Company Registration No. 04050928

By the Bridge Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

By the Bridge Limited

Contents

By the Bridge Limited

Officers and professional advisers

Directors
MS Asaria
AM Carrie
A Kang
P Surridge

Company Secretary
C Apthorpe

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Solicitors
Trowers & Hamlins LLP
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Auditor
Deloitte LLP
Statutory Auditor
London
United Kingdom
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By the Bridge Limited

Strategic report

The Directors present the Strategic report for By the Bridge Limited (the "Company") together with the audited financial statements for the year ended 31 December 2016.

Principal activities
The principal activity of the Company is that of the provisions 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 year was £19.9m (2015: £30.0m) and the Company made a profit on ordinary activities before tax of £3.3m (18 month period ended 2015: £4.9m).

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

	Year ended 31 December 2016	**18 month period ended 31 December 2015**	**Movement**
Net assets	6,277,637	3,715,534	69%
Profit before tax	3,321,895	4,966,091	(33)%

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 maintain high regulatory scores from its regulators.

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

MS Asarta
Director
12 September 2017

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 year ended 31 December 2016.

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.

Future developments

The Company expects to continue to provide services to foster parents and local authorities. Further details of the Group's future plans can be found in the Group's annual report which can be obtained as set out in note 20.

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 significant events after the balance sheet date in the current year.

Directors

The Directors, who served during the year, except as noted, were as follows:

MS Asaria	
AP Griffith	(appointed 26 March 2015; resigned 27 April 2016)
N Tunbridge	(resigned 28 July 2016)
J August	(appointed 28 July 2016; resigned 28 July 2017)
AM Carrie	(appointed 28 July 2016)
A Kang	(appointed 12 July 2017)
PJ Surridge	(appointed 28 July 2017)

Dividends

The Directors do not recommend the payment of a final dividend (Period ended 31 December 2015: £7,000,000).

By the Bridge Limited

Directors' report (continued)

Directors' indemnities

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

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.

Prior year error

During the year it came to the Directors' attention that in previous years monies held in trust for foster children was excluded from By the Bridge Limited's statutory accounts. The monies should be disclosed separately as an asset (cash held in a bank account) and a liability (money owed to the foster child). As a result, current assets and current liabilities were understated in the prior year accounts.

The Directors have restated the prior year's accounts to correct this. The balance sheet is the only primary statement which is affected by the error. There is been no change to the profit and loss reported in the current or prior years as a result of this restatement. Further information on this restatement is in note 21.

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:

MS Asaria
Director
12 September 2017

By the Bridge Limited

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.

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 period ended 31 December 2016 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 21. 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 2016 and of 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

By the Bridge Limited

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
Statutory Auditor
London, United Kingdom
12 September 2017

By the Bridge Limited

Profit and loss account
For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Turnover		19,856,777	30,011,778
Cost of sales		(11,906,276)	(17,320,198)
Gross profit		7,950,501	12,691,580
Administrative expenses		(5,713,839)	(9,020,001)
		2,236,662	3,671,579
Other operating income		969,623	960,612
Operating profit	4	3,206,285	4,632,191
Interest receivable and similar income	6	593,522	333,900
Interest payable and similar expenditure	7	(477,912)	-
Profit before taxation		3,321,895	4,966,091
Tax on profit	8	(759,792)	(1,180,660)
Profit after taxation		2,562,103	3,785,431

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 25 form an integral part of these financial statements.

By the Bridge Limited

Balance sheet
As at 31 December 2016

	Notes	31 December 2016 £	31 December 2015 (restated) £	30 June 2014 (restated) £
Fixed assets				
Tangible assets	10	256,315	318,439	322,572
		256,315	318,439	322,572
Current assets				
Debtors	11	15,671,165	3,127,653	5,345,717
Cash at bank and in hand	12, 21	1,938,701	2,197,182	3,315,038
		17,609,866	5,324,835	8,660,755
Creditors: amounts falling due within one year	13, 21	(11,584,193)	(1,923,479)	(2,060,043)
Net current assets		6,025,673	3,401,356	6,600,712
Total assets less current liabilities		6,281,988	3,719,795	6,923,284
Provisions for liabilities	14	(4,351)	(4,261)	(3,961)
Net assets		6,277,637	3,715,534	6,919,323
Capital and reserves				
Called up share capital	16	37	37	37
Other reserves	18	143,084	143,084	-
Profit and loss account		6,134,516	3,572,413	6,919,286
Shareholder's funds		6,277,637	3,715,534	6,919,323

The notes on pages 11 to 25 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 12 September 2017.

