

Company number: 03851074

CLEARSPRINGS (MANAGEMENT) LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2009

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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 Essex SS6 7XJ
Auditors	Baker Tilly UK Audit LLP Marlborough House Victoria Road South Chelmsford Essex CM1 1LN
Bankers	Barclays Bank plc PO Box 885 Cambridge CB24 9DE

Clearsprings (Management) Limited

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Clearsprings (Management) Limited

Directors' Report for the year ended 31 January 2009

The directors present their report and the consolidated financial statements for the year ended 31 January 2009.

Principal activities

The principal activities of the group continue to be that of the provision of support services (including accommodation) to vulnerable people and the provision of IT services for businesses.

Review of the business

The directors are satisfied with the performance and development of the business during the year. A contract was won from the UK Border Agency to run an Initial Accommodation facility for asylum seekers in London from April 2008.

On 31 March 2008 the company acquired 100% of the share capital of Systems Administrators Limited (Sysadmins) for £2,260,739. Sysadmins is a growing supplier of computer systems and software. The acquisition is part of the company's diversification strategy.

The directors continue to work to diversify, in order to reduce risk, and to secure the long term development of the business.

The group monitors its financial performance through the following key performance indicators:

Gross and net margin percentage

Rent payable as a percentage of turnover

Void bed spaces

Employee and environmental factors are monitored through the following:

Staff retention ratio

Sickness as a percentage of paid time

Continued compliance with ISO 14001 and other third party accreditations

The group's principal financial instruments comprise bank balances, trade creditors and trade debtors, and mortgage debt. The purpose of these instruments is to raise funds for the group's operations and to finance the group's operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility. The group monitors the bank balance levels constantly and avoids using overdraft facilities. The group makes use of money market facilities when funds are available.

Trade debtors are managed in respect of credit and cash flow risks by policies concerning credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available.

Mortgage debt interest rate risk is managed through monitoring of market rates.

Clearsprings (Management) Limited
Directors' Report
for the year ended 31 January 2009 (continued)

Results and dividends

The directors are satisfied with the results of the business for the year to 31 January 2009.

The directors do not recommend payment of an ordinary dividend.

Future developments

The group will seek to expand and renew contracts as appropriate. The group will seek to enter new contracts with other parties as long as it is in the interests of the group.

Directors

The following directors have held office during the year:

G King
J Vyvyan-Robinson MBE
R Slatter

Charitable donations

	2009 £	2008
During the year the company made the following charitable donations	<u>1,000</u>	<u>1,840</u>

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 group 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 Baker Tilly UK Audit LLP, Chartered Accountants, will be deemed to be reappointed for each succeeding financial year.

Clearsprings (Management) Limited

**Directors' Report
for the year ended 31 January 2009 (continued)**

Directors' responsibilities

The directors are responsible for preparing the Annual 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 law). The financial statements are required by law to 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 apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

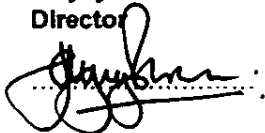
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Statement as to disclosure of information to auditors

The directors in office on the date of approval of the financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they 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 it has been communicated to the auditor.

On behalf of the board

J Vyvyan-Robinson
Director



14.10.09

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

We have audited the financial statements on pages 5 to 20.

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 we have formed.

Respective responsibilities of directors and auditors

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 January 2009 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex CM1 1LN

15/10/09 .

