

Options Group Holdings Limited
Annual report and financial statements
for the year ended 31 March 2014

Registered number: 06909044

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Options Group Holdings Limited

Annual report and financial statements for the year ended 31 March 2014

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Options Group Holdings Limited

Directors and advisors

Directors

G Baker
D Garman
R Northall
J Worsley
R Cooke

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

Strategic report for the year ended 31 March 2014

The Directors present their strategic report, directors' 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 2014.

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 renewed its facilities in July 2014.

Future Outlook

The results of the Group show a further increase in turnover this year and it has sustained a good level of operating profit.

The Group continues to operate in a highly regulated environment and its strategy continues to be that of exceeding such requirements wherever possible in order to deliver both good outcomes for its service users and value for money. The Group has strengthened its Board since the year end and they are focussing on:

- Delivering high quality services and the best possible outcomes for all our young people and adults;
- Continued improvement in quality ratings across the Group;
- Further investment in our services and the development of our staff and;
- Redefining the proposition to the market in order to maintain a position of strength within the market place.

Key performance indicators

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

Strategic report for the year ended 31 March 2014 (continued)

Key performance indicators (continued)

Financial KPIs for 2014 were as follows:

KPI	31 March 2014 £'000	31 March 2013 £'000	Narrative
Turnover	34,897	33,659	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	4,455	4,677	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	5,037	4,130	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.

Political and charitable donations

The Group made no political donations during the financial year (2013: £nil). The group made £nil (2013: £375) charitable donations during the year.

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.

Options Group Holdings Limited

Strategic report for the year ended 31 March 2014 (continued)

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 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.

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.

Options Group Holdings Limited

Strategic report for the year ended 31 March 2014 (continued)

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

On behalf of the Board

A handwritten signature in black ink, appearing to be 'G Baker', written over a large, faint, oval-shaped background mark.

G Baker
Director

19 December 2014

Options Group Holdings Limited

Directors' report for the year ended 31 March 2014

The Directors present their annual report and the financial statements of the Group and its subsidiaries for the year ended 31 March 2014.

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 (resigned 6 March 2014)
R Northall (appointed 9 December 2014)
J Worsley (appointed 9 December 2014)
R Cooke (appointed 9 December 2014)

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 (2013: £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.

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.

Matters covered in the Strategic Report

The business review, principal risks and uncertainties and key financial performance indicators are covered in the Strategic Report.

Options Group Holdings Limited

Directors' report for the year ended 31 March 2014 (continued)

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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are not aware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves 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

19 December 2014

Options Group Holdings Limited

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2014 and of the group's profit 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by Options Group Holdings Limited, comprise:

- the group and parent company balance sheets as at 31 March 2014;
- the consolidated profit and loss account and the consolidated note of historical cost profits and losses for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 the 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 Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Options Group Holdings Limited

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 7, 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 ISAs (UK & 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.



Katharine Warrington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

31 December 2014

Options Group Holdings Limited

Consolidated profit and loss account for the year ended 31 March 2014

	Note	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Turnover	2	34,897	33,659
Cost of sales		(26,585)	(25,100)
Gross profit		8,312	8,559
Administrative expenses		(5,773)	(6,916)
Earnings before Interest, Taxation, Depreciation, Amortisation and other exceptional costs		4,455	4,677
Depreciation	9	(1,787)	(1,668)
Amortisation	8	-	(1,366)
Exceptional costs	3	(129)	-
Operating profit	3	2,539	1,643
Interest payable and similar charges	6	(1,886)	(2,035)
Profit/(Loss) on ordinary activities before taxation		653	(392)
Tax charge on profit/(loss) on ordinary activities	7	(611)	(601)
Profit/(Loss) for the financial year	16	42	(993)

The results derive wholly from continuing operations of the Group.

