Company Registration No. 04050928

By the Bridge Limited

Annual Report and Financial Statements

For the 18 month period ended
31 December 2015

By the Bridge Limited

Contents

	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

By the Bridge Limited

Officers and professional advisers

Directors
MS Asaria
J Newman
A Carrie

Company Secretary
F Jardine

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London
W6 9RU

Solicitors
Trowers & Hamlins LLP
3 Bunhill Row
London
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Auditor
Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
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By the Bridge Limited

Directors' report

The Directors present the Strategic report for By the Bridge Limited (the "Company") together with the audited financial statements for the 18 month period ended 31 December 2015.

Principal activities
The principal activity of the Company is that of the provision of services to foster parents and local authorities.

Business review
The profit and loss account of the Company is set out on page 8.

Turnover for the 18 month period was £30.0m (June 2014: £19.8m) and the Company made a profit on ordinary activities before tax of £4.9m (2014: £4.5m).

The Company's Key Performance Indicators ("KPIs") are net assets and profit before tax.

	Year ended 31 December 2015	18 month period ended 31 December 2014	Movement
Net assets	3,715,534	6,919,323	(42.0)%
Profit before tax	4,966,091	4,481,121	10.8%

The Company was purchased indirectly by Cambian Group Plc, which purchased 100% of the share capital of the immediate parent, By the Bridge Holdings Limited on 25 March 2015.

Revenue and operating profit have remained constant compared to the prior year in line with stable growth. The Company continues to improve the quality of service provided and to increase the number of foster parents, local authorities and children the Company works with.

The Directors expect the general level of activity, including revenue and EBITDA, to increase as the Company takes on further placements.

Business risks and strategy

The Company relies on publicly funded entities in the UK for substantially all of its revenues and the loss, reduction to such funding, or changes to procurement methods, could negatively impact the Company's placement rates which could have a corresponding material adverse effect on the Company's business, results of operations, financial condition or prospects. The Company mitigates this risk by having established a good working relationship with its customers and by remaining in constant and transparent dialogue with the publicly funded entities with which it does business.

The Company operates in a highly regulated business environment, which is subject to political and regulatory scrutiny. Failure to comply with regulations or the introduction of new regulations or standards with which the Company does not comply could lead to substantial penalties, including the loss of registration on some or all of the Company's facilities. The Company mitigates this risk by focussing on quality of care for its service users and consistently maintains high regulatory scores from its regulators.

Approved by the Board of Directors and signed on behalf of the Board

M S Asaria
Director
28 September 2016

By the Bridge Limited

Directors' report

The Directors present their annual report on the affairs of the Company, together with the audited financial statements for the period ended 31 December 2015.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2 of the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks, including credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group, of which the Company is a member, uses a mixture of long-term and short-term internal debt finance. The Group prepares and monitors a cash flow forecast which reflects known commitments and ensures financial instruments are arranged as necessary to facilitate the requirements.

Post balance sheet events

There have been no events after the balance sheet date in the current period.

Directors

The Directors, who served throughout the period, except as noted, were as follows:
S Adkin (resigned 26 March 2015)
M Asaria (appointed 26 March 2015)
A Griffith (appointed 26 March 2015 and resigned 27 April 2016)
N Tunbridge (resigned 28 July 2016
J Newman (appointed 28 July 2016)
A Carrie (appointed 28 July 2016)

Dividends
An interim dividend of £7,000,000 was paid on the Company's £1 A ordinary shares (Year ended 30 June 2014: £9,000,000). The Directors do not recommend the payment of a final dividend.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

By the Bridge Limited

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, and the Company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms 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 he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor under s487 of the Companies Act 2006 unless the members exercise their statutory rights to prevent reappointment.

Approved by the Board of Directors and signed on its behalf by:

M S Asaria
Director
28 September 2016

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 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
- 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

By the Bridge Limited

Independent auditor's report to the members of By the Bridge Limited

We have audited the financial statements of By the Bridge Limited for the 18 month period ended 31 December 2015 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 18. 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), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of Directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 annual report 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 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 December 2015 and of its profit for the period 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 Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of By the Bridge 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.

