

**Rothcare Estates Limited**  
**Annual Report and Unaudited Financial Statements**  
**for the Year Ended 31 December 2019**  
**Registration number: 03941902**



# **Rothcare Estates Limited**

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# **Rothcare Estates Limited**

## **Company Information**

<b>Directors</b>	Trevor Torrington Ryan Jervis
<b>Company secretary</b>	David Hall
<b>Registered office</b>	Fifth Floor 80 Hammersmith Road London W14 8UD

# Rothcare Estates Limited

## Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

### **Fair review of the business**

The results for the year are set out in the profit and loss account on page 6 and the position of the company as at the year end is set out in the balance sheet on page 8.

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 UK 1 Limited, an intermediate parent of the company, is discussed in the group's financial statements which includes the company and does not form part of this report.

### **Principal risks and uncertainties**

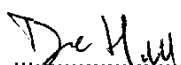
From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principle risks and uncertainties of Priory Group UK 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

### **Statement on Section 172(1)**

The following Section 172 statement, which is required by the Companies Act 2006, describes how the directors have had regard to the matters set out in Section 172(1a to 1f) including key decisions and matters that are of strategic importance to the company. The directors, in line with their duties under Section 172 of the Companies Act 2006, act in a way they consider, in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term.

From the perspective of the company, decisions and policies relating to Section 172(1) are determined at group level and applied to the company, where relevant, by the directors. Accordingly, further details in relation to how the directors have engaged with suppliers, customers, employees and other stakeholders are included in the financial statements of Priory Group UK 1 Limited, an intermediate parent of the company, which includes the company and does not form part of this report.

Approved by the Board on 30 November 2020 and signed on its behalf by:



David Hall  
Company secretary

# **Rothcare Estates Limited**

## **Directors' Report for the Year Ended 31 December 2019**

The directors present their report and the unaudited financial statements for the year ended 31 December 2019.

This report should be read in conjunction with the strategic report on page 2. The company has chosen in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the strategic report the following which the directors believe to be of strategic importance:

- Business review;
- Principal risks and uncertainties; and
- Statements in relation to how directors have engaged with employees, suppliers, customers and others in a business relationship with the company.

### **Principal activity**

The principal activity of the company is to act as an investment holding company.

### **Directors' of the company**

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

Trevor Torrington

Nigel Myers (resigned 17 December 2019)

Ryan Jervis (appointed 17 December 2019)

### **Dividends**

The directors do not recommend the payment of a final dividend (2018: £nil). No dividends were paid during the year (2018: £nil).

### **Financial instruments**

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 the group and not managed separately. Accordingly, the financial risk management policies of Priory Group UK 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 UK group, headed by Priory Group UK 1 Limited. The group's strategy for the future development of the business is included in the group's financial statements, which do not form part of this report.

## **Rothcare Estates Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

#### **Going concern**

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks and having considered the impact of the COVID-19 pandemic. The going concern of Priory Group UK 1 Limited, an intermediate parent of the company, is discussed in the group's financial statements, which includes the company and does not form part of this report.

After making appropriate enquiries and having considered the business activities and principal risks and uncertainties, the directors of the group are satisfied that the group as a whole has adequate resources to continue in operational existence for the foreseeable future. As a result the intermediate parent company, Priory Group UK 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least twelve months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

Approved by the Board on 30 November 2020 and signed on its behalf by:



David Hall  
Company secretary

# **Rothcare Estates Limited**

## **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

## Rothcare Estates Limited

### Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover		-	-
Cost of sales		<u>(104)</u>	<u>(109)</u>
Gross loss		(104)	(109)
Administrative expenses		<u>(4)</u>	<u>-</u>
Operating loss	4	(108)	(109)
Interest payable and similar charges	5	<u>(3)</u>	<u>(5)</u>
Loss before tax		(111)	(114)
Tax on loss on ordinary activities	7	<u>32</u>	<u>31</u>
Loss for the year		<u><u>(79)</u></u>	<u><u>(83)</u></u>

The above results were derived from continuing operations.

The notes on pages 10 to 20 form an integral part of these financial statements.



