

Company No. 03851074 (England and Wales)

CLEARSPRINGS (MANAGEMENT) LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR YEAR ENDED 31 JANUARY 2005



Clearsprings (Management) Limited

Company Information

Directors	G I King Esq J Vyvyan-Robinson Esq
Secretary	London Law Secretarial Limited
Company Number	03851074
Registered Office	2 Mountview Court 310 Friern Barnet Lane London N20 0YZ
Auditors	Harris Lipman LLP 2 Mountview Court 310 Friern Barnet Lane London N20 0YZ
Bankers	Barclays Bank Plc PO Box No. 3735, 2 High Street Chelmsford Essex CM1 1DS

Clearsprings (Management) Limited

Contents

	Page
Directors' Report	1-2
Auditors' Report	3
Consolidated Profit and Loss Account	4
Consolidated Balance Sheet	5
Company Balance Sheet	6
Consolidated cash flow statement	7
Notes to consolidated cash flow statement	8
Notes to the Financial Statements	9-17

Clearsprings (Management) Limited

Directors' Report for the year ended 31 January 2005

The directors present their report and the financial statements for the year ended 31 January 2005.

Principal Activities and Review of the Business

The principal activity of the company continued to be that of housing and service provision to asylum seekers and ancillary services. The principal activity of the subsidiary, NVF Limited, is that of the supply of furnishings and equipment.

The company successfully negotiated a new contract for 15 months, as the previous contract expired on 5 April 2005.

The directors are satisfied with the development of the business and its performance during the year.

Results and Dividends

The directors do not recommend payment of an ordinary dividend.

Future Developments

The company will seek to renew contracts as and when they come up for renewal. The company will seek to enter new contracts with other parties as long as it is in the interests of the company.

Post balance sheet events

Since the year end the company's main contract with NASS has been renegotiated and renewed. This new contract will be to provide accommodation and support services in five of our eleven NASS Regions.

Purchase of own shares

During the year, due to a shareholder leaving the company, 1 ordinary £1 share, representing 50% of the company's issued share capital was repurchased. The total value included in the financial statements as a movement on the company's reserves of £7,478,961 includes transaction costs and legal fees of £878,961.

Directors

The following directors have held office during the year:

R White Esq	(Resigned 25 August 2004)
R J O'Gorman Esq	(Resigned 10 October 2004)
G I King Esq	(Appointed 25 August 2004)

The directors' beneficial interests in the shares of the company at the beginning and end of the period were as stated below:

	Ordinary shares of £1 each	
	31 January 2005	1 February 2004
R White Esq	-	-
R J O'Gorman Esq	-	-
G I King Esq	1	1

On 9 January 2006, J Vyvyan-Robinson Esq was appointed as a director.

Continued....

Clearsprings (Management) Limited
Directors' Report
for the year ended 31 January 2005 (continued)

Charitable Donations

	2005	2004
	£	£
During the year the company made the following payments:		
Charitable donations	<u>23,740</u>	<u>24,525</u>

Disabled employees

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is 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 company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors Harris Lipman LLP will be deemed to be reappointed for each succeeding financial year.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

This report was approved by the Board on

30.10.06

.....
G.J. King Esq
Director

**Independent Auditors' Report to the shareholders of
Clearsprings (Management) Limited**

We have audited the financial statements on pages 4 to 17 for the year ended 31 January 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 that we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

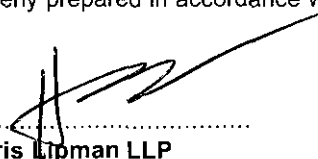
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 January 2005 and of the group's profit for the year ended 31 January 2005 and have been properly prepared in accordance with the Companies Act 1985.


