2017
	Total	Total
	£	£
Profit for the financial year	295,681	201,811
Total comprehensive income for the financial year	295,681	201,811

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

Clearsprings (Management) Limited

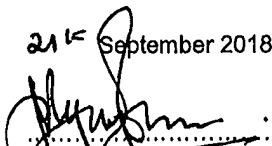
Company number: 03851074

Consolidated Balance Sheet
as at 31 January 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	9		149,235		37,129
Investment property	10		2,020,000		1,950,000
			<u>2,169,235</u>		<u>1,987,129</u>
Current assets					
Stock	12	23,340		37,117	
Debtors	13	7,432,587		5,098,028	
Cash at bank and in hand		4,683,227		6,555,030	
		<u>12,139,154</u>		<u>11,690,175</u>	
Creditors: amounts falling due within one year	14	(8,804,567)		(8,475,882)	
Net current assets			<u>3,334,587</u>		<u>3,214,293</u>
Total assets less current liabilities			<u>5,503,822</u>		<u>5,201,422</u>
Provisions for liabilities	15		(51,628)		(44,985)
Net assets			<u>5,452,194</u>		<u>5,156,437</u>
Capital and reserves					
Called up share capital	17		101		100
Share premium			75		-
Revaluation reserve			295,878		295,878
Other reserves			1		1
Profit and loss account			<u>5,156,139</u>		<u>4,860,458</u>
Shareholders' funds			<u>5,452,194</u>		<u>5,156,437</u>

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

21st September 2018 and signed on its behalf by:


 J. W. Robinson
 Director

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

Clearsprings (Management) Limited

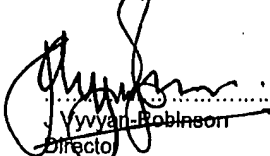
Company number: 03851074

Company Balance Sheet
as at 31 January 2018

		2018	2018	2017	2017
		£	£	£	£
	Notes				
Fixed assets					
Tangible assets	9		51,205		1,848
Investment property	10		2,020,000		1,950,000
Investments	11		351,490		351,490
			<u>2,422,695</u>		<u>2,303,338</u>
Current assets					
Debtors	13	2,307,830		837,544	
Cash at bank and in hand		4,596,502		6,460,522	
		<u>6,904,332</u>		<u>7,298,066</u>	
Creditors: amounts falling due within one year	14	(8,131,860)		(8,012,230)	
Net current assets			<u>(1,227,528)</u>		<u>(714,164)</u>
Total assets less current liabilities			<u>1,195,167</u>		<u>1,589,174</u>
Provisions for liabilities	15		(11,040)		(9,160)
Net assets			<u>1,184,127</u>		<u>1,580,014</u>
Capital and reserves					
Called up share capital	17		101		100
Share premium			75		-
Revaluation reserve			295,878		295,878
Other reserves			1		1
Profit and loss account			888,072		1,284,035
Shareholders' funds			<u>1,184,127</u>		<u>1,580,014</u>

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

21st September 2018 and signed on its behalf by:


Vivian 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 loss of £395,963 (2017: £794,328) 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 2018**

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the financial year	295,681	201,811
Adjustments for:		
Exceptional items	-	(100,000)
Revaluation of investment property	(70,000)	-
Depreciation of tangible assets	33,455	25,469
Interest received	(2,259)	(4,996)
Taxation	137,740	14,458
(Increase) in debtors	(2,456,228)	(1,111,738)
Decrease/(Increase) in stocks	13,777	(5,087)
Increase in creditors	335,328	3,393,685
Cash from operations	<u>(1,712,506)</u>	<u>2,413,602</u>
Tax paid	(16,071)	-
Net cash generated from operating activities	<u>(1,728,577)</u>	<u>2,413,602</u>
 Cash flows from investing activities		
Proceeds from sale of fixed asset investments	-	100,000
Purchases of tangible assets	(145,562)	(6,434)
Interest received	2,259	4,996
Net cash from investing activities	<u>(143,303)</u>	<u>98,562</u>
 Cash flows from financing		
Proceeds from exercise of share options	<u>77</u>	-
 Net cash flow for the year	<u>(1,871,803)</u>	<u>2,512,164</u>
 Cash and cash equivalents at the beginning of year	<u>6,555,030</u>	<u>4,042,866</u>
 Cash and cash equivalents at end of year	<u><u>4,683,227</u></u>	<u><u>6,555,030</u></u>

