Yorkshire Parkcare Company Limited
Annual report and financial statements
for the year ended 31 December 2013

Registered number: 1915148

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for the year ended 31 December 2013
Contents

Yorkshire Parkcare Company Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report on Yorkshire Parkcare Company Limited for the year ended 31 December 2013.

Principal activities and review of business

The principal activity of the company continues to be care delivery. 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 7. The company is focussed on the healthcare sector and the performance of the company can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of healthcare, changes in the regulatory regime and competitive threats from other independent providers. Management uses a range of financial and non-financial indicators to manage the business. These are derived from all areas of the business and include sales growth by unit, occupancy and profit margins achieved. Operating profit margins have decreased from 1.8% in 2012 to (31.0)% in 2013. Exceptional charges of £600,000 (2012: £nil) have been recognised in the year in respect of impairment of fixed assets held for sale.

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.

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

D Hall

David Hall
Company Secretary
19 September 2014

Yorkshire Parkcare Company Limited

Directors' report for the year ended 31 December 2013

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

Dividends
The directors do not recommend the payment of a dividend (2012: £nil).

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

Jason Lock	
Matthew Franzidis	
Christopher Thompson	(resigned 20 June 2013)
Tom Riall	(appointed 5 April 2013)
Caroline Denny	(appointed 18 July 2014)
Adrian Pancott	(appointed 18 July 2014)
Nicola Bales	(appointed 18 July 2014)

Changes in tangible assets
The movements in tangible assets during the year are set out in note 6 to the financial statements. The directors believe there is no significant difference between the market value and the balance sheet value of land.

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

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

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

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.

Directors' report for the year ended 31 December 2013 (continued)

Provision of information to auditors
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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; 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.

By order of the board

D Hall

David Hall
Company Secretary
19 September 2014

80 Hammersmith Road
London
England
W14 8UD

Independent auditors' report to the members of Yorkshire Parkcare Company Limited

Report on the financial statements

Our opinion
In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

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

What we have audited
The financial statements, which are prepared by Yorkshire Parkcare Company Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account 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).

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.

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

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.

Independent auditors' report to the members of Yorkshire Parkcare Company Limited (continued)

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.

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 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 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.

Tom Yeates (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne
19 September 2014

Yorkshire Parkcare Company Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	1	**1,105**	1,313
Cost of sales		**(869)**	(1,275)
Gross profit		**236**	38
Administrative expenses (including exceptional operating costs of £600,000; 2012: £nil)		**(578)**	(15)
Operating (loss)/profit		**(342)**	23
(Loss)/profit on ordinary activities before taxation	2	**(342)**	23
Tax on (loss)/profit on ordinary activities	5	**(2)**	(43)
Loss for the financial year	13	**(344)**	(20)

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

The company had no other gains or losses for the year other than the loss above, therefore no statement of total recognised gains and losses is presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

Yorkshire Parkcare Company Limited

Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	6	**1,756**	1,784
Current assets			
Debtors	7	**2,117**	1,553
Assets held for sale	8	**-**	894
Cash at bank and in hand		**1**	2
		2,118	2,449
Creditors: amounts falling due within one year	9	**(98)**	(140)
Net current assets		**2,020**	2,309
Total assets less current liabilities		**3,776**	4,093
Creditors: amounts falling due after more than one year	10	**(3,063)**	(3,063)
Provisions	11	**(27)**	-
Net assets		**686**	1,030
Capital and reserves			
Called up share capital	12	**91**	91
Share premium account	13	**10**	10
Profit and loss account	13	**509**	853
Other reserves	13	**76**	76
Total shareholders' funds	14	**686**	1,030

The financial statements on pages 6 to 18 were approved by the board of directors on 19 September 2014 and were signed on its behalf by:

J D Lock

Jason Lock
Director

Registered number: 1915148

Statement of accounting policies

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

Basis of preparation
The financial statements have been prepared on the going concern basis in accordance with applicable UK accounting standards, the Companies Act 2006 and under the historical cost convention, as modified by the revaluation of certain tangible assets.

In the prior year Yorkshire Parkcare Company Limited was subject to a facilities agreement with a fellow group company Craegmoor Facilities Company Limited whereby all costs of sales were borne by Craegmoor Facilities Company Limited and recharged as a management charge in the year.

Under Financial Reporting Standard 1 'Cash flow statements' (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 publicly available consolidated financial statements.

As the company is a wholly owned subsidiary of Priory Group No. 1 Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group.

Tangible assets and depreciation
The cost of tangible assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use. Land and buildings are revalued by independent, professionally qualified valuers at least every five years. These valuations are carried out on an existing use, open market value basis, and in the intervening years are updated by the directors with the assistance of independent professional advice as required.

Increases in the revalued amounts of land and buildings are credited to revaluation reserves.

Assets under construction represent the direct costs of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation 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.

