

Priory New Education Services Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered number: 7221650

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Priory New Education Services Limited
Annual report and financial statements
for the year ended 31 December 2015
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Priory New Education Services Limited

Strategic report for the year ended 31 December 2015

The directors present their strategic report on Priory New Education Services Limited for the year ended 31 December 2015.

Principal activities and review of business

The principal activity of the company is the provision of specialist education and care for children who have emotional and behavioural difficulties, autistic spectrum difficulties, Asperger's Syndrome and dyslexia.

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 education 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 education, 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 decreased from 12.9% in 2014 to 3.8% in 2015.

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, which includes the company, are discussed in the group's annual report which 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 the 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 annual report which 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 principal risks and uncertainties of Priory Group No. 1 Limited, which include those of the company, are discussed in the group's annual report which does not form part of this report.

Priory New Education Services Limited

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

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 annual report, which does not form part of this report.

By order of the board

A handwritten signature in black ink, appearing to read 'D Hall'.

David Hall
Company Secretary
13 June 2016

Priory New Education Services Limited

Directors' report for the year ended 31 December 2015

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

Dividends

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

Going concern

The intermediate parent company, Priory Group No. 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least 12 months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

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:

M Franzidis (resigned 7 January 2015)
J Lock (resigned 1 April 2015)
H Sharpe (resigned 31 January 2015)
D Hall
T Riall
M Moran (appointed 1 April 2015, resigned 1 March 2016)

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

Future developments

The future developments of the company are discussed in the strategic report.

Independent auditors

The independent 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 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.

Priory New Education Services Limited

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

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

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 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements.

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
13 June 2016

80 Hammersmith Road
London
England
W14 8UD

Priory New Education Services Limited

Independent auditors' report to the members of Priory New Education Services Limited

Report on the financial statements

Our opinion

In our opinion, Priory New Education Services 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 loss 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.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Priory New Education Services Limited

Independent auditors' report to the members of Priory New Education Services 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 and 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.



Tom Yeates (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
13 June 2016

Priory New Education Services Limited

Profit and loss account for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	1	3,703	3,476
Cost of sales		(3,562)	(3,029)
Gross profit		141	447
Administrative expenses (including operating exceptional costs of £nil; 2014: £2,148,000)	2	(63)	(2,269)
Operating profit/(loss)		78	(1,822)
Interest receivable and similar income	5	23	23
Interest payable and similar charges	6	(222)	(215)
Loss on ordinary activities before taxation	2	(121)	(2,014)
Tax on loss on ordinary activities	7	(4)	(21)
Loss for the financial year		(125)	(2,035)

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

There is no other comprehensive income/(expense) for the current or prior financial year.

Priory New Education Services Limited

Balance sheet as at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	8	202	216
Tangible assets	9	6,134	4,152
Investments	10	430	430
		6,766	4,798
Current assets			
Debtors	11	796	818
Cash at bank and in hand		14	15
		810	833
Creditors: amounts falling due within one year	12	(2,927)	(899)
Net current liabilities		(2,117)	(66)
Total assets less current liabilities		4,649	4,732
Creditors: amounts falling due after more than one year	13	(6,717)	(6,690)
Provisions for liabilities	14	(15)	-
Net liabilities		(2,083)	(1,958)
Capital and reserves			
Called up share capital	15	-	-
Accumulated losses		(2,083)	(1,958)
Total shareholders' deficit		(2,083)	(1,958)

The financial statements on pages 7 to 22 were approved by the board of directors on 13 June 2016 and were signed on its behalf by:



Tom Riall
Director

Registered number: 7221650

Priory New Education Services Limited

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

	Called up share capital £'000	Retained earnings/ (accumulated losses) £'000	Total shareholders' equity/ (deficit) £'000
At 1 January 2014	-	77	77
Loss for the financial year	-	(2,035)	(2,035)
At 31 December 2014	-	(1,958)	(1,958)
Loss for the financial year	-	(125)	(125)
At 31 December 2015	-	(2,083)	(2,083)

Priory New Education Services 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.

The intermediate parent company, Priory Group No. 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least 12 months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and, the Companies Act 2006 (the Act) as applicable to companies using FRS 101.

The principle disclosure exemptions adopted by the company in accordance with FRS 102 are as follows:

- Statement of cash flows;
- Certain financial instrument disclosures;
- Disclosure of key management personnel compensation;
- 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, tangible fixed assets and intangible assets.