Mark Beddy

Mark Beddy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
28 September 2016

By the Bridge Limited

Profit and loss account
For the 18 month period ended 31 December 2015

	Notes	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Turnover	2	30,011,778	19,795,670
Cost of sales		(17,320,198)	(11,730,887)
Gross profit		12,691,580	8,064,783
Administrative expenses		(9,020,001)	(4,730,106)
		3,671,579	3,334,677
Other operating income		960,612	685,303
Operating profit	4	4,632,191	4,019,980
Interest receivable and similar income	6	333,900	461,141
Profit on ordinary activities before taxation		4,966,091	4,481,121
Tax on profit on ordinary activities	7	(1,180,660)	(1,029,549)
Profit on ordinary activities after taxation		3,785,431	3,451,572

The Profit and loss account has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income in the current period or prior year other than those recognised in the Profit and loss account. Accordingly, a separate Statement of comprehensive income has not been presented.

The notes on pages 11 to 24 form an integral part of these financial statements.

By the Bridge Limited

Balance sheet
As at 31 December 2015

	Notes	31 December 2015 £	30 June 2014 £
Fixed assets			
Tangible assets	9	318,439	322,572
		318,439	322,572
Current assets			
Debtors	10	3,127,653	5,345,717
Cash at bank and in hand		1,606,814	2,796,875
		4,734,467	8,142,592
Creditors: amounts falling due within one year	11	(1,333,111)	(1,541,880)
Net current assets		3,401,356	6,600,712
Total assets less current liabilities		3,719,795	6,923,284
Provisions for liabilities	12	(4,261)	(3,961)
Net assets		3,715,534	6,919,323
Capital and reserves			
Called up share capital	13	37	37
Other reserves		143,084	132,304
Profit and loss account		3,572,413	6,786,982
Shareholder's funds		3,715,534	6,919,323

The notes on pages 11 to 24 form an integral part of these financial statements.

The financial statements of By the Bridge Limited (registered number 04050928) were approved by the Board of Directors and authorised for issue on 28 September 2016.

Signed on behalf of the Board of Directors

MS Asaria
Director
28 September 2016

By the Bridge Limited

Statement of changes in equity
For the 18 month period ended 31 December 2015

	Called up share capital £	Profit and loss account £	Total £
At 1 July 2013	37	12,449,093	12,449,130
Profit for the financial year and total comprehensive income	-	3,451,572	3,451,572
Dividends paid	-	(9,000,000)	(9,000,000)
Credit for equity-settled share-based payments	-	18,621	18,621
At 30 June 2014	37	6,919,286	6,919,323
Profit for the financial period and total comprehensive income	-	3,785,431	3,785,431
Dividends paid	-	(7,000,000)	(7,000,000)
Credit for equity-settled share-based payments	-	10,780	10,780
At 31 December 2015	37	3,715,497	3,715,534

The notes on pages 11 to 24 form an integral part of these financial statements.

Notes to the financial statements
For the 18 month period ended 31 December 2015

1. **_General information_**

By the Bridge Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 2 to 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

ADOPTION OF NEW AND REVISED STANDARDS

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRIC 21 *Levies*	The Company has adopted IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the company's financial statements.
Annual Improvements to IFRSs: 2011-2013	The Company has adopted the various amendments to a number of standards. IFRS 3 *Business Combinations,* IFRS 13 *Fair Value Measurement and* IAS 40 *Investment Property.* The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101.

There were no material adjustments on adoption of FRS 101 in the current period.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of Cambian Group Plc. The group financial statements of Cambian Group Plc are available to the public and can be obtained as set out in note 18.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Going concern

The Directors have, at the time of signing the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis of accounting in preparing the financial statements. The Directors have considered the Company's cash flow forecasts and profit projections and are satisfied that the Company should be able to operate within its current facilities. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2. **Significant accounting policies (continued)**

Turnover
Turnover represents the net invoiced value of services provided, excluding value added tax. Turnover is recognised when a child is placed into foster care.

