
Affinity Hospitals Holding Limited

Directors' report and financial statements

For the period from 19 March 2010 to 31 December 2010

WEDNESDAY



A54 *AZ6V2VEL* 184
29/06/2011
COMPANIES HOUSE

Affinity Hospitals Holding Limited

Contents

	Page
Directors' report	1 - 3
Independent auditors' report to the members of Affinity Hospitals Holdings Limited	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

Affinity Hospitals Holding Limited

Directors' report For the period ended 31 December 2010

The directors present their report and the audited financial statements for the period from 19 March 2010 to 31 December 2010. The comparative figures are for the period from 1 July 2009 to 18 March 2010.

Principal activities and business review

The company is a holding company for a group of companies engaged in the provision of private healthcare.

The company has not traded in the current period or the prior period.

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

Principal risks and uncertainties

The company considers its principal risks to be the financial performance of its subsidiary companies which support the carrying value of the company's investments. This risk is managed through regular contact and review with the subsidiary companies' executive teams.

Future developments

The company is no longer trading and it is the intention of the directors that the company will remain dormant in the foreseeable future.

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, is discussed in the Group's annual report which does not form part of this report.

Directors

The directors who served during the period were:

P Scott
M Franzidis
J Lock

Results and dividends

The profit for the period, after taxation, amounted to £NIL (prior period - loss £154,000).

The directors do not recommend the payment of a dividend (prior period - £NIL).

Affinity Hospitals Holding Limited

Directors' report For the period ended 31 December 2010

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 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 2006.

Auditors

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

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 judgments and 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.

Affinity Hospitals Holding Limited

Directors' report
For the period ended 31 December 2010

This report was approved by the board and signed on its behalf.

Dave Hall

D Hall
Secretary

Date: 6 May 2011

38 - 40 Mansionhouse Road
Glasgow
G41 3DW

Affinity Hospitals Holding Limited

Independent auditors' report to the members of Affinity Hospitals Holding Limited

We have audited the financial statements of Affinity Hospitals Holding Limited for the period from 19 March 2010 to 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 2 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 result for the period 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 matters 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-upon-Tyne

6 May 2011

Affinity Hospitals Holding Limited

Profit and loss account**For the period from 19 March 2010 to 31 December 2010**

		Period from 19 March 2010 to 31 December 2010 £000	Period from 1 July 2009 to 18 March 2010 £000
	Note		
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	4	-	(154)
Profit/(loss) for the financial period	9	-	(154)

All results derive from discontinued operations.

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

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

Affinity Hospitals Holding Limited
Registered number: SC196089

Balance sheet
As at 31 December 2010

			31 December 2010 £000		18 March 2010 £000
	Note	£000	£000	£000	£000
Fixed assets					
Fixed asset investments	5		396		396
Current assets					
Debtors	6	11,049		12,269	
Creditors: amounts falling due within one year	7	(1,675)		(2,895)	
Net current assets			<u>9,374</u>		<u>9,374</u>
Total assets less current liabilities			<u><u>9,770</u></u>		<u><u>9,770</u></u>
Capital and reserves					
Called up share capital	8		-		-
Profit and loss account	9		<u>9,770</u>		<u>9,770</u>
Shareholders' funds	10		<u><u>9,770</u></u>		<u><u>9,770</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 May 2011.



J Lock
Director

The notes on pages 7 to 11 form part of these financial statements.

Affinity Hospitals Holding Limited

Notes to the financial statements For the period ended 31 December 2010

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies applied consistently are set out below.

The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group accounts 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.

The company is a wholly owned subsidiary of Priory Investments Holdings Limited and is included in the consolidated financial statements of that company, which are publicly available. Consequently:

- the company is exempt under the terms of Financial Reporting Standard 8 "Related party transactions" from disclosing related party transactions with entities that form part of the Priory Investments Holdings Limited group; and
- the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash flow statements".

1.2 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.3 Taxation

The charge for taxation is based on the profit for the 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".