Clearsprings (Management) Limited

**Consolidated Statement of Changes In Equity
for the year ended 31 January 2018**

	Called-up share capital	Share premium	Revaluation reserve	Other reserves	Profit and loss account	Total
	£	£	£	£	£	£
At 31 January 2016	100		295,878	1	4,658,647	4,954,626
Profit for the year	-	-	-	-	201,811	201,811
Dividend paid	-	-	-	-	-	-
At 31 January 2017	<u>100</u>	<u></u>	<u>295,878</u>	<u>1</u>	<u>4,860,458</u>	<u>5,156,437</u>
Profit for the year	-	-	-	-	295,681	295,681
Arising on exercise of share options	1	75	-	-	-	76
Dividend paid	-	-	-	-	-	-
At 31 January 2018	<u>101</u>	<u>75</u>	<u>295,878</u>	<u>1</u>	<u>5,156,139</u>	<u>5,452,194</u>

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 2018**

	Called-up share capital	Share premium	Revaluation reserve	Other reserves	Profit and loss account	Total
	£	£	£	£	£	£
At 31 January 2016	100		295,878	1	2,078,363	2,374,342
Loss for the year	-	-	-	-	(794,328)	(794,328)
Dividend paid	-	-	-	-	-	-
At 31 January 2017	<u>100</u>	<u></u>	<u>295,878</u>	<u>1</u>	<u>1,284,035</u>	<u>1,580,014</u>
Loss for the year	-	-	-	-	(395,963)	(395,963)
Arising on exercise of share options	1	75	-	-	-	76
Dividend paid	-	-	-	-	-	-
At 31 January 2018	<u>101</u>	<u>75</u>	<u>295,878</u>	<u>1</u>	<u>888,072</u>	<u>1,184,127</u>

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 2018**

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. 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.

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 Company 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.

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 2018**

5.3 Investment property

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 leases 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 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 2018**

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 2018

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:

	2018	2017
	£	£
Depreciation of tangible assets	33,455	25,469
Operating lease rentals		
- Land and buildings	11,382,022	11,878,788
Auditors' remuneration - audit services	28,500	28,500
Auditors' remuneration - taxation services	5,500	5,500
Directors' remuneration (see note 19)	1,358,102	1,280,283
Defined contribution pension cost	96,440	73,888
Cost of key management personnel	<u>2,009,205</u>	<u>1,921,588</u>

The exceptional item in 2017 relates to the receipt of deferred consideration in respect of the disposal of a former subsidiary undertaking.

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2018**

8 Tax on profit on ordinary activities	2018 £	2017 £
UK corporation tax	141,492	14,458
Adjustment in respect of previous period	<u>154</u>	<u>-</u>
Total current tax	141,646	14,458
Deferred taxation	(3,906)	-
Tax on profit on ordinary activities	<u>137,740</u>	<u>14,458</u>
Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	<u>433,421</u>	<u>216,269</u>
Profit on ordinary activities before taxation multiplied by the UK rate of corporation tax of 19.16% (2017: 20%)	83,043	43,254
Effects of:		
Net expenses not deductible/(income not taxable) for tax purposes	72,377	(24,318)
Adjustment in respect of prior period	(558)	23,579
Chargeable gains/(losses)	(4,980)	(1,741)
Deferred tax not recognised	(12,142)	(26,316)
Tax on profit on ordinary activities	<u>137,740</u>	<u>14,458</u>

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements
for the year ended 31 January 2018