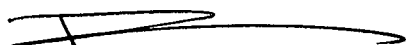
The Group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

Options Group Holdings Limited

Consolidated balance sheet as at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	51,359	51,446
		51,359	51,446
Current assets			
Debtors	11	5,054	6,687
Cash at bank and in hand		59	40
		5,113	6,727
Creditors: amounts falling due within one year	12	(15,057)	(14,097)
Net current liabilities		(9,944)	(7,370)
Total assets less current liabilities		41,415	44,076
Creditors: amounts falling due after more than one year	13	(42,702)	(45,405)
Net liabilities		(1,287)	(1,329)
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account	16	(15,215)	(15,257)
Revaluation reserve	16	13,428	13,428
Total shareholders' deficit	23	(1,287)	(1,329)

The financial statements on pages 10 to 32 were approved by the Board of Directors on 19 December 2014 and were signed on its behalf by:



R Northall
Director

Registered number: 06909044

Options Group Holdings Limited

Consolidated note of historical cost profits and losses for the year ended 31 March 2014

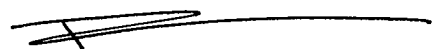
	2014	2013
	£	£
Reported profit/(loss) on ordinary activities before taxation	653	(392)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	269	269
Historical cost profit/(loss) on ordinary activities before taxation	922	(123)
Historical cost profit/(loss) for the year after taxation	311	(724)

Options Group Holdings Limited

Company balance sheet as at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
Fixed assets			
Investments	10	615	615
Current assets			
Debtors	11	6,754	8,832
		6,754	8,832
Creditors: amounts falling due within one year	12	(11,719)	(9,603)
Net current liabilities		(4,965)	(771)
Total assets less current liabilities		(4,350)	(156)
Creditors: amounts falling due after more than one year	13	(718)	(3,790)
Net liabilities		(5,068)	(3,946)
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account	16	(5,568)	(4,446)
Total shareholders' deficit		(5,068)	(3,946)

The financial statements on pages 10 to 32 were approved by the Board of Directors on 19 December 2014 and were signed on its behalf by:



R Northall
Director

Registered number: 06909044

Options Group Holdings Limited

Consolidated cash flow statement for the year ended 31 March 2014

	Note	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Cash inflow from operating activities	19	5,037	4,130
Returns on investments and servicing of finance			
Interest paid		(1,508)	(1,594)
Issues costs of bank loan		(103)	(416)
Net cash outflow from returns on investments and servicing of finance		(1,611)	(2,010)
Taxation		(158)	(463)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,722)	(2,730)
Sale of tangible fixed assets		8	29
Net cash outflow from capital expenditure and financial investment		(1,714)	(2,701)
Net cash inflow/(outflow) before financing		1,554	(1,044)
Financing			
Funds from new long term loan		367	-
Repayment of amounts borrowed		(1,000)	(500)
Net cash outflow from financing		(633)	(500)
Increase/(Decrease) in cash in the year		921	(1,544)

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014

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 2014. 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 2014 (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 2014 (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 2014 (continued)

3 Operating profit

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Operating profit is stated after charging:		
<i>Auditors' remuneration:</i>		
- Fees payable to the Company's auditors for the audit of the Company's financial statements	1	4
<i>Services provided by the Company's auditor:</i>		
- The audit of the Company's subsidiaries, pursuant to legislation	52	48
- Services relating to taxation	30	30
- All other services	43	9
Depreciation of tangible fixed assets:		
- Owned assets	1,787	1,668
Loss on disposal of fixed assets	8	23
Exceptional costs – Severance costs	129	-
Operating lease rentals - Other	124	146
Amortisation of intangible assets	-	1,366

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 (2013: nil) of the Company):

	Year ended 31 March 2014 Number	Year ended 31 March 2013 Number
Care and education	877	845
Administration	164	149
	1,041	994

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

4 Employee information (continued)

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	20,643	20,137
Social security costs	1,769	1,646
Other pension costs (note 18)	276	397
	22,688	22,180

5 Remuneration of Directors

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Directors' emoluments, including pension contributions	427	588

Included with Directors' emoluments is £6,600 (2013: £18,400) paid in respect of Company pension contributions to money purchase schemes for two (2013: two) of the Directors.

The highest paid Director received emoluments of £202,850 (2013: £182,200) during the financial year. No amounts were accruing in respect of pension contributions for this Director at the financial year end (2013: £nil).