Tangible fixed assets
Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated at the following rates:

Computer system	33.3% Straight line (previously 25% on reducing balance)
Office equipment	25% Straight line (previously 25% on reducing balance)
Fixtures and fittings	20% Straight line (previously 25% on reducing balance)
Motor vehicles	20% Straight line (previously 25% on reducing balance)
Leasehold Improvements	Straight line over term of lease

No depreciation is charged on assets under construction until the assets are ready for use.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2. **Significant accounting policies (continued)**

Pension costs
The Company operates a defined contribution scheme where the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share-based payments
When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each baance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Dividends
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable

Financial instruments
Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs. All financial assets, other than cash and cash equivalents, are classified as "loans and receivables".

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.
For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2. **Significant accounting policies (continued)**

Impairment of financial assets (continued)
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
All financial liabilities are classified as other financial liabilities. In certain circumstances the Company is required to undertake the responsibility of Corporate Appointee for individuals under the Company's care, as they lack the capacity to manage their own finances. The responsibility involves safeguarding the individual's financial assets and ensuring that the support they receive from the UK government is apportioned appropriately. The Company segregates these funds from its own in restricted bank accounts and records a corresponding liability.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Notes to the financial statements (continued)
For the 18 month period ended 31 December 2015

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies
There were no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies.

Key source of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of trade receivables
In the year, management have reviewed the basis of the debtors provisioning policy and adopted a revised approach. The year-end provision is based on credit notes for 2015 raised post year end and full provision for older debts to the extent that they have not been collected since the year end.

4. Operating profit

	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	263,175	106,309
(Profit)/Loss on disposal of fixed assets	530	-
Hire of other assets – operating leases	205,717	129,983
Share based payment charge	10,780	18,621
Auditor's remuneration:		
- audit services	54,000	14,000
- other taxation advisory services	-	6,500

Notes to the financial statements (continued)
For the 18 month period ended 31 December 2015

5. **Employees**

The average monthly number of employees (including Directors) during the period was:

	18 month period ended 31 December 2015 Number	Year ended 30 June 2014 Number
Fostering	57	49
Administration	29	31
	86	80

Staff costs (including Directors) consist of:

	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Wages and salaries	4,770,176	2,867,227
Social security costs	541,351	336,280
Pension costs	145,368	82,134
Share based payment	10,780	18,621
	5,467,675	3,304,262

Directors' remuneration consists of:

	18 month Period ended 31 December 2015 £	Year ended 30 June 2014 £
Emoluments	310,287	248,963
Payments to defined contribution pension scheme	9,609	6,250
	319,896	255,213
Highest paid director	224,112	126,442

There was one (Year ended 30 June 2014: 1) Director in the Company's defined contribution pension scheme during the period. Included within Directors' emoluments is remuneration of Directors of By the Bridge Holdings Limited of £73,675 (Year ended 30 June 2014: 107,012) and £13,500 (Year ended 30 June 2014: £18,000) were paid to Apposite Healthcare Fund LP.

Notes to the financial statements (continued)
For the 18 month period ended 31 December 2015

6. Interest receivable and similar income

	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Bank interest receivable	9,818	5,565
Intercompany Interest	324,082	455,576
	333,900	461,141

7. Tax on profit on ordinary activities

	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
UK corporation tax		
Current tax on profit for the year	1,180,360	1,041,601
Total current tax	1,180,360	1,041,601
Deferred tax (note 13)		
Deferred tax	300	(12,052)
Total tax charge on profit on ordinary activities	1,180,660	1,029,549

7. **Taxation (continued)**

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK applied to the profit before tax. The differences are explained below:

	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Profit on ordinary activities before tax	4,966,091	4,481,121
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.46% (June 2014: 22.50%)	1,016,146	1,008,252
Effects of:		
Ineligible fixed asset differences	5,117	661
Expenses not deductible for tax purposes	153,922	5,108
Depreciation in excess of capital allowances	3,269	11,571
Other timing differences	2,206	(11,505)
Group relief claimed in the period/year	-	(9,745)
Adjustments for previous years	-	25,207
Total tax charge for the period/year	1,180,660	1,029,549

On 8 July 2015, the UK Government announced a reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017, and a subsequent 1% reduction to 18% with effect from 1 April 2020. These rate changes were substantively enacted on 18 November 2015 and reflected in the above calculations.

On 16 March 2016, the UK Government announced a further reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. This rate change was not substantively enacted at the balance sheet date and has consequently not been reflected in the above calculations.