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Harris Lipman LLP
Registered Auditors
2 Mountview Court
310 Friern Barnet Lane
London N20 0YZ

Date: 1/6/06

Clearsprings (Management) Limited

Consolidated Profit and Loss Account
for the year ended 31 January 2005

	Notes	2005 £	2004 £
Turnover		49,857,834	48,929,847
Cost of sales		(34,449,382)	(39,805,934)
Gross profit		15,408,452	9,123,913
Administrative expenses		(7,042,207)	(7,017,346)
Operating profit	3	8,366,245	2,106,567
Other interest receivable and similar income		157,075	92,833
Interest payable and similar charges		(72,232)	(111,518)
Profit on ordinary activities before taxation		8,451,088	2,087,882
Tax on profit on ordinary activities	6	(2,456,474)	(667,004)
Retained profit for the year	17	5,994,614	1,420,878

There are no acquisitions or discontinued operations in the current or preceding year.

There are no recognised gains and losses other than those passing through the profit and loss account.

Clearsprings (Management) Limited

**Consolidated Balance Sheet
as at 31 January 2005**

	Notes	£	2005 £	£	2004 £
Fixed assets					
Tangible assets	7		3,631,660		4,370,420
Current assets					
Stocks	9	130,538		165,177	
Debtors	11	13,099,154		10,285,254	
Cash at bank and in hand		3,166,383		8,284,912	
		<u>16,396,075</u>		<u>18,735,343</u>	
Creditors: amounts falling due within one year	12	(13,101,491)		(9,943,804)	
Net current assets			<u>3,294,584</u>		<u>8,791,539</u>
Total assets less current liabilities			<u>6,926,244</u>		<u>13,161,959</u>
Provisions for liabilities and charges	13	(4,506,000)		(9,257,368)	
			<u>2,420,244</u>		<u>3,904,591</u>
Capital and reserves					
Called up share capital	16		1		2
Other reserves	17		1		-
Profit and loss account	17		<u>2,420,242</u>		<u>3,904,589</u>
Shareholders funds (equity interests)	18		<u>2,420,244</u>		<u>3,904,591</u>

These financial statements were approved by the Board on 20/05/06

G I King Esq
Director

Clearsprings (Management) Limited

**Balance Sheet
as at 31 January 2005**

	Notes	£	2005 £	£	2004 £
Fixed assets					
Tangible assets	8		3,587,963		4,275,012
Investments	10		<u>100</u>		<u>100</u>
			3,588,063		4,275,112
Current assets					
Debtors	11	13,057,701		10,228,203	
Cash at bank and in hand		<u>3,135,760</u>		<u>8,242,013</u>	
		16,193,461		18,470,216	
Creditors: amounts falling due within one year	12	(13,048,180)		(12,404,182)	
Net current assets			<u>3,145,281</u>		<u>6,066,034</u>
Total assets less current liabilities			6,733,344		10,341,146
Provisions for liabilities and charges	13	(4,506,000)		(9,257,368)	
			<u>2,227,344</u>		<u>1,083,778</u>
Capital and reserves					
Called up share capital	16		1		2
Other reserves	17		1		-
Profit and loss account	17		2,227,342		1,083,776
Shareholders funds (equity interests)	18		<u>2,227,344</u>		<u>1,083,778</u>

These financial statements were approved by the Board on 30/05/06


G I King Esq
Director

Clearsprings (Management) Limited

**Consolidated Cash Flow Statement
as at 31 January 2005**

	2005	2004
	£	£
Net cash inflow from operating activities	2,835,701	8,413,197
Returns on investments and servicing of finance		
Interest received	157,075	92,833
Interest paid	(40,590)	(61,112)
Net cash inflow for returns on investments and servicing of finance	116,485	31,721
Taxation	(295,975)	(220,561)
Capital expenditure		
Payments to acquire tangible assets	(371,226)	(3,390,140)
Receipts from sales of tangible assets	11,052	231,136
Net cash outflow for capital expenditure	(360,174)	(3,159,004)
Net cash inflow before management of liquid resources and financing	2,296,037	5,065,353
Financing		
Purchase of own shares	(7,478,961)	-
Other new short term loans	64,395	(993,068)
Capital element of finance lease contracts	-	(12,170)
Net cash (outflow) from financing	(7,414,566)	(1,005,238)
(Decrease)/Increase in cash in the year	(5,118,529)	4,060,115