Clearsprings (Management) Limited

**Consolidated Profit and Loss Account
for the year ended 31 January 2009**

		2009 £	2008 £
	Notes		
Turnover	2		
Existing Operations		35,264,078	29,470,948
Acquisitions		<u>1,725,864</u>	<u>-</u>
		36,989,942	29,470,948
 Cost of sales		 (29,821,969)	 (22,817,423)
		<hr/>	<hr/>
Gross profit		7,167,973	6,653,525
 Administrative expenses		 (6,031,935)	 (4,482,331)
		<hr/>	<hr/>
Operating profit	3		
Existing Operations		1,383,607	2,171,194
Acquisitions		<u>(247,569)</u>	<u>-</u>
		1,136,038	2,171,194
 Other interest receivable and similar income	4	 34,182	 61,733
 Interest payable and similar charges	5	 (118,441)	 (71,602)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,051,779	2,161,325
 Taxation	6	 (504,045)	 (858,242)
		<hr/>	<hr/>
Retained profit for the year	16	547,734	1,303,083
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2009 £	2008 £
Profit for the financial year	547,734	1,303,083
Movements on foreign exchange	(4,192)	-
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	543,542	1,303,083
	<hr/>	<hr/>

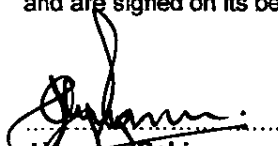
Clearsprings (Management) Limited

Company Number: 03851074

Consolidated Balance Sheet
as at 31 January 2009

		2009	2008
		£	£
	Notes		
Fixed assets			
Intangible assets	7	1,406,359	-
Tangible assets	8	<u>3,993,143</u>	<u>3,944,505</u>
		5,399,502	3,944,505
Current assets			
Stock	10	89,433	92,271
Debtors	11	6,467,114	5,407,820
Cash at bank and in hand		1,909,857	3,184,154
		<u>8,466,404</u>	<u>8,684,245</u>
Creditors: amounts falling due within one year	12	<u>(5,431,730)</u>	<u>(4,525,347)</u>
Net current assets		3,034,674	4,158,898
Total assets less current liabilities		<u>8,434,176</u>	<u>8,103,403</u>
Creditors: amounts falling due after more than one year	12	(1,007,739)	(937,740)
Provisions for liabilities	13	(253,870)	(536,638)
		<u>7,172,567</u>	<u>6,629,025</u>
Capital and reserves			
Called up share capital	15	100	100
Revaluation reserve	16	480,659	480,659
Other reserves	16	1	1
Profit and loss account	16	<u>6,691,807</u>	<u>6,148,265</u>
Shareholder's funds (equity interests)	17	<u>7,172,567</u>	<u>6,629,025</u>

The financial statements on pages 5 to 20 were approved by the Board and authorised for issue on 14.10.09 and are signed on its behalf by:


J. W. Robinson
Director

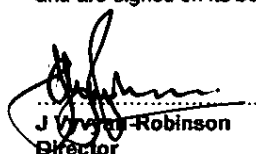
Clearsprings (Management) Limited

Company Number: 03851074

Company Balance Sheet
as at 31 January 2009

		2009	2008
		£	£
Fixed assets	Notes		
Tangible assets	8	3,900,695	3,944,505
Investments	9	2,260,839	100
		<u>6,161,534</u>	<u>3,944,605</u>
Current assets			
Stock	10	89,433	92,271
Debtors	11	6,167,186	5,408,044
Cash at bank and in hand		<u>1,791,563</u>	<u>3,155,971</u>
		8,048,182	8,656,286
Creditors: amounts falling due within one year	12	<u>(5,416,434)</u>	<u>(4,526,100)</u>
Net current assets		<u>2,631,748</u>	<u>4,130,186</u>
Total assets less current liabilities		<u>8,793,282</u>	<u>8,074,791</u>
Creditors: amounts falling due after more than one year	12	(1,007,115)	(937,740)
Provisions for liabilities	13	(250,000)	(536,638)
		<u>7,536,167</u>	<u>6,600,413</u>
Capital and reserves			
Called up share capital	15	100	100
Revaluation reserve	16	480,659	480,659
Other reserves	16	1	1
Profit and loss account	16	7,055,407	6,119,653
Shareholders' funds (equity interests)	17	<u>7,536,167</u>	<u>6,600,413</u>

The financial statements on pages 5 to 20 were approved by the Board and authorised for issue on 14.10.09 and are signed on its behalf by:


J Vivian Robinson
Director

Clearsprings (Management) Limited

**Consolidated Cash Flow Statement
as at 31 January 2009**

	2009	2008
	£	£
Net cash Inflow from operating activities (note 1)	1,055,118	1,695,560
Returns on investments and servicing of finance		
Interest received	34,182	61,733
Interest paid	(118,441)	(71,602)
	<hr/>	<hr/>
Net cash outflow for returns on Investments and servicing of finance	(84,259)	(9,869)
Taxation	(835,732)	(538,166)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(399,578)	(1,183,810)
Receipts from sales of tangible assets	172,103	325,140
	<hr/>	<hr/>
	(227,475)	(858,670)
Acquisitions		
Purchase of subsidiary undertaking	(1,780,739)	-
Cash acquired with subsidiary	536,031	-
	<hr/>	<hr/>
	(1,244,708)	-
Net cash outflow for capital expenditure and financial investment	(1,472,183)	(858,670)
	<hr/>	<hr/>
Net cash (outflow)/inflow before management of liquid resources and financing	(1,337,056)	288,855
Financing		
Issue of share capital	-	99
Increase in short term loans	69,375	937,740
Repayment of finance lease	(6,616)	-
	<hr/>	<hr/>
Net cash inflow from financing	62,759	937,839
	<hr/>	<hr/>
(Decrease)/increase in cash in the year (note 2)	(1,274,297)	1,226,694
	<hr/>	<hr/>

Clearsprings (Management) Limited

**Notes to the Consolidated Cash Flow Statement
for the year ended 31 January 2009**

1	Reconciliation of operating profit to net cash inflow from operating activities	2009	2008
		£	£
	Operating profit	1,136,038	2,171,194
	Depreciation of tangible assets	271,136	295,451
	Amortisation of intangible assets	351,590	-
	Exchange differences	(4,192)	-
	Profit on disposal of tangible assets	(38,837)	(48,522)
	(Increase)/decrease in stock	2,838	(42,850)
	Increase in debtors	(903,514)	(1,984,392)
	Increase in creditors within one year	526,697	1,668,041
	Decrease in provisions for liabilities	(286,638)	(363,362)
	Net cash inflow from operating activities	1,055,118	1,695,560
2	Analysis of net funds	1 February 2008	Cash flow Acquisitions 31 January 2009
		£	£
	Cash at bank and in hand	3,184,154	(1,274,297) - 1,909,857
	Debt due after 1 year	(937,740)	(69,375) - (1,007,115)
	Finance leases	-	6,616 (11,397) (4,781)
		(937,740)	(62,759) (11,397) (1,011,896)
	Net funds	2,246,414	(1,337,056) (11,397) 897,961
3	Reconciliation of net cash flow to movement in net funds	2009	2008
		£	£
	(Decrease)/increase in cash in the year	(1,274,297)	1,226,694
	Cash inflow from increase in debt	(62,759)	(937,740)
	Finance lease acquired	(11,397)	-
	Movement in net funds in the year	(1,348,453)	288,954
	Opening net funds	2,246,414	1,957,460
	Closing net funds	897,961	2,246,414

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements for the year ended 31 January 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

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

1.3 Turnover

Turnover represents amounts receivable for the provision of accommodation and other services. Income arises under the asylum and bail contracts on a daily basis, and is recognised in the financial statements for the period in which each day falls. Turnover also represents the invoiced value, net of Value Added Tax, of goods sold, work carried out and services provided to customers, recognised on an accruals basis.

1.4 Basis of consolidation

The group accounts consolidate the accounts of Clearsprings (Management) Limited and its subsidiaries using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 January 2009. No profit and loss account is presented for Clearsprings (Management) Limited as provided by Section 230 of the Companies Act 1985. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Fixed assets include properties professionally valued on an existing use open market value basis. 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
Leasehold improvements	20% straight line
Computer equipment	33.33% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	25% straight line
Office equipment	25% straight line

1.6 Leasing commitments

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

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

1.7 Investments

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements for the year ended 31 January 2009 (continued)

1.8 Stock

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

1.9 Pensions

The group operates a defined contribution scheme for employees. Contributions are charged to the profit and loss account as they fall due. The assets of the scheme are held separately from those of the group. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.10 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and the results as stated in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in periods in which timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non discounted basis.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the asset concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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 by the directors to be inappropriate.

