

Cheadle Royal Healthcare Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered number: 03254624

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Cheadle Royal Healthcare Limited
Annual report and financial statements
for the year ended 31 December 2015

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Cheadle Royal Healthcare Limited

Strategic report for the year ended 31 December 2015

The directors present their strategic report on Cheadle Royal Healthcare Limited for the year ended 31 December 2015.

Principal activities

The principal activity of the company is the operation of hospitals providing in-patient and out-patient treatment in the areas of general psychiatry, eating disorders and adolescent psychiatry.

Business review

The results for the year are set out in the profit and loss account on page 7 and the position of the company as at the year end is set out in the balance sheet on page 8.

As the company is focussed on the healthcare sector, the performance of the company can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of healthcare, changes in the regulatory regime and competitive threats from other independent providers. Management uses a range of financial and non-financial indicators to manage the business. These are derived from all areas of the business and include sales growth by unit, occupancy and achieved profit margins. Gross profit margins have increased from 27.6% in 2014 to 33.5% in 2015.

During the year, a charge of £33,000 (2014: £24,000) was recognised in respect of operating exceptional items as noted in note 2.

The company's management is committed to a continued growth strategy.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of Priory Group No. 1 Limited, the ultimate parent of the company, is discussed in the group's financial statements which includes the company and does not form part of this report.

Financial risk management

The company's operations mean that it is exposed to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The directors monitor the risks in order to limit the adverse effects on the financial performance by reviewing levels of debt finance and the related finance costs, however these are integrated with the risks of group and not managed separately. Accordingly, the financial risk management policies of Priory Group No. 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

Cheadle Royal Healthcare Limited

Strategic report for the year ended 31 December 2015 (continued)

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Priory Group No. 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

Future developments

The future developments of the company are aligned to the strategy of the Priory Group, headed by Priory Group No. 1 Limited. The group's strategy for the future development of the business is included in the group's financial statements, which does not form part of this report.

By order of the board



David Hall
Company Secretary
29 February 2016

Cheadle Royal Healthcare Limited

Directors' report for the year ended 31 December 2015

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2015.

This report should be read in conjunction with the strategic report, which contains disclosures regarding future developments and financial risk management.

Dividends

The directors do not recommend the payment of a dividend (2014: £nil).

Directors

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

T Riall

M Franzidis (resigned 7 January 2015)

J Lock (resigned 1 April 2015)

M Moran (appointed 1 April 2015)

In accordance with the articles of association, no directors retire by rotation.

Employees

The directors recognise that the continued position of the company in the healthcare sector depends on the quality and motivation of its employees and as such the company is committed to pursue employment policies which will continue to attract, retain and motivate its employees.

Good and effective employee communications are particularly important, and throughout the business it is the directors' policy to promote the understanding by all employees of the company's business aims and performance. This is achieved through internal publications, presentations on performance and a variety of other approaches appropriate for a particular location. Employees are consulted on issues through workshops, which are run regularly across the group.

The directors believe that it is important to recruit and retain capable and caring staff regardless of their sex, marital status, race or religion. It is the company's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of and to arrange appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Cheadle Royal Healthcare Limited

Directors' report for the year ended 31 December 2015 (continued)

Provision of information to auditors

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

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

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



David Hall
Company Secretary
29 February 2016

Fifth Floor
80 Hammersmith Road
London
England
W14 8UD

Cheadle Royal Healthcare Limited

Independent auditors' report to the members of Cheadle Royal Healthcare Limited

Report on the financial statements

Our opinion

In our opinion, Cheadle Royal Healthcare Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Cheadle Royal Healthcare Limited

Independent auditors' report to the members of Cheadle Royal Healthcare Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

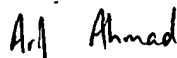
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures, or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Arif Ahmad (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP,

Chartered Accountants and Statutory Auditors

Newcastle Upon Tyne

29 February 2016

Cheadle Royal Healthcare Limited

Profit and loss account for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	1	26,098	24,859
Cost of sales		(17,365)	(18,005)
Gross profit		8,733	6,854
Administrative expenses (including operating exceptional costs of £33,000; 2014: £24,000)	2	(1,315)	(1,074)
Operating profit		7,418	5,780
Interest receivable and similar income		40	39
Interest payable and similar charges	5	(2)	(2)
Profit on ordinary activities before taxation	2	7,456	5,817
Tax on profit on ordinary activities	6	(2,382)	(1,968)
Profit for the financial year		5,074	3,849

The results for the current and prior financial year derive from continuing activities.