Clearsprings (Management) Limited

**Notes to the Consolidated Cash Flow Statement
for the year ended 31 January 2005**

1	Reconciliation of operating profit to net cash inflow from operating activities	2005 £	2004 £
	Operating profit	8,366,245	2,106,567
	Depreciation of tangible assets	1,099,075	959,476
	(Profit)/loss on disposal of tangible assets	(141)	(4,089)
	Decrease/(increase) in stocks	34,639	(41,262)
	(Increase) in debtors	(2,443,399)	(1,856,491)
	Increase in creditors within one year	527,646	2,616,637
	(Decrease)/increase in provisions for liabilities and charges	(4,748,364)	4,632,359
	Net cash inflow from operating activities	2,835,701	8,413,197

2	Analysis of net funds	1 February 2004	Cash flow	Other non-cash changes	31 January 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	8,284,912	(5,118,529)	-	3,166,383
	Bank overdrafts	-	-	-	-
		8,284,912	(5,118,529)	-	3,166,383
	Debt:				
	Finance leases	-	-	-	-
	Debts falling due within one year	(39,057)	(64,395)	-	(103,452)
		(39,057)	(64,395)	-	(103,452)
	Net funds	8,245,855	(5,182,924)	-	3,062,931

3	Reconciliation of net cash flow to movement in net funds	2005 £	2004 £
	(Decrease)/increase in cash in the year	(5,118,529)	4,060,115
	Cash (outflow)/inflow from (increase)/decrease in debt and lease financing	(64,395)	1,005,238
	Movement in net funds in the year	(5,182,924)	5,065,353
	Opening net funds	8,245,855	3,180,502
	Closing net funds	3,062,931	8,245,855

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements for the year ended 31 January 2005

1. Accounting Policies

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention and include the results of the group's operations as indicated in the directors' report.

1.2 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards

1.3 Turnover

Contractually, the company is entitled to a fixed amount of income per service user. 80% of this amount ('the Base Payment') is guaranteed. The further 20% ('the Incentive Payment') whilst payable along with the Base Payment is subject to a potential 100% withholding by the Directorate based on the level of performance failures, if any, as defined by the contract and as calculated by the Directorate.

Turnover represents the Base Payments for the period together with the amount of any Incentive Payments for the period determined at the date of signing the accounts.

1.4 Basis of Consolidation

The group accounts consolidate the accounts of Clearsprings (Management) Limited and its subsidiary. No profit and loss account is presented for Clearsprings (Management) Limited as provided by Section 230 of the Companies Act 1985.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold Properties	2% straight line
Land and buildings Leasehold	Straight line over the life of the lease
Plant and machinery	25% straight line
Computer equipment and software	Software – 50% and 100% straight line Hardware – 33 1/3% straight line
Fixtures, fittings & equipment	20% / 33 1/3% straight line
Motor vehicles	25% / 33 1/3% straight line

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Pensions

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they fall due.

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2005 (continued)**

1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.11 Furnishings and equipment

Furniture and equipment costs are written off when incurred as management information has shown that the average stay in a property by a service user is less than one year, and a prepayment is felt to be inappropriate by the director.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

Group	2005 £	2004 £
Depreciation of tangible assets	1,099,075	959,476
Loss on disposal of tangible assets	(141)	(4,089)
Operating lease rentals		
- Plant and machinery	-	-
- Other assets	23,002,062	20,359,241
Auditors' remuneration	35,300	35,000
Remuneration of auditors for non audit work	67,896	76,134
Directors' remuneration	<u>70,762</u>	<u>254,570</u>

4 Investment income

	2005 £	2004 £
Bank interest	<u>157,075</u>	<u>92,833</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2005 (continued)**

