

Options Group Holdings Limited  
Directors' report and financial statements  
for the year ended 31 March 2013

Registered number 06909044

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# **Options Group Holdings Limited**

## **Directors' report and financial statements for the year ended 31 March 2013**

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# **Options Group Holdings Limited**

## **Directors and advisors**

### **Directors**

G Baker  
D Garman (appointed 18 April 2013)  
S Green  
S Bradshaw (resigned 16 November 2012)  
T MacDonald-Milner (resigned 19 October 2012)

### **Company secretary**

S Green

### **Registered office**

Turnpike Gate House  
Alcester Heath  
Alcester  
Warwickshire  
B49 5JG

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **Principal bankers**

Barclays Bank PLC  
Barclays Commercial Bank  
Level 6, 1 Churchill Place  
London  
E14 5HP

# **Options Group Holdings Limited**

## **Directors' report for the year ended 31 March 2013**

The Directors present their report and the audited consolidated financial statements of Options Group Holdings Limited ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 March 2013

### **Principal activities**

The principal activities of the Group (which comprise the Company and its subsidiaries) during the financial year were that of specialist services for children, young people and adults with autistic spectrum disorders (ASD) and behavioural, emotional and social difficulties (BESD)

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

Options Group is a proactive and forward-thinking organisation. The Group has grown steadily and is now trusted by more than 60 local authorities to provide specialist care, education and therapy to over 200 children, young people and adults at any one time

In March 2012 the Group agreed long term loan facilities including the provision of specific additional funding for future developments with further incremental development funding being agreed in June 2013. The Group's loan is currently due for renewal in March 2015

### **Future Outlook**

The Group has continued to enjoy steady turnover growth which has led to it achieving its first positive operating profit, since the 2009 restructuring, during the year

Market conditions remain challenging and the Group continues to place high emphasis on the following areas to ensure it retains its strong market position

- Operational efficiency improvements to ensure continued high quality service levels whilst delivering value for money,
- Investment in services and staff development to continue to build on the high quality outcomes that the Group delivers,
- Regulatory inspections of care homes have demonstrated the continued emphasis on quality by the group. The group has achieved National Autistic Society (NAS) accreditation at the majority of services, and
- Increasing market awareness of the Group's services

### **Key performance indicators (KPIs)**

The Board and management monitor the business performance of the Group and measure it against strategic objectives using key performance indicators. The main KPIs include

- occupancy levels,
- number of referrals and pipeline activity,
- staffing levels, and
- quality ratings

All of which are reviewed on a regular formal basis

# Options Group Holdings Limited

## Directors' report for the year ended 31 March 2013 (continued)

### Key performance indicators (KPIs) (continued)

Financial KPIs for 2013 were as follows

KPI	31 March 2013 £'000	31 March 2012 £'000	Narrative
Turnover	33,659	32,800	Extracted from the financial statements Turnover for the financial year was in line with the Board's expectations, with steady growth in the number of placements secured
EBITDA	4,677	5,383	Group operating profit, adding back depreciation, amortisation and exceptional costs EBITDA for the financial year was in line with the Board's expectations
Operating cash flow before interest, capital expenditure and tax	4,130	4,244	Operating cash flow before interest, capital expenditure and tax was in line with expectations

### Business environment and strategy

The Group operates in a highly regulated environment and the ability to comply with such regulations and deliver a high quality service is key to the operational success of the business Options Group Holdings Limited always focuses on delivering high quality, value for money, outcome focused services, which means that the Group is extremely well aligned with the increasing need to demonstrate quality and cost efficiency in the market place

The availability of capital development funding has meant the Group has been able to successfully respond to the commercial opportunities that were available in the market place over the last year Several new services have opened successfully and new funding agreed will allow the Group to continue to exploit market opportunities Significant emphasis is being placed on developing strong commercial relationships with local authorities.

### Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks Management reviews risk formally and appropriate processes are put in place to monitor and mitigate them

Key operational risks affecting the Group are set out below

#### *Quality of service and compliance*

The Group operates in a highly regulated environment and compliance with such regulations is key to the operational success of the business The Group is registered with various regulatory bodies and is subject to continuous review by these bodies Management closely monitor performance in

# **Options Group Holdings Limited**

## **Directors' report for the year ended 31 March 2013 (continued)**

### **Principal risks and uncertainties (continued)**

this area and have a structured system in place throughout the organisation to ensure compliance and continual improvement

#### *Health and Safety*

The Group is subject to various health and safety requirements and has put in place individuals to monitor compliance with health and safety laws and regulations

### **Financial risk management**

The Group's operations expose it to a variety of financial risks that include the effects of changes in prices, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring these risks

#### *Price risk*

The Group focuses on demonstrating value for money to the local authorities and outcomes achieved with the young people to mitigate price risk

#### *Credit risk*

The debt facilities arranged by the Group contain a suite of financial covenants covering minimum levels of financial performance. The Group has in place appropriate short and medium term reporting and forecasting systems that assist the Board in making a balanced assessment of the ability of the Group to meet its financial and reporting obligations to both lenders and investors as they fall due

#### *Liquidity risk*

The Group is supported by a committed working capital facility. Debt facilities are structured to ensure that the Group has sufficient cash flow headroom to meet its obligations and deliver its strategic growth objectives

#### *Interest rate risk*

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash, which is subject to variations in interest rates. The Group has a policy of maintaining debt at a fixed rate above LIBOR to provide a degree of certainty over future cash flows. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature

### **Creditor payment policy**

The Group has relatively few external creditors, however, for all external suppliers suitable terms and conditions are agreed for business transactions with the supplier and once such terms are agreed it is the Group's policy to pay in accordance with contractual and other legal obligations. This payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. The average creditor days for the Group during the financial year were 26 (2012 28) days

# **Options Group Holdings Limited**

## **Directors' report for the year ended 31 March 2013 (continued)**

### **Financial instruments**

The Group's financial instruments comprise borrowings, cash and liquid resources, and other items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

It is, and has been throughout the financial year, the Group's policy that no speculative trading in financial instruments shall be undertaken.

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

G Baker

D Garman (appointed 18 April 2013)

S Green

S Bradshaw (resigned 16 November 2012)

T MacDonald-Milner (resigned 19 October 2012)

### **Employees**

The Directors recognise that the success of the business is wholly dependent upon the dedication of the employees and the quality of the service provided. The Group promotes continuous learning and career development for all employees and the well being of the Group's staff and their entitlement to a safe and rewarding working environment are key considerations of the Board. It is the Group's policy to consult and discuss with employees matters that are likely to affect the employee's interests through regular bulletins and briefings. These seek to achieve a common awareness of the Group's performance and economic factors affecting the Group.

The Group operates an equal opportunity recruitment selection process which states that we do not discriminate on the grounds of race, gender, sexual orientation or disability. The Group works towards this policy when recruiting for all positions and thorough consideration is given as to the suitability of the individual for the role. Arrangements are made wherever possible for retraining employees who become disabled to enable them to perform work identified as appropriate.

### **Results and dividends**

The results for the financial year are shown in the consolidated profit and loss account on page 10. No dividend was paid or proposed (2012: £nil).

### **Going concern**

The Directors have formed a judgement at the time of approving the financial statements that both the Company and the Group have adequate resources available to continue operating and to discharge all financial obligations as they fall due for the foreseeable future from the date of approval of the financial statements. For this reason, the going concern basis has been adopted in preparing the financial statements.

# **Options Group Holdings Limited**

## **Directors' report for the year ended 31 March 2013 (continued)**

### **Political and charitable donations**

The Group made no political donations during the financial year (2012 £nil) The group made £375 (2012 £755) charitable donations during the year

### **Statement of 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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 group and the company and of the profit or loss of the group for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **Directors' indemnity**

As permitted under the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The indemnity was taken out during the prior year and is currently in force The Company also maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors



# **Options Group Holdings Limited**

## **Directors' report for the year ended 31 March 2013 (continued)**

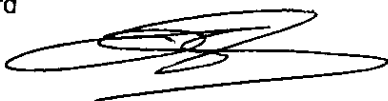
### **Statement of disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that

(a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board  
G Baker  
Director

A handwritten signature in black ink, appearing to be 'G Baker', written over a horizontal line.