8. **Dividends**

	18 month Period ended 31 December 2015 £	Year ended 30 June 2014 £
£1 A Ordinary Share		
Interim paid of £2,333,333 (June 2014: £3,000,000) per share	7,000,000	9,000,000

Notes to the financial statements (continued)
For the 18 month period ended 31 December 2015

9. Tangible fixed assets

	Leasehold improvements £	Computer system £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 July 2014	-	155,317	431,487	149,636	36,757	773,197
Additions	85,000	54,749	98,716	21,155	-	259,620
Disposals	-	-	-	-	(19,332)	(19,332)
At 31 December 2015	85,000	210,066	530,203	170,791	17,425	1,013,485
Depreciation						
At 1 July 2014	-	86,742	228,624	101,364	33,895	450,625
Charge for the year	44,583	60,597	136,840	18,871	2,284	263,175
Disposals	-	-	-	-	(18,754)	(18,754)
At 31 December 2015	44,583	147,339	365,464	120,235	17,425	695,046
Net book value						
At 31 December 2015	40,417	62,727	164,739	50,556	-	318,439
At 30 June 2014	-	68,575	202,863	48,272	2,862	322,572

10. Debtors

	31 December 2015 £	30 June 2014 £
Trade debtors	429,147	1,737,939
Amounts owed by Group undertakings	1,762,139	2,450,728
Other debtors	85,917	90,045
Prepayments and accrued income	850,450	1,067,005
	3,127,653	5,345,717

Included within other debtors are rental deposits of £61,988 (30 June 2014: £56,513) which are due in more than one year.

All other amounts shown under debtors fall due for payment within one year. Amounts due from Group undertakings are accrued at 5% and repayable on demand. Interest of £324,082 (2014: £ 455,576) has been received in the current period.

Notes to the financial statements (continued)
For the 18 month period ended 31 December 2015

11. Creditors: amounts falling due within one year

	31 December 2015 £	30 June 2014 £
Trade creditors	92,773	312,374
Corporation tax	332,115	447,687
Social security and other taxes	365,868	77,500
Other creditors	2,185	60,376
Accruals and deferred income	540,170	643,943
	1,333,111	1,541,880

12. Provisions for liabilities

	31 December 2015 £	30 June 2014 £
Deferred tax liability	4,261	3,961

13. Deferred tax

	31 December 2015 £	30 June 2014 £
Balance at 1 July 2014	3,961	16,013
Credited to the Profit and loss account	300	(12,052)
Balance at 31 December 2015	4,261	3,961

The deferred tax liability is made up as follows:

	31 December 2015 £	30 June 2014 £
Accelerated capital allowances	13,415	13,115
Short-term timing differences	(9,154)	(9,154)
Deferred tax liability	4,261	3,961

Notes to the financial statements (continued)
For the 18 month period ended 31 December 2015

14. Called up share capital

	31 December 2015 £	30 June 2014 £
Allotted, issued and fully paid		
3 A Ordinary Shares of £1 each	3	3
19 B Ordinary Shares of £1 each	19	19
15 C Ordinary Shares of £1 each	15	15
	37	37

15. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2015 £	Motor vehicles 2015 £	Land and buildings June 2014 £	Motor vehicles June 2014 £
- within one year	197,429	20,669	207,900	21,628
- between two and five years	151,355	164,087	432,158	232,438
- more than five years	-	-	-	-

16. Share based payments

During the prior year By the Bridge Holdings Limited ('Holdings'), the immediate parent company of the Company, issued 8,042 Growth share and authorised 76 Extra Growth shares for non-executive directors and employees of the group under a new Growth Plan. Simultaneous with the issue of growth shares, all holders of share options under Holdings' existing unapproved share option scheme established in 2009 waived all of their rights under that scheme. The vesting and leaver provisions in the Growth Plan for the growth shares replicate the vesting and leaver provisions under the previous plan and have been accounted for as a modification of the previous unapproved share option scheme. The fair value of the replacement equity instruments was lower than the fair value of the cancelled equity instruments at the date the replacement equity instruments were granted and no charge has been recognised in relation to this as a result and the previous charge will continue to be recognised over the remaining vesting period.