1.4 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 remuneration of the auditors in the current period and the prior period was borne by another group undertaking.

3. Staff costs and directors' remuneration

The company has no employees other than the directors, who did not receive any remuneration (prior period - £NIL).

Affinity Hospitals Holding Limited

Notes to the financial statements For the period ended 31 December 2010

4. Tax on profit on ordinary activities

	Period from 19 March 2010 to 31 December 2010 £000	Period from 1 July 2009 to 18 March 2010 £000
UK corporation tax charge on profit for the period	-	154

Factors affecting tax charge for the period

The tax assessed for the period is the same as (prior period - higher than) the standard rate of corporation tax in the UK of 28% (prior period - 28%). The differences are explained below:

	Period from 19 March 2010 to 31 December 2010 £000	Period from 1 July 2009 to 18 March 2010 £000
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (prior period - 28%)	-	-
Effects of:		
Transfer pricing adjustment	-	154
Current tax charge for the period	-	154

Factors that may affect future tax charges

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 has reduced the main rate of corporation tax from 27% to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Affinity Hospitals Holding Limited

Notes to the financial statements For the period ended 31 December 2010

5. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 19 March 2010 and 31 December 2010	<u>396</u>
Impairment	
At 19 March 2010 and 31 December 2010	<u>-</u>
Net book value	
At 31 December 2010	<u>396</u>
At 18 March 2010	<u>396</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Affinity Hospitals Group Limited *	Ordinary	100 %
Affinity Hospitals Limited	Ordinary	100 %
Cheadle Royal Healthcare Limited	Ordinary	100 %
Middleton St George Healthcare Limited	Ordinary	100 %
Cheadle Royal Hospital Limited	Ordinary	100 %
Cheadle Royal Residential Services Limited	Ordinary	100 %

* interests held directly by the company.

All subsidiary undertakings are registered in England and Wales with the exception of Affinity Hospitals Group Limited which is registered in Scotland. Cheadle Royal Healthcare Limited and Middleton St George Healthcare Limited are engaged in the provision of private healthcare services. The other subsidiary undertakings are non-trading.

The directors consider that the carrying value of the investments is supported by their underlying net assets.

6. Debtors

	31 December 2010 £000	18 March 2010 £000
Amounts owed by group undertakings	<u>11,049</u>	<u>12,269</u>

Affinity Hospitals Holding Limited

Notes to the financial statements For the period ended 31 December 2010

**7. Creditors:
Amounts falling due within one year**

	31 December 2010 £000	18 March 2010 £000
Amounts owed to group undertakings	1,675	1,675
Group relief payable	-	1,220
	<u>1,675</u>	<u>2,895</u>

8. Share capital

	31 December 2010 £	18 March 2010 £
Allotted, called up and fully paid		
150,002 ordinary shares of £0.001 each	150	150
	<u>150</u>	<u>150</u>

9. Reserves

	Profit and loss account £000
At 19 March 2010 and 31 December 2010	9,770
	<u>9,770</u>

10. Reconciliation of movement in shareholders' funds

	31 December 2010 £000	18 March 2010 £000
Opening shareholders' funds	9,770	9,924
Profit/(loss) for the period	-	(154)
	<u>9,770</u>	<u>9,770</u>
Closing shareholders' funds	9,770	9,770

Affinity Hospitals Holding Limited

Notes to the financial statements For the period ended 31 December 2010

11. Ultimate parent undertaking and controlling party

The company's immediate parent company, which is incorporated in England, is Affinity Healthcare Limited.

At 31 December 2010, the company's ultimate parent company was Priory Investments Holdings Limited (incorporated in the Cayman Islands), which is 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 Priory House, Randalls Way, Leatherhead, Surrey KT22 7TP. 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 Crown Newco 3 plc, a subsidiary of Crown Newco 1 Limited. As a result of the transaction, the company's ultimate parent company from 4 March 2011 onwards is Crown Newco 1 Limited (incorporated in England). Crown Newco 1 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.