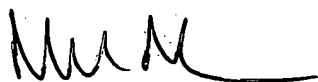
There is no other comprehensive income for the current or prior financial year.

Cheadle Royal Healthcare Limited

Balance sheet as at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	7	-	-
Property, plant and equipment	8	12,623	11,731
		12,623	11,731
Current assets			
Debtors (including £1,240,000 (2014: £1,240,000) falling due after more than one year)	9	43,410	38,910
Cash at bank and in hand		12	11
		43,422	38,921
Creditors: amounts falling due within one year	10	(3,145)	(2,837)
Net current assets		40,277	36,084
Total assets less current liabilities		52,900	47,815
Creditors: amounts falling due after more than one year	11	(5)	(13)
Provisions for liabilities	12	(19)	-
Net assets		52,876	47,802
Capital and reserves			
Called up share capital	13	-	-
Share premium account		213	213
Capital redemption reserve		907	907
Profit and loss account		51,756	46,682
Total shareholders' funds		52,876	47,802

The financial statements on pages 7 to 22 were approved by the board of directors on 29 February 2016 and were signed on its behalf by:



M Moran

Director

Registered number: 03254624

Cheadle Royal Healthcare Limited

Statement of changes in equity for the year ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	-	213	907	42,833	43,953
Profit for the financial year	-	-	-	3,849	3,849
At 31 December 2014	-	213	907	46,682	47,802
Profit for the financial year	-	-	-	5,074	5,074
At 31 December 2015	-	213	907	51,756	52,876

Cheadle Royal Healthcare Limited

Statement of accounting policies

The following accounting policies have been applied consistently in the company's financial statements.

Basis of preparation

The company is a private limited company, incorporated and domiciled in the United Kingdom.

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis and under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below, and, unless otherwise stated, these policies have been consistently applied to all the periods presented.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101) and, the Companies Act 2006 (the Act) as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 17 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The principle disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Statement of cash flows;
- IFRS 7 financial instrument disclosures;
- IAS 1 information on management of capital;
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies (the company has no other related party transactions); and
- Roll-forward reconciliations in respect of share capital (IAS 1) and property, plant and equipment (IAS 16).

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that it is included in the consolidated financial statements of a parent undertaking. These financial statements present information about the company as an individual undertaking and not about its group.

Cheadle Royal Healthcare Limited

Statement of accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Assets in the course of construction represent the direct costs of purchasing, constructing and installing property, plant and equipment ahead of their productive use. No depreciation is provided on an asset that is in the course of construction until it is completed and the asset is ready for its intended use.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	7 years
Freehold land and buildings	-	50 years
Motor vehicles	-	over the shorter of the lease and 4 years

The expected residual values and useful lives of the assets to the business are reassessed, and adjusted if appropriate at each balance sheet date. Land is not depreciated on the basis that land has an unlimited life. Where the cost of land and buildings cannot be split, the directors have estimated that the value attributable to land is 22% of the cost of the land and buildings, based on experience.

Investments

Investments in subsidiaries are stated at cost less provision for any impairment in value.

Asset impairment

Property, plant and equipment are tested for impairment by management when a trigger event that might affect asset values has occurred. An impairment loss is recognised in the profit and loss account to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from an income-generating unit, which is an individual business operational unit.

Trade and other debtors

Trade and other debtors are initially stated at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses, and are assessed for indicators of impairment at each balance sheet date. Trade and other debtors are considered to be impaired when there is objective evidence that the estimated future cash flows associated with the asset have been affected. In addition, certain trade and other debtors that are not considered to be individually impaired, may be assessed for impairment on a collective basis. Objective evidence for impairment for a portfolio of receivables could include the company's past experience of collecting payment, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions.

Cash

Cash comprises all bank balances and is stated in the balance sheet at fair value. The company does not hold any cash equivalents.

Trade and other creditors

Trade and other creditors are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

Cheadle Royal Healthcare Limited

Statement of accounting policies (continued)

Leases

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Leased assets classified as property, plant and equipment are depreciated over the shorter of their useful economic life or the period of the lease.

Lease payments made in respect of finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease payments made in respect of operating leases are recognised on a straight line basis over the term of the lease.

Retirement benefit costs

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

Taxation

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

The tax currently payable is based on the taxable profit for the year. Taxable profit can differ from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years, or that are never taxable or deductible. The company's liability for current tax is calculated using rates that have been effective during the accounting period.

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 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis. Deferred tax balances are not discounted.