24 September 2013

# **Options Group Holdings Limited**

## **Independent auditors' report to the members of Options Group Holdings Limited**

We have audited the Group and parent company financial statements of Options Group Holdings Limited for the year ended 31 March 2013 which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated statement of total recognised gains and losses, the consolidated note of historical cost profits and losses, the company balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2013 and of the Group's loss and cash flows 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

## **Options Group Holdings Limited**

### **Independent auditors' report to the members of Options Group Holdings Limited (continued)**

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Katharine Warrington (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
26 September 2013

## Options Group Holdings Limited

### Consolidated profit and loss account for the year ended 31 March 2013

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Turnover</b>	2	<b>33,659</b>	32,800
Cost of sales		<b>(25,100)</b>	(23,969)
Gross profit		<b>8,559</b>	8,831
Administrative expenses		<b>(6,916)</b>	(10,557)
<b>Earnings before Interest, Taxation, Depreciation, Amortisation and other exceptional costs</b>		<b>4,677</b>	5,383
Depreciation	9	<b>(1,668)</b>	(1,334)
Amortisation	8	<b>(1,366)</b>	(5,466)
Impairment	3	-	(309)
<b>Operating profit/(loss)</b>	3	<b>1,643</b>	(1,726)
Interest payable and similar charges	6	<b>(2,035)</b>	(1,896)
<b>Loss on ordinary activities before taxation</b>		<b>(392)</b>	(3,622)
Tax charge on loss on ordinary activities	7	<b>(601)</b>	(82)
<b>Loss for the financial year</b>	16	<b>(993)</b>	(3,704)

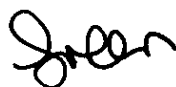
The results derive wholly from continuing operations of the Group

# Options Group Holdings Limited

## Consolidated balance sheet as at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
<b>Fixed assets</b>			
Intangible assets	8	-	1,366
Tangible assets	9	51,446	50,436
		<b>51,446</b>	<b>51,802</b>
<b>Current assets</b>			
Debtors	11	6,687	7,081
Cash at bank and in hand		40	35
		<b>6,727</b>	<b>7,116</b>
<b>Creditors' amounts falling due within one year</b>	12	<b>(14,097)</b>	<b>(11,673)</b>
<b>Net current liabilities</b>		<b>(7,370)</b>	<b>(4,557)</b>
<b>Total assets less current liabilities</b>		<b>44,076</b>	<b>47,245</b>
<b>Creditors' amounts falling due after more than one year</b>	13	<b>(45,405)</b>	<b>(47,581)</b>
<b>Net liabilities</b>		<b>(1,329)</b>	<b>(336)</b>
<b>Capital and reserves</b>			
Called up share capital	15	500	500
Profit and loss account	16	(15,257)	(14,264)
Revaluation reserve	16	13,428	13,428
<b>Total shareholders' deficit</b>	23	<b>(1,329)</b>	<b>(336)</b>

The financial statements on pages 10 to 33 were approved by the Board of Directors on 24 September 2013 and were signed on its behalf by



S Green  
Director

Registered number 06909044

## Options Group Holdings Limited

### Consolidated statement of total recognised gains and losses for the year ended 31 March 2013

	2013	2012
	£'000	£'000
Loss for the financial year	(993)	(3,704)
Unrealised surplus on revaluation of properties	-	13,428
<b>Total recognised (losses)/gains relating to the financial year</b>	<b>(993)</b>	<b>9,724</b>
<b>Total (losses)/gains recognised since last annual report</b>	<b>(993)</b>	<b>9,724</b>

## Options Group Holdings Limited

### Consolidated note of historical cost profits and losses for the year ended 31 March 2013

	2013	2012
	£	£
Reported loss on ordinary activities before taxation	(392)	(3,622)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	269	-
<b>Historical cost loss on ordinary activities before taxation</b>	<b>(123)</b>	<b>(3,622)</b>
<b>Historical cost loss for the year after taxation</b>	<b>(724)</b>	<b>(3,704)</b>

# Options Group Holdings Limited

## Company balance sheet as at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
<b>Fixed assets</b>			
Investments	10	615	615
<b>Current assets</b>			
Debtors	11	8,832	9,020
		8,832	9,020
Creditors, amounts falling due within one year	12	(9,603)	(6,542)
<b>Net current (liabilities)/assets</b>		<b>(771)</b>	<b>2,478</b>
<b>Total assets less current liabilities</b>		<b>(156)</b>	<b>3,093</b>
Creditors: amounts falling due after more than one year	13	(3,790)	(5,966)
<b>Net liabilities</b>		<b>(3,946)</b>	<b>(2,873)</b>
<b>Capital and reserves</b>			
Called up share capital	15	500	500
Profit and loss account	16	(4,446)	(3,373)
<b>Total shareholders' deficit</b>		<b>(3,946)</b>	<b>(2,873)</b>

The financial statements on pages 10 to 33 were approved by the Board of Directors on [Date] and were signed on its behalf by



