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Company number: 07921508

CLEARSPRINGS READY HOMES LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019



Clearsprings Ready Homes Ltd

Company Information

Directors	J Vyvyan-Robinson MBE R Slatter S Lakey
Company Number	07921508
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 Ready Homes Ltd

Contents

	Page
Directors' report	1-2
Strategic report	3
Independent auditor's report	4-6
Profit and loss account	7
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10-15

Clearsprings Ready Homes Ltd
Directors' Report
for the year ended 31 January 2019

The directors submit their report and the financial statements of Clearsprings Ready Homes Ltd for the year ended 31 January 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,875,759 (2018: £1,369,213). On 21 November 2018, the directors proposed a dividend of £2,000,000 which was paid on 21 November 2018. A dividend of £1,000,000 was paid in the year to 31 January 2018.

Directors

The following directors have held office during the period:

J Vyvyan-Robinson MBE
R Slatter
S Lakey

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Clearsprings Ready Homes Ltd
Directors' Report
for the year ended 31 January 2019

Disclosure of information to auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Matters covered in the Strategic Report

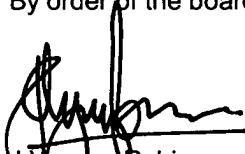
Under Section 414c(ii) of the Companies Act 2006, the following information is included within the Strategic Report:

- 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


Vyvyan Robinson
Director

28 May 2019

Clearsprings Ready Homes Ltd
Strategic Report
for the year ended 31 January 2019

Principal activities

The company operates five year contracts with the Home Office for the provision of asylum accommodation, support and transport services in London and the South of England, and in Wales.

Review of the business and future developments

Asylum accommodation and transport operations under the Home Office "Compass" contract were more profitable than in the preceding year, as a result of increased volume.

On 9 January 2019 the company signed new 10 year contracts with the Home Office for the provision of asylum accommodation and transport in Wales and the South of England. The company also continues to operate its 5 year contract with Kent County Council, which runs until 2023.

Principal risks and mitigation

The company 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 company's financial instruments and significant cash balances means that they are not currently subject to price or liquidity risk.


The risk to the company 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. Operations are accredited to ISO 9001, ISO 14001, OHSAS 18001 and ISO 27001 standards.

Key performance indicators

Turnover per employee in the year was £596,311 (2018: £539,979).

Operating profit per employee in the year was £20,924 (2018: £15,648).

By order of the board


.....
J Wyatt Robinson
Director

28 May 2019

Clearsprings Ready Homes Ltd

Independent auditor's report to the members of Clearsprings Ready Homes Ltd for the year ended 31 January 2019

Opinion

We have audited the financial statements of Clearsprings Ready Homes Ltd (the 'company') for the year ended 31 January 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the 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 company's affairs as at 31 January 2019 and its 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.

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 Ready Homes Ltd

Independent auditor's report to the members of Clearsprings Ready Homes Ltd for the year ended 31 January 2019

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 company or to cease operations, or have no realistic alternative but to do so.

Clearsprings Ready Homes Ltd

**Independent auditor's report to the members of Clearsprings Ready Homes Ltd
for the year ended 31 January 2019**

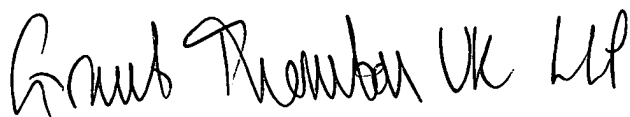
Auditor's responsibilities for the audit of the financial statements

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.

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
Statutory Auditor, Chartered Accountants
Chelmsford

28 May 2019

Clearsprings Ready Homes Ltd

**Profit and Loss Account
for the year ended 31 January 2019**

	Notes	2019 £	2018 £
Turnover	6	54,860,631	45,898,223
Cost of sales		(50,050,315)	(42,093,445)
Gross profit		<u>4,810,316</u>	<u>3,804,778</u>
Administrative expenses		(2,885,333)	(2,474,681)
Operating profit		<u>1,924,983</u>	<u>1,330,097</u>
Interest receivable and similar income		170,407	117,721
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation	7	<u>2,095,390</u>	<u>1,447,818</u>
Tax on profit on ordinary activities	8	(219,631)	(78,605)
Profit for the financial year		<u><u>1,875,759</u></u>	<u><u>1,369,213</u></u>

**Statement of Comprehensive Income
for the year ended 31 January 2019**

	2018 £	2018 £
Profit for the financial year	1,875,759	1,369,213
Total comprehensive income for the financial year	<u><u>1,875,759</u></u>	<u><u>1,369,213</u></u>

The notes on pages 10 to 15 form part of these financial statements.