All the remaining shares were vested in the current period due to the curtailment of the plan on sale of Holdings.

Growth shares

For the purpose of certain future forfeiture conditions Growth share options vest in four tranches, on the 12 month anniversary of the vesting start date (which is set by the directors at the time of the share grant), on the 24 month anniversary, on the 36 month anniversary and on the 48 month anniversary. Of the total number of shares issued to directors and employees at 30 June 2014 7,021 had vested.

16. **Share based payments (continued)**

Growth shares (continued)

	Weighted average exercise price 2015 £	2015 Number	Weighted average exercise price 2014 £	2014 Number
Outstanding at the beginning of the period/year	138.78	8,042	120	9,990
Modification during the period/year	-	-	120	(1,948)
Granted during the period/year	-	-	-	-
Forfeited during the period/year	-	(8,042)	-	-
Outstanding at the end of the period/year	-	-	138.78	8,042

The growth shares are not structured in the same way as the previous unapproved share option scheme. In particular there is no period during which an option has to be exercise, there is no weighted everage remaining contractual life in this case.

In determining the fair value of the growth shares, the company used a binomial lattice model and used the future total equity value of Holdings in determining the fair value of each vested growth share for accounting purposes. The directors considered that the market value of the total equity in Holdings as at 30 June 2014: £26,723,754 which is the value implied by the terms of a share buy-back by Holdings of its own shares in December 2013.

The following information was used in the fair value calculation:

Option pricing model used	Binomial lattice
Initial total equity value of company	£26,723,754
Option exercise date	30 June 2017
Volatility	25%
Risk-free rate	1.25%
Dividends per share	Nil (only preferred ordinary and A ordinary shares are entitled to dividends)
Effective exercise price per growth share	£138.78

The option exercise date used is approximately one year after the last growth shares will vest under these arrangements. As the growth shares are not freely transferable by participants no account has been taken of possible early "option exerciser".

The volatility assumption is arrived at based on consideration of the volatility of publicly traded shares in a selection of other UK health and social care companies. The risk free rate is based on the yield on three year UK bonds as at 30 June 2014

16. Share based payments (continued)

Extra Growth shares

During the prior year the Holdings issued 76 Extra Growth shares of 1p each to a director of the company and two other employees of group companies. The shares were issued under employee shareholder arangements under the Emploment Rights Act 1996 with an unrestricted market value of £138.78 and an actual market value of £124.90. The Extra Growth shares carry the same vesting conditions as the Growth shares above and as at 31 December 2015 76 (30 June 2014: 38) shares had vested.

A lattice of the future total equity of Holdings was used in determining the fair value of the previous unapproved share options at the date of modification. The binomial lattice model used was the same as that described above for determining the fair value for accounting purposes of Growth shares. The exercise price for these share options varied between £100 and £140 per share, with a weighted average of £123.95.

The fair value for accounting purposes of the Extra Growth and Growth shares issued in the year was not greater than the fair value for accounting purposes of the already vested share options that were waived. Consequently the share option charge for the period is based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

The following information is relevant in the determination of the fair value of the original equity instruments, which were valued using the Black-Scholes model:

	2013	2012
Weighted average share price at grant date (£)	77	77
Exercise price (£)	100-140	100-140
Weighted average contractual life (days)	3,650	3,650
Expected volatility	30%	30%
Risk free interest rate	0 – 4.08%	0 – 4.08%

The share based remuneration expense (note 5) comprises:

	31 December 2015	30 June 2014
Equity settled schemes	10,780	18,621

The group did not enter into share based payment transactions with parties other than directors and employees of the group companies during the current period or previous year.

17. Pensions

The Company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. Contributions made throughout the year in respect of the pension scheme amounted to £145,368 (2014: £82,134). Contributions outstanding at 31 December 2015 were £18,742 (June 2014: £29,210).

18. Control

The immediate parent company is By the Bridge Holdings Limited. The ultimate parent company and the smallest group into which the financial statements of the Company are consolidated is Cambian Group Plc, a company incorporated in the United Kingdom whose registered address is 4th Floor, Waterfront Building, Hammersmith Embankment, London, W6 9RU. Consolidated financial statements are available on the Group's website.