S Green  
Director

Registered number 06909044



# Options Group Holdings Limited

## Consolidated cash flow statement for the year ended 31 March 2013

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Cash inflow from operating activities</b>	19	<b>4,130</b>	4,244
<b>Returns on investments and servicing of finance</b>			
Interest paid		(1,594)	(1,663)
Issues costs of bank loan		(416)	(558)
Net cash outflow from returns on investments and servicing of finance		(2,010)	(2,221)
<b>Taxation</b>		(463)	-
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(2,730)	(1,777)
Sale of tangible fixed assets		29	44
Net cash outflow from capital expenditure and financial investment		(2,701)	(1,733)
Net cash inflow before financing		(1,044)	290
<b>Financing</b>			
Funds from new long term loan		-	48,613
Repayment of amounts borrowed		(500)	(48,613)
Net cash outflow from financing		(500)	-
<b>(Decrease)/increase in cash in the year</b>		<b>(1,544)</b>	290

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006. The following accounting policies are applied consistently within the Group. A summary of the more important accounting policies is set out below.

#### Basis of preparation and consolidation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Group financial statements include the results of the Company and all of its subsidiary undertakings, made up to 31 March 2013. Intra-Group sales, profits and balances are eliminated fully on consolidation. The Company is exempt under the terms of Financial Reporting Standard 8 "Related party disclosures" from disclosing related party transactions with entities that are wholly owned within the Options Group Holdings Limited Group.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

#### Changes in accounting policy

In accordance with Financial Reporting Standard 18 "Accounting policies" the Board regularly reviews the Company's accounting policies to ensure that they remain the most appropriate. There have been no changes in accounting policy during the financial year.

#### Going Concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support provided to the Group by the lender. During the year the Group agreed further long term loan facilities including the provision of specific additional funding for future developments.

#### Tangible fixed assets and depreciation

All fixed assets are initially recorded at historic cost, being the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Properties are subsequently revalued by external independent valuers on a regular basis using open market value, less subsequent depreciation, so that the carrying value of an asset does not differ significantly from its fair value at the balance sheet date. When a valuation is below current carrying value, the asset concerned is reviewed for impairment. Impairment losses are charged to the profit and loss account. Surpluses on revaluation are recognised in the revaluation reserve.

Depreciation is provided to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Freehold property	-	50 years straight line
Fixtures and fittings	-	4 years straight line
Office Equipment	-	4 years straight line
Motor Vehicles	-	4 years straight line

No depreciation is provided on freehold land or assets in the course of construction which are not in use at year end.

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 1 Accounting policies (continued)

#### **Intangible fixed assets**

Goodwill arising on consolidation represents the excess of the fair value of the consideration for subsidiaries and business purchases over the fair values of the net assets acquired. Goodwill arising on acquisitions is capitalised and stated at historical cost less any provisions for amortisation and impairment.

The Group evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Purchased goodwill (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to £nil by equal annual instalments over its estimated useful life, considered by the directors to be three years. Amortisation of goodwill is provided from the date of acquisition.

#### **Fixed asset investments**

Investments are carried at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### **Pension and other post retirement benefits**

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The annual contributions payable are charged to the profit and loss account.

Certain subsidiaries contribute to the Teachers' Pension Scheme (TPS) for teaching staff who are members of the scheme. The TPS is a separate government funded scheme. Accordingly, the Company has accounted for its contributions to the scheme as a defined contribution scheme. The annual contributions payable are charged to the profit and loss account.

#### **Taxation**

##### *Current tax*

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous financial years.

##### *Deferred tax*

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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

# **Options Group Holdings Limited**

## **Notes to the financial statements for the year ended 31 March 2013 (continued)**

### **1 Accounting policies (continued)**

#### **Taxation (continued)**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis. The Directors believe it is appropriate to continue to recognise the deferred tax assets in anticipation of forecast profitable trading.

#### **Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### **Borrowings**

All borrowings are initially stated at fair value of the consideration received after the deduction of wholly attributable finance costs. In accordance with Financial Reporting Standard 4 "Capital instruments", these costs are charged to the profit and loss account over the estimated life of the relevant borrowings.

#### **Operating Leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### **2 Turnover**

Turnover shown in the profit and loss account represents amounts invoiced for services provided in the financial year. All turnover is derived from its principal activity of a range of services for young people with complex autistic spectrum disorders. All operations are within the United Kingdom. Revenue is recognised on provision of the service. Where amounts are invoiced in advance or arrears, income recognition is adjusted to include only the amounts relating to services provided in the current year, with accrued or deferred revenue being recognised on the balance sheet within debtors and creditors as appropriate.