## **Rothcare Estates Limited**

### **Statement of Comprehensive Income for the Year Ended 31 December 2019**

	<b>Note</b>	<b>2019 £ 000</b>	<b>2018 £ 000</b>
Loss for the year		<u>(79)</u>	<u>(83)</u>
Total comprehensive income for the year		<u><u>(79)</u></u>	<u><u>(83)</u></u>

The notes on pages 10 to 20 form an integral part of these financial statements.

## Rothcare Estates Limited

### (Registration number: 03941902) Balance Sheet as at 31 December 2019

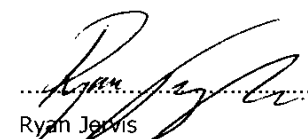
	Note	2019 £ 000	2018 £ 000
<b>Fixed assets</b>			
Tangible assets	8	6,274	6,389
Right of use assets	9	14	-
		<u>6,288</u>	<u>6,389</u>
<b>Current assets</b>			
Debtors	10	36	36
<b>Creditors: Amounts falling due within one year</b>	11	<u>(2,198)</u>	<u>(2,215)</u>
<b>Net current liabilities</b>		<u>(2,162)</u>	<u>(2,179)</u>
<b>Total assets less current liabilities</b>		4,126	4,210
<b>Creditors: Amounts falling due after more than one year</b>	12	-	(9)
<b>Provisions for liabilities</b>	7	<u>(562)</u>	<u>(558)</u>
<b>Net assets</b>		<u>3,564</u>	<u>3,643</u>
<b>Capital and reserves</b>			
Called up share capital	13	25	25
Profit and loss account		<u>3,539</u>	<u>3,618</u>
Shareholders' funds		<u>3,564</u>	<u>3,643</u>

For the financial year ending 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 30 November 2020 and signed on its behalf by:

  
Ryan Jarvis  
Director

The notes on pages 10 to 20 form an integral part of these financial statements.

## Rothcare Estates Limited

### Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	25	3,618	3,643
Loss for the year	-	(79)	(79)
Total comprehensive income	-	(79)	(79)
At 31 December 2019	25	3,539	3,564

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	25	3,701	3,726
Loss for the year	-	(83)	(83)
Total comprehensive income	-	(83)	(83)
At 31 December 2018	25	3,618	3,643

The notes on pages 10 to 20 form an integral part of these financial statements.

# **Rothcare Estates Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019**

### **1 General information**

The company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The address of its registered office is:

Fifth Floor  
80 Hammersmith Road  
London  
W14 8UD  
United Kingdom

These financial statements were authorised for issue by the Board on 30 November 2020.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements are presented in sterling, rounded to the nearest thousand.

#### **Summary of disclosure exemptions**

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 14 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 had no other related party transactions); and
- Roll-forward reconciliations in respect of share capital (IAS 1) and property, plant and equipment (IAS 16).

# **Rothcare Estates Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)**

### **2 Accounting policies (continued)**

#### **Going concern**

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks and having considered the impact of the COVID-19 pandemic. The going concern of Priory Group UK 1 Limited, an intermediate parent of the company, is discussed in the group's financial statements, which includes the company and does not form part of this report.

After making appropriate enquiries and having considered the business activities and principal risks and uncertainties, the directors of the group are satisfied that the group as a whole has adequate resources to continue in operational existence for the foreseeable future. As a result the intermediate parent company, Priory Group UK 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least twelve months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

#### **Changes in accounting policy**

The following have been applied for the first time from 1 January 2019 and have had an effect on the financial statements:

##### *IFRS 16*

Note 2 sets out the company's accounting policy in respect of leases under IFRS 16, and Note 9 details the impact of the change in accounting policy.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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.

# Rothcare Estates Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

### 2 Accounting policies (continued)

#### Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	over 50 years
Short leasehold land and buildings	over the lease term
Fixture and fittings	over 3 to 16 years
Motor vehicles	over shorter of the lease term and 4 years

#### Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 14. The details of accounting policies under IAS 17 and IFRIC 14 are disclosed separately if they are different from those under IFRS 16 and the impact of changes in disclosed in Note 9.

Prior to 1 January 2019, the company's accounting policy was as follows:

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as non-current assets of the company at the lower of their fair value at the date of commencement of the lease and at the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

From 1 January 2019, the company's accounting policy was as follows:

At inception of a contract, the company assesses whether a contract is, or contains, a lease. 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.