1.12 Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

1.13 Goodwill

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired has been capitalised and the balance amortised over a period of 5 years on a straight line basis. The directors deemed it inappropriate to amortise the goodwill over 20 years as this would not fairly reflect its value to the group.

1.14 Provisions

Provision is made in respect of the best estimate of the cost of a number of unsettled legal cases arising from the termination of the employment of a number of former employees.

Clearsprings (Management) Limited

Notes to the Consolidated Financial Statements for the year ended 31 January 2009 (continued)

2 Turnover

In the year to 31 January 2009 1% (2008: 0%) of the group's turnover was to markets outside the United Kingdom.

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

3 Operating profit

Operating profit is stated after charging/(crediting):

Group	2009 £	2008 £
Depreciation of tangible assets	271,136	295,451
Profit on disposal of tangible assets	(38,837)	(48,522)
Amortisation of goodwill	351,590	-
Operating lease rentals		
- Land and buildings	12,171,831	11,144,289
Auditors' remuneration	42,705	20,000
Remuneration of auditors for non audit work	16,380	2,500
Directors' remuneration	<u>884,825</u>	<u>866,315</u>

4 Investment income

	2009 £	2008 £
Bank interest	<u>34,182</u>	<u>61,733</u>

5 Interest payable

	2009 £	2008 £
On bank loans and overdrafts	88,966	15,708
On overdue taxation	29,391	55,894
On hire purchase	42	-
Other interest	42	-
	<u>118,441</u>	<u>71,602</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2009 (continued)**

6	Taxation	2009	2008
		£	£
	Domestic current year tax		
	UK corporation tax	428,401	825,493
	Adjustment for prior periods	43,498	-
	Current tax charge	471,899	825,493
	Deferred tax		
	Deferred tax charge current year	17,519	32,749
	Adjustment for prior periods	14,627	-
		32,146	32,749
		504,045	858,242
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,051,779	2,161,325
	Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 28% (2008: 30%)	294,498	648,398
	Effects of:		
	Non deductible expenses	114,436	181,161
	Difference between capital allowances and depreciation	6,230	(24,020)
	Other short term timing differences	12,373	-
	Indexation allowance	(4,215)	-
	Difference between UK tax rate and overseas tax rate	86	-
	Part of the year taxed at a different rate	4,993	-
	Adjustments to tax charge in respect of previous periods	43,498	-
	Other tax adjustments	-	19,954
		177,401	177,096
	Current tax charge	471,899	825,493
7	Intangible fixed assets		Goodwill
			£
	Cost		
	At 1 February 2008		-
	Additions		1,757,949
	At 31 January 2009		1,757,949
	Amortisation		
	At 1 February 2008		-
	Charge for the year		351,590
	At 31 January 2009		351,590
	Net book value		
	At 31 January 2009		1,406,359
	At 31 January 2008		-