9 Tangible fixed assets - Group

	Computer equipment and software £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 31 January 2017	192,005	210,756	-	402,761
Additions	41,453	54,205	49,904	145,562
Disposals	(93,296)	(6,930)	-	(100,226)
At 31 January 2018	<u>140,162</u>	<u>258,031</u>	<u>49,904</u>	<u>448,097</u>
Depreciation				
At 31 January 2017	181,018	184,614	-	365,632
On disposals	(93,295)	(6,930)	-	(100,225)
Charge for the year	14,944	18,511	-	33,455
At 31 January 2018	<u>102,667</u>	<u>196,195</u>	<u>-</u>	<u>298,862</u>
Net book value				
At 31 January 2018	<u>37,495</u>	<u>61,836</u>	<u>49,904</u>	<u>149,235</u>
At 31 January 2017	<u>10,987</u>	<u>26,142</u>	<u>-</u>	<u>37,129</u>

Tangible fixed assets - Company

	Computer equipment and software £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 31 January 2017	48,918	156,924	-	205,842
Additions	664	-	49,904	50,568
Disposals	(13,716)	-	-	(13,716)
At 31 January 2018	<u>35,866</u>	<u>156,924</u>	<u>49,904</u>	<u>242,694</u>
Depreciation				
At 31 January 2017	47,070	156,924	-	203,994
On disposals	(13,716)	-	-	(13,716)
Charge for the year	1,211	-	-	1,211
At 31 January 2018	<u>34,565</u>	<u>156,924</u>	<u>-</u>	<u>191,489</u>
Net book value				
At 31 January 2018	<u>1,301</u>	<u>-</u>	<u>49,904</u>	<u>51,205</u>
At 31 January 2017	<u>1,848</u>	<u>-</u>	<u>-</u>	<u>1,848</u>

Clearsprings (Management) Limited

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

	£
Balance at 31 January 2017	1,950,000
Movement in fair value	87,194
Impairment	(17,194)
Balance at 31 January 2018	<u>2,020,000</u>

The investment property was valued by Edward Mellor Limited and Roger Roberts (Surveys) Limited on an open market basis as at 31 January 2018 at £2,020,000.

11 Fixed asset investments - Company

	£
Balance at 31 January 2017	351,490
Balance at 31 January 2018	<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

*For the year ended 31 January 2018 the above company was entitled to exemption from audit under section 479A of the Companies Act 2006 related to subsidiary companies. The above company was incorporated in England and Wales.

The undertakings are all included in the consolidated financial statements and all have their registered office at 26 Brook Road, Rayleigh, SS8 7XJ.

12 Stock

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Finished goods and goods for resale	<u>23,340</u>	<u>-</u>	<u>37,117</u>	<u>-</u>

13 Debtors

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade debtors	1,160,281	2,307	921,708	387
Amounts owed by subsidiary undertakings	-	309,691	-	61,029
Other debtors	133,119	90,000	289,882	251,859
Prepayments and accrued income	4,438,964	66,402	3,449,551	72,924
Corporation tax	245,971	385,178	367,640	382,098
Other taxes and social security costs	598,375	598,375		
Directors loan account - less than one year	6,656	6,656	6,656	6,656
Directors loan account - greater than one year	849,221	849,221	62,591	62,591
	<u>7,432,587</u>	<u>2,307,830</u>	<u>5,098,028</u>	<u>837,544</u>

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

An impairment loss of £nil (2017:£nil) was recognised against trade debtors.

Clearsprings (Management) Limited

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

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade creditors	1,738,622	14,555	2,847,567	7,419
Amounts owed to subsidiary undertakings	-	7,983,070	-	7,567,184
Other taxes and social security costs	2,159,931	27,272	2,112,826	251,867
Other creditors	11,449	10,177	8,900	7,661
Accruals and deferred income	4,894,565	98,786	3,506,589	178,099
	<u>8,804,567</u>	<u>8,131,860</u>	<u>8,475,882</u>	<u>8,012,230</u>

15 Provisions for liabilities

Group	Deferred tax £	Leave pay £	Total £
Balance at 31 January 2017	(9,918)	(35,067)	(44,985)
Utilised	-	35,067	35,067
Additions	-	(40,097)	(40,097)
On disposal	-	-	-
Origination and reversal of timing differences	(1,613)	-	(1,613)
Balance at 31 January 2018	<u>(11,531)</u>	<u>(40,097)</u>	<u>(51,628)</u>

Deferred Tax

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

The group has an unprovided deferred tax in respect of losses carried forward amounting to £165,641 (2017 - £268,000).