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 3 Operating profit/(loss)

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Operating profit/(loss) is stated after charging/(crediting)</b>		
<i>Auditors' remuneration</i>		
- Fees payable to the Company's auditors for the audit of the Company's financial statements	4	4
<i>Services provided by the Company's auditor</i>		
- The audit of the Company's subsidiaries, pursuant to legislation	48	52
- Services relating to taxation	30	29
- All other services	9	21
<i>Depreciation of tangible fixed assets</i>		
- Owned assets	1,668	1,334
Loss/(profit) on disposal of fixed assets	23	(23)
Impairment	-	309
Operating lease rentals	146	109
Amortisation of intangible assets	1,366	5,466

### 4 Employee information

The average monthly number of persons (including Directors) employed by the Group during the financial year was as follows (there are no employees (2012 nil) of the Company)

	Year ended 31 March 2013 Number	Year ended 31 March 2012 Number
Care and education	845	796
Administration	149	147
	994	943

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 4 Employee information (continued)

The aggregate payroll costs of these persons were as follows

	£'000	£'000
Wages and salaries	20,137	19,124
Social security costs	1,646	1,725
Other pension costs (note 18)	397	285
	<b>22,180</b>	<b>21,134</b>

### 5 Remuneration of Directors

	Year ended 31 March 2013	Year ended 31 March 2012
	£'000	£'000
Directors' emoluments, including pension contributions	588	489

Included with Directors' emoluments is £18,400 (2012 £17,000) paid in respect of Company pension contributions to money purchase schemes for two (2012 two) of the Directors

The highest paid Director received emoluments of £182,200 (2012 £218,000) during the financial year. No amounts were accruing in respect of pension contributions for this Director at the financial year end (2012 £nil)

Included within administration costs were costs of £108,900 (2012 write back £16,000) representing severance payments to the Directors of the Company and its subsidiaries who resigned in the year

### 6 Interest payable and similar charges

	Year ended 31 March 2013	Year ended 31 March 2012
	£'000	£'000
Bank loans and overdrafts	1,594	1,663
Financing costs	441	233
	<b>2,035</b>	<b>1,896</b>

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 7 Tax on loss on ordinary activities

	Year ended 31 March 2013  £'000	Year ended 31 March 2012  £'000
<b>Current tax</b>		
UK Corporation tax on losses for the financial year	132	347
Prior year adjustment	(29)	-
Total current tax for the year	103	347
<b>Deferred tax</b>		
Origination and reversal of timing differences	425	173
Changes in tax rates or laws	73	116
Change in expected utilisation of losses	-	(554)
Total deferred tax charge/(credit)	498	(265)
Total tax charge on loss on ordinary activities	601	82

## Options Group Holdings Limited

### Notes to the financial statements for the year ended 31 March 2013 (continued)

#### 7 Tax on loss on ordinary activities (continued)

The current tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK 24% (2012 26%). The differences are explained below

##### Factors affecting the tax charge for the financial year

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Loss on ordinary activities before tax	(392)	(3,622)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	(94)	(942)
Effects of		
Expenses not deductible for tax purposes	677	1,628
Accelerated capital allowances	(9)	(35)
Other timing differences	-	-
Utilisation of losses brought forward	(442)	(304)
Prior year adjustment	(29)	-
Total current tax charge	103	347

Deferred tax assets are recognised losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £1,007,000 (2012 £1,054,000) in respect of losses amounting to £4,377,000 (2012 £4,391,000) that can be carried forward against future taxable income.

The March 2012 Budget included a reduction in the main rate of corporation tax for UK companies from 26% to 24% from 1 April 2012. Legislation to further reduce the main rate of corporation tax to 23% from 1 April 2013 was included in the Finance Act 2012 and subsequently enacted in July 2012. UK deferred tax has therefore been provided at 23% (2012 24%).



# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 8 Intangible assets

Group	Goodwill
	£'000
<b>Cost</b>	
At 1 April 2012 and at 31 March 2013	16,396
<b>Accumulated amortisation</b>	
At 1 April 2012	15,030
Charge for the financial year	1,366
<b>At 31 March 2013</b>	<b>16,396</b>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<b>-</b>
At 31 March 2012	1,366

The Directors consider each acquisition separately in determining the amortisation period of any goodwill that arises. Goodwill is written off over 3 years, being its expected useful economic life. Further details of the fixed asset investments can be found in note 10.