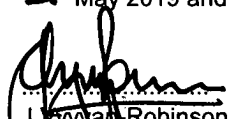
Clearsprings Ready Homes Ltd

Balance Sheet
as at 31 January 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	9		24,360		33,390
Current assets					
Stock		44,417		23,340	
Debtors	10	13,755,738		11,359,845	
Cash at bank and in hand		3,622		10,374	
		<u>13,803,777</u>		<u>11,393,559</u>	
Creditors: amounts falling due within one year	11	(10,541,592)		(8,018,388)	
Net current assets			3,262,185		3,375,171
Total assets less current liabilities			3,286,545		3,408,561
Provisions for liabilities	12		(27,843)		(25,618)
Net assets			<u>3,258,702</u>		<u>3,382,943</u>
Capital and reserves					
Called up share capital	14		10		10
Profit and loss account			3,258,692		3,382,933
Shareholders' funds			<u>3,258,702</u>		<u>3,382,943</u>

The financial statements were approved by the board of directors and authorised for issue on

~~28~~ May 2019 and are signed on its behalf by:


J. J. Ryan
Director

The notes on pages 10 to 15 form part of these financial statements.

Clearsprings Ready Homes Ltd

**Statement of Changes in Equity
for the year ended 31 January 2019**

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 31 January 2017	10	3,013,720	3,013,730
Profit for the year	-	1,369,213	1,369,213
Dividend paid		(1,000,000)	(1,000,000)
At 31 January 2018	10	3,382,933	3,382,943
Profit for the year	-	1,875,759	1,875,759
Dividend paid		(2,000,000)	(2,000,000)
At 31 January 2019	10	3,258,692	3,258,702

Clearsprings Ready Homes Ltd

Notes to the Financial Statements for the year ended 31 January 2019

1 Company information

Clearsprings Ready Homes Ltd 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 07921508.

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

The company's single entity financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 January 2019.

The company has taken advantage of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

3 Going concern

The company 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 company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

4 Judgements and key sources of estimation uncertainty

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, 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 & equipment 5 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 Ready Homes Ltd

Notes to the Financial Statements for the year ended 31 January 2019

5.3 Debtors

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

5.4 Cash

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

5.5 Creditors

Short term creditors are measured at the transaction price.

5.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and loans to related parties. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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 Provisions for liabilities

The company 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.

5.9 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.

5.10 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned for the provision of accommodation and other services.

Turnover from the rendering of services is recognised under the asylum contracts on a daily basis and is recognised in the financial statements for the period in which each day falls.

Clearsprings Ready Homes Ltd

**Notes to the Financial Statements
for the year ended 31 January 2019**

6 Turnover

The company's turnover was entirely within the United Kingdom and related mainly to the provision of accommodation, support and transport to asylum seekers.

7 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2019 £	2018 £
Depreciation of tangible assets	13,806	14,783
Operating lease rentals		
- Land and buildings	12,843,361	11,276,733
Auditors' remuneration	9,000	9,000
Non-audit service: tax compliance	1,900	1,900
Non-audit service: other service in relation to taxation	575	575
Directors' emoluments	129,110	112,086
Pension contributions in respect of directors	4,223	4,100
Defined contribution pension cost (including directors)	<u>60,599</u>	<u>45,572</u>

8 Tax on profit on ordinary activities

	2019 £	2018 £
UK corporation tax	221,419	79,370
Adjustment in respect of previous period	(529)	154
Total current tax	<u>220,890</u>	<u>79,524</u>
Deferred taxation	(1,259)	(919)
Tax on profit on ordinary activities	<u>219,631</u>	<u>78,605</u>

Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower than (2018: lower than) the effective standard rate of corporation tax in the UK of 19.00% (2018: 19.16%), as explained below:

Profit on ordinary activities before taxation	<u>2,095,390</u>	<u>1,447,818</u>
Profit on ordinary activities before taxation multiplied by the UK rate of corporation tax of 19% (2018: 19.16%)	398,124	277,426
Effects of:		
Group relief	(178,303)	(196,774)
Net expenses not deductible/(income not taxable) for tax purposes	339	(2,201)
Adjustment in respect of prior period	(529)	154
Tax on profit on ordinary activities	<u>219,631</u>	<u>78,605</u>

Clearsprings Ready Homes Ltd

Notes to the Financial Statements
for the year ended 31 January 2019

9 Tangible fixed assets

	Computer equipment and software £	Fixtures, fittings & equipment £	Total £
Cost			
At 31 January 2018	8,755	61,832	70,587
Additions	4,776	-	4,776
Disposals	-	-	-
At 31 January 2019	<u>13,531</u>	<u>61,832</u>	<u>75,363</u>
Depreciation			
At 31 January 2018	4,568	32,629	37,197
On disposals	-	-	-
Charge for the year	3,093	10,713	13,806
At 31 January 2019	<u>7,661</u>	<u>43,342</u>	<u>51,003</u>
Net book value			
At 31 January 2019	<u>5,870</u>	<u>18,490</u>	<u>24,360</u>
At 31 January 2018	<u>4,187</u>	<u>29,203</u>	<u>33,390</u>

10 Debtors	2019 £	2018 £
Trade debtors	397,618	365,371
Amounts owed by group undertakings	8,421,240	6,648,080
Prepayments and accrued income	4,892,259	4,316,094
Other debtors	44,621	30,300
	<u>13,755,738</u>	<u>11,359,845</u>

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

11 Creditors: amounts falling due within one year	2019 £	2018 £
Trade creditors	3,064,175	1,461,822
Corporation tax	221,327	79,524
Other tax and social security	2,165,386	1,972,697
Other creditors	661,450	-
Accruals and deferred income	4,429,254	4,504,345
	<u>10,541,592</u>	<u>8,018,388</u>

Clearsprings Ready Homes Ltd

**Notes to the Financial Statements
for the year ended 31 January 2019**

12 Provisions for liabilities

	Deferred tax £	Leave pay £	Total £
Balance at 31 January 2018	5,354	20,264	25,618
Utilised	-	(20,264)	(20,264)
Additions	-	-	-
Origination and reversal of timing differences	(1,259)	23,748	22,489
Balance at 31 January 2019	4,095	23,748	27,843

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

Deferred Tax

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

13 Pension costs

	2019 £	2018 £
Contributions payable by the company for the period	60,599	45,572
Number of directors to whom benefits under money purchase schemes are accruing:	1	1

14 Share capital and reserves

	2019 £	2018 £
Allotted, called up and fully paid 10 Ordinary Shares of £1 each	10	10

The above shares were all allotted on incorporation at nominal value.

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.

Clearsprings Ready Homes Ltd

**Notes to the Financial Statements
for the year ended 31 January 2019**

15 Operating lease commitments

At 31 January 2019 the company had the following minimum lease payments falling due as follows:

	Land & buildings 2019 £	Land & buildings 2018 £
Within one year	1,369,000	1,174,000
Between two and five years	-	273,000
	<u>1,369,000</u>	<u>1,447,000</u>

16 Directors' emoluments

	2018 £	2018 £
Emoluments for qualifying services	129,110	112,086
Pension payment for directors	4,223	4,100
	<u>133,333</u>	<u>116,186</u>

The number of directors for whom benefits are accruing under defined contribution schemes was 1 (2018: 1). This director was also the highest paid director.

17 Employees

The average monthly number of employees was 92 (2018: 85).

Employment costs	2019 £	2018 £
Wages and salaries	2,316,654	1,973,723
Social security costs	213,024	179,706
Other pension costs	60,599	45,572
	<u>2,590,277</u>	<u>2,199,001</u>

18 Control

The company is controlled by G King and J King, by virtue of their shareholdings in Clearsprings (Management) Limited. The largest and smallest group for which consolidated financial statements are prepared is that headed by Clearsprings (Management) Limited. Financial statements can be obtained from Companies House.

19 Related party transactions

The company has chosen to take advantage of the exemption available under FRS 102, paragraph 33.1A, not to disclose transactions with group entities that are wholly owned by the group.

Included within trade creditors is a balance of £nil (2018:£950) owing to Graham King, who is a shareholder in Clearsprings (Management) Limited, which owns the entire share capital of the company.