The company has taken advantage of the exemption, under FRS 102 from preparing a statement of cash flows, on the basis that it is a qualifying entity and its intermediate parent company, Priory Group No. 1 Limited, includes the company's cash flows in its own consolidated financial statements.

The preparation of financial statements in conformity with FRS 102 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.

Priory New Education Services Limited

Statement of accounting policies (continued)

Goodwill

Goodwill relating to acquisitions of businesses, which represents the excess of the fair value of the consideration paid over the fair value of the assets and liabilities acquired, is capitalised in the balance sheet as an intangible asset in the year of acquisition and amortised over a period not exceeding 20 years, being the period expected to benefit.

Tangible assets and depreciation

Tangible assets are stated at cost, net of accumulated depreciation and any provision for impairment. 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 tangible fixed assets ahead of their productive use. No depreciations is provided on an asset that is in the course of construction until it is completed and transferred to an asset heading that is appropriate.

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	- 50 years
Fixtures and fittings	- 3 to 16 years
Motor vehicles	- over the shorter of the lease term or 4 years

Land is not depreciated on the basis that land has an unlimited life. The expected useful lives of the assets to the business are re-assessed periodically in light of experience.

Investments

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

Post-retirement benefits

The company operates 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 against profits represents the contributions payable to the scheme in respect of the accounting period.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets, comprising trade debtors, cash at bank and in hand and current asset investments, are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method. At the end of each reporting period, these financial assets are assessed for any objective evidence of impairment, and if assessed as impaired, the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate is recognised in profit and loss.

Financial liabilities, comprising trade and other creditors and loans from fellow group companies, are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method.

Priory New Education Services Limited

Statement of accounting policies (continued)

Deferred taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured in a non-discounted basis.

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 the amounts (excluding value added tax) derived from the provision of services to customers. Revenue is recognised as the services are provided. Revenue invoiced in advance is included in deferred income until service is provided. Revenue in respect of services provided but not yet invoiced by the period end is included within accrued income.

Priory New Education Services Limited

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

1 Turnover

The company's turnover, loss on ordinary activities before taxation and net liabilities arise primarily from its principal activity of the provision of specialist education and care for children who have emotional and behavioural difficulties, autistic spectrum difficulties, Asperger's Syndrome and dyslexia.

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

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2015	2014
	£'000	£'000
Amortisation of intangible fixed assets	14	14
Depreciation of tangible fixed assets:		
Owned	277	206
Leased	34	40
Operating exceptional items:		
Impairment of investment in subsidiary (note 10)	-	2,148

The remuneration of the auditors of £1,000 (2014: £1,000) 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 Priory Central Services Limited, a fellow group company. 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.

Priory New Education Services 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 category, was as follows:

	2015 Number	2014 Number
By activity:		
Teachers and social workers	167	143
Administrative staff	17	17
	184	160

The aggregate payroll costs of these persons were as follows:

	2015 £'000	2014 £'000
Wages and salaries	2,294	2,093
Social security costs	182	153
Other pension costs (note 17)	61	55
	2,537	2,301

5 Interest receivable and similar income

	2015 £'000	2014 £'000
On loans to group undertakings	23	23

6 Interest payable and similar charges

	2015 £'000	2014 £'000
On loans to group undertakings	216	210
On finance leases and hire purchase contracts	6	5
	222	215

Priory New Education Services Limited

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

7 Tax on loss on ordinary activities

	2015 £'000	2014 £'000
UK corporation tax:		
Current tax (credit)/charge arising in the year	(16)	8
Adjustments in respect of prior years	1	(6)
Total current tax	(15)	2
Deferred tax:		
Deferred tax adjustments in respect of prior years	(1)	(1)
Origination and reversal of timing differences	20	20
Total deferred tax	19	19
Total tax charge	4	21

The current tax credit of £15,000 (2014: charge of £2,000) will be relieved by the surrender of losses to/from 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 current tax credit for the year is lower (2014: charge is higher) than the standard rate for the reasons set out in the following reconciliation:

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	(121)	(2,014)
Tax on loss on ordinary activities at standard rate	(25)	(433)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	20	479
Adjustments in respect of prior years	-	(7)
Transfer pricing adjustments	2	(16)
Impact of rate change	(1)	-
Other short term timing differences	8	(2)
Total current tax for the year	4	21

Priory New Education Services Limited

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

7 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% (2015: 21.5%).