## **Rothcare Estates Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

For each lease, the company recognises a "right of use" asset and a lease liability at the lease commencement date. 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 incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or 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 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 not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the company's incremental borrowing rate for financial instruments of a duration commensurate with the lease term. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include 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 exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is remeasured 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, if there is a change in the company's estimate of the amount to be payable under a residual value guarantee, or if the company changes its 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.

For motor vehicle leases that were classified as finance leases applying IAS 17, the carrying amount of the right of use asset and the lease liability at initial application are the carrying amount of the finance lease asset and liability immediately prior to the redesignation as right of use assets and liabilities.

IFRS 16 sets out a number of practical expediciencies that an entity can utilise upon adoption of the standard. The company has made use of the following practical expediciencies:

- Short-term leases - the company has elected not to recognise right of use assets and lease liabilities for short-term leases of property and equipment that have a lease term of 12 months or less. The company recognises the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term.
- Leases of low-value assets - the company has elected not to recognise right of use assets and lease liabilities for leases of low-value assets, including sundry IT and office equipment. The company recognises the lease payments associated with low-value leases as an expense on a straight-line basis over the lease term.
- Portfolio approach to discount rates - the company has elected to apply a single discount rate to portfolios of leases with reasonably similar characteristics, namely leases with a similar remaining lease term.
- Impairment review on initial application - the company has elected to rely on its assessment of whether leases are onerous (through the application of IAS 37) as an alternative to performing an impairment review on initial application.

# **Rothcare Estates Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)**

### **2 Accounting policies (continued)**

#### **Trade creditors**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **Impairment of non-financial assets**

Property, plant and equipment is 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.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### **3 Critical accounting judgements and key sources of estimation uncertainty**

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.



# Rothcare Estates Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

### 4 Operating profit

Arrived at after charging/(crediting)

	2019 £ 000	2018 £ 000
Depreciation of tangible assets	78	109
Depreciation of right of use assets	26	-
Loss on disposal of property, plant and equipment	<u>4</u>	<u>-</u>

### 5 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Interest on obligations under finance leases and hire purchase contracts	-	5
Interest on right of use liabilities	<u>3</u>	<u>-</u>
	<u>3</u>	<u>5</u>

### 6 Directors' remuneration

The costs relating to the directors' services have been borne by Priory Central Services Limited, a fellow group company. No amounts (2018: £nil) 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.

### 7 Income tax

Tax charged/(credited) in the profit and loss account

	2019 £ 000	2018 £ 000
<b>Current taxation</b>		
UK corporation tax	(36)	(36)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>4</u>	<u>5</u>
Tax receipt in the profit and loss account	<u>(32)</u>	<u>(31)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

## Rothcare Estates Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

#### 7 Income tax (continued)

	2019 £ 000	2018 £ 000
Loss before tax	<u>(111)</u>	<u>(114)</u>
Corporation tax at standard rate	(21)	(22)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	19	21
Increase (decrease) from transfer pricing adjustments	(30)	(29)
Deferred tax expense (credit) relating to changes in tax rates or laws	<u>-</u>	<u>(1)</u>
Total tax credit	<u>(32)</u>	<u>(31)</u>

The company's profits for this accounting year are taxed at an effective rate of 19% (2018: 19%).

A reduction in the main rate of corporation tax to 17% with effect from 1 April 2020 was substantively enacted on 6 September 2016. Finance Bill 2020 reversed this proposed rate reduction but that legislation had not been substantively enacted at the balance sheet date. As such the group's deferred tax balances continue to be calculated at 17%.