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2009 (continued)**

8 Tangible fixed assets - Group

	Freehold buildings	Leasehold improvements	Computer equipment and software	Fixtures, fittings & equipment	Motor vehicles	Office equipment	Total
	£	£	£	£	£	£	£
Cost/Valuation							
At 1 February 2008	3,951,209	35,752	870,168	225,974	324,991	-	5,508,094
Additions	-	-	338,907	41,641	2,797	514	443,859
Disposals	(125,500)	(35,752)	(885,931)	(73,579)	(94,540)	-	(1,185,302)
Exchange differences	-	-	14,514	4,319	-	240	19,073
At 31 January 2009	<u>3,825,709</u>	<u>-</u>	<u>627,658</u>	<u>198,365</u>	<u>233,248</u>	<u>764</u>	<u>4,785,724</u>
Depreciation							
At 1 February 2008	137,121	35,752	897,958	181,674	311,084	-	1,563,589
On disposals	(5,340)	(35,752)	(855,932)	(87,764)	(87,248)	-	(1,062,036)
Charge for the year	76,514	-	168,022	18,300	8,189	131	271,136
Exchange differences	-	-	7,921	1,813	-	158	9,892
At 31 January 2009	<u>208,295</u>	<u>-</u>	<u>217,969</u>	<u>134,023</u>	<u>232,005</u>	<u>289</u>	<u>792,681</u>
Net book value							
At 31 January 2009	<u>3,617,414</u>	<u>-</u>	<u>309,689</u>	<u>64,332</u>	<u>1,243</u>	<u>465</u>	<u>3,993,143</u>
At 31 January 2008	<u>3,814,088</u>	<u>-</u>	<u>72,210</u>	<u>44,300</u>	<u>13,907</u>	<u>-</u>	<u>3,944,505</u>

The directors consider that the book value of freehold land and buildings is consistent with market value.

The net book value of tangible fixed assets includes £3,691 (2008 £Nil) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £6,205 (2008 £Nil).

The bank loan is secured by charges against certain freehold land and buildings.

The historic cost of land and buildings as at the year end was £3,345,050 (2008: £3,470,550).

Tangible fixed assets - Company

	Freehold buildings	Leasehold improvements	Computer equipment and software	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost/Valuation						
At 1 February 2008	3,951,209	35,752	970,168	191,579	324,991	5,473,699
Additions	-	-	330,026	-	-	330,026
Disposals	(125,500)	(35,752)	(855,931)	(65,621)	(94,540)	(1,177,344)
At 31 January 2009	<u>3,825,709</u>	<u>-</u>	<u>444,263</u>	<u>125,958</u>	<u>230,451</u>	<u>4,626,381</u>
Depreciation						
At 1 February 2008	137,121	35,752	897,958	147,279	311,084	1,529,194
On disposals	(5,340)	(35,752)	(855,932)	(65,821)	(87,248)	(1,049,893)
Charge for the year	76,514	-	148,088	15,168	8,815	248,385
At 31 January 2009	<u>208,295</u>	<u>-</u>	<u>190,114</u>	<u>96,828</u>	<u>230,451</u>	<u>725,686</u>
Net book value						
At 31 January 2009	<u>3,617,414</u>	<u>-</u>	<u>254,149</u>	<u>29,132</u>	<u>-</u>	<u>3,900,695</u>
At 31 January 2008	<u>3,814,088</u>	<u>-</u>	<u>72,210</u>	<u>44,300</u>	<u>13,907</u>	<u>3,944,505</u>

The directors consider that the book value of freehold land and buildings is consistent with market value.

The net book value of tangible fixed assets includes £Nil (2008 £Nil) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £Nil (2008 £Nil).

The bank loan is secured by charges against certain freehold land and buildings.

The historic cost of land and buildings as at the year end was £3,345,050 (2008: £3,470,550).

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2009 (continued)**

9 Fixed asset investments - Company

	£
Balance at 1 February 2008	100
Additions	2,260,739
	<hr/>
Balance at 31 January 2009	<u>2,260,839</u>

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

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertaking			
Systems Administrators Ltd (SysAdmins)	England	Ordinary	100
NVF Limited	England	Ordinary	100
SysAdmins Lanka (Private) Ltd	Sri Lanka	Ordinary	100
SysAdmins Ltd	England	Ordinary	100

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

Systems Administrators Ltd (SysAdmins)	IT services and systems
NVF Limited	Dormant
SysAdmins Lanka (Private) Ltd	IT services and systems
SysAdmins Ltd	Dormant

Acquisitions

On 31 March 2008, the group acquired 100% of the called up ordinary share capital of Systems Administrators Limited for a cash consideration of £2,260,739 which created £1,757,949 of goodwill. At the year end £480,000 deferred consideration is included within other creditors. Systems Administrators Limited has been accounted for using the acquisition method of accounting. The assets and liabilities of Systems Administrators Limited have been consolidated at their fair values to the group, as set out below.

