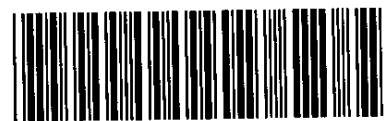


Company Registration No. 08929371 (England and Wales)

CAMBIAN GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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CAMBIAN GROUP LIMITED

COMPANY INFORMATION

Directors

C K Dickinson	(Appointed 28 March 2019)
F Sheikh	(Appointed 28 March 2019)
H Sheikh	(Appointed 28 March 2019)
J D Wiles	(Appointed 18 October 2018)

Company number

08929371

Registered office

Metropolitan House
3 Darkes Lane
Potters Bar
Hertfordshire
EN6 1AG

CAMBIAN GROUP LIMITED

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CAMBIAN GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present the strategic report and financial statements for the year ended 30 September 2019.

Review of the business

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

	12 months to September 2019	9 months to September 2018	Movement
Net assets	£414.5m	£442.1m	(6%)
Profit / (loss) before tax	(£0.5m)	£1.8m	(127%)

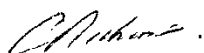
Non-financial KPIs are not material for the company as they are reviewed on a Group basis.

Business risks and strategy

There is a going concern risk because the subsidiaries in which Cambian Group Limited holds investments rely on publicly funded entities in the UK for substantially all of their revenues. The loss or reduction of such funding, or changes to procurement methods, could negatively impact their occupancy rates which could have a corresponding material adverse effect on the Company's business, results of operations, financial condition or prospects. The company and its subsidiaries mitigate that 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 and its subsidiaries operate 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 and its subsidiaries do not comply could lead to substantial penalties, including the loss of registration on some or all of their facilities. This risk is mitigated by focusing on quality of care for service users and consistently maintaining high regulatory scores from regulators.

On behalf of the board



C K Dickinson

Director

27/07/20

CAMBIAN GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their annual report and financial statements for the year ended 30 September 2019.

Principal activities

The principal activity of the company is the provision of high quality specialist education and behavioural health services for children, offering a differentiated and integrated education and care model focusing on children with high severity needs across three divisions, namely residential care, specialist education and therapeutic fostering.

Results and dividends

The results for the year are set out on page 3.


Ordinary dividends were paid amounting to £28,000,000 (2018: £15,413,033).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C K Dickinson	(Appointed 28 March 2019)
F Sheikh	(Appointed 28 March 2019)
H Sheikh	(Appointed 28 March 2019)
J D Wiles	(Appointed 18 October 2018)
C Apthorpe	(Resigned 24 June 2019)
M S Asaria	(Resigned 18 October 2018)
A M Carrie	(Resigned 30 May 2019)
A Kang	(Resigned 18 October 2018)
M Butterworth	(Resigned 18 October 2018)
A Foglio II	(Resigned 18 October 2018)
C Kemball	(Resigned 18 October 2018)
D Muir	(Resigned 18 October 2018)
G Rich	(Resigned 18 October 2018)

On behalf of the board



C K Dickinson
Director

Date: 27/07/20

CAMBIAN GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £'000	2018 £'000
Revenue	4	-	750
Distribution costs		63	-
Administrative expenses		(3,812)	(3,638)
Operating loss		(3,749)	(2,888)
Investment income	6	3,254	20,766
Finance costs	7	(16)	(200)
(Loss)/profit before taxation		(511)	17,678
Tax on (loss)/profit	8	-	675
(Loss)/profit and total comprehensive income for the financial year		(511)	18,353

The income statement has been prepared on the basis that all operations are continuing operations.

CAMBIAN GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Investments	10	369,984	369,301
Current assets			
Other receivables	12	45,463	22,861
Current tax recoverable		3,194	3,788
Cash and cash equivalents		119	48,607
		<u>48,776</u>	<u>75,256</u>
Current liabilities			
Borrowings	13	-	28
Trade and other payables	14	4,262	2,417
		<u>4,262</u>	<u>2,445</u>
Net current assets		<u>44,514</u>	<u>72,811</u>
Total assets less current liabilities		<u>414,498</u>	<u>442,112</u>
Net assets		<u>414,498</u>	<u>442,112</u>
Equity			
Called up share capital	16	1,861	1,842
Share premium account		-	20,499
Other reserves		400,343	399,465
Retained earnings		12,294	20,306
Total equity		<u>414,498</u>	<u>442,112</u>

For the financial year ended 30 September 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

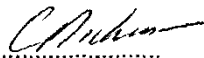
The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

CAMBIAN GROUP LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 27/07/20 and are signed on its behalf by:



.....
C K Dickinson
Director

Company Registration No. 08929371

CAMBIAN GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

		Share capital	Share premium account	Other reserves	Retained earnings	Total
	Notes	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2018		1,842	20,499	398,755	17,366	438,462
Year ended 30 September 2018:						
Profit and total comprehensive income for the year		-	-	-	18,353	18,353
Dividends	9	-	-	-	(15,413)	(15,413)
Transfer to other reserves		-	-	710	-	710
Balances at 30 September 2018		1,842	20,499	399,465	20,306	442,112
Year ended 30 September 2019:						
Loss and total comprehensive income for the year		-	-	-	(511)	(511)
Issue of share capital	16	19	-	-	-	19
Dividends	9	-	-	-	(28,000)	(28,000)
Transfer to other reserves		-	-	878	-	878
Other movements		-	(20,499)	-	20,499	-
Balances at 30 September 2019		1,861	-	400,343	12,294	414,498

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

Company information

Cambian Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost basis except that certain financial instruments are stated at their fair value. The principal accounting policies adopted are set out below.

The company meets the definition of a qualifying entity under FRS 101, The Financial Reporting Standard applicable in the UK and Republic of Ireland. These financial statements for the year ended 30 September 2019 are the first financial statements of Cambian Group Limited prepared in accordance with FRS 101. The company transitioned from EU-adopted IFRS to FRS 101 for all periods presented and the date of transition to FRS 101 was 1 October 2017.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 101.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of CareTech Holdings PLC in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of CareTech Holdings PLC. The group accounts of CareTech Holdings PLC are available to the public and can be obtained as set out in note 17.

1.2 Going concern

The directors have at the time of approving the financial statements, 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 of accounting in preparing the financial statements.

1.3 Revenue

Revenue in respect of the provision of care services is measured as the fair value of fee income received or receivable in respect of the services provided and is recognised in respect of the care that has been provided in the relevant period. Any additional services provided by the group are recognised on provision of the service. Fostering revenue is recognised on the basis of the daily placements made with a full day's revenue recognised for every night a placement is with a foster carer.

Revenue in respect of learning services is directly linked to specific achievements, and milestones reached by apprentices at which point the funding from the Skills Funding Agency is receivable. A corresponding balance is recognised in receivables.

Revenue which has been invoiced but irrecoverable is treated as a bad debt expense. Revenue invoiced in advance is included in deferred income until the service is provided. Revenue is recognised net of VAT and credit notes.

1.4 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.5 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end 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.

Derecognition of financial assets

Financial assets are derecognised 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 to another entity.

1.8 Financial liabilities

The company recognizes financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 reporting end 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 goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 15 - Revenue from contracts with customers - Introduction of new standard on Revenue from Contracts with customers

IFRS 2 - Share-based payment - Amendments to clarify the classification and measurement of share-based payment transactions

IFRS 7 - Financial instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9

IFRS 9 - Financial instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition

IAS 28 - Investments in associates and joint ventures - Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying certain fair value adjustments)

IAS 39 - Financial instruments: Recognition and measurement - Amendment to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception

IAS 40 - Investment property - Amendments to clarify transfers of property to, or from, investment property

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Current asset provisions

In the course of normal trading activities, judgement is used to establish the net realisable value of various elements of working capital, principally trade receivables. Provisions are established for bad and doubtful debts. Provisions are based on the facts available at the time and are also determined by using profiles, based upon past practise, applied to aged receivables.

Deferred taxation

The company may recognise deferred tax assets in respect of temporary differences arising. This requires management to make decisions on the recoverability of such deferred tax assets based on future forecasts of taxable profit. If these forecast profits do not materialise, or there are changes in the tax rates or to the period over which the losses or timing difference might be recognised, the value of the deferred tax asset will need to be revised in a future period.

Key sources of estimation uncertainty

Customer relationships

The company's management team assess each acquisition in the historical financial information period to identify the intangible assets that were acquired in each transaction that qualify for separate recognition. The assessment of the future economic benefits generated from acquired customer relationships, and the determination of the related amortisation profile, involves a significant degree of judgement based on management estimation of future potential revenue and profit and the useful lives of the assets. The valuation method used to value customer relationships is a multi-period excess earnings method. The useful economic life has been assessed as ranging from 1 to 20 years across the acquisitions. Annual reviews are performed to ensure the recoverability of this intangible asset.

Property, plant and equipment

It is company policy to depreciate property, plant and equipment to their estimated residual value over their estimated useful lives. This applies an appropriate matching of the revenue earned with the capital costs of delivery of services. A key element of this policy is the annual estimate of the residual value of such assets. Similarly the directors estimate the useful life applied to each category of property, plant and equipment which, in turn, determines the annual depreciation charge. Variations in residual values or asset lives could impact significantly company profit through an increase in the depreciation charge.

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

4 Revenue

	2019 £'000	2018 £'000
Revenue analysed by class of business		
Care home income	-	750
	2019 £'000	2018 £'000
Other significant revenue		
Interest income	3,254	766
Dividends received	-	20,000
	2019 £'000	2018 £'000
Revenue analysed by geographical market		
	-	750

5 Employees

None of the directors received any emoluments for their services to the company during the year (2018: none). The number of directors to whom pension contributions are accruing is nil (2018: nil).

6 Investment income

	2019 £'000	2018 £'000
Interest income		
Interest on bank deposits	33	133
Interest receivable from group companies	3,221	628
Other interest income	-	5
Total interest revenue	3,254	766
Income from fixed asset investments		
Income from shares in group undertakings	-	20,000
Total income	3,254	20,766

7 Finance costs

	2019 £'000	2018 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	16	200

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

8 Income tax expense

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current period	-	(675)

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2019 £'000	2018 £'000
(Loss)/profit before taxation	(511)	17,678
Expected tax (credit)/charge based on a corporation tax rate of 19.00%	(97)	3,359
Effect of expenses not deductible in determining taxable profit	787	(3,800)
Adjustment in respect of prior years	-	(234)
Group relief	(690)	-
Taxation charge/(credit) for the year	-	(675)

9 Dividends

	2019 £'000	2018 £'000
Amounts recognised as distributions to equity holders:		
Ordinary shares		
Final dividend paid	28,000	15,413
	28,000	15,413

10 Investments

	2019 £'000	2018 £'000
Investments in subsidiaries	369,984	369,301

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

10 Investments

(Continued)

Movements in non-current investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 October 2018	369,301
Additions	683
At 30 September 2019	369,984
Carrying amount	
At 30 September 2019	369,984
At 30 September 2018	369,301

11 Subsidiaries

Details of the company's subsidiaries at 30 September 2019 are as follows:

Name of undertaking	Registered office	Nature of business	% Held	
			Direct	Indirect
Cambian Group Holdings Limited	5th Floor Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG	Non-Trading		-100.00
Camblan Capital Limited	9 Burrard Street, St Helier, Jersey JE4 5SE	Non-Trading		-100.00
Cambian Developments Limited	As above	Non-Trading		-100.00
Cambian Finance Limited	As above	Non-Trading		-100.00
Cambian Manco Limited	As above	Non-Trading		-100.00
Cambian Developments I Limited	As above	Non-Trading		-100.00
Cambian Developments II Limited	As above	Property		-100.00
Cambian Holdings Limited	As above	Non-Trading		-100.00
Cambian Properties II Limited	As above	Non-Trading		-100.00
Cambian Properties (UK) Limited	5th Floor Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG	Non-Trading		-100.00
Cambian Heritage I Limited	As above	Non-Trading		-100.00
Cambian Heritage II Limited	As above	Property		-100.00
Cambian Education Services Limited	As above	Trading		-100.00
Cambian Asperger Syndrome Services Limited	As above	Trading		-100.00
Cambian Autism Services Limited	As above	Trading		-100.00
Care Aspirations Capital Limited	9 Burrard Street, St Helier, Jersey JE4 5SE	Non-Trading		-100.00
Care Aspirations Finance Limited	As above	Non-Trading		-100.00

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

11 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	% Held Direct Indirect
Care Aspirations Holdings Limited	As above	Non-Trading	-100.00
Cambian Sighpost Limited	5th Floor Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG	Trading	-100.00
Cambian Whinfield School Limited	As above	Trading	-100.00
Advanced Childcare Capital Limited	9 Burrard Street, St Helier, Jersey JE4 5SE	Non-Trading	-100.00
Advanced Childcare Finance Limited	As above	Non-Trading	-100.00
Advanced Childcare Holdings Limited	As above	Non-Trading	-100.00
Advanced Childcare Group Limited	5th Floor Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG	Non-Trading	-100.00
Advanced Childcare Services Limited	As above	Non-Trading	-100.00
Cambian Childcare Properties Limited	As above	Property	-100.00
Cambian Childcare Limited	As above	Trading	-100.00
Continuum Care and Education Group Limited	As above	Non-Trading	-100.00
Clifford House Limited	As above	Non-Trading	-100.00
Independent Childcare Group of Schools Limited	As above	Non-Trading	-100.00
SACCS Limited	As above	Non-Trading	-100.00
Elite Children's Care Limited	As above	Non-Trading	-100.00
Herts Care Group Limited	As above	Non-Trading	-100.00
Inhoco 2993 Limited	As above	Non-Trading	-100.00
SACCS Care Limited	As above	Non-Trading	-100.00
Farrow House Limited	As above	Non-Trading	-100.00
Cambian Care (Powys) Limited	As above	Non-Trading	-100.00
Herts Care (Escourt and Supervision Services) Limited	As above	Non-Trading	-100.00
Herts Care Limited	As above	Non-Trading	-100.00
Cambian FS Limited	As above	Non-Trading	-100.00
By The Management Company Limited	As above	Non-Trading	-100.00
By The Bridge Holdings Limited	As above	Non-Trading	-100.00
By The Bridge Limited	As above	Trading	-100.00
By The Bridge North West Limited	As above	Trading	-100.00
Interact Care Limited	As above	Trading	-100.00
Green Corns Limited	As Above	Non-Trading	-100.00

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

12 Trade and other receivables

	2019 £'000	2018 £'000
Other receivables	5	1
Amounts owed by fellow group undertakings	45,458	22,847
Prepayments	-	13
	<u>45,463</u>	<u>22,861</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

13 Borrowings

	2019 £'000	2018 £'000
Unsecured borrowings at amortised cost		
Other loans	-	28
	<u>-</u>	<u>28</u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £'000	2018 £'000
Current liabilities	-	28
	<u>-</u>	<u>28</u>

14 Trade and other payables

	2019 £'000	2018 £'000
Trade payables	-	35
Amounts owed to fellow group undertakings	3,382	-
Accruals	860	1,682
Other payables	20	700
	<u>4,262</u>	<u>2,417</u>

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

15 Share-based payment transactions

The entity has a forfeitable share scheme for the executive directors and qualifying employees (participant). The participant will forfeit the forfeitable shares if they cease to be an employee of the Group before the vesting date, unless otherwise determined by the Board.

During 2014, and prior to IPO, nil-cost options were awarded to certain employees and executives of the Group under Continuation Option Plan 1 and Continuation Option Plan 2. 3,199,997 nil-cost options over ordinary shares were awarded under Continuation Option Plan 1, and a third of these become exercisable on each of the third, fourth and fifth anniversaries of the date of IPO and remain exercisable until the tenth anniversary of the date of IPO. 246,225 nil-cost options over ordinary shares were awarded under Continuation Option Plan 2, and these become exercisable 18 months from the date of IPO and remain exercisable until the tenth anniversary of the date of IPO. All of the nil-cost options awarded under these plans were awarded at the then fair value market price of 225-pence.

The total fair value charge of £7.8m is being expensed over the vesting periods, ranging between 18 months and 5 years. The total expense recognised in the year was £0.2m (2018: £0.4m).

The number of shares under option under COP1 were adjusted during the period to preserve the rights of the holder as a result of the special dividend paid on 26 February 2018.

On 15 February 2017 nil-cost options were awarded to certain executives of the Group under its Long-Term Incentive Plan. 663,982 nil-cost options over ordinary shares were awarded, these become exercisable on the third anniversary on the date of grant subject to an absolute total shareholder return metric being met and these remain exercisable until the tenth anniversary of the grant date.

On 18 July 2017 nil-cost options were awarded to certain employees and executives of the Group under its Long-Term Incentive Plan. 1,087,917 nil-cost options over ordinary shares were awarded, these become exercisable on the third anniversary on the date of grant subject to an absolute total shareholder return metric being met and these remain exercisable until the tenth anniversary of the grant date.

The total fair value charge of £1.3m in relation to the 2017 Long Term Incentive Plans is being expensed over the vesting period. The total expense recognised in the year was £0.2m (2018: £0.3m).

The Cambian Group Limited Remuneration Committee agreed, subject to Board approval that following the change in control on 19 October 2018, all LTIP awards should vest in full and not be time pro-rated. The Board duly approved. COP1 awards became exercisable in full following the change in control under the terms of the plan.

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

15 Share-based payment transactions

(Continued)

	Number of share options		Weighted average exercise price	
	2019	2018	2019 pence	2018 pence
Outstanding at 1 October 2018	3,731,763	3,577,166	-	-
Granted	-	159,929	-	-
Exercised	(3,731,763)	(2,666)	190	155
Expired	-	(2,666)	-	-
Outstanding at 30 September 2019	-	3,731,763	190	155
Exercisable at 30 September 2019	-	-	-	-

The weighted average share price at the date of exercise for share options exercised during the year was £1.90 (2018 - £1.55).

Liabilities and expenses

Total expenses of £194,630 related to equity settled share based payment transactions were recognised in the year. (2018 - £403,454).

16 Share capital

2019
£'000

2018
£'000

Ordinary share capital

Issued and fully paid

186,110,742 Ordinary shares of 1p each

1,861

1,842

17 Controlling party

The company's ultimate parent undertaking is CareTech Holdings PLC. The consolidated financial statements of this Group are available to the public and may be obtained from Metropolitan House, 3 Darkes lane, Potters Bar, Hertfordshire, EN6 1AG.

The company is included in the consolidated accounts of CareTech Holdings PLC.

CAMBIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

18 Financial instruments

These are designed to reduce the financial risks faced by the company, which primarily relate to credit, interest and liquidity risks, which arise in the normal course of the company's business.

Credit risk

Financial instruments which potentially expose the company to credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all significant prospective customers and all existing customers requiring credit beyond a certain threshold. Varying approval levels are set on the extension of credit depending upon the value of the sale.

Where the credit risk is deemed to have risen to an unacceptable level, remedial actions including the variation of terms of trade are implemented under the guidance of senior management until the level of credit risk has been normalised.

The company provides credit to customers in the normal course of business with a provision for specific doubtful receivables. The balance includes the amounts considered recoverable which also equals their fair value. The company does not require collateral in respect of financial assets. During the year there was no charge to the income statement for bad or doubtful debts (30 September 2018: £Nil).

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk

The company finances its operations through called up share capital, retained profits, intergroup borrowings and bank borrowings. The company's income is by its nature relatively stable and its growth is, inter alia, impacted by inflation. Company policy is to balance interest rate fixes between the short, medium and long term. The benchmark rate for bank borrowings is LIBOR.

Liquidity Risk

The company prepares annual cash flow forecasts reflecting known commitments and anticipated projects. Borrowing facilities are arranged as necessary to finance requirements. The wider group has available bank and overdraft facilities, sufficient, with cash flow from profits, to fund present commitments. Term facilities are utilised to fund capital expenditure and short term flexibility is achieved by the utilisation of overdraft facilities in respect of financial liabilities. There were no contractual cash flow maturities at 30 September 2019 (30 September 2018: £Nil).

Capital risk management

The company manages its capital to ensure that activities of the company will be able to continue as going concerns whilst maximising returns for stakeholders through the optimisation of debt and equity. The company does not currently have any external debt and details of the company's equity are disclosed in the Statement of Financial Position.

Foreign currency risk

The company operates entirely in the UK and is not exposed to any foreign currency risks.

Sensitivity analysis

In managing interest rate risks the company aims to reduce the impact of short-term fluctuations on the company's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on earnings. However, the wider group's financing arrangements mean that there is not expected to be a significant impact from interest rate changes on the company.

Fair values

Book values are considered to be equivalent to fair values.