5	Interest Payable	2005	2004
		£	£
	On bank loans and overdrafts	6,655	23
	On other loans wholly repayable within 5 years	25,000	107,469
	On overdue taxation	40,577	4,026
		<u>72,232</u>	<u>111,518</u>
6	Taxation	2005	2004
		£	£
	Domestic current year tax		
	UK corporation tax	2,814,686	751,687
	Adjustment for prior periods	(218,792)	-
	Current tax charge	2,595,894	751,687
	Deferred tax		
	Deferred tax charge/credit current year	(139,420)	(84,683)
		<u>2,456,474</u>	<u>667,004</u>
	 Factors affecting the tax charge for the year		
	Profit/loss on ordinary activities before taxation	<u>8,451,088</u>	<u>2,087,882</u>
	 Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30%	 2,535,326	 626,365
	Effects of:		
	Non deductible expenses	80,121	15,663
	Depreciation	329,681	284,797
	Capital allowances	(155,309)	(175,138)
	Adjustments to previous periods	(218,792)	-
	Other tax adjustments	24,867	-
		<u>60,568</u>	<u>125,322</u>
	 Current tax charge	 <u>2,595,894</u>	 <u>751,687</u>

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements
for the year ended 31 January 2005 (continued)

7 Tangible fixed assets - Group

	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Computer equipment and software	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 February 2004	2,331,670	171,135	37,653	1,162,262	260,500	2,109,062	6,072,282
Additions	139,550	-	5,373	180,427	3,474	42,402	371,226
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	(12,835)	-	(26,182)	(39,017)
At 31 January 2005	<u>2,471,220</u>	<u>171,135</u>	<u>43,026</u>	<u>1,329,854</u>	<u>263,974</u>	<u>2,125,282</u>	<u>6,404,491</u>
Depreciation							
At 1 February 2004	46,633	53,012	16,177	634,849	92,786	858,405	1,701,862
On disposals	-	-	-	(12,834)	-	(15,272)	(28,106)
Charge for the year	49,424	34,207	8,605	414,273	57,231	535,335	1,099,075
At 31 January 2005	<u>96,057</u>	<u>87,219</u>	<u>24,782</u>	<u>1,036,288</u>	<u>150,017</u>	<u>1,378,468</u>	<u>2,772,831</u>
Net book value							
At 31 January 2005	<u>2,375,163</u>	<u>83,916</u>	<u>18,244</u>	<u>293,566</u>	<u>113,957</u>	<u>746,814</u>	<u>3,631,660</u>
At 31 January 2004	<u>2,285,037</u>	<u>118,123</u>	<u>21,476</u>	<u>527,413</u>	<u>167,714</u>	<u>1,250,657</u>	<u>4,370,420</u>

8 Tangible fixed assets - Company

	Land and buildings Freehold	Land and buildings Leasehold	Computer equipment and software	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 February 2004	2,331,670	171,135	1,162,262	228,790	1,973,227	5,867,084
Additions	139,550	-	180,427	1,136	42,402	363,515
Revaluation	-	-	-	-	-	-
Disposals	-	-	(12,835)	-	(26,182)	(39,017)
At 31 January 2005	<u>2,471,220</u>	<u>171,135</u>	<u>1,329,854</u>	<u>229,926</u>	<u>1,989,447</u>	<u>6,191,582</u>
Depreciation						
At 1 February 2004	46,633	53,012	634,849	84,167	773,411	1,592,072
On disposals	-	-	(12,834)	-	(15,272)	(28,106)
Charge for the year	49,424	34,207	414,273	45,985	495,764	1,039,653
At 31 January 2005	<u>96,057</u>	<u>87,219</u>	<u>1,036,288</u>	<u>130,152</u>	<u>1,253,903</u>	<u>2,603,619</u>
Net book value						
At 31 January 2005	<u>2,375,163</u>	<u>83,916</u>	<u>293,566</u>	<u>99,774</u>	<u>735,544</u>	<u>3,587,963</u>
At 31 January 2004	<u>2,285,037</u>	<u>118,123</u>	<u>527,413</u>	<u>144,623</u>	<u>1,199,816</u>	<u>4,275,012</u>

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements
for the year ended 31 January 2005 (continued)