#### Company

The Company did not have any intangible assets at any time during the financial year (2012: £nil).

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 9 Tangible fixed assets

Group	Freehold property £'000	Office equipment £'000	Assets in the course of con- struction £'000	Furniture & Fixtures £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>						
At 1 April 2012	49,712	1,336	73	1,222	342	52,685
Additions	1,713	309	235	386	87	2,730
Disposals	(19)	-	-	-	(69)	(88)
Transfer	62	-	(62)	-	-	-
<b>At 31 March 2013</b>	<b>51,468</b>	<b>1,645</b>	<b>246</b>	<b>1,608</b>	<b>360</b>	<b>55,327</b>
<b>Accumulated depreciation</b>						
At 1 April 2012	582	782	-	740	145	2,249
Charge for the year	1,086	245	-	246	91	1,668
Disposals	(1)	-	-	-	(35)	(36)
<b>At 31 March 2013</b>	<b>1,667</b>	<b>1,027</b>	<b>-</b>	<b>986</b>	<b>201</b>	<b>3,881</b>
<b>Net book value</b>						
<b>At 31 March 2013</b>	<b>49,801</b>	<b>618</b>	<b>246</b>	<b>622</b>	<b>159</b>	<b>51,446</b>
At 31 March 2012	49,130	554	73	482	197	50,436

The net book value of land and buildings includes £670,000 (2012 £670,000) in respect of freehold land which is not depreciated

A full valuation of the freehold properties amounting to £49,130,000 was carried out by GVA Grimley Limited Chartered Surveyors in the prior year as at 31 March 2012 based on an existing use value. The historical net book value of the property as at 31 March 2013 is £36,906,952 (2012 £36,011,000)

#### Company

The Company did not hold any tangible fixed assets at any time during the financial year (2012 £nil)

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 10 Fixed asset investments

Company	Interests in subsidiary undertakings
	£'000
<b>Cost</b>	
At 1 April 2012 and at 31 March 2013	615
<b>Impairment</b>	
At 1 April 2012 and at 31 March 2013	-
<b>Net book value</b>	
At 31 March 2012 and at 31 March 2013	615

The Directors believe that the carrying value of the investments is supported by their underlying net assets

Subsidiary undertaking	% holding	Nature of business
New Options Limited	100	Children's home and school for young people with complex autistic spectrum disorders
New Options (2) Limited	100	Children's home and school for young people with complex autistic spectrum disorders and residential care and care for children and young adults with severe learning disabilities
New Options (3) Limited	100	Children's home and school for young people with complex autistic spectrum disorders
Wider Options Limited	100	Residential care and education for children and young adults with severe learning disabilities
Options The Thicket Limited	100	Provision of services for individuals with autistic spectrum disorders
Wider Options (3) Limited	100	Residential care and education for children and young adults with severe learning disabilities
Young Options College Limited	100	Residential care and education for children and young adults with severe learning disabilities and behavioural, emotional and social difficulties (BESD)
Options Central Services Limited	100	Central office services to fellow subsidiaries
Young Options (3 1) Limited	100*	Dormant
Young Options (4 1) Limited	100*	Dormant
Family Options Limited	100*	Dormant
Young Options Limited	100*	Dormant
Newco Options (2) Limited	100*	Dormant

All of the subsidiary undertakings are incorporated in Great Britain and registered in England and Wales. All shares held in subsidiaries are ordinary shares. An asterisk indicates that the Company has an indirect holding of that investment.

# Options Group Holdings Limited

## 11 Debtors

	Group	Company	Group	Company
	31 March 2013	31 March 2013	31 March 2012	31 March 2012
	£'000	£'000	£'000	£'000
Trade debtors	4,749	-	4,962	-
Amounts owed by Group undertakings	-	8,794	-	8,995
Other debtors	80	-	54	-
Prepayments and accrued income	604	38	313	25
Deferred tax asset (note 14)	1,254	-	1,752	-
	6,687	8,832	7,081	9,020

Amounts owed from group undertakings were unsecured, interest free and repayable on demand

## 12 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	31 March 2013	31 March 2013	31 March 2012	31 March 2012
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 13)	8,024	9,485	4,358	5,877
Trade creditors	996	7	770	30
Other creditors	55	2	65	2
Corporation tax	80	-	440	-
Other taxation and social security	461	11	477	18
Accruals and deferred income	4,481	98	5,563	615
	14,097	9,603	11,673	6,542