Company	Deferred tax £	Leave pay £	Total £
Balance at 31 January 2017	(7,411)	(1,749)	(9,160)
Utilised	-	1,749	1,749
Additions	-	(4,421)	(4,421)
Origination and reversal of timing differences	792	-	792
Balance at 31 January 2018	<u>(6,619)</u>	<u>(4,421)</u>	<u>(11,040)</u>

Deferred Tax

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

The company has an unprovided deferred tax in respect of losses carried forward amounting to £nil (2017: £91,000).

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2018**

16 Pension costs

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Contributions payable for the year	<u>96,440</u>	<u>19,375</u>	<u>73,888</u>	<u>21,158</u>

At the balance sheet date there were outstanding contributions of £Nil (2017: £nil).

17 Share capital and reserves

	2018 £	2017 £
Allotted, called up and fully paid		
1,007,557 ordinary A shares of £0.0001 each	<u>101</u>	<u>100</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 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 Operating lease commitments

At 31 January 2018 the group had the following minimum lease payments falling due as follows:

	Land & buildings 2018 £	Land & buildings 2017 £
Within one year	1,330,122	1,242,715
Between two and five years	531,640	408,458
	<u>1,861,762</u>	<u>1,651,173</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
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19 Directors' emoluments		2018	2017
		£	£
Emoluments for qualifying services		1,345,898	1,270,763
Pension payment for directors		12,204	9,520
		1,358,102	1,280,283

The number of directors for whom benefits are accruing under defined contribution schemes was 1 (2017: 1). The highest paid director received aggregate remuneration during the year of £913,686 (2017: £872,927). Pension payments made during the year in respect of the highest paid director were £nil (2017: £nil).

20 Employees

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

	2018	2017
	Number	Number
Accommodation and support	67	62
Logistics	18	20
IT services	26	22
Energy consulting	8	7
Shared services	14	13
	133	124

Employment costs

	£	£
Wages and salaries	4,940,298	4,755,521
Social security costs	447,130	396,093
Other pension costs	96,440	73,888
	5,483,868	5,225,502

21 Control

The company is controlled by G King and J King, who each own 40% of the issued 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 £11,400 (2017: £11,400).

During the year the company paid £5,408 (2017: £10,609) to Steve's Radio Cars Limited, a company controlled by G King and J King.

At year end, the balance of the loan to G King, a director, was £793,286 (2017: £nil). The loan does not bear interest. It is due for repayment before 31 January 2019.

At year end, the balance of the loan to R Slatter, a director, was £62,591 (2017: £69,247). Interest of 2.5% applies to the reducing balance of the loan, which is due for repayment before 31 August 2021.

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2018**

23 Share options

Two directors hold options over 81,081 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 (2017: £nil).

Further details of the option plan are as follows:

It comprises equity settled share options over 81,081 B Ordinary shares with various vesting conditions relating to profit targets and unanimous Board decisions

	2018 Number	2017 Number
Outstanding at start of period	81,081	81,081
Exercised in the period	<u>(7,557)</u>	<u>-</u>
Outstanding at end of period	<u>73,524</u>	<u>81,081</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 (2017: £4,648)

The total expense recognised in profit or loss for the period was £nil (2017: £nil).

During the year, the share option agreements were modified so that the vesting conditions relating to profit targets for the group can be deemed to have been met if so determined by a unanimous Board decision.

24 Financial Instruments

Group

Financial assets measured at amortised cost amounted to £11,251,468 (2017: £11,216,171). This balance comprises cash, amounts due from trade and other debtors, directors' loan accounts and accrued income.

Financial liabilities measured at amortised cost amounted to £6,644,636 (2017: £6,363,056). This balance comprises accruals and amounts due to trade and other creditors.

Company

Financial assets measured at amortised cost amounted to £5,920,779 (2017: £6,846,721). 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 £8,104,588 (2017: £7,760,363). This balance comprises accruals and amounts due to trade, group and other creditors.