Cheadle Royal Healthcare Limited

Statement of accounting policies (continued)

Group relief

Payment is generally made for group relief at the current tax rate at the time of first estimating the tax provision. To the extent that amendments are subsequently made to the group relief plan, there is generally no payment or receipt in respect of the change.

Turnover and revenue recognition

Turnover represents consideration received for the provision of services to customers. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes. Turnover is recognised as the services are provided. Turnover received in advance is included in deferred income until the service is provided. Turnover in respect of services provided but not yet invoiced by the period end is included within accrued income.

Exceptional items

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification are referred to as exceptional items. Items that may give rise to classification as exceptional include, but are not limited to, significant and material restructuring and reorganisation programme and acquisition costs.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period then ended. Management bases its estimates on historical experience and various other assumptions that are considered to be reasonable in the particular circumstances. Actual results may differ from these estimates.

Estimates are used in accounting for allowances for uncollected receivables, depreciation, taxes and contingencies. Estimates and assumptions are reviewed periodically and the effects of the revision are reflected in the financial statements in the period that an adjustment is determined to be required.

Significant accounting judgements have been applied with respect to the valuation of deferred tax assets. Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015

1 Turnover

The company's turnover and profit on ordinary activities before taxation arise primarily from its principal activity of the provision of healthcare services.

All turnover and profit on ordinary activities before taxation arose within the United Kingdom and from one class of business.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2015	2014
	£'000	£'000
Depreciation and other amounts written off tangible assets:		
Owned	523	513
Leased	10	9
Rentals under operating leases:		
Hire of plant and machinery	19	11
Operating exceptional items:		
Re-organisation and rationalisation costs	33	24

The re-organisation and rationalisation costs of £33,000 (2014: £24,000) incurred in the year primarily relate to employee redundancy payments made as the company re-organised and streamlined its operations.

The remuneration of the auditors of £5,000 (2014: £5,000) relates to the audit and was borne by another group undertaking.

3 Remuneration of directors

The costs relating to the directors' services have been borne by another group undertaking. No amounts have been recharged (2014: nil) to the company in respect of the directors' services and the directors do not believe that it is practical to allocate these costs between group companies.

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

4 Staff numbers and costs

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

	2015 Number	2014 Number
By activity:		
Nursing and other clinical staff	513	495
Administrative staff	69	70
	582	565

The aggregate payroll costs of these persons were as follows:

	2015 £'000	2014 £'000
Wages and salaries	12,743	13,126
Social security costs	1,106	1,059
Other pension costs (note 16)	365	377
	14,214	14,562

5 Interest payable and similar charges

	2015 £'000	2014 £'000
On bank overdrafts	2	2

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Tax on profit on ordinary activities

	2015	2014
	£'000	£'000
UK corporation tax:		
Current tax charge arising in the year	2,229	1,838
Adjustments in respect of prior years	(15)	(7)
Total current tax	2,214	1,831
Deferred taxation:		
Origination and reversal of timing differences	139	137
Adjustments in respect of prior years	14	-
Effect of tax rate change on opening balance	15	-
Total deferred tax	168	137
Total tax charge	2,382	1,968

The current tax charge of £2,214,000 (2014: £1,831,000) on profits for the financial year has been relieved by the surrender of losses by other group companies in exchange for payment of the same amount.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20.25% (2014: 21.5%). The actual tax charge for the year is higher (2014: higher) than the standard rate for the reasons set out in the following reconciliation:

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	7,456	5,817
Tax on profit on ordinary activities at standard rate	1,510	1,251
Factors affecting charge for the year:		
Transfer pricing adjustment	830	700
Adjustments in respect of prior years	(1)	(7)
Impact of rate changes	(4)	-
Depreciation of non qualifying assets	47	24
Total tax charge for the year	2,382	1,968

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Tax on profit on ordinary activities (continued)

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 20.25% (2014: 21.5%).

In his budget speech on 8 July 2015, the Chancellor announced that the main rate of corporation tax would change from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. These changes were substantively enacted on 26 October 2015, as such the company's deferred tax balances have been restated to reflect their expected unwind at 18% rather than the main rate of 20%.

7 Investments

	Shares in group undertakings £
Cost	
At 1 January 2015 and 31 December 2015	102
Provisions for impairment	
At 1 January 2015 and 31 December 2015	(102)
Net book value	
At 31 December 2014 and 31 December 2015	-

The subsidiary undertakings at the year end are as follows:

Subsidiary undertaking	Principal activities	Country of incorporation	Class and percentage of shares held
Cheadle Royal Hospital Limited	Dormant	United Kingdom	100% ordinary
Cheadle Royal Residential Services Limited	Non-trading	United Kingdom	100% ordinary

All subsidiary and associated undertakings are registered in England and Wales.