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change was to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements and the company's deferred tax balances have been restated to reflect their expected unwind at 18% rather than the main rate of 20%.

The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by an additional £1,000 and reduce the tax expense for the period by the same amount.

8 Intangible assets

	Goodwill
	£'000
Cost	
At 1 January 2015 and 31 December 2015	279
Accumulated amortisation	
At 1 January 2015	63
Charge for the year	14
At 31 December 2015	77
Net book amount	
At 31 December 2015	202
At 31 December 2014	216

Priory New Education Services Limited

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

9 Tangible assets

	Freehold property £'000	Assets under construction £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2015	3,233	1	1,666	166	5,066
Additions	649	974	560	110	2,293
Transfers	604	(975)	371	-	-
Disposals	-	-	-	(69)	(69)
At 31 December 2015	4,486	-	2,597	207	7,290
Accumulated depreciation					
At 1 January 2015	247	-	538	129	914
Charge for the year	78	-	198	35	311
Disposals	-	-	-	(69)	(69)
At 31 December 2015	325	-	736	95	1,156
Net book amount					
At 31 December 2015	4,161	-	1,861	112	6,134
At 31 December 2014	2,986	1	1,128	37	4,152

The net book value of assets held under finance leases or hire purchase contracts, included within tangible assets, was as follows:

	2015 £'000	2014 £'000
Motor vehicles	109	31

Priory New Education Services Limited

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

10 Investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 January 2015 and 31 December 2015	2,620
Impairment	
At 1 January 2015 and 31 December 2015	2,190
Net book value	
At 31 December 2014 and 31 December 2015	430

The subsidiary undertakings of the company at the year end are as follows:

Subsidiary undertaking	Principal activities	Country of incorporation	Class and percentage of shares held
Priory (Troup House) Limited	Specialist education services	United Kingdom	100% ordinary
Dunhall Property Limited	Non trading	United Kingdom	100% ordinary

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

Priory New Education Services Limited

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

11 Debtors

	2015	2014
	£'000	£'000
Due after more than one year:		
Amounts owed by group undertakings	715	715
Due within one year:		
Trade debtors	59	88
Group relief recoverable	16	-
Deferred tax asset (note 14)	-	4
Prepayments and accrued income	6	11
	796	818

Amounts owed by group undertakings due after more than one year are unsecured and bear interest at LIBOR plus 2.25% per annum. 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.

12 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Amounts owed to group undertakings	2,162	209
Obligations under finance leases and hire purchase contracts (note 13)	44	22
Group relief payable	-	2
Taxation and social security	53	49
Other creditors	15	31
Accruals and deferred income	653	586
	2,927	899

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

Priory New Education Services Limited

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

13 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Obligations under finance leases and hire purchase contracts	62	35
Amounts owed to group undertakings	6,655	6,655
	6,717	6,690

Amounts owed to group undertakings are unsecured, bear interest at December 2014 LIBOR plus 2.25% per annum and are payable on demand. However, the relevant group undertaking has confirmed to the directors of the company that it will not seek repayment of this loan within twelve months after the year end and accordingly these amounts have been shown as amounts falling due after more than one year.

Obligations under finance leases and hire purchase contracts are payable as follows:

	2015	2014
	£'000	£'000
Within one year	44	22
In more than one year, but not more than five years	62	35
	106	57

Priory New Education Services Limited

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

14 Provisions for liabilities

	Deferred tax £'000
At 1 January 2015	-
Transferred from debtors	(4)
Charge to the profit and loss account	19
At 31 December 2015	15

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	(3)	(1)	(4)
Charge for the year	19	-	19
At 31 December 2015	16	(1)	15

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.

15 Called up share capital

	2015 £	2014 £
Authorised		
1,000 (2014: 1,000) ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
1 (2014: 1) ordinary shares of £1 each	1	1

Priory New Education Services Limited

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

16 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	24	3

17 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 £61,000 (2014: £55,000).

As at 31 December 2015, there were outstanding contributions of £9,000 (2014: £8,000).

18 Ultimate parent company and controlling party

The company's immediate parent company, which is incorporated in the United Kingdom, is Priory New Investments No. 3 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 80 Hammersmith Road, London, W14 8UD.