9	Stocks - group	2005 £	2004 £
	Finished goods and goods for resale	<u>130,538</u>	<u>165,177</u>

The value of stock is not materially different to its replacement cost

	Stocks - company	2005 £	2004 £
	Finished goods and goods for resale	<u>-</u>	<u>-</u>

10 Fixed asset investments - Company

Shares in
subsidiary
undertakings

Cost

Subsidiary undertakings at 31 January 2005

£

100

Holdings of more than 20%

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

Subsidiary undertaking
NVF Limited

Principal activity
Supply of furnishings and equipment

The subsidiary operates in the United Kingdom and is registered in England and Wales. The company owns 100% of its ordinary share capital. The subsidiary is included in the consolidated financial statements.

11 Debtors

	Group 2005 £	Company 2005 £	Group 2004 £	Company 2004 £
Trade debtors	11,321,822	11,302,806	9,470,106	9,423,374
Corporation tax	234,085	234,085	-	-
Other debtors	325,632	303,195	157,819	147,500
Prepayments and accrued income	1,081,199	1,081,199	657,329	657,329
Deferred Tax Asset (see Note 13)	136,416	136,416	-	-
	<u>13,099,154</u>	<u>13,057,701</u>	<u>10,285,254</u>	<u>10,228,203</u>

12 Creditors: amounts falling due within one year

	Group 2005 £	Company 2005 £	Group 2004 £	Company 2004 £
Trade creditors	2,833,292	2,738,355	3,086,850	2,870,492
Amounts owed to subsidiary undertakings	-	1,756,554	-	3,864,049
Corporation tax	4,018,944	2,664,638	1,484,940	316,385
Other taxes and social security costs	2,643,296	2,309,349	1,870,588	1,870,588
Directors' current accounts	-	-	797	797
Other creditors	128,889	102,214	85,183	77,426
Accruals and deferred income	3,477,070	3,477,070	3,415,446	3,404,445
	<u>13,101,491</u>	<u>13,048,180</u>	<u>9,943,804</u>	<u>12,404,182</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2005 (continued)**

13 Provisions for liabilities and charges

	Deferred Tax £	Contract Obligations £	Total £
Balance at 1 February 2004	3,004	9,254,364	9,257,368
Profit and loss account	<u>(139,420)</u>	<u>(4,748,364)</u>	<u>(4,887,784)</u>
Balance at 31 January 2005	<u>(136,416)</u>	<u>4,506,000</u>	<u>4,369,584</u>

Deferred Tax

The provision for deferred tax is based on accelerated capital allowances.

Contract obligations

In March 2000 the company entered into a 5 year contract ending 5 April 2005. A new contract was awarded for a further period of 15 months. Subsequently a new contract, to 2011, has been awarded in five out of eleven of the NASS Regions.

The cost of transition between contracts has been calculated at £4,506,000.

14 Contingent liabilities

During the period there was a negotiation relating to a dispute with a third party supplier. However no agreement has been reached between the parties as to the level of costs. Final payment is pending agreement. The value identified amounts to £221,543.

15 Pension costs

Defined contribution	Group 2005 £	Company 2005 £	Group 2004 £	Company 2004 £
Contributions payable for the year	<u>166,157</u>	<u>166,157</u>	<u>127,355</u>	<u>127,355</u>

The company operates a defined contribution pension scheme. The assets are held separately from those of the company in an independently administered fund. At the balance sheet date there were no outstanding or prepaid contributions.

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2005 (continued)**

16 Share capital

	2005	2004
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>2</u>

On 25 August 2004 the company purchased one of the ordinary shares in issue.

17 Statement of movements on reserves

Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 February 2004	-	3,904,589
Retained profit for the year	-	5,994,614
Purchase of own shares	-	(7,478,961)
Movement during the year	<u>1</u>	<u>-</u>
Balance at 31 January 2005	<u>1</u>	<u>2,420,242</u>

Company

	Other reserves (see below) £	Profit and loss account £
Balance at 1 February 2004	-	1,083,776
Retained profit for the year	-	8,622,527
Purchase of own shares	-	(7,478,961)
Movement during the year	<u>1</u>	<u>-</u>
Balance at 31 January 2005	<u>1</u>	<u>2,227,342</u>

Other reserves

Capital redemption reserve

Capital redemption reserve movement	<u>1</u>
Balance at 31 January 2005	<u>1</u>

The company has not presented its own profit and loss account as permitted by Section 230(1) of the Companies Act 1985.

