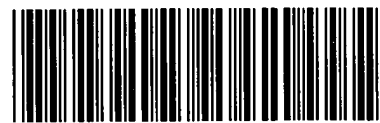


Company Registration No. 03449214 (England and Wales)

**CAMBIAN AUTISM SERVICES LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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# **CAMBIAN AUTISM SERVICES LTD**

## **COMPANY INFORMATION**

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### **Directors**

C K Dickinson  
J Ivers  
F Sheikh  
H Sheikh  
J D Wiles

### **Company number**

03449214

### **Registered office**

Metropolitan House  
3 Darkes Lane  
Potters Bar  
Hertfordshire  
EN6 1AG

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# **CAMBIAN AUTISM SERVICES LTD**

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# CAMBIAN AUTISM SERVICES LTD

## STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report for the year ended 30 September 2020.

### Review of the business

Turnover for the twelve months to September was £30.3m (2019: £28.6m) and the company made a loss before tax of £4.3m (2019: £4.5m loss).

### Key Performance Indicators

The company's Key Performance Indicators "KPIs" are turnover and profit before tax.

Movement in the KPIs in the year were as follows:

	Year ended 2020	Year ended 2019	Movement %
Turnover	£30.3m	£28.6m	5.94%
Loss before tax	(£4.3m)	(£4.5m)	5%

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

A management fee of £3.6m (2019: £2.7m) was levied by the company's immediate holding company for certain central services (including company secretarial, estates, finance, HR, IT and payroll) it provided to the company during the course of 2020.

### Business risks and strategy

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

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

### The Covid-19 pandemic

COVID-19 was identified as an emerging risk for the business in March 2020. A limited number of our service users fall into the formal NHS high-risk categories for COVID-19 such as those with underlying health conditions. Throughout the pandemic, all our services remain fully operational and funded. Through the use of a dynamic risk assessment tool we have been able to provide real time monitoring and support across all our services as well as ensuring that we have a business continuity plan at each site. This covers arrangements to provide staff cover between services. For these reasons, we do not consider COVID-19 a significant risk to the business based on the current position.

On behalf of the board



C K Dickinson

Director

30 April 2021

# **CAMBIAN AUTISM SERVICES LTD**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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The directors present their annual report and financial statements for the year ended 30 September 2020.

### **Principal activities**

The principal activity of the company continued to be that of a provider of specialist residential education and care for young people with Autistic Spectrum Disorders in the United Kingdom.

It is committed to providing specialist education and care, together with full range of behavioural and speech and language therapy leading to successful participation in family and communal life. All the Company's activities are carried out in the United Kingdom.

### **Results and dividends**

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

### **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  
J Ivers  
F Sheikh  
H Sheikh  
J D Wiles

### **Disabled persons**

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

### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

On behalf of the board



C K Dickinson  
**Director**

Date: 30 April 2021

# CAMBIAN AUTISM SERVICES LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £'000	2019 £'000
Revenue	4	30,344	28,639
Cost of sales		(19,767)	(20,146)
<b>Gross profit</b>		<b>10,577</b>	<b>8,493</b>
Administrative expenses		(10,451)	(12,867)
Profit/(loss) on disposal of operations		(224)	(75)
<b>Operating loss</b>	<b>6</b>	<b>(98)</b>	<b>(4,449)</b>
Finance costs	7	(4,246)	(112)
<b>Loss before taxation</b>		<b>(4,344)</b>	<b>(4,561)</b>
Tax on loss	8	10	42
<b>Loss and total comprehensive income for the financial year</b>		<b>(4,334)</b>	<b>(4,519)</b>

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

# CAMBIAN AUTISM SERVICES LTD

## STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Intangible assets	9	725	745
Property, plant and equipment	10	118,369	7,209
		<u>119,094</u>	<u>7,954</u>
<b>Current assets</b>			
Inventories	11	19	19
Trade and other receivables	12	2,306	2,213
Deferred tax asset	15	30	20
Cash and cash equivalents		1,048	3,109
		<u>3,403</u>	<u>5,361</u>
<b>Current liabilities</b>			
Trade and other payables	13	21,362	21,291
Taxation and social security		466	179
Lease liabilities	14	3,285	-
		<u>25,113</u>	<u>21,470</u>
<b>Net current liabilities</b>		<u>(21,710)</u>	<u>(16,109)</u>
<b>Total assets less current liabilities</b>		<u>97,384</u>	<u>(8,155)</u>
<b>Non-current liabilities</b>			
Lease liabilities	14	109,873	-
<b>Net liabilities</b>		<u>(12,489)</u>	<u>(8,155)</u>
<b>Equity</b>			
Called up share capital	17	-	-
Retained earnings		(12,489)	(8,155)
<b>Total equity</b>		<u>(12,489)</u>	<u>(8,155)</u>