Included within administration costs were costs of £nil (2013 write back: £108,900) 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 2014	Year ended 31 March 2013
	£'000	£'000
Interest payable on bank loans and overdrafts	1,508	1,594
Financing costs	378	441
	1,886	2,035

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

7 Tax on (Profit) / Loss on ordinary activities

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Current tax		
UK Corporation tax on (profits) / losses for the financial year	26	132
Adjustments in respect of prior years	(261)	(29)
Total current tax for the year	(235)	103
Deferred tax		
Origination and reversal of timing differences	664	425
Changes in tax rates or laws	150	73
Adjustments in respect of previous years	32	-
Total deferred tax charge	846	498
Total tax charge on (Profit) / Loss on ordinary activities	611	601

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

7 Tax on Profit / (Loss) on ordinary activities (continued)

The current tax charge for the year is lower (2013: higher) than the standard rate of corporation tax in the UK 23% (2013: 24%). The differences are explained below:

Factors affecting the tax charge for the financial year

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Profit/(Loss) on ordinary activities before tax	653	(392)
Profit/(Loss) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	150	(94)
Effects of:		
Expenses not deductible for tax purposes	265	677
Accelerated capital allowances	(36)	(9)
Utilisation of losses brought forward	(353)	(442)
Adjustments in respect of prior years	(261)	(29)
Total current tax (credit)/charge	(235)	103

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 £1,108,346 (2013: £1,007,000) in respect of losses amounting to £4,818,896 (2013: £4,377,000) that can be carried forward against future taxable income.

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. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

8 Intangible assets

Group	Goodwill £'000
Cost	
At 1 April 2013 and at 31 March 2014	16,396
Accumulated amortisation	
At 1 April 2013	16,396
Charge for the financial year	-
At 31 March 2014	16,396
Net book value	
At 31 March 2014	-
At 31 March 2013	-

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 (2013: £nil).

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

9 Tangible fixed assets

Group	Freehold property £'000	Office equipment £'000	Assets in the course of con- struction £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 April 2013	51,468	1,645	246	1,608	360	55,327
Additions	997	246	72	313	94	1,722
Disposals	-	-	-	-	(104)	(104)
At 31 March 2014	52,465	1,891	318	1,921	350	56,945
Accumulated depreciation						
At 1 April 2013	1,667	1,027	-	986	201	3,881
Charge for the year	1,125	287	-	291	84	1,787
Disposals	-	-	-	-	(82)	(82)
At 31 March 2014	2,792	1,314	-	1,277	203	5,586
Net book value						
At 31 March 2014	49,673	577	318	644	147	51,359
At 31 March 2013	49,801	618	246	622	159	51,446

The net book value of land and buildings includes £670,000 (2013: £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 2014 is £37,047,393 (2013: £36,906,952).

Company

The Company did not hold any tangible fixed assets at any time during the financial year (2013: £nil).

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

10 Fixed asset investments

Company	Interests in subsidiary undertakings
	£'000
Cost	
At 1 April 2013 and at 31 March 2014	615
Impairment	
At 1 April 2013 and at 31 March 2014	-
Net book value	
At 31 March 2013 and at 31 March 2014	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

Notes to the financial statements for the year ended 31 March 2014 (continued)

11 Debtors

	Group	Company	Group	Company
	31 March 2014	31 March 2014	31 March 2013	31 March 2013
	£'000	£'000	£'000	£'000
Trade debtors	3,953	-	4,749	-
Amounts owed by Group undertakings	-	6,728	-	8,794
Other debtors	57	-	80	-
Corporation tax	401	-	-	-
Prepayments and accrued income	328	26	604	38
Deferred tax asset (note 14)	315	-	1,254	-
	5,054	6,754	6,687	8,832

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 2014	31 March 2014	31 March 2013	31 March 2013
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 13)	9,446	11,543	8,024	9,485
Trade creditors	1,007	44	996	7
Other creditors	62	-	55	2
Corporation tax	-	-	80	-
Other taxation and social security	472	19	461	11
Accruals and deferred income	4,070	113	4,481	98
	15,057	11,719	14,097	9,603

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

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

13 Creditors: amounts falling due after more than one year

	Group	Company	Group	Company
	31 March 2014	31 March 2014	31 March 2013	31 March 2013
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	42,702	718	45,405	3,790

Maturity of debt

	Overdrafts	Bank loans	Total	Overdrafts	Bank loans	Total
	31 March 2014	31 March 2014	31 March 2014	31 March 2013	31 March 2013	31 March 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
Within one year	4,946	4,500	9,446	5,848	2,500	8,348
Within two to five years	-	42,980	42,980	-	45,613	45,613
	4,946	47,480	52,426	5,848	48,113	53,961
Unamortised issue costs	-	(278)	(278)	-	(532)	(532)
	4,946	47,202	52,148	5,848	47,581	53,429
Company						
Within one year	7,043	4,500	11,543	7,309	2,176	9,485
Within two to five years	-	718	718	-	3,790	3,790
	7,043	5,218	12,261	7,309	5,966	13,275

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 nil% (2013: 0.0071%) are charged on the bank loans.

