Clifford House Limited

Directors' report and financial statements

Registered number 03320573

31 December 2013

Contents

Company Information

Directors	A Griffith S Asaria
Secretary	T&H Secretarial Services Limited LLP
Company Number	03320573
Registered Office	3 Bunhill Row London EC1Y 8YZ
Auditor	Deloitte LLP 1 City Square Leeds LS1 2AL

Strategic report

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the Company was the provision of residential care and education for children.

On 31 December 2012, the company transferred its freehold and leasehold property to Cambian Childcare Properties Limited, one of its parent companies. The consideration amounted to the carrying value of the assets and was left outstanding on the intercompany account (see note 10). Subsequently on 31 December 2012, the trade and the remaining net assets were transferred to Advanced Childcare Limited, a fellow group company. The consideration received amounted to the net book value of the net assets transferred and this amount is included as an intercompany debtor.

Business review

The profit and loss account is set out on page 9 and shows a result for the year of £nil (2012: loss £28,000).

A Griffith
Director
6 October 2014

3 Bunhill Row
London
EC1Y 8YZ

Directors' report

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Following the transfer of trade and assets and, as required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Business review

The profit and loss account is set out on page 9 and shows a result for the year of £nil (2012: loss £28,000).

Subsequent events

On 16 April 2014, the ultimate controlling party changed to Cambian Group Plc. which undertook an IPO on the London Stock Exchange on the same date. At the time of the IPO, the Group raised £200m through a new external debt facility. All companies in the Group are cross guarantors.

Directors

The directors of the company are shown on page 3.
Changes in directors during and after the year are as follows:

A Griffith	Appointed 22 August 2014
S Asaria	Appointed 22 August 2014
R Khan	Resigned 10 September 2014
F Stuart	Resigned 16 April 2014
M Johnston	Resigned 16 June 2014

Disclosure of information to auditor

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

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

Auditor

KPMG LLP resigned during the year and Deloitte LLP were appointed to fill the vacancy arising. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

By order of the board

A Griffith
Director

6 October 2014

3 Bunhill Row
London
EC1Y 8YZ

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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). 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 judgments 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.

Independent Auditor's Report to the Members of Clifford House Limited

We have audited the financial statements of Clifford House Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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).

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 2013 and of its result 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 in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Emphasis of matter – Financial statements prepared other than on a going concern basis
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Independent Auditor's Report to the Members of Clifford House 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.

Simon Manning

Simon Manning ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

28 October 2014

Profit and Loss Account
for the year to 31 December 2013

	Note	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Turnover	*1*	-	5,040
Cost of sales		-	(3,967)
Gross profit		-	1,073
Administrative expenses		-	(1,018)
Operating loss from continuing operations		-	55
Interest payable and similar charges		-	(52)
Profit on ordinary activities before taxation	*2*	-	3
Tax on profit on ordinary activities	*4*	-	(31)
Loss for the financial year/period		-	(28)

All amounts relate to discontinued operations.

The notes on pages 11 to 17 form part of the financial statement.

Balance Sheet
at 31 December 2013

	Note	**31 December 2013 £000**	**31 December 2013 £000**	31 December 2012 £000	31 December 2012 £000
Fixed assets					
Intangible assets		-		-	
Tangible assets		-		-	
			-		-
Current assets					
Debtors	*5*	**4,548**		4,548	
Cash at bank and in hand		-		-	
		4,548		4,548	
Creditors: amounts falling due within one year	*6*	**(3,645)**		(3,645)	
Net current assets/(liabilities)			**903**		903
Total assets less current liabilities			**903**		903
Creditors: amounts falling due after more than one year			-		-
Net assets			**903**		903
Capital and reserves					
Called-up share capital	*7*		-		-
Share premium account	*8*		**1**		1
Profit and loss account	*9*		**902**		902
Shareholders' funds			**903**		903

These financial statements were approved by the board of directors on 6 October 2014 and were signed on its behalf by:

A Griffith
Director

The notes on pages 11 to 17 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain assets.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Going concern

Following the transfer of trade and assets and, as required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold and long leasehold buildings	-	2% per annum
Fixtures, fittings and equipment	-	33⅓% per annum
Motor vehicles	-	50% per annum

No depreciation is provided on freehold land.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Turnover

Turnover comprises the invoiced value of residential, educational and fostering services supplied by the group, net of value added tax and trade discounts and arises wholly within the United Kingdom. Revenue is recognised when the service is provided.