For the financial year ended 30 September 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

# **CAMBIAN AUTISM SERVICES LTD**

## **STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 30 SEPTEMBER 2020**

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

The financial statements were approved by the board of directors and authorised for issue on 30 April 2021 and are signed on its behalf by:



.....  
C K Dickinson  
Director

**Company Registration No. 03449214**



# **CAMBIAN AUTISM SERVICES LTD**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	<b>Retained earnings £'000</b>
<b>Balance at 1 October 2018</b>	<b>(3,636)</b>
<b>Period ended 30 September 2019:</b>	
Loss and total comprehensive income for the period	(4,519)
	<hr/>
<b>Balances at 30 September 2019</b>	<b>(8,155)</b>
	<hr/>
<b>Year ended 30 September 2020:</b>	
Loss and total comprehensive income for the year	(4,334)
	<hr/>
<b>Balances at 30 September 2020</b>	<b>(12,489)</b>
	<hr/> <hr/>

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 1 Accounting policies

#### Company information

Cambian Autism Services Ltd 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. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 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 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 its ultimate parent company, 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.
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

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 19.

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 1 Accounting policies

(Continued)

#### 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.

The Company has undertaken extensive activity to identify and mitigate its exposure to plausible risks which may arise from COVID-19. After making due enquiries and current assessment of the likelihood of the COVID-19 risks arising together with their assessment of the planned mitigating actions being successful, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### 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 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Customer relationships: 7 to 18 years
- Non-complete agreements: Shorter of the agreement term or 5 years

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5 years
Fixtures, fittings & equipment	3 - 5 years
Right-of-use assets	Over the term of the lease

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.8 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 IFRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

#### 1.9 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 AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

#### 1 Accounting policies

(Continued)

##### 1.10 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 AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 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.

#### **1.11 Financial liabilities**

The company recognises 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.

#### **1.12 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.

#### **1.13 Taxation**

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

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 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.

#### **1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.16 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets and lease liabilities have been presented separately on the statement of financial position, apart from those that meet the definition of investment property.

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

### 1 Accounting policies

(Continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, or for leases of low-value assets. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

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

In 2020 the Company has adopted IFRS 16 and follows this standard for the recognition of leases.

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Accordingly, the Company is not required to present a third statement of financial position as at that date. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.



# **CAMBIAN AUTISM SERVICES LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

**(Continued)**

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 October 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, including those on a rolling basis, and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term. Leases on a rolling basis are assessed as short-term due to the legal enforceable period being less than 12 months.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

Sale and leaseback transactions entered into before the date of initial application have not been reassessed to determine whether the transfer of the underlying asset satisfies the requirements in IFRS 15 to be accounted for as a sale. On transition, finance sale and leaseback transactions under IAS 17 are accounted for in the same way as any other finance lease that exists at the date of initial application and any gains are amortised over the lease term. For operating sale and leaseback transactions, the leaseback is accounted for in the same way as any other operating lease that exists at the date of initial application, and the leaseback right-of-use asset is adjusted for any deferred gains or losses that relate to off-market terms recognised in the statement of financial position immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was between 2.5% to 2.6% for equipment, 2.6% for motor vehicles and 3.5% for land and buildings. The incremental borrowing rate was determined by considering the Company's current borrowing rates, comparator borrowing rates and property yield rates.

Lease liabilities recognised under IAS 17 and previously presented in loans and borrowings, and ground rent liabilities arising under IAS 17, have been represented as lease liabilities.

Right of use assets have been reclassified into a separate category from property, plant and equipment as at 1 October 2019.

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 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

##### Incremental borrowing rate

Implementation of the new leasing standard IFRS16 requires the Company to apply judgement in determining an appropriate incremental borrowing rate to use as the discount rate when the interest rate implicit in the lease cannot be readily determined.

### 4 Revenue

	2020 £'000	2019 £'000
Revenue analysed by class of business		
Care services	30,344	28,639

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Nursing, care and support staff	628	620
Management and administration	27	27
Total	655	647

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	13,976	14,256
Social security costs	1,192	1,229
Pension costs	533	476
	15,701	15,961

None of the directors received any emoluments for their services to the company during the year (2019: none).

The number of directors to whom pension contributions are accruing is nil (2019: nil).

### 6 Operating loss

	2020 £'000	2019 £'000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment	5,691	799
(Profit)/loss on disposal of property, plant and equipment	-	4
Amortisation of intangible assets (included within administrative expenses)	20	1

### 7 Finance costs

	2020 £'000	2019 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	248	112
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	3,998	-
Total interest expense	4,246	112

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 8 Taxation

	2020 £'000	2019 £'000
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(10)	(42)
	<u>          </u>	<u>          </u>
The charge for the year can be reconciled to the loss per the income statement as follows:		
	2020 £'000	2019 £'000
Loss before taxation	(4,344)	(4,561)
	<u>          </u>	<u>          </u>
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(825)	(867)
Effect of expenses not deductible in determining taxable profit	6	-
Effect of change in UK corporation tax rate	-	5
Group relief	793	820
Deferred tax adjustments in respect of prior years	16	-
	<u>          </u>	<u>          </u>
<b>Taxation credit for the year</b>	<u>(10)</u>	<u>(42)</u>

### 9 Intangible fixed assets

	Other intangible assets £'000
<b>Cost</b>	
At 30 September 2019	1,210
At 30 September 2020	<u>1,210</u>
<b>Amortisation and impairment</b>	
At 30 September 2019	465
Charge for the year	20
At 30 September 2020	<u>485</u>
<b>Carrying amount</b>	
At 30 September 2020	<u>725</u>
At 30 September 2019	<u>745</u>

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 10 Property, plant and equipment

	Leasehold improvements	Fixtures, fittings & equipment	Computers	Motor vehicles	Right-of-use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 30 September 2019	4,822	6,148	321	38	-	11,329
Additions	85	432	-	-	116,334	116,851
At 30 September 2020	4,907	6,580	321	38	116,334	128,180
<b>Accumulated depreciation and impairment</b>						
At 30 September 2019	779	3,126	201	14	-	4,120
Charge for the year	7	793	19	6	4,866	5,691
At 30 September 2020	786	3,919	220	20	4,866	9,811
<b>Carrying amount</b>						
At 30 September 2020	4,121	2,661	101	18	111,468	118,369
At 30 September 2019	4,043	3,022	120	24	-	7,209

### 11 Inventories

	2020 £'000	2019 £'000
Finished goods	19	19

### 12 Trade and other receivables

	Current 2020 £'000	2019 £'000
Trade receivables	2,023	2,118
Other receivables	273	84
Prepayments and accrued income	10	11
	2,306	2,213

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

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 13 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	-	301
Amounts owed to fellow group undertakings	12,069	10,994
Accruals and deferred income	7,359	8,263
Other payables	1,934	1,733
	<u>21,362</u>	<u>21,291</u>

### 14 Lease liabilities

	2020 £'000	2019 £'000
<b>Maturity analysis</b>		
Within one year	3,285	-
In two to five years	109,873	-
<b>Total undiscounted liabilities</b>	<u>113,158</u>	<u>-</u>

Lease liabilities 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:

	2020 £'000	2019 £'000
Current liabilities	3,285	-
Non-current liabilities	109,873	-
	<u>113,158</u>	<u>-</u>

	2020 £'000	2019 £'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>3,998</u>	<u>-</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

Other leasing information is included in note 18.

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £'000
Deferred tax liability at 1 October 2018	22
<b>Deferred tax movements in prior year</b>	
Credit to profit or loss	(42)
Deferred tax asset at 1 October 2019	(20)
<b>Deferred tax movements in current year</b>	
Credit to profit or loss	(10)
Deferred tax asset at 30 September 2020	(30)

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

### 16 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £532,920 (2019 - £475,977).

17 Share capital	2020 £	2019 £
<b>Issued and fully paid</b>		
2 Ordinary shares of £1 each	2	2

### 18 Other leasing information

#### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2020 £'000	2019 £'000
Minimum lease payments under operating leases	-	7,614

# CAMBIAN AUTISM SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 18 Other leasing information

(Continued)

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2020 £'000	2019 £'000
<b>Land and buildings</b>		
Within one year		7,355
Between two and five years	-	29,421
In over five years	-	144,495
	<u>-</u>	<u>181,271</u>
	2020 £'000	2019 £'000
<b>Other leases</b>		
Within one year	-	129
Between two and five years	-	198
	<u>-</u>	<u>327</u>

Information relating to lease liabilities is included in note 14.

### 19 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 AUTISM SERVICES LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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### **20 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 2019: £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 2020 (30 September 2019: £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.

# **CAMBIAN AUTISM SERVICES LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 30 SEPTEMBER 2020***

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### **20 Financial instruments**

**(Continued)**

#### **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.