

Cheadle Royal Residential Services Limited

Directors' report and financial statements

Year ended 31 December 2010

Registered number 06623891



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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2010

Principal activities and business review

The principal activity of the company is to act as agent for Cheadle Royal Healthcare Limited in the provision of private healthcare. The company did not trade in the current year and the directors do not anticipate that the company will trade in the foreseeable future.

The results for the year are set out in the profit and loss account on page 5 and the position of the company as at the year end is set out in the balance sheet on page 6.

On 18 March 2010, the company's ultimate parent company, Affinity Healthcare Holdings Limited, was acquired by Priory New Investments 3 Limited, a subsidiary of Priory Investments Holdings Limited.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Priory Investments Holdings Limited, which include those of the company, are discussed in the Group's annual report which does not form part of this report.

Key performance indicators

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 Investments Holdings Limited, which includes the company, are discussed in the Group's annual report which does not form part of this report.

Dividends

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

Directors

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

T Macdonald-Milner	(resigned 18 March 2010)
J A Shaw	(resigned 18 March 2010)
A C Evans	(resigned 18 March 2010)
P Scott	(appointed 18 March 2010)
J Lock	(appointed 18 March 2010)
M Franzidis	(appointed 18 March 2010)

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

Directors' report *(continued)*

Independent auditors

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

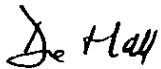
Provision of information to auditors

Each of the persons who are directors at the time when this Director's 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 relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the companies Act

By order of the board



D Hall
Company Secretary

21, Exhibition House
Addison Bridge Place
London
W14 8XP
31 August 2011

Statement of directors' responsibilities

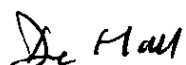
The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

By order of the board



D Hall
Company Secretary

31 August 2011

Independent auditors' report to the members of Cheadle Royal Residential Services Limited

We have audited the financial statements of Cheadle Royal Residential Services Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle

31 August 2011

Profit and loss account
for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	Six months ended 31 December 2009 £
Profit on ordinary activities before taxation	2	-	-
Tax on profit on ordinary activities	4	328	760
Profit for the financial year	8	328	760

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

The company had no other recognised gains or losses for the year other than those included in the profit above, therefore no separate statement of total recognised gains and losses is presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Balance sheet
at 31 December 2010

	Note	31 December 2010 £	31 December 2009 £
Non current assets			
Debtors due after more than one year	5	75,000	77,686
		<hr/>	<hr/>
		75,000	77,686
Creditors amounts falling due within one year	6	(71,886)	(74,900)
		<hr/>	<hr/>
Net assets		3,114	2,786
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account	8	3,014	2,686
		<hr/>	<hr/>
Total shareholders' funds	9	3,114	2,786
		<hr/>	<hr/>

Cheadle Royal Residential Services Limited is registered in England and Wales under company number 06623891

The financial statements on pages 5 to 10 were approved by the board of directors on 31 August 2011 and were signed on its behalf by



J Lock
 Director

Notes to the financial statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and UK company law and under the historical cost accounting rules

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Priory Investments Holdings Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group

Taxation

The charge for taxation is based on the profit for the financial period and takes into account taxation deferred. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 'Deferred tax'. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered

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 change

2 Profit on ordinary activities before taxation

The company had no employees during the period (*period ended 31 December 2009 nil*). The remuneration of the auditors in the year was borne by another group undertaking

3 Directors' remuneration

The directors received no emoluments for services to the company during the period (*period ended 31 December 2009 nil*)

Costs relating to the directors' services have been borne by another group undertaking. No amounts have been recharged 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

Notes to the financial statements (continued)

4 Tax on profit on ordinary activities

(a) Analysis of the tax credit in the year/period

	Year ended 31 December 2010	Six months ended 31 December 2009
	£	£
UK corporation tax		
Group relief	(328)	(760)
	<u>(328)</u>	<u>(760)</u>

(b) Factors affecting the tax credit in the year/period

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (period ended 31 December 2009 28.0%). The actual tax credit for the year differs from the standard rate for the reasons set out in the reconciliation below

	Year ended 31 December 2010	Six months ended 31 December 2009
	£	£
Profit on ordinary activities before taxation	-	-
Tax on profit on ordinary activities at standard rate	-	-
Factors affecting charge for the year		
Transfer pricing adjustment	(328)	(760)
Total current tax charge for the year	<u>(328)</u>	<u>(760)</u>

No deferred tax has been recognised in the year (period to 31 December 2009 £nil)

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011. A number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax from 27% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011. It is currently expected that each future Finance Bill enacted will reduce the corporation tax rate by 1% until a final rate of 23% is reached by 2014/5. Only those rate reductions substantively enacted at the balance sheet date are included in these financial statements.

Notes to the financial statements *(continued)*

5 Debtors

	31 December 2010 £	31 December 2009 £
<i>Amounts falling due after more than one year</i>		
Group relief receivable	-	2,686
External loan	75,000	75,000
	<u>75,000</u>	<u>77,686</u>

6 Creditors: amounts falling due within one year

	31 December 2010 £	31 December 2009 £
Amounts due to group undertakings	71,886	74,900
	<u>71,886</u>	<u>74,900</u>

Amounts due to group undertakings are unsecured, non-interest bearing and repayable on demand

7 Called up share capital

	31 December 2010 £	31 December 2009 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Notes to the financial statements *(continued)*

8 Profit and loss account

	£
At beginning of the period	2,686
Profit for the period	328
	<hr/>
At end of the year	3,014
	<hr/>

9 Reconciliation of movements in shareholders' funds

	31 December 2010 £	31 December 2009 £
Profit for the period	328	760
	<hr/>	<hr/>
Net addition to shareholders' funds	328	760
Opening shareholders' funds	2,786	2,026
	<hr/>	<hr/>
Closing shareholders' funds	3,114	2,786
	<hr/>	<hr/>

10 Ultimate parent company

The company's immediate parent company is Cheadle Royal Healthcare Limited, a company incorporated in England and Wales

On 18 March 2010, Affinity Healthcare Holdings Limited was acquired by Priory New Investments 3 Limited, a subsidiary of Priory Investments Holdings Limited. As a result of the transaction, the company's ultimate parent company at 31 December 2010 was Priory Investments Holdings Limited (incorporated in the Cayman Islands), which was the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the consolidated financial statements can be obtained from the Company Secretary at 21, Exhibition House, Addison Bridge Place, London, W14 8XP. At that date, the directors considered that there was no ultimate controlling party of the company.

On 4 March 2011, Priory Investments Holdings Limited was acquired by Priory Group No. 3 plc (formally Crown Newco 3 plc), a subsidiary of Priory Group Limited. As a result of the transaction, the company's ultimate parent company from 4 March 2011 onwards is Priory Group Limited (incorporated in England). Priory Group Limited is beneficially owned by funds managed by Advent International Corporation which is considered by the directors to be the ultimate controlling party of the company.