

Options Group Holdings Limited

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 06909044



Options Group Holdings Limited

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Company Information

Directors	G Baker R J Cooke R L Northall J R Worsley
Registered number	06909044
Registered office	Turnpike Gate House Alcester Heath Alcester Warwickshire B49,5JG
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Options Group Holdings Limited

Strategic Report For the Year Ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

Business review

The ultimate parent undertaking of Options Group Holdings Limited is Boston Holdco A Limited. Therefore detailed text below including key performance indicators and principal risks and uncertainties has been taken from the business overview of Boston Holdco A Limited.

The principal activity of the group is the provision of specialist education and care services in England and Wales for children and adults.

The group has continued to expand throughout 2017 and has added an additional 67 educational placements and 45 residential placements across the group in 2017. The Board continues to focus on delivering high quality services and the best possible outcomes for all our young people and adults. There has been a continued improvement in quality ratings during 2017 and we expect this to continue into the coming financial year and ultimately deliver improved financial results.

Key performance indicators

The company measures its performance on a number of key performance indicators including revenue, profit from operations and net cash from operations. In addition placement numbers are considered to be a key performance indicator within each division of the business.

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Principal risks and uncertainties

The management of the business and execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to the continued provision of adequate government funding and the ongoing compliance with current and future legislation.

The group companies manage these risks by providing, among other things, a high standard of comprehensive care and specialist education and maintaining strong relationships with a broad spread of service purchasers.

This report was approved by the board on 15 June 2018 and signed on its behalf.

G Baker
Director



Options Group Holdings Limited

Directors' Report For the Year Ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company during the financial year was that of a holding company.

There are no plans to alter the existing operation of the company.

Results and dividends

The loss for the year, after taxation, amounted to £20,679,264 (31 March 2016 - loss of £1,679,783).

The directors do not recommend the payment of a dividend for the year under review (period ending 31 December 2016 - £Nil).

Directors

The directors who served during the year were:

G Baker
R J Cooke
R L Northall
J R Worsley

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Options Group Holdings Limited

Directors' Report (continued) For the Year Ended 31 December 2017

Directors' indemnity

The directors have the benefit of the indemnity provision contained in the company's Articles of Association. This provision was in force throughout the last financial year and is currently in force. This provision is a qualifying third party indemnity provision under section 234 of the Companies Act 2006. The company also purchased and maintained throughout the financial period directors' and officers' liability insurance in respect of itself and its directors.

Financial risk management

The group utilises financial instruments coupled with a keen focus on best practice to effectively manage the financial risks associated with its underlying business and the financing of these activities. Due to the nature of the group's business and its asset and liability base the only financial risks the director's consider relevant to the group are price, liquidity and inherent rate risk.

Price risk

Given the nature of the business in which the group is engaged, it bears a minimal risk of purchase price inflation in the absence of any significant purchase obligations. Price pressures are exerted by group customers and these are managed through contractual negotiations, charge rate restructuring and volume incentive arrangements.

Liquidity risk

The company manages liquidity risk by budgeting and forecasting cash flows in the short to medium term and monitoring working capital positions on a monthly basis. Long term liquidity is assured through committed funding arrangements to meet foreseeable peak borrowing requirements.

Interest rate risk

The company's net borrowings comprise loan notes. The liabilities are summarised in note 8 in the accounts. Interest charges on the loan elements are fixed.

Employment of disabled persons

It is established company policy to offer the same opportunities to disabled people as to all others in matters of recruitment and career advancement, provided they have the abilities to perform the tasks required, with or without training, and to provide retraining where necessary in cases where disability occurs during employment with the company.

Matters covered in the strategic report

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report which also includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to price risk and liquidity risk. A review of the future developments in the Company's business have been included in the Strategic Report.

Employee involvement

It is company policy to ensure that employees are provided with information on matters of concern to them. Accordingly, appropriate steps are taken to ensure that employees or their representatives are aware of the financial economic factors affecting the company's performance, are consulted wherever necessary and are encouraged generally to be involved in the company's overall performance.

Options Group Holdings Limited

Directors' Report (continued) For the Year Ended 31 December 2017

Post balance sheet events

There have been no significant events affecting the company since the year end.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 June 2018 and signed on its behalf.



R L Northall
Director

Options Group Holdings Limited

Independent Auditor's Report to the Members of Options Group Holdings Limited

Opinion

We have audited the financial statements of Options Group Holdings Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Options Group Holdings Limited

Independent Auditor's Report to the Members of Options Group Holdings Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic report and directors report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

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

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

Options Group Holdings Limited

Independent Auditor's Report to the Members of Options Group Holdings Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

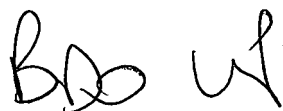
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Malcolm Thixton (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Southampton

United Kingdom

15 June 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Options Group Holdings Limited

Statement of Comprehensive Income For the Year Ended 31 December 2017

		Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
	Note		
Turnover	3	670,869	471,337
Cost of sales		(72,417)	(465,956)
Gross profit		598,452	5,381
Administrative expenses		(21,277,868)	(2,104,656)
Operating loss	4	(20,679,416)	(2,099,275)
Interest receivable and similar income		87	-
Loss before tax		(20,679,329)	(2,099,275)
Tax on loss	8	65	419,492
Loss for the financial year		(20,679,264)	(1,679,783)

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

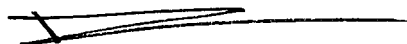
Options Group Holdings Limited

Registered number: 06909044

Statement of Financial Position As at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Investments	9		614,940		614,940
			<u>614,940</u>		<u>614,940</u>
Current assets					
Debtors: amounts falling due within one year	10	7,737,619		16,539,186	
Cash at bank and in hand		(3,799)		8,189	
		<u>7,733,820</u>		<u>16,547,375</u>	
Creditors: amounts falling due within one year	11	(26,134,027)		(14,268,318)	
Net current (liabilities)/assets			<u>(18,400,207)</u>		<u>2,279,057</u>
Total assets less current liabilities			<u>(17,785,267)</u>		<u>2,893,997</u>
Net (liabilities)/assets			<u>(17,785,267)</u>		<u>2,893,997</u>
Capital and reserves					
Called up share capital	13		500,025		500,025
Share premium account	14		14,820,147		14,820,147
Profit and loss account	14		(33,105,439)		(12,426,175)
			<u>(17,785,267)</u>		<u>2,893,997</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 June 2018.



R L Northall

Director

The notes on pages 11 to 23 form part of these financial statements.

Options Group Holdings Limited

Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2016	500,025	14,820,147	(10,746,392)	4,573,780
Loss for the period	-	-	(1,679,783)	(1,679,783)
Total comprehensive income for the period	-	-	(1,679,783)	(1,679,783)
At 1 January 2017	500,025	14,820,147	(12,426,175)	2,893,997
Loss for the year	-	-	(20,679,264)	(20,679,264)
Total comprehensive income for the year	-	-	(20,679,264)	(20,679,264)
At 31 December 2017	500,025	14,820,147	(33,105,439)	(17,785,267)

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies

1.1 General information

Options Autism (3) Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Boston Holdco A Limited as at 31 December 2017 and these financial statements may be obtained from Turnpike Gate House, Alcester Heath, Alcester, England, B49 5JG.

1.4 Going concern

The company has generated a loss for the year and the directors have prepared the financial statements on the going concern basis which is supported by forecasts and projections covering the period of not less than 12 months from the date these financial statements are approved.

1.5 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.6 Revenue

Turnover represents management charges to group undertakings.

1.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.8 Leased assets

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of comprehensive income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease, or up to the first break clause.

1.9 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of comprehensive income. The assets of the plan are held separately from the company in independently administered funds.

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

1.11 Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

1.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

1.13 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key assumptions include:

- Operating cash flows

The main assumptions, which are derived from past experience and external information, within the forecast operating cash flows include the achievements of future sale prices and volumes, material input costs, changes in sales mix and the level of ongoing capital expenditure.

- Discount rates

The discount rate is a pre-tax adjusted discount rate and reflects management's estimate of the company's weighted average cost of capital.

- Long term growth rates

The management forecasts are extrapolated using growth assumptions relevant for the business sector and are based on industry research.

3. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

The turnover represents the amounts recharged to fellow subsidiaries for support services provided on behalf of the group in the period. All turnover is derived from operations in the United Kingdom.

4. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	11,130	13,536
- Fees payable for the audit	1,270	1,250
Defined contribution pension cost	19,485	13,624

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

5. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
Directors salaries	555,303	465,956
Social security costs	71,623	51,795
Cost of defined contribution scheme	19,485	27,248
	<u>646,411</u>	<u>544,999</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2017 No.	9 month period ended 31 December 2016 No.
Administrative and other staff	5	4

6. Directors' remuneration

	Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
Directors' emoluments	626,926	465,956
Company contributions to defined contribution pension schemes	19,485	13,624
	<u>646,411</u>	<u>479,580</u>

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

7. Interest receivable

	Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
Other interest receivable	87	-
	<u>87</u>	<u>-</u>

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

8. Taxation

	Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
Group taxation relief	-	(419,510)
Total current tax	-	(419,510)
Deferred tax		
Origination and reversal of timing differences	(67)	18
Adjustment to prior periods	2	-
Total deferred tax	(65)	18
Taxation on loss on ordinary activities	(65)	(419,492)

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

8. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	Year ended 31 December 2017 £	9 month period ended 31 December 2016 £
Loss on ordinary activities before tax	(20,679,329)	(2,099,275)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(15,271)	(419,855)
Effects of:		
Adjustment in respect of prior periods	16,381	-
Tax rate changes	9	-
Group relief	(123)	18
Other timing differences	(1,061)	(70)
Other	-	415
Total tax charge for the year/period	(65)	(419,492)

Factors that may affect future tax charges

The UK corporation tax rate was 20% for the period to 5 April 2017, when the rate changed to 19% and therefore a marginal rate of 19.25% has been used. The Government also announced in the 2016 Budget that the UK corporation tax rate will decrease further to 17% from 1 April 2020. Accordingly, deferred tax balances recognised in the accounts as at the year-end have been calculated using the 17% rate.

In the current year corporation tax group relief has been claimed by certain companies across the Boston Holdco A Limited group which has not been paid for. In the prior year group relief was paid for.

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

9. Fixed asset investments

	Group undertakings £
Cost or valuation	
At 1 January 2017	614,940
Waiver of amounts due from subsidiary undertakings	10,200,000
Waiver of amounts due from subsidiary undertakings	10,400,000
Impairment of investment	(20,600,000)
	<hr/>
At 31 December 2017	614,940
	<hr/>
Net book value	
At 31 December 2017	614,940
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At 31 December 2016	614,940
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Amounts due from subsidiary undertakings in relation to Options Autism (4) Limited and Options Autism (1) Limited were waived, capitalised and subsequently impaired during the year.

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

9. Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

Name	Class of shares	Holding	Principal activity
Direct subsidiary undertakings			
Options Autism (1) Limited	Ordinary	100 %	Children's home and school for young people with complex autistic spectrum disorders
Options Autism (2) Limited	Ordinary	100 %	Residential care for children and young adults with severe learning disabilities
Options Autism (3) Limited	Ordinary	100 %	Provision of services for individuals with autistic spectrum disorders
Options Autism (4) Limited	Ordinary	100 %	Children's home and school for young people with complex autistic spectrum disorders and residential care for children and young adults with severe learning disabilities
Options Autism (5) Limited	Ordinary	100 %	Children's home and school for young people with complex autistic spectrum disorders
Options Autism (6) Limited	Ordinary	100 %	Residential care for children and young adults with severe learning disabilities
Hillcrest Childrens Services (2) Limited	Ordinary	100 %	Residential care and education for children and young adults with behavioural, emotional and social and mental health difficulties (BESD/SEMH)
Options Central Services Limited	Ordinary	100 %	Central office services to fellow subsidiaries
Options Autism (1.1) Limited	Ordinary	100 %	Dormant
Options Autism (1.2) Limited	Ordinary	100 %	Dormant
Family Options Limited	Ordinary	100 %	Dormant
Young Options Limited	Ordinary	100 %	Dormant
Newco Options (2) Limited	Ordinary	100 %	Dormant

The registered address of the above subsidiary undertakings are Turnpike Gate House, Alcester Heath, Alcester, England, B49 5JG.

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

10. Debtors

	2017 £	2016 £
Amounts due from group undertakings	7,737,452	16,539,084
Deferred taxation	167	102
	<u>7,737,619</u>	<u>16,539,186</u>

Amounts due from group undertakings are unsecured, interest free and repayable on demand and accordingly have been classified as due within one year.

11. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	12,201	-
Amounts owed to group undertakings	26,096,233	14,154,091
Other taxation and social security	24,163	22,877
Other creditors	1,430	21,616
Accruals and deferred income	-	69,734
	<u>26,134,027</u>	<u>14,268,318</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12. Deferred taxation

	2017 £
At beginning of year	102
Charged to profit or loss	-
Utilised in year	65
At end of year	<u>167</u>

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

12. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 £	2016 £
Adjustment in respect of prior years	(2)	-
Other timing differences	169	102
	<u>167</u>	<u>102</u>

13. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
50,002,500 ordinary shares of £0.01 each	<u>500,025</u>	<u>500,025</u>

There is a single class of ordinary shares. There are no restrictions on the distributions of dividends and the repayment of capital.

14. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

15. Pension commitments

The company operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the company to the schemes and amounted to £19,485 (2016 - £13,624). Contributions totalling £980 (2016 - £586) were payable to the at the reporting date.

Options Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

16. Related party transactions

The company has taken advantage of the exemption available under Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. These costs are borne by Hillcrest Childrens Services Limited and Options Group Holdings Limited.

Controlling Parties

The company's immediate parent undertaking is Options Group Holdings Limited, a Company incorporated in England & Wales. The ultimate parent undertaking is Boston Holdco A Limited, incorporated in England & Wales.

The ultimate controlling party of Boston Holdco A Limited is Sovereign Capital Partners LLP.

17. Ultimate parent company and controlling party

The company's immediate parent undertaking is Outcomes First Group Limited, a company incorporated in England & Wales. The company's ultimate parent undertaking is Boston Holdco A Limited, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Boston Holdco A Limited, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by Outcomes First Midco Limited (formerly Boston Midco Limited), incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from the secretary, Turnpike Gate House, Alcester Heath, Alcester, England, B49 5JG.

The ultimate controlling party of Boston Holdco A Limited is Sovereign Capital Partners LLP.