Group and Company secured bank loans are stated net of unamortised issue costs of £278,972 (2013: £531,762). 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 2014 (continued)

14 Deferred tax

	Group	Company	Group	Company
	31 March 2014	31 March 2014	31 March 2013	31 March 2013
	£'000	£'000	£'000	£'000
Deferred tax asset	315	-	1,254	-

The deferred tax asset at 31 March 2013 and 31 March 2014 is held within debtors (see note 11).

Group	£'000
The movements in the deferred tax asset was as follows:	
At 1 April 2013	1,254
Charge to the profit and loss account for the year (note 7)	(846)
Adjustments in respect of prior years	(93)
At 31 March 2014	315

The elements of deferred tax are as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Difference between accumulated depreciation and amortisation and capital allowances	(191)	(183)
Other timing differences	4	3
Losses	502	1,434
Undiscounted provision – deferred tax asset	315	1,254

An unrecognised deferred tax asset of £1,108,346 exists as at the year end (2013: £1,007,000). 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 year.

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

15 Called up share capital

Allotted and fully paid	31 March 2014	31 March 2014	31 March 2013	31 March 2013
	Number	£'000	Number	£'000
A Ordinary shares of £0.01 each	700	-	700	-
B Ordinary shares of £0.01 each	220	-	220	-
C Ordinary shares of £0.01 each	50,000,500	500	50,000,500	500
D Ordinary shares of £0.01 each	60	-	60	-
X Ordinary shares of £0.01 each	9	-	9	-
Ordinary shares of £0.01 each	50,001,489	500	50,001,489	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 2013	13,428	-	(15,257)	(4,446)
Profit/(Loss) for the financial year	-	-	42	(1,122)
At 31 March 2014	13,428	-	(15,215)	(5,568)

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (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 £276,298 (2013: £397,000). Contributions amounting to £22,148 (2013: £23,000) were accruing at the year end.

19 Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Operating profit	2,539	1,643
Depreciation	1,787	1,668
Amortisation	-	1,366
Disposals of tangible fixed assets	8	23
Decrease/(Increase) in debtors	1,097	(104)
Decrease in creditors	(394)	(466)
Net cash inflow from operating activities	5,037	4,130

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

20 Analysis of net debt

	At 1 April 2013	Other	Cash Flow	At 31 March 2014
	£'000	£'000	£'000	£'000
Cash	40	-	19	59
Overdrafts	(5,848)	-	902	(4,946)
	(5,808)	-	921	(4,887)
Debt due within one year	(2,176)	(3,324)	1,000	(4,500)
Debt due after one year	(45,405)	3,070	(367)	(42,702)
Total	(53,389)	(254)	1,554	(52,089)

21 Commitments

At 31 March 2014 the Group had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£'000	£'000
Land and buildings, leases expiring		
- within one year	43	4
- after one year and before five years	19	49
- after five years	85	85
	147	138
Other, leases expiring		
- within one year	-	8
- after one year and before five years	-	-
	147	146

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

22 Reconciliation of net cash flow to movement in net debt

	Note	31 March 2014 £'000	31 March 2013 £'000
Increase in cash in the financial year		19	5
Movement in overdrafts		902	(1,549)
Change in net cash		921	(1,544)
Funds from new borrowings		(367)	-
Repayment of amounts borrowed		1,000	500
Other non cash changes		(254)	(441)
Movement in net debt in the financial year		1,300	(1,485)
Net debt at 31 March	20	(52,089)	(53,389)

23 Reconciliation of movements in total shareholders' deficit

	31 March 2014 £'000	31 March 2013 £'000
Profit/(Loss) for the financial year	42	(993)
Opening total shareholders' deficit	(1,329)	(336)
Closing total shareholders' deficit	(1,287)	(1,329)

Options Group Holdings Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

24 Related party transactions

The Directors had the following shareholdings at the financial year end:

	No. of shares	Type of shares	% Shareholding
G Baker	60	Ordinary B Class	6.0

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 £104,244 (2013: £100,000) was paid to Barclays in relation to attendance at Board meetings.

S Green, a director until 6 March 2014 holds 40 Ordinary B Class shares (4% holding).

During the financial year £61,607 (2013: £nil) was paid to The Oakwood Partnership Limited, a company owned by D Garman, in respect of Chairman advisory services.

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 2014.

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