Options The Thicket Limited

Directors' report and financial statements

for the year ended 31 March 2011

Registered number 06924421

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Options The Thicket Limited

Directors' report and financial statements for the year ended 31 March 2011

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Options The Thicket Limited

Directors and advisors for the year ended 31 March 2011

Directors

G Baker
S Green
T MacDonald-Milner

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 The Thicket Limited

Directors' report
for the year ended 31 March 2011

The Directors present their report and the audited financial statements for the year ended 31 March 2011

Principal activities

The principal activity of the Company during the financial year was the provision of services for individuals with autistic spectrum disorders

Business review and future developments

The results for the year can be seen on page 8 of the financial statements

In September 2010 the Group agreed further long term loan facilities including the provision of specific additional funding for future developments The Group's loan is currently due for renewal in September 2013

Key Performance Indicators ('KPIs')

The Company considers occupancy levels to be the main performance indicator and monitors this monthly to measure profitability

The following KPI's are also used in monitoring performance,

- EBITDA performance against budget,
- PBT performance against budget,
- Staffing levels, and
- Referrals and future pipeline

The Company has regular Board and Senior Management team meetings to discuss these KPIs, monitor them against expectations and factors affecting them in the market place These KPIs are generally managed on an Options Group Holdings Limited group basis, and are disclosed in their Directors' report and financial statements for the year ended 31 March 2011

Future Outlook

The Group has enjoyed significant growth in both turnover and EBITDA levels over the last twelve months Significant emphasis has been placed on

- Operational efficiency improvements to ensure continued high quality service levels whilst delivering value for money,
- Investment in services and staff development to further build on the high quality outcomes the Group delivers, and
- Increasing market awareness of the Group's services

Directors' report
for the year ended 31 March 2011 (continued)

Principal risks and uncertainties

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

Key risks affecting the Company are set out below

Quality of service and compliance

The Company operates in a highly regulated environment and compliance with such regulations is key to the operational success of the business The Company is registered with the Care Quality Commission in England and is subject to continuous review by this body Management closely monitor performance in this area and have a structured system of review and continuous improvement in place throughout the organisation to ensure the highest quality standards are maintained

Health and Safety

The Company is subject to various health and safety requirements and has put in place individual systems and reporting to monitor compliance with health and safety laws and regulations

Financial risk management

The Company'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 Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring these risks

Price risk

The Company focuses on demonstrating value for money and outcomes achieved to mitigate price risk

Funding 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

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

Directors' report
for the year ended 31 March 2011 (continued)

Financial risk management (continued)

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities Interest bearing assets include cash, which are subject to variations in interest rates The Company 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 Company's operations change in size or nature

Results and dividends

The results for the year are shown in the profit and loss account on page 8 The Directors regard the underlying results of earnings before interest, taxation, depreciation, amortisation and other exceptional costs as satisfactory The Directors have not recommended payment of a dividend (2010 £nil)

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Options Group Holdings Limited The Directors have received confirmation that Options Group Holdings Limited intends to support the Company for at least one year after these financial statements are signed

Directors and their interests

The Directors who served during the year, and subsequently are as follows

A Lord (resigned 30 November 2010)
G Baker (appointed 19 April 2010)
C Firman (resigned 31 July 2010)
S Green
T MacDonald-Milner (appointed 6 December 2010)

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 Company 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 Company's policy to consult and discuss with employees matters that are likely to affect the employee's interests

The Company operates within an equal opportunity recruitment selection process which states that we do not discriminate on the grounds of race, gender, sexual orientation or disability The Company 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

Creditor payment policy and practice

Suitable terms and conditions are agreed for business transactions with suppliers, and once such terms are agreed it is the Company'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

Political and charitable contributions

During the year ended 31 March 2011 the Company made no charitable or political donations (2010 £nil)

Options The Thicket Limited

Directors' report
for the year ended 31 March 2011 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing 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 prepared the 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 Company and of the profit or loss of the Company for that year 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

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 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

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
T MacDonald-Milner
Director
3 August 2011

Options The Thicket Limited

Independent auditors' report to the members of Options The Thicket Limited

We have audited the Company financial statements of Options The Thicket Limited for the year ended 31 March 2011 which comprise the Profit and Loss account, the Balance Sheet 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 Directors' Responsibilities Statement set out on page 5 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 to 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 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 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 Company's affairs as at 31 March 2011 and its profit 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

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

Independent auditors' report to the members of Options The Thicket Limited (continued)

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, 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

Katharine Warrington

Katharine Warrington (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
Date 3 August 2011

Options The Thicket Limited

Profit and loss account
for the year ended 31 March 2011

	Note	Year ended 31 March 2011	43 Week period ended 31 March 2010
		£	£
Turnover	2	**613,670**	470,433
Cost of sales		**(440,915)**	(364,793)
Gross profit		**172,755**	105,640
Administrative expenses		**(151,913)**	(144,826)
Earnings before Interest, Taxation, Depreciation and Amortisation		**53,686**	(17,060)
Depreciation	7	**(18,847)**	(11,623)
Amortisation of goodwill	8	**(13,997)**	(10,503)
Operating profit/(loss)	4	**20,842**	(39,186)
Interest payable and similar charges	5	**(2,975)**	(34)
Profit/(loss) on ordinary activities before taxation		**17,867**	(39,220)
Tax on profit/(loss) on ordinary activities	6	**-**	-
Profit/(loss) for the financial year	12	**17,867**	(39,220)

All turnover and operating results derive from continuing operations

There are no material differences between the profit/(loss) on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalents

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

Options The Thicket Limited

Balance sheet
as at 31 March 2011

	Note	31 March 2011	31 March 2010
		£	£
Fixed assets			
Tangible assets	7	**575,745**	588,120
Intangible assets	8	**17,500**	31,497
		593,245	619,617
Current assets			
Debtors	9	**52,136**	52,479
Cash at bank and in hand		**667**	890
		52,803	53,369
Creditors: amounts falling due within one year	10	**(667,401)**	(712,206)
(Net current liabilities)		**(614,598)**	(658,837)
(Net liabilities)		**(21,353)**	(39,220)
Capital and reserves			
Called up share capital	11	**-**	-
Profit and loss account	12	**(21,353)**	(39,220)
Total equity shareholders' deficit	13	**(21,353)**	(39,220)

The financial statements on pages 8 to 18 were approved by the Board of Directors on 3 August 2011 and were signed on its behalf by



S Green
Director

Registered number 06924421

Options The Thicket Limited

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006

Basis of Preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, modified to include the revaluation of certain fixed assets

The Company is a wholly-owned subsidiary of Options Group Holdings Limited and is included in the consolidated financial statements of Options Group Holdings Limited, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash flow statements" The Company is also 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

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Options Group Holdings Limited The Directors have received confirmation that Options Group Holdings Limited intends to support the Company for at least one year after these financial statements are signed

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 the year end

1 Accounting policies (continued)

Goodwill

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

Pension and other post retirement benefits

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

Certain of the 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 year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous 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

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 continued 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 directly 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

Notes to the financial statements for the year ended 31 March 2011 (continued)

2 Turnover

The turnover shown in the profit and loss account represents amounts invoiced for services provided in the 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 as appropriate

3 Directors' emoluments and staff

The average number of employees during the year was made up as follows (excluding Directors)

	Year ended 31 March 2011	43 Week period ended 31 March 2010
	Number	Number
Care and administration	**20**	15
Administration	**2**	1
	22	16

No emoluments were received by any of the Directors during the year

		£
Staff costs		
Wages and salaries	**353,080**	209,680
Social security costs	**30,419**	18,309
Other pension costs	**387**	234
	383,886	228,223

During the year, Directors were remunerated by the ultimate parent company for services provided as Directors of the Group The ultimate parent company levies a management charge to each Group company for all central overheads incurred during the year in respect of the Group Had the Company incurred the cost of Directors' remuneration this would have been £25,245 (2010 £26,523)

Notes to the financial statements for the year ended 31 March 2011 (continued)

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	Year ended 31 March 2011	43 Week period ended 31 March 2010
	£	£
Depreciation- owned assets	**18,847**	11,623
Amortisation of goodwill	**13,997**	10,503
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company's financial statements	**5,036**	5,036
Fees payable to the Company's auditors in relation to taxation services	**1,040**	1,040

5 Interest payable and similar charges

	Year ended 31 March 2011	43 Week period ended 31 March 2010
	£	£
Bank interest	**2,975**	34

6 Tax on profit/(loss) on ordinary activities

	Year ended 31 March 2011	43 Week period ended 31 March 2010
	£	£
Current tax		
Current tax on income for the year	-	-
Total current tax	-	-

The current tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK 28% The differences are explained below

	Year ended 31 March 2011	43 Week period ended 31 March 2010
	£	£
Current tax recognition		
Profit/(loss) on ordinary activities before tax	**17,867**	(39,220)
Current tax at 28%	**5,003**	(10,982)
Expenses not deductible for tax purposes	**4,675**	5,210
Depreciation for year in excess of capital allowances	**1,359**	(1,641)
Other timing differences	**(5,962)**	-
Utilisation of losses brought forward	**(5,075)**	-
Group relief surrendered not paid for	**-**	7,413
Total current tax	**-**	-

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 Company did not recognise deferred tax assets of £4,185 (2010 £1,641) in respect of losses amounting to £16,096 (2010 £5,861) that can be carried forward against future taxable income There were no deferred tax charges during the year

7 Tangible fixed assets

	Freehold property	Fixtures and fittings	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2010	572,000	11,532	9,462	6,749	599,743
Additions	1,780	2,512	2,180	-	6,472
At 31 March 2011	**573,780**	**14,044**	**11,642**	**6,749**	**606,215**
Accumulated depreciation					
At 1 April 2010	8,580	1,277	1,204	562	11,623
Charge for the year	11,466	3,126	2,567	1,688	18,847
At 31 March 2011	**20,046**	**4,403**	**3,771**	**2,250**	**30,470**
Net book value					
At 31 March 2011	**553,734**	**9,641**	**7,871**	**4,499**	**575,745**
At 31 March 2010	563,420	10,255	8,258	6,187	588,120

8 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2010	42,000
Acquisitions	-
At 31 March 2011	**42,000**
Amortisation	
At 1 April 2010	10,503
Charge in the year	13,997
At 31 March 2011	**24,500**
Net book value	
At 31 March 2011	**17,500**
At 31 March 2010	31,497

9 Debtors

	31 March 2011	31 March 2010
	£	£
Trade debtors	**51,468**	51,468
Prepayments and accrued income	**668**	1,011
	52,136	52,479

10 Creditors: amounts falling due within one year

	31 March 2011	31 March 2010
	£	£
Bank overdrafts	**219,936**	201,460
Trade creditors	**746**	13,859
Amounts owed to group undertakings	**426,488**	478,997
Taxation and social security	**9,043**	7,017
Other creditors	**1,205**	1,271
Accruals and deferred income	**9,983**	9,602
	667,401	712,206

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

11 Called up share capital

	31 March 2011	31 March 2010
	£	£
Allotted, and fully paid		
1 (2010 1) ordinary share of £0 01	-	-

12 Profit and loss account

	31 March 2011	31 March 2010
	£	£
At 1 April	**(39,220)**	-
Profit/(loss) for the financial year	**17,867**	(39,220)
At 31 March	**(21,353)**	(39,220)

Notes to the financial statements for the year ended 31 March 2011 (continued)

13 Reconciliation of movements in total shareholders' deficit

	31 March 2011	31 March 2010
	£	£
Profit/(loss) for the financial year	**17,867**	(39,220)
Opening total shareholders' deficit	**(39,220)**	-
Closing total shareholders' deficit	**(21,353)**	(39,220)

14 Pension costs

The Group operates a defined contribution pension scheme The pension cost charge for the year represents contributions payable by the Group to the schemes and amounted to £387 (2010 £234) There was £78 (2010 Nil) accrued at the year end

15 Contingent liabilities

Security

As at 31 March 2011, the Company together with other companies under common control had given an unlimited multilateral guarantee in favour of Barclays Bank plc to secure all present and future indebtedness and liabilities to the bank arising from the Company and certain companies under common control The potential liability at 31 March 2011 was £53,208,633 (2010 £55,064,906)

No claim has been made by Barclays Bank plc to recover any of the liabilities as at the date of signing these financial statements

16 Ultimate parent company and controlling party

The ultimate parent undertaking and controlling party is Options Group Holdings Limited, a Company incorporated in the UK, which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of Options Group Holdings Limited consolidated financial statements can be obtained from the Company Secretary at Turnpike Gate House, Alcester Heath, Alcester, Warwickshire, B49 5JG