	£
Tangible fixed assets	53,462
Debtors	187,061
Cash	536,031
TOTAL ASSETS	<u>776,554</u>
Trade creditors	(55,219)
Other creditors	(191,867)
Accruals	(23,878)
Deferred tax provision	(2,800)
TOTAL LIABILITIES	<u>(273,764)</u>
NET ASSETS	<u>502,790</u>

The directors believe there to be no material difference between the net book value and the fair value of the assets at the acquisition date.

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2009 (continued)**

10 Stock - Group and Company

	£	£
Finished goods and goods for resale	<u>89,433</u>	<u>92,271</u>

11 Debtors

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade debtors	4,648,449	4,479,804	2,007,869	2,007,869
Amounts owed by subsidiary undertakings	-	-	-	6,682
Other debtors	110,276	57,792	84,782	78,324
Prepayments and accrued income	1,604,101	1,527,588	3,181,886	3,181,886
Deferred tax asset (see Note 13)	102,002	102,002	133,283	133,283
Foreign corporation tax debtor	2,286	-	-	-
	<u>6,467,114</u>	<u>6,167,186</u>	<u>5,407,820</u>	<u>5,408,044</u>

12 Creditors: amounts falling due within one year

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade creditors	2,633,587	2,730,678	2,833,532	2,833,532
Amounts owed to subsidiary undertakings	-	27,795	-	-
Corporation tax	496,722	418,729	788,571	788,571
Other taxes and social security costs	328,007	293,331	349,669	350,422
Other creditors	499,415	480,000	12,882	12,882
Accruals and deferred income	1,469,842	1,465,901	540,693	540,693
Hire purchase	4,157	-	-	-
	<u>5,431,730</u>	<u>5,416,434</u>	<u>4,525,347</u>	<u>4,526,100</u>

Creditors: amounts falling due after more than one year

Loan	1,007,115	1,007,115	937,740	937,740
Hire purchase	624	-	-	-
	<u>1,007,739</u>	<u>1,007,115</u>	<u>937,740</u>	<u>937,740</u>

The loan is secured by charges on certain freehold land and buildings.

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Analysis of debt maturity				
Amounts payable:				
In more than two years but not more than five years	<u>1,007,115</u>	<u>1,007,115</u>	<u>937,740</u>	<u>937,740</u>
Obligations under finance leases and hire purchase contracts:				
Amounts payable:				
Within two to five years	<u>624</u>	<u>-</u>	<u>-</u>	<u>-</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2009 (continued)**

13 Provisions for liabilities

Group	Deferred tax asset £	Deferred tax liability	Employment claims £	Total provision £
Balance at 1 February 2008	(133,283)	-	536,638	536,638
Profit and loss account	31,281	3,870	(286,638)	(282,768)
Balance at 31 January 2009	<u>(102,002)</u>	<u>3,870</u>	<u>250,000</u>	<u>253,870</u>

Company	Deferred tax asset £		Employment claims £	Total provision £
Balance at 1 February 2008	(133,283)		536,638	536,638
Profit and loss account	31,281		(286,638)	(286,638)
Balance at 31 January 2009	<u>(102,002)</u>		<u>250,000</u>	<u>250,000</u>

Deferred Tax

The deferred tax asset is based on decelerated capital allowances.

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

Employment claims

The outcome of a number of legal cases arising from the termination of the employment of a number of former employees has yet to be fully determined. A provision has been made for the best estimate.

14 Pension costs

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Contributions payable for the year	<u>136,990</u>	<u>105,872</u>	<u>57,317</u>	<u>57,317</u>

At the balance sheet date there were no outstanding or prepaid contributions.

