Company Registration No. 07559570

Advanced Childcare Services Limited

Annual Report and Financial Statements

For the nine months ended 30 September 2018

Advanced Childcare Services Limited

Contents

Advanced Childcare Services Limited

Officers and professional advisers

Directors

C Dickinson
J Ivers
F Sheikh
H Sheikh
J Wiles

Company secretary

C Apthorpe

Registered office

4th Floor, Waterfront
Manbre Wharf,
Manbre Road,
Hammersmith, London,
W6 9RH

Solicitors

Trowers & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

Advanced Childcare Services Limited

Strategic report

The Directors present the Strategic report for Advanced Childcare Services Limited ("the Company"), together with the financial statements for the nine months ended 30 September 2018.

Principal activities

The principal activity of the Company is to act as a holding company for the subsidiaries in note 8 providing specialist care services for children. At the balance sheet date, the Company was a wholly-owned subsidiary of the ultimate holding company, Cambian Group Limited ("the Group").

On 19 October 2018 the Company's ultimate controlling party Cambian Group Limited was acquired by CareTech Holdings PLC ("CareTech"). The Company has shortened its accounting period to nine months in order to align with the CareTech year-end, being 30 September. Comparatives are for the full year ending 31 December 2017. Details of this and other significant events since the balance sheet date are contained in the Director's report.

Business review

The profit for the year is shown in the profit and loss account on page 6.

The Company's Key Performance Indicators ("KPIs") are net assets and profit before tax. Movement in the KPIs in the year were as follows:

	9 months to September 2018 £'000	2017 pro-rata £'000	12 months to December 2017 £'000	Movement
Net assets	32,505	31,904	31,904	1.9%
Profit before tax	900	1,091	1,455	-17.5%

For comparative purposes, financial KPI's have been represented on a pro-rata basis for 2017. Non-financial KPIs are not material for the company as they are reviewed on a Group basis.

On 27 April 2018 the company increased its investment in Cambian Childcare Limited by £10m by subscribing for one ordinary share of £1 with a share premium of £9,999,999.

In 2018, the Company re-organised its intercompany loans with other wholly owned subsidiaries of the Cambian Group and received £0.9m (2017 pro rata: £1.1m) of interest on these loans. As a result, the Company's net assets have increased.

Details of significant events since the balance sheet date are contained in the Director's report.

The Company is expected to continue to hold its investments in subsidiaries.

Business risks and strategy

There is a going concern risk because of the possible diminution of the value of the Company's investments in underlying entities. The valuation of investments in underlying entities is based on the operating performance as well as the net asset value of these entities at reporting date. The risk is mitigated through the continuous review of the performance of these entities by the Directors and the implementation of strategies at this level to ensure that these entities remain profitable.

At balance sheet date, the Company is a wholly-owned subsidiary of the ultimate holding company, Cambian Group Limited ("the Group"), which at the balance sheet date was listed on the London Stock Exchange Details of the Group's business risks and strategy can be reviewed in the Annual Report which is available at the registered address. Please refer to the director's report for details of change in control.

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

C Dickinson
Director
21 June 2019

Advanced Childcare Services Limited

Directors' report

The Directors present their annual report on the affairs of the Company, together with the financial statements for the nine months ended 30 September 2018.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of twelve months from signing. 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 intends to continue to act as a holding company for the subsidiaries listed in note 8. 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 12.

Financial risk management objectives and policies

Credit risk

The Company's credit risk arises primarily from dealings with wholly-owned entities within the Cambian Group of companies. As such this risk is not viewed as significant.

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 cash balances and agreed bank facilities. 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

At balance sheet date, the ultimate controlling party was Cambian Group plc, a publically listed company. On 19 October 2018, the ultimate controlling party changed to CareTech Holdings PLC. On this date CareTech Holdings PLC acquired all of the issued share capital of Cambian Group plc by way of a scheme of arrangement of Cambian under Part 26 of the Companies Act. This is in line with the Rule 2.7 Offer as announced on 16 August 2018. As a result Cambian Group plc, a public company, has reregistered as Cambian Group Limited, a private company on 16 November 2018.

Dividends

The Directors do not recommend the payment of a dividend (2017: £nil).

Directors

The Directors, who served during the year and up to the date of signing the financial statements, were as follows:

M S Asaria (resigned 18 October 2018)
AM Carrie (resigned 30 May 2019)
C K Dickinson (appointed 28 March 2019)
A Kang (resigned 18 October 2018)
J J Ivers (appointed 28 March 2019)
F R Sheikh (appointed 28 March 2019)
H R Sheikh (appointed 28 March 2019)
J D Wiles (appointed 18 October 2018)

Advanced Childcare Services 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.