#### Deferred tax

Deferred tax assets and liabilities

2019	Liability £ 000
Accelerated tax depreciation	<u>(562)</u>
	Liability £ 000
2018	
Accelerated tax depreciation	<u>(558)</u>

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	<u>(558)</u>	<u>(4)</u>	<u>(562)</u>

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	<u>(553)</u>	<u>(5)</u>	<u>(558)</u>

## Rothcare Estates Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

#### 8 Tangible assets

	Land and buildings £ 000	Motor vehicles £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2019	7,650	122	7,772
Transfer to right of use assets	-	(122)	(122)
At 31 December 2019	7,650	-	7,650
<b>Depreciation</b>			
At 1 January 2019	1,298	85	1,383
Charge for the year	78	-	78
Transfer to right of use assets	-	(85)	(85)
At 31 December 2019	1,376	-	1,376
<b>Carrying amount</b>			
At 31 December 2019	6,274	-	6,274
At 31 December 2018	6,352	37	6,389

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £ 000	2018 £ 000
Motor vehicles	-	36

## **Rothcare Estates Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **9 Leases and IFRS 16 right of use assets and liabilities**

The company leases a number of assets, information about leases for which the company is a lessee is presented below.

	<b>Motor vehicles £ 000</b>	<b>Total £ 000</b>
<b>Right of use assets</b>		
At 1 January 2019	37	37
At 31 December 2019	<u>14</u>	<u>14</u>
<b>Additions and depreciation</b>		
Additions during the year	7	7
Depreciation charge for the year	<u>(26)</u>	<u>(26)</u>

See note 12 for right of use liabilities recognised in relation to leases. Interest on lease liabilities of £3,000 (2018: £nil) was recognised in the profit and loss account.

The company leases motor vehicles with lease terms generally of four years.

#### **Impact on adoption of IFRS 16**

The company has applied IFRS 16 with a date of initial application of 1 January 2019, using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Note 2 sets out the accounting policy for the two years presented.

On transition to IFRS 16, the company reclassified finance leases within fixed assets as right of use assets and finance lease liabilities within creditors as right of use liabilities. There was no impact on retained earnings at 1 January 2019.

#### **10 Trade and other debtors**

	<b>2019 £ 000</b>	<b>2018 £ 000</b>
Income tax asset	<u>36</u>	<u>36</u>

# Rothcare Estates Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

### 11 Creditors: amounts falling due within one year

	2019 £ 000	2018 £ 000
Amounts due to group undertakings	2,186	2,188
Social security and other taxes	4	5
Outstanding defined contribution pension costs	1	1
Loans and borrowings	7	21
	<u>2,198</u>	<u>2,215</u>

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

### 12 Loans and borrowings

	2019 £ 000	2018 £ 000
<b>Non-current loans and borrowings</b>		
Finance lease liabilities	<u>-</u>	<u>9</u>

	2019 £ 000	2018 £ 000
<b>Current loans and borrowings</b>		
Finance lease liabilities	-	21
Right of use liabilities	<u>7</u>	<u>-</u>
	<u>7</u>	<u>21</u>

### 13 Share capital

#### Allotted, called up and fully paid shares

	No. 000	2019 £ 000	No. 000	2018 £ 000
Ordinary shares of £1 each	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>

## **Rothcare Estates Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **14 Parent and ultimate parent undertaking**

The company's immediate parent is Castlecare Holdings Limited.

The ultimate parent is Acadia Healthcare Company Inc..

The parent of the largest group in which these financial statements are consolidated is Acadia Healthcare Company Inc., incorporated in the United States of America. The address of Acadia Healthcare Company Inc. is 830 Crescent Centre Drive, Suite 610, Franklin, TN 37067, United States of America.

The parent of the smallest group in which these financial statements are consolidated is Priory Group UK 1 Limited incorporated in the United Kingdom. The address of Priory Group UK 1 Limited is Fifth Floor, 80 Hammersmith Road, London, W14 8UD, United Kingdom.

#### **15 Non adjusting events after the financial period**

##### **COVID-19**

The evolving situation regarding the COVID-19 outbreak is regarded by the company as a disclosable event occurring after the reporting date but prior to the issuance of these financial statements. The company has determined that COVID-19 is a non-adjusting post balance sheet event as at 31 December 2019 on the basis that at that date the World Health Organisation had not declared a global health emergency, and there was no significant known presence of the virus outside China, a territory with minimal direct involvement with the company.

As a non-adjusting event, no adjustment to the financial performance or position for the year has been made.

The impact of COVID-19 on the profitability, financial position and solvency of Priory Group UK 1 Limited, which include this company, is discussed in the group's financial statements which do not form part of this report.

The directors' report sets out the considerations made by the company in determining that the going concern basis of preparation remains appropriate.