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 13 Creditors: amounts falling due after more than one year

	Group	Company	Group	Company
	31 March 2013	31 March 2013	31 March 2012	31 March 2012
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	45,405	3,790	47,581	5,966

#### Maturity of debt

	Overdrafts	Bank loans	Total	Overdrafts	Bank loans	Total
	31 March 2013	31 March 2013	31 March 2013	31 March 2012	31 March 2012	31 March 2012
	£'000	£'000	£'000	£'000	£'000	£'000

#### Group

Within one year	5,848	2,176	8,024	4,299	59	4,358
Within two to five years	-	45,405	45,405	-	47,581	47,581
	5,848	47,581	53,429	4,299	47,640	51,939

#### Company

Within one year	7,309	2,176	9,485	5,818	59	5,877
Within two to five years	-	3,790	3,790	-	5,966	5,966
	7,309	5,966	13,275	5,818	6,025	11,843

The bank loans are secured by way of fixed and floating charges over the assets of the subsidiaries of the Group

Interest on the bank loans and overdrafts are charged at LIBOR plus 2.5%. Additional mandatory costs of 0.0071% (2012: 0.0065%) are charged on the bank loans

Group and Company secured bank loans are stated net of unamortised issue costs of £531,762 (2012: £973,000). The Group incurred total issue costs of £700,000 in respect of the three-year facility entered into in September 2010 and £623,000 in respect of the three-year facility renegotiated in March 2012. These costs (together with the interest expense) are allocated to the profit and loss account over the three year term of each facility.

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 14 Deferred tax

	Group	Company	Group	Company
	31 March 2013	31 March 2013	31 March 2012	31 March 2012
	£'000	£'000	£'000	£'000
<b>Deferred tax asset</b>	<b>1,254</b>	<b>-</b>	<b>1,752</b>	<b>-</b>

The deferred tax asset at 31 March 2012 and 31 March 2013 is held within debtors (see note 11)

Group	£'000
The movements in the deferred tax asset was as follows	
At 1 April 2012	1,752
Charge to the profit and loss account for the year (note 7)	(498)
<b>At 31 March 2013</b>	<b>1,254</b>

The elements of deferred tax are as follows

	31 March 2013	31 March 2012
	£'000	£'000
Difference between accumulated depreciation and amortisation and capital allowances	(183)	(182)
Other timing differences	3	3
Losses	1,434	1,931
<b>Undiscounted provision – deferred tax asset</b>	<b>1,254</b>	<b>1,752</b>

An unrecognised deferred tax asset of £1,007,000 exists as at the year end (2012 £1,054,000) The amount principally consists of brought forward losses and no value is placed on these given the uncertainty over future profits against which the amount could be recovered

In addition to the changes in rates of Corporation tax disclosed within note 7, further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would not materially affect the deferred tax asset or the tax expense for the period.

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 15 Called up share capital

Allotted and fully paid	31 March 2013	31 March 2013	31 March 2012	31 March 2012
	Number	£'000	Number	£'000
A Ordinary shares of £0.01 each	700	-	700	-
B Ordinary shares of £0.01 each	220	-	160	-
C Ordinary shares of £0.01 each	50,000,500	500	50,000,500	500
D Ordinary shares of £0.01 each	60	-	30	-
X Ordinary shares of £0.01 each	9	-	-	-
Ordinary shares of £0.01 each	50,001,489	500	50,001,390	500

On 23 April 2012, 9 X ordinary shares of £0.01 were issued and allotted. On 23 April 2012, a further 60 B Ordinary shares were allotted. On 13 June 2012 a further 30 D Ordinary shares were allotted and issued.

The Ordinary C class shares carry no rights to participate in any dividend and no voting rights. The Ordinary A class shares have voting rights pared back to 49.9% unless certain conditions are satisfied, with the remainder of the voting rights held by the B shares.

On a return of capital, sale or winding up the Company's remaining assets after settlement of all remaining liabilities will be distributed to the shareholders in the following proportions, A Ordinary shareholders 70%, B Ordinary shareholders 22%, C Ordinary shareholders 5%, D shares 3% and X shares nil%.

Barclays Converted Investments (No 2) Limited own shares that give it 49.9% of the voting rights of the Company.