Freehold land is not depreciated. Subsequent to a revaluation, depreciation is based on revalued amounts. Depreciation on tangible assets, other than land, is calculated to write off their cost, less estimated residual values, by equal annual instalments on the following bases:

Freehold buildings	-	over 50 years
Leasehold land and buildings	-	over the lease term
Furniture and fittings	-	over 3, 5 or 10 years

Provision is made for any impairment in the period in which it arises. The impairment is calculated by comparing the carrying value to the recoverable amount as required by FRS 11, 'Impairment of fixed assets and goodwill'. The recoverable amount of land and buildings is taken to be the higher of realisable value and value in use. Value in use is determined by reference to the expected future cash flows of the care home, discounted at a risk weighted cost of capital determined from time to time based on the capital structure of the group. Realisable value is determined by independent, professional valuers on an existing use, open market value basis.

Statement of accounting policies (continued)

Tangible assets and depreciation (continued)
Provisions for impairment in the carrying value of land and buildings are charged against revaluation reserves in the balance sheet to the extent that they relate to a reversal of prior increases. Impairments to below historical cost are charged to the profit and loss account. Reversals of previous impairments are credited to the profit and loss account to the extent that they return the asset carrying value to its depreciated historical cost, with any amount over and above that being credited to the revaluation reserve.

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.

Assets held for sale
Tangible fixed assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale and expect the sale to complete within one year from the date of classification or the reporting date. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Operating leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes to the financial statements for the year ended 31 December 2013

1 Turnover

The company's turnover, (loss)/profit on ordinary activities before taxation and net assets arise primarily from its principal activity of care delivery.

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

2 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2013	2012
	£'000	£'000
Depreciation of tangible assets	**63**	107
Profit on disposal of fixed assets	**(61)**	-
Operating exceptional items:		
Impairment of assets held for sale	**600**	-
Operating lease rentals – other	**2**	2
Management charges from fellow subsidiary	**37**	15

The remuneration of the auditors of £1,000 (2012: £1,000) 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 subsidiary 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 for the year ended 31 December 2013 (continued)

4 Staff numbers and costs

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

	2013	2012
	Number	Number
Analysis by activity:		
Nursing	**39**	60
Ancillary	**15**	19
Administrative	**4**	4
	58	83

The aggregate payroll costs for these persons were:

	2013	2012
	£'000	£'000
Wages and salaries	**601**	864
Social security costs	**36**	48
Other pension costs (note 16)	**2**	-
	639	912

Notes to the financial statements for the year ended 31 December 2013 (continued)

5 Tax on (loss)/profit on ordinary activities

	2013	2012
	£'000	£'000
UK corporation tax:		
Current tax (credit)/charge arising in the year	**(20)**	46
Adjustment in respect of prior years	**(33)**	(3)
Total current tax (credit)/charge	**(53)**	43
Deferred tax:		
Origination and reversal of timing differences	**24**	(2)
Adjustment in respect of prior years	**31**	-
Effect of tax rate change on opening balance	**-**	2
Total deferred tax	**55**	-
Total tax charge	**2**	43

The current tax charge of £53,000 (2012: £43,000) on the profit for the year has been relieved by the surrender of losses by other group companies in exchange for payment of the same amount.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23.25% (2012: 24.49%). The actual tax charge for the year is higher (2012: higher) than the standard rate for the reasons set out in the following reconciliation:

	2013	2012
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	**(342)**	23
Tax on (loss)/profit on ordinary activities at standard rate	**(80)**	5
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	**126**	2
Capital allowances for the year (more than)/less than depreciation	**(28)**	2
Transfer pricing adjustments	**(38)**	37
Adjustment in respect of prior years	**(33)**	(3)
Total current tax (credit)/charge for the year	**(53)**	43

Notes to the financial statements for the year ended 31 December 2013 (continued)

5 Tax on (loss)/profit on ordinary activities (continued)

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 23.25% (2012: 24.49%).

In his budget speech on 20 March 2013, the Chancellor announced that the main rate of corporation tax would change from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015. This change was substantively enacted in July 2013, as such the company's deferred tax balances have been restated to reflect their expected unwind at 20% rather than the main rate of 23%.

6 Tangible assets

	Freehold land and buildings	Leasehold land and buildings	Assets under construction	Furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2013	1,486	303	18	608	2,415
Additions	-	2	-	36	38
Transfers	-	-	(18)	18	-
Disposals	-	-	-	(3)	(3)
At 31 December 2013	**1,486**	**305**	**-**	**659**	**2,450**
Accumulated depreciation					
At 1 January 2013	212	5	-	414	631
Charge for the year	13	11	-	39	63
At 31 December 2013	**225**	**16**	**-**	**453**	**694**
Net book amount					
At 31 December 2013	**1,261**	**289**	**-**	**206**	**1,756**
At 31 December 2012	1,274	298	18	194	1,784

Notes to the financial statements for the year ended 31 December 2013 (continued)

7 Debtors

	2013	2012
	£'000	£'000
Trade debtors	48	46
Amounts owed by group undertakings	2,011	1,473
Group relief recoverable	53	-
Deferred tax asset	-	28
Prepayments and accrued income	5	6
	2,