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

C Dickinson
Director
21 June 2019

Advanced Childcare Services 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;
- 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.

Advanced Childcare Services Limited

Profit and loss account

For the nine months ended 30 September 2018

	Note	Nine month period ended 30 September 2018 £'000	Year ended 31 December 2017 £'000
Administration expenses		-	(1)
Operating loss	4	-	(1)
Finance income	6	900	1,455
Profit before taxation		900	1,455
Taxation	7	(299)	(280)
Profit after taxation		601	1,175

All amounts relate to continuing operations.

The notes on pages 9 to 18 form part of the financial statements.

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

Advanced Childcare Services Limited

Balance sheet

As at 30 September 2018

	Note	Nine month period ended 30 September 2018 £'000	Year ended 31 December 2017 £'000
Fixed assets			
Investments	8	11,352	1,352
Current assets			
Debtors	9	21,536	30,636
Creditors: amounts falling due within one year	10	(383)	(84)
Net current assets		21,153	30,552
Total assets less current liabilities		32,505	31,904
Net assets		32,505	31,904
Capital and reserves			
Called up share capital	11	78,795	78,795
Profit and loss account		(46,290)	(46,891)
Shareholders' funds		32,505	31,904

The notes on pages 9 to 18 form an integral part of these financial statements.

The Company is entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies for the nine month period ending 30 September 2018.

The members have not required the company to obtain an audit of its financial statements for the nine month period ended 30 September 2018 in accordance with section 476 of the Companies Act 2007.

The directors acknowledge their responsibilities for:

a) ensuring the company keeps accounting records which comply with sections 386 and 387 of the Companies Act 2006; and
b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements of Advanced Childcare Services Limited (registered number: 07559570) were approved and authorised for issue by the board of Directors on 21 June 2019.

Signed on behalf of the Board of Directors by:

C Dickinson
Director
21 June 2019

Advanced Childcare Services Limited
Statement of changes in equity
As at 30 September 2018

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2017	**78,795**	**(48,066)**	**30,729**
Profit for the financial year and total comprehensive income	-	1,175	1,175
At 31 December 2017	**78,795**	**(46,891)**	**31,904**
Profit for the financial period and total comprehensive income	-	601	601
At 30 September 2018	**78,795**	**(46,290)**	**32,505**

The notes on pages 9 to 18 form part of the financial statements.

1. General information

Advanced Childcare Services Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is 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 page 2.

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

The Company is included in the consolidated financial statements of Cambian Group Limited, a company incorporated in the United Kingdom. Accordingly the Company has taken advantage of the exemption given in s400 of the Companies Act 2006 from preparing and delivering Group financial statements. The financial statements present the results of the Company as an individual entity and not the results of the Group.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has applied FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

Period of accounts

The period covered by these financial statements is for the nine month period ended 30 September 2018. The Company changed its accounting reference date in order to harmonise its reporting date with its new controlling party CareTech Holdings PLC ("CareTech") which acquired the Group on 19 October 2018. For this reason the amounts presented in the financial statements are not entirely comparable with the twelve month period ending 31 December 2017.

2. Significant accounting policies

ADOPTION OF NEW AND REVISED STANDARDS

Amendments to IFRSs 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 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

In the current year, the following new and revised standards and interpretations have been adopted and where relevant the impact of those changes have been set out below:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Clarifications to IFRS 15 (Apr 2016)	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2 (Jun 2016)	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4 (Sept 2016)	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IAS 40 (Dec 2016)	*Transfers of Investment Property*
Annual Improvements to IFRSs: 2014-16 Cycle (Dec 2016)	*Annual Improvements to IFRSs: 2014-16 Cycle - IFRS 1 and IAS 28 Amendments*

2 Significant accounting policies (continued)

Change in accounting policies – IFRS 9

The Company has adopted IFRS 9 *Financial Instruments*. The date of initial application was 1 January 2018. In accordance with the transition provisions in the Standard, comparatives have not been restated. The Company has not applied the requirements of IFRS 9 to instruments that were derecognised prior to 1 January 2018. There has been no change in presentation as a result of this as the company has no complex financial instruments. The Company has reviewed its financial assets and liabilities from the impact of IFRS 9 as follows:

Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through profit and loss and fair value through other comprehensive income.

The Company's financial assets at 30 September 2018 consist primarily of debtors, which will continue to be reflected at amortised cost as the Company's business model is to collect contractual cash flows from customers, which are solely payments of principal and interest.

In respect of the classification and measurement of financial liabilities, the accounting has remained largely the same as under IAS 39. Financial liabilities are measured at amortised cost or at fair value through profit and loss ("FVTPL"). Financial liabilities are classified as at FVTPL when the liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as FVTPL.