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2005 (continued)**

18 Reconciliation of movements in shareholders' funds

	Group 2005 £	Company 2005 £	Group 2004 £	Company 2004 £
Profit/(loss) for the financial year	5,994,614	8,622,527	1,420,878	260,268
Purchase of own shares	<u>(7,478,961)</u>	<u>(7,478,961)</u>	-	-
Net addition to shareholders' funds	(1,484,347)	1,143,566	1,420,878	260,268
Opening shareholders' funds	3,904,591	1,083,778	2,483,713	823,510
Closing shareholders' funds	<u>2,420,244</u>	<u>2,227,344</u>	<u>3,904,591</u>	<u>1,083,778</u>

19 Financial commitments

At 31 January 2005 the Group had annual commitments under non-cancellable operating leases as follows:

	Land & buildings 2005 £	Land & buildings 2004 £	Other 2005 £	Other 2004 £
Expiry date:				
Within one year	28,125	-	386	-
Between two and five years	21,752,762	23,405,853	5,614	5,614
In over five years	<u>47,711</u>	<u>47,711</u>	-	-
	<u>21,828,598</u>	<u>23,453,564</u>	<u>6,000</u>	<u>5,614</u>

20 Transactions with Directors

The following directors had interest free loans during the year. The movements on these loans were as follows:

	Amount outstanding 2005 £	2004 £	Maximum in year £
G I King Esq	<u>99,472</u>	-	<u>99,472</u>

21 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	<u>70,762</u>	<u>254,570</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2005 £	2004 £
G I King Esq Emoluments for qualifying services	<u>70,762</u>	<u>254,570</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2005 (continued)**

22 Employees

Number of employees

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

	2005 Number	2004 Number
Administrative (including directors)	111	108
Regional field staff	217	225
Warehouse	23	27
	<u>351</u>	<u>360</u>

Employment costs

	£	£
Wages and salaries	7,884,718	7,603,531
Social security costs	1,047,172	785,984
Other pension costs	166,157	127,355
	<u>9,098,047</u>	<u>8,516,870</u>

23 Control

The company is controlled by G I King Esq, who owns 100% of the issued share capital.

24 Related party disclosures

The financial statements include the following transactions with companies in which G I King Esq has a beneficial interest:

Interest payable includes £nil (2004-£42,272) in respect of interest payable to Kings Park Homes Limited in respect of unsecured loans. At the year end the total amount due to Kings Park Homes Limited was £103,452 (2004-£39,057).

During the year services amounting to £64,552 (2004-£25,375) were acquired from King's Aviation Limited. At 31 January 2005, the company owed King's Aviation Limited £25,923 (2004-£38,878).

During the year services amounting to £209,920 (2004-£nil) were acquired from Cargo Handling Centre Limited. At 31 January 2005, the company owed Cargo Handling Centre Limited £9,034 (2004-£nil).

Interest payable includes £nil (2004-£15,197) in respect of interest payable to M Bilkus Esq a former shareholder, in respect of unsecured loans. At the year end the total amount due to M Bilkus Esq was £nil (2004-£nil).

During the year, £81,336 (2004-£71,995) has been included as an expense in the accounts for the provision of consultancy services from Mrs C King, the wife of G I King Esq. Included in trade creditors is an amount of £13,556 (2004-£13,556) owed to Mrs C King.

Purchases of £2,505,337 (2004-£4,287,216) were made from NVF Limited, a wholly owned subsidiary incorporated in England. During the year the company received £47,711 (2004-£47,711) of rent from NVF Limited. At the balance sheet date the company owed NVF Limited £1,756,554 (2004-£3,864,049).

Included in creditors is an amount of £nil (2004-£797) owed to G I King Esq.