Signed on behalf of the Board of Directors

MS Asaria
Director
12 September 2017

By the Bridge Limited

Statement of changes in equity
For the year ended 31 December 2016

	Called up share capital £	Other Reserves	Profit and loss account £	Total £
At 1 July 2014	37	132,304	6,786,982	6,919,323
Profit for the financial year 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	143,084	3,572,413	3,715,534
Profit for the financial period and total comprehensive income	-	-	2,562,103	2,562,103
At 31 December 2016	37	143,084	6,134,516	6,277,637

The notes on pages 11 to 25 form an integral part of these financial statements.

By the Bridge Limited

Notes to the financial statements
For the year ended 31 December 2016

1. **General information**

By the Bridge Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. 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.

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) effective for accounting periods beginning on or after 1 January 2016.

ADOPTION OF NEW AND REVISED STANDARDS

Amendments to IFRS that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Annual Improvements to IFRSs: 2012-2014	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting.
Accounting for Acquisitions of Interest in Joint Operations	Amendments to IFRS 11 Joint Arrangements.
Clarification of Acceptable Method of Amortisation	Amendments to IAS16 and IAS38.
Equity method in separate financial statements	Amendments to IAS 27.
Investment Entities: Applying the Consolidation Exception	Amendments to IFRS 10, IFRS 12 and IAS 28.
Disclosure Initiative	Amendments to IAS 1.

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 these financial statements have been prepared in accordance with FRS 101.

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.

2. Significant accounting policies (continued)

Basis of accounting (continued)

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 21.

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.

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
Office equipment	25% Straight-line
Fixtures and fittings	20% Straight-line
Motor vehicles	20% Straight-line
Leasehold Improvements	Straight-line over term of lease

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

2. Significant accounting policies (continued)

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.

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 balance 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.

2. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

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.

Errors made in prior periods
Material prior period errors are retrospectively corrected in the first financial statements authorised for issue after their discovery by:

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, to the extent that it is impracticable to determine either:

- the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period); or
- the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.

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.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

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 2016 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

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	153,054	263,175
Loss on disposal of fixed assets	-	530
Hire of other assets – operating leases	135,918	205,717
Share-based payment charge	-	10,780
Auditor's remuneration:		
- audit services	8,766	54,000

5. Employees

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

	Year ended 31 December 2016 Number	18 month period ended 31 December 2015 Number
Fostering	67	57
Administration	36	29
	103	86

5. Employees (continued)

Staff costs (including Directors) consist of:

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Wages and salaries	3,365,350	4,770,176
Social security costs	390,451	541,351
Pension costs	94,472	145,368
Share-based payment	-	10,780
	3,850,273	5,467,675

Directors' remuneration consists of:

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Emoluments	220,994	310,287
Payments to defined contribution pension scheme	8,750	9,609
	229,744	319,896

There were 2 (18 month period ended 31 December 2015: 1) Directors in the Company's defined contribution pension scheme during the year.

6. Interest receivable and similar income

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Bank interest receivable	29	9,818
Intercompany interest receivable	593,493	324,082
	593,522	333,900

The interest receivable from Group undertakings is accrued and received at a rate of 5% on fixed balances whilst other trading balances do not attract interest.

7. Interest payable and similar expenditure

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Intercompany interest payable	477,912	-

The interest payable to Group undertakings is accrued and paid at a rate of 5% on fixed balances whilst other trading balances do not attract interest.

8. Tax on profit

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
UK corporation tax		
Current tax on profit for the year	681,064	1,180,360
Adjustment in respect of previous periods	78,637	-
Total current tax	759,701	1,180,360
Deferred tax (note 14)		
Deferred tax	90	300
Total tax charge on profit	759,792	1,180,660

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK applied to the profit before tax. The differences are explained below:

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For the year ended 31 December 2016

8. **Tax on profit (continued)**

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
Profit before tax	3,321,895	4,966,091
Tax on profit at standard UK corporation tax rate of 20.0% (2015: 20.25%)	664,379	1,016,146
Effects of:		
Fixed asset differences	4,726	5,117
Expenses not deductible for tax purposes	-	153,922
Depreciation in excess of capital allowances	12,050	3,269
Other timing differences	-	2,206
Adjustments for previous years	78,637	-
Total tax charge for the year/ period	759,792	1,180,660

In 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.

In 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 substantively enacted on 6 September 2016.