### 16 Reserves

	Revaluation reserve		Profit and loss account	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
At 1 April 2012	13,428	-	(14,264)	(3,373)
Loss for the financial year	-	-	(993)	(1,073)
<b>At 31 March 2013</b>	<b>13,428</b>	<b>-</b>	<b>(15,257)</b>	<b>(4,446)</b>

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 17 Contingent liabilities

Substantially all the assets of the Group are pledged as security under a fixed and floating charge in favour of the lenders under the Group's senior credit facility (see note 13)

### 18 Pensions

#### Group and Company

The Group operates a defined contribution pension scheme. The pension cost charge for the financial year represents contributions payable by the Group to the schemes and amounted to £397,000 (2012: £285,000). Contributions amounting to £23,000 (2012: £25,000) were accruing at the year end.

### 19 Reconciliation of operating loss to net cash inflow from operating activities

	Year ended 31 March 2013  £'000	Year ended 31 March 2012  £'000
Operating profit/(loss)	1,643	(1,726)
Depreciation	1,668	1,643
Amortisation	1,366	5,466
Disposals of tangible fixed assets	23	(23)
Increase in debtors	(104)	(737)
Decrease in creditors	(466)	(379)
Net cash inflow from operating activities	4,130	4,244



# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 20 Analysis of net debt

	At 1 April 2012	Other	Cash Flow	At 31 March 2013
	£'000	£'000	£'000	£'000
Cash	35	-	5	40
Overdrafts	(4,299)	-	(1,549)	(5,848)
	(4,264)	-	(1,544)	(5,808)
Debt due within one year	(59)	(2,617)	500	(2,176)
Debt due after one year	(47,581)	2,176	-	(45,405)
<b>Total</b>	<b>(51,904)</b>	<b>(441)</b>	<b>(1,044)</b>	<b>(53,389)</b>

### 21 Commitments

At 31 March 2013 the Group has lease agreements in respect of properties and plant and equipment, for which the payments extend over a number of years

	2013	2012
	£'000	£'000
<b>Land and buildings, leases expiring</b>		
- within one year	4	5
- after one year and before five years	49	42
- after five years	85	41
	<b>138</b>	<b>88</b>
<b>Other, leases expiring</b>		
- within one year	8	-
- after one year and before five years	-	18
	<b>146</b>	<b>106</b>

# Options Group Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 22 Reconciliation of net cash flow to movement in net debt

		31 March 2013	31 March 2012
	Note	£'000	£'000
Increase/(decrease) in cash in the financial year		5	(6)
Movement in overdrafts		(1,549)	296
<b>Change in net cash</b>		<b>(1,544)</b>	<b>290</b>
Funds from new borrowings		-	-
Repayment of amounts borrowed		500	-
Other non cash changes		(441)	390
<b>Movement in net debt in the financial year</b>		<b>(1,485)</b>	<b>680</b>
<b>Net debt at 31 March</b>	20	<b>(53,389)</b>	<b>(51,904)</b>

### 23 Reconciliation of movements in total shareholders' deficit

		31 March 2013	31 March 2012
		£'000	£'000
Loss for the financial year		(993)	(3,704)
Revaluation in the year		-	13,428
<b>Net (increase)/reduction from total shareholders' deficit</b>		<b>(993)</b>	<b>9,724</b>
Opening total shareholders' deficit		(336)	(10,060)
<b>Closing total shareholders' deficit</b>		<b>(1,329)</b>	<b>(336)</b>

## Options Group Holdings Limited

### Notes to the financial statements for the year ended 31 March 2013 (continued)

#### 24 Related party transactions

The Directors had the following shareholdings at the financial year end

	No of shares	Type of shares	% Shareholding
S Green	40	Ordinary B Class	4.0
G Baker	60	Ordinary B Class	6.0

During the financial year £nil (2012 £170,791) was paid to Aspergers.co.uk Limited, a company owned by S Bradshaw (a Director of Options Group Holdings Limited) who resigned on 16 November 2012, in respect of chairman advisory services

Barclays Bank plc also provides the bank overdraft and loan facilities to the Group. Outstanding amounts at the financial year are detailed in note 13.

During the year £100,000 (2012 £100,000) was paid to Barclays in relation to attendance at Board meetings.

#### 25 Ultimate parent company and controlling party

The ultimate parent undertaking and controlling party of the Group is Options Group Holdings Limited. Options Group Holdings Limited is also the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2013.

Barclays Converted Investments (No 2) Limited owns shares that give it 49.9% of the voting rights of the Company.