15 Share capital

	2009 £	2008 £
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		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2009 (continued)**

16 Statement of movements on reserves

Group

	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 February 2008	480,659	1	6,148,265
Retained profit for the year	-	-	547,734
Movements in foreign exchange	-	-	(4,192)
	<u>480,659</u>	<u>1</u>	<u>6,691,807</u>
Balance at 31 January 2009	<u>480,659</u>	<u>1</u>	<u>6,691,807</u>

Company

	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 February 2008	480,659	1	6,119,653
Retained profit for the year	-	-	935,754
	<u>480,659</u>	<u>1</u>	<u>7,055,407</u>
Balance at 31 January 2009	<u>480,659</u>	<u>1</u>	<u>7,055,407</u>

Other reserves

Capital redemption reserve

Balance at 31 January 2008 & 2009	<u>1</u>
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The company has not presented its own profit and loss account as permitted by Section 230(1) of the Companies Act 1985.

17 Reconciliation of movements in shareholders' funds

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Profit for the financial year	547,734	935,754	1,303,083	1,300,096
Share capital issued	-	-	99	99
Movements in foreign exchange	(4,192)	-	-	-
	<u>543,542</u>	<u>935,754</u>	<u>1,303,182</u>	<u>1,300,195</u>
Net addition to shareholders' funds	<u>543,542</u>	<u>935,754</u>	<u>1,303,182</u>	<u>1,300,195</u>
Opening shareholders' funds	6,629,025	6,600,413	5,325,843	5,300,218
Closing shareholders' funds	<u>7,172,567</u>	<u>7,536,167</u>	<u>6,629,025</u>	<u>6,600,413</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2009 (continued)**

18 Financial commitments

At 31 January 2009 the group and company had annual commitments under non-cancellable operating leases as follows:

	Land & buildings 2009 £	Land & buildings 2008 £
Expiry date:		
Within one year	12,106,236	11,465,643
Between two and five years	48,022	50,050
In over five years	28,000	48,022
	<u>12,182,258</u>	<u>11,563,615</u>

19 Directors' emoluments

	2009 £	2008 £
Emoluments for qualifying services	926,146	866,315
Pension payments for directors	18,458	14,438
	<u>944,604</u>	<u>880,753</u>

The number of directors for whom benefits are accruing under defined contribution schemes was 3 (2008 - 3)

20 Employees

Number of employees

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

	2009 Number	2008 Number
Administrative (including directors)	73	39
Regional field staff	116	76
Warehouse	7	7
Development	38	-
Technical	3	-
Application support	3	-
	<u>240</u>	<u>122</u>

Employment costs

	£	£
Wages and salaries	6,190,389	3,466,581
Social security costs	653,505	385,414
Other pension costs	117,571	57,317
	<u>6,961,465</u>	<u>3,909,312</u>

Clearsprings (Management) Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 January 2009 (continued)**

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 financial statements include the following transactions with companies in which G King, a director of the company, has a beneficial interest:

During the year services amounting to £124,282 (2008 - £17,333) were acquired from Kings Aviation Limited. At 31 January 2009, the company owed £124,282 to Kings Aviation Limited (2008 - £13,958).

During the year services amounting to £80,401 (2008 - £50,510) were acquired from Cargo Handling Centre Limited. At 31 January 2009, the company was owed £1,739,502 by Cargo Handling Centre Limited (2008 - £1,676,830). The company has made a provision for bad debts against this balance amounting to £1,739,502 (2008 - £1,676,830).

During the year, £84,590 (2008 - £84,590) has been included as an expense in the accounts for the provision of consultancy services from Mrs C King, the wife of G King. Included in accruals is an amount of £28,200 (2008 - £21,147) owed to Mrs C King.

At the year end, the total amount owed by Pemican Limited was £7,519 (2008 - £7,202).

During the year Clearsprings (Management) Limited lent £1,125 to Letting Hub to help it to set up the company. Letting Hub is a company in which R Slatter is a director. At the year end the balance outstanding was £1,125 (2008: £Nil).