9. **Dividends**

	Year ended 31 December 2016 £	18 month period ended 31 December 2015 £
£1 A Ordinary Share		
Interim paid of £Nil (2015: £2,333,333) per share	-	7,000,000

Notes to the financial statements (continued)
For the year ended 31 December 2016

10. Tangible fixed assets

	Leasehold improvements £	Computer system £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 January 2016	85,000	210,066	530,203	170,791	17,425	1,013,485
Additions	31,927	3,527	43,598	17,480	-	96,532
Disposals	(29,500)	-	-	(6,724)	-	(36,224)
At 31 December 2016	87,427	213,593	573,801	181,547	17,425	1,073,793
Depreciation						
At 1 January 2016	44,583	147,339	365,464	120,235	17,425	695,046
Charge for the year	15,123	37,571	81,356	19,004	-	153,054
Disposals	(29,500)	-	-	(1,122)	-	(30,622)
At 31 December 2016	30,206	184,910	446,820	138,117	17,425	817,478
Net book value						
At 31 December 2016	57,221	28,683	126,981	43,430	-	256,315
At 31 December 2015	40,417	62,727	164,739	50,556	-	318,439

11. Debtors

	31 December 2016 £	31 December 2015 £
Trade debtors	932,656	429,147
Amounts owed by Group undertakings	13,675,165	1,762,139
Other debtors	65,588	85,917
Prepayments and accrued income	997,756	850,450
	15,671,165	3,127,653

Included within other debtors are rental deposits of £61,988 (2015: £61,988) which are due in more than one year.

All other amounts shown under debtors fall due for payment within one year. The interest payable to Group undertakings is accrued and paid at a rate of 5% on fixed balances whilst other trading balances do not attract interest. Amounts due from Group undertakings are repayable on demand. Interest of £593,493 (2015: £324,082) has been received in the current year.

Notes to the financial statements (continued)
For the year ended 31 December 2016

12. Cash in hand and at bank

	31 December 2016 £	31 December 2015 £
Cash and bank balances	1,365,843	1,606,814
Savings held on behalf of foster children	572,858	590,368
	1,938,701	2,197,182

Cash at bank and in hand includes savings held on behalf of foster children which is held in a trust. This is not available for use by the Company and all interest earned on these funds is for the benefit of the foster children. An equivalent liability exists for this amount and is included in note 13.

13. Creditors: amounts falling due within one year

	31 December 2016 £	31 December 2015 £
Trade creditors	226,786	92,773
Amounts owed to Group undertakings	9,553,277	-
Corporation tax	9,463	332,115
Social security and other taxes	354,724	365,868
Savings payable to foster children	572,858	590,368
Other creditors	76,178	2,185
Accruals and deferred income	790,907	540,170
	11,584,193	1,923,479

The interest payable to Group undertakings is accrued and paid at a rate of 5% on fixed balances whilst other trading balances do not attract interest. Interest of £477,912 (2015: £324,082) has been paid in the current year. Amounts due from Group undertakings are repayable on demand.

14. Provisions for liabilities

	31 December 2016 £	31 December 2015 £
Deferred tax liability (note 15)	4,351	4,261

15. Deferred tax

	31 December 2016 £	31 December 2015 £
Balance at 1 January	4,261	3,961
Credited to the Profit and loss account	90	300
Balance at 31 December	4,351	4,261

The deferred tax liability is made up as follows:

	31 December 2016 £	31 December 2015 £
Timing differences	4,351	4,261

16. Called up share capital

	31 December 2016 £	31 December 2015 £
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

17. Financial commitments

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

	Land and buildings 2016 £	Motor vehicles 2016 £	Land and buildings 2015 £	Motor vehicles 2015 £
- within one year	130,181	76,968	197,349	20,669
- between one and five years	129,681	41,824	151,355	164,087
- more than five years	-	-	-	-

18. Share-based payments

During the year to 30 June 2014 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 is 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 share options were vested in the prior 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.

	Weighted average exercise price 2016 £	2016 Number	Weighted average exercise price 2015 £	2015 Number
Outstanding at the beginning of the period/year	-	-	138.78	8,042
Forfeited during the year/period	-	-	-	(8,042)
Outstanding at the end of the year/period	-	-	-	-

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 average 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.

18. Share-based payments (continued)

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.

Extra Growth shares

During the year to 30 June 2015 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 arrangements under the Employment 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 2016 76 (2015: 76) shares had vested.

A binomial 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 year 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:

By the Bridge Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

18. Share-based payments (continued)

	2016	2015
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 2016	31 December 2015
Equity settled schemes	-	10,780

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

19. 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 £94,472 (2015: £145,368). Contributions outstanding at 31 December 2016 were £18,484 (2015: £18,742).

20. 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, Hammersmith Embankment, London, W6 9RU. Consolidated financial statements are available on the Group's website.

21. Correction of prior period error

By the Bridge Limited operates a trust fund in which monies held on behalf of foster children and are deposited in bank accounts operated by By the Bridge. During the year it came to the Directors' attention that in previous years this money was excluded from By the Bridge Limited's statutory accounts. The monies should be disclosed separately as an asset (cash) and a liability owed to the foster child. As a result current assets and current liabilities were understated. The balance sheet is the only primary statement which is affected by the error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Impact on balance sheet: increase / (decrease)

	2016 **£**	**2015** **£**	**2014** **£**
Cash at bank and in hand	572,858	590,368	518,163
Creditors: amounts falling due within one year	(572,858)	(590,368)	(518,163)