The table below illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application.

Category	**Original Measurement category under IAS 39**	**New measurement category under IFRS 9**	**Carrying amount under IAS 39**	**Additional loss allowance recognised under IFRS 9**	**New carrying amount under IFRS 9**
			£	**£**	**£**
Debtors	Loans and receivables	Financial assets at amortised cost	30,636	N/A	30,636

Impairment of financial assets

IFRS 9 requires an expected credit loss ("ECL") model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The ECL model requires the Company to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date.

The main debtors consist of intergroup loans with other wholly owned companies which share the same ultimate controlling party. As such the credit risk associated with debtors is considered low.

An assessment has been completed regarding the impact of impairment losses recognised for debtors under IFRS 9 at 30 September 2018, through estimating the credit loss based on actual credit loss experience over the past three years. Based on this assessment, the impact of credit losses recognised under IFRS 9 is not materially different to the losses recognised under IAS 39.

Hedge accounting

The Group has not been impacted by changes associated with hedge accounting.

2. Significant accounting policies (continued)

Standards not affecting the reported results and financial position

At the date of authorisation of these financial statements the Company had not applied the following new and revised IFRSs that have been issued but are not yet effective:

Title	Subject	Effective date
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9 (Oct 2017)	Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28 (Oct 2017)	Long-term Interests in Associates and Joint Ventures	1 January 2019 per IASB. EU adoption date to be confirmed
Annual Improvements to IFRS Standards 2015–2017 Cycle (Dec 2017)	Annual Improvements to IFRSs: 2015-17 Cycle	1 January 2019 per IASB. EU adoption date to be confirmed
Amendments to IAS 19 (Feb 2018)	Plan Amendment, Curtailment or Settlement	1 January 2019 per IASB. EU adoption date to be confirmed
Amendments to References to the Conceptual Framework in IFRS Standards	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020 per IASB. EU adoption date to be confirmed
Amendments to IFRS 3 (Oct 2018)	Definition of Business	1 January 2020 per IASB. EU adoption date to be confirmed
Amendments to IAS 1 and IAS 8 (Oct 2018)	Definition of Material	1 January 2020 per IASB. EU adoption date to be confirmed
IFRS 17	Insurance Contracts	1 January 2021 per IASB. EU adoption date to be confirmed

The Directors expect that the adoption of the standards listed above will not have a material impact on the financial information of the Company in future reporting periods.

Basis of accounting

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

Where relevant, equivalent disclosures have been given in the group financial statements of Cambian Group Limited. The group financial statements of Cambian Group Limited are available to the public and can be obtained as set out in note 12.

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.

2. Significant accounting policies (continued)

Basis of accounting (continued)

Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, 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 a minimum of twelve months after signing. 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.

Investments

Investments in subsidiaries are recognised at cost less, where appropriate, provisions for impairment. All investments held by the Company are in its subsidiaries

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 year. 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.

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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.

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 (updated from 1 January 2018)

Debtors, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market were classified as loans and receivables under IAS 39. 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.

Under IFRS 9, the business model under which each portfolio of debtors held, has been assessed. The Company hold loans and receivable in order to collect the contractual cash flows and is therefore measured at amortised cost.

Impairment of financial assets (updated from 1 January 2018)

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. The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39.

For debtors, the Company uses the simplified approach under IFRS 9 to recognise lifetime expected credit losses. For debtors, the company recognises a loss allowance for expected credit losses at amount equal to the lifetime expected credit loss ("ECL"). This is recorded through the use of an allowance account. When a debtor 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.

Aside from debtors, the carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

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.

2. Significant accounting policies (continued)

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.

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.

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, including those including that are using 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 that the directors have made in the process of applying the company's accounting policies.

4. Operating loss

	9 months to 30 September 2018 £'000	12 months to 31 December 2017 £'000
Operating loss is stated after charging:		
Fees payable to the Company's auditor for:		
- the audit of the annual financial statements	-	1

5. Directors and employees

The Company had no employees in either year other than the Directors. The Directors receive no remuneration for their services to the Company (2017: £nil).

6. Finance income

	9 months to 30 September 2018 £'000	12 months to 31 December 2017 £'000
Intercompany interest received	900	1,456

7. Taxation

	9 months to 30 September 2018 £'000	12 months to 31 December 2017 £'000
UK corporation tax		
Current tax on loss for the year	171	280
Adjustment in respect of previous years	128	-
Total tax on loss	299	280

The tax assessed for the year is more than (2017: same as) the standard rate of corporation tax in the UK applied to profit before tax.

7. Taxation (continued)

	30 September 2018 £'000	31 December 2017 £'000
Profit before tax	900	1,455
Tax on loss at standard UK corporation tax rate of 19.0% (2017: 19.3%)	171	280
Effects of:		
Adjustments in respect of previous periods	128	-
Total tax credit for the year	299	280

Corporation tax is calculated at 19.0% (2017: 19.3%) of the estimated taxable profit for the year.

In February 2019, the UK Government enacted the Finance Act 2019. This did not change the main rate of UK corporation tax previously enacted.

8. Investments

	30 September 2018 £000	31 December 2017 £000
Cost		
At 1 January	32,854	32,854
Additions	10,000	-
At 30 September 2018/ 31 December 2017	42,854	32,854
Provision for impairment		
At 30 September 2018/ 31 December 2017	(31,502)	(31,502)
Carrying value		
At 30 September 2018/ 31 December 2017	11,352	1,352

On 27 April 2018 the company increased its investment in Cambian Childcare Limited by £10m by subscribing for one ordinary share of £1 with a share premium of £9,999,999.

8. Investments (continued)

The following were the subsidiaries at the balance sheet date:

Direct subsidiary undertakings	% held owned	Class of share	Country of registration	Principal activity
Cambian Childcare Properties Limited	100%	Ordinary	England & Wales	Trading
Cambian Childcare Limited	100%	Ordinary	England & Wales	Trading
Interact Care Limited*	100%	Ordinary	England & Wales	Trading
Independent Childcare Group of Schools Limited*	100%	Ordinary	England & Wales	Dormant
Clifford House Limited*	100%	Ordinary	England & Wales	Dormant
Continuum Care and Education Group Limited*	100%	Ordinary	England & Wales	Dormant
Elite Children's Care Limited*	100%	Ordinary	England & Wales	Dormant
Farrow House Limited*	100%	Ordinary	England & Wales	Dormant
Cambrian Care (Powys) Limited*	100%	Ordinary	England & Wales	Dormant
Herts Care Group Limited*	100%	Ordinary	England & Wales	Dormant
Herts Care (Escort and Supervision Services) Limited*	100%	Ordinary	England & Wales	Dormant
Herts Care Limited*	100%	Ordinary	England & Wales	Dormant
Herts Care Property Limited*	100%	Ordinary	England & Wales	Dormant
Inhoco 2993 Limited*	100%	Ordinary	England & Wales	Dormant
Green Corns Limited*	100%	Ordinary	England & Wales	Dormant
SACCS Limited	100%	Ordinary	England & Wales	Dormant
SACCS Care Limited*	100%	Ordinary	England & Wales	Dormant

The registered office for these entities is 4th Floor, Waterfront Building, Manbre Wharf, Manbre Road, London, England, W6 9RH.

*Held indirectly by its direct subsidiaries.

The Directors consider the value of the Company's investment in its direct subsidiary undertakings is not less than the amount at which it is stated in the Company's balance sheet.

9. Debtors

	30 September 2018 £000	31 December 2017 £000
Amounts due from Group undertakings	21,536	30,636
	21,536	30,636

Amounts due from Group undertakings are non-interest bearing and repayable on demand. Interest of £900,000 (2017: £1,456,000) in respect of amounts owed by Group undertakings has been received by the company.

10. Creditors: amounts falling due within one year

	30 September 2018 £000	31 December 2017 £000
Current tax liability	383	84

11. Called up share capital

	30 September 2018 £000	31 December 2017 £000
Allotted, called up and fully paid - 78,795 (2017: 78,795) ordinary shares of £1 each		
At 1 January	78,795	78,795
At 30 September 2018/31 December 2017	78,795	78,795

12. Control

The immediate parent company is Cambian Group Holdings Limited, a company incorporated in the United Kingdom.

Prior to 19 October 2018, the ultimate parent company and controlling party and the smallest and largest group into which the financial statements of the Company are consolidated was Cambian Group plc, a Company incorporated in the United Kingdom whose registered address is 4th Floor, Waterfront, Manbre Wharf, Manbre Road, Hammersmith, England, W6 9RH. Consolidated financial statements are available on request from this address.

On 19 October 2018, the entire issued ordinary share capital of Cambian Group plc was acquired by CareTech Holdings plc ("Caretech") by way of a scheme of arrangement under Part 26 of the Companies Act. This is in line with the Rule 2.7 Offer as announced on 16 August 2018. As a result Cambian Group plc, a public company, has re-registered as Cambian Group Limited, a private company, on 16 November 2018.

From 19 October 2018 onwards, the parent and ultimate controlling party is CareTech Holdings plc, a company incorporated in United Kingdom whose registered address is Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire EN6 1AG . Consolidated financial statements are available on request from this address.