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

8 Property, plant and equipment

	Freehold land and buildings £'000	Assets in the course of construction £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2015	11,391	136	4,742	36	16,305
Transfers	-	(124)	124	-	-
Additions	-	630	797	-	1,427
Disposals	-	-	(4)	-	(4)
At 31 December 2015	11,391	642	5,659	36	17,728
Accumulated depreciation					
At 1 January 2015	1,511	-	3,050	13	4,574
Charge for the year	160	-	363	10	533
Disposals	-	-	(2)	-	(2)
At 31 December 2015	1,671	-	3,411	23	5,105
Net book amount					
At 31 December 2015	9,720	642	2,248	13	12,623
At 31 December 2014	9,880	136	1,692	23	11,731

The net book value of assets held under finance leases is £13,000 (2014: £23,000) for motor vehicles.

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

9 Debtors

	2015	2014
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,590	3,059
Amounts owed by group undertakings	39,513	34,360
Other debtors	9	5
Prepayments and accrued income	58	97
Deferred tax (note 12)	-	149
	42,170	37,670
Amounts falling due after more than one year:		
Amounts owed by group undertakings	1,240	1,240
	43,410	38,910

Amounts owed by group undertakings falling due within one year are non interest bearing and repayable upon demand.

Amounts owed to group undertakings falling due after more than one year are unsecured, bear interest at December 2014 LIBOR plus 2.25% per annum and are payable on demand. It is not expected that the demand would be made or that these amounts will be paid within one year and accordingly these amounts have been shown as amounts falling due after more than one year.

10 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Obligations under finance lease contracts (note 11)	8	9
Group relief payable	2,214	1,831
Other creditors	108	240
Other taxation and social security	368	342
Accruals and deferred income	447	415
	3,145	2,837

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

11 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Obligations under finance lease contracts	5	13

Obligations under finance leases are payable as follows:

	2015	2014
	£'000	£'000
Within one year	8	9
In more than one year, but not more than five years	5	13
	13	22

12 Provisions for liabilities

	£'000
Deferred tax:	
At 1 January 2015	-
Transferred from debtors	(149)
Charge for the year	168
At 31 December 2015	19

Deferred tax arises on the following timing differences:

	Depreciation in excess of capital allowances £'000	Short term timing differences £'000	Total £'000
At 1 January 2015	-	-	-
Transferred from debtors	(108)	(41)	(149)
Charge for the year	163	5	168
At 31 December 2015	55	(36)	19

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

12 Provisions for liabilities (continued)

Deferred tax assets relating to deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. On the basis of the approved business plans, it is considered probable that the temporary differences can be offset against future taxable profits.

13 Called up share capital

	2015	2014
	£	£
Called up, allotted and fully paid		
97 (2014: 97) ordinary shares of £1 each	97	97

14 Contingent liabilities

At 31 December 2015, borrowings of a fellow group undertaking were secured by fixed and floating charges over all the assets of the company.

15 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2015	2014
	£'000	£'000
Contracted	28	156

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases for office equipment, which fall due as follows:

	2015	2014
	£'000	£'000
Within one year	11	7
In the second to fifth years inclusive	19	8
	30	15

Cheadle Royal Healthcare Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

16 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £365,000 (2014: £377,000).

As at 31 December 2015, there were outstanding contributions of £48,000 (2014: £49,000).

17 Ultimate parent company and controlling party

The company's immediate parent company, which is incorporated in the United Kingdom, is Affinity Hospitals Limited.

The ultimate parent undertaking and controlling party at 31 December 2015 was Priory Group No. 1 Limited, a company incorporated in England. Priory Group No. 1 Limited was beneficially owned by funds managed by Advent International Corporation which was considered by the directors to be the ultimate controlling party of the company.

On 16 February 2016 the entire share capital of Priory Group No. 1 Limited was acquired by Whitewell UK Investments 1 Limited, an indirect wholly owned subsidiary of Acadia Healthcare Company Inc. From this date the ultimate parent undertaking and controlling party is Acadia Healthcare Company Inc.

Priory Group No. 1 Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2015. Priory Group No. 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2015. The consolidated financial statements of Priory Group No. 1 Limited and Priory Group No. 3 PLC can be obtained from the Company Secretary at Fifth Floor, 80 Hammersmith Road, London, W14 8UD.