2 Notes to the profit and loss account

	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Profit on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets	-	19
Operating lease rentals	-	23
Auditors' remuneration:		
-for audit of these accounts	-	2

There were no directors who received remuneration through this company in either the current or previous year.

Notes *(continued)*

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
Administration	-	1
Care and education	-	133
	-	134

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Wages and salaries	-	3,029
Social security costs	-	272
Other pension costs	-	34
	-	3,335

Notes *(continued)*

4 Taxation

Analysis of charge in period

	Year ended 31 December 2013 £000	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000	Year ended 31 December 2012 £000
UK corporation tax				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		28	
Total current tax		-		28
Deferred tax				
Origination/reversal of timing differences	-		-	
Effect of increased/decreased tax rate	-		-	
Adjustment in respect of previous years	-		3	
Total deferred tax		-		3
Tax on profit on ordinary activities		-		31

Factors affecting the tax charge for the current period

The current tax charge for the period is the same as *(2012: lower)* than the standard rate of corporation tax in the UK (23.25%, *2012:24.5%*). The differences are explained below.

	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Current tax reconciliation		
Profit on ordinary activities before tax	-	3
Current tax at 23.25% *(2012: 24.5%)*	-	1
Effects of:		
Expenses not deductible for tax purposes	-	19
Group relief	(47)	(48)
Other timing differences	47	28
Total current tax charge (see above)	-	-

Notes *(continued)*

5 Debtors

	31 December 2013 £000	31 December 2012 £000
Amounts owed by group undertakings	**4,548**	4,548
	4,548	4,548

6 Creditors: amounts falling due within one year

	31 December 2013 £000	31 December 2012 £000
Amounts owed to group undertakings	**3,645**	3,645
	3,645	3,645

Finance lease creditors were secured on the assets concerned.

Notes *(continued)*

7 Called-up share capital

	31 December 2013 £	31 December 2012 £
Allotted, called-up and fully paid		
100 Ordinary shares of £1 each	**100**	100

8 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of the year	1	902
Loss for the year	-	-
At end of the year	**1**	**902**

9 Reconciliation of movements in shareholder's funds

	2013 £000	2012 £000
At beginning of the year	903	931
Loss for the year	-	(28)
At end of the year	**903**	903

Notes *(continued)*

10 Disposals

On 31 December 2012, the company transferred its freehold and leasehold property to Cambian Childcare Properties Limited (formerly known as Total Care Alliance Limited), one of its parent companies. The consideration amounted to the carrying value of the assets and was left outstanding on the intercompany account. Subsequently on 31 December 2012, the trade and the remaining net assets were transferred to Cambian Childcare Limited (formerly known as Advanced Childcare Limited), a fellow group company. The consideration received amounted to the net book value of the net assets transferred and this amount is included as an intercompany debtor (see Principle activities on page 4).

	£000
Fixed assets transferred	**(379)**
Remaining net assets	**(4,169)**
Total transferred	**(4,548)**
Consideration received	**4,548**
Profit on disposal	**-**

11 Related party disclosures

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with 100% owned entities that are included in the consolidated financial statements of Advanced Childcare Limited.

12 Parent undertaking and controlling parties

The ultimate parent company at 31 December 2013 was Advanced Childcare LLC incorporated in Delaware, USA.

On 16 April 2014, the ultimate controlling party changed to Cambian Group Plc. which undertook an initial public offering ("IPO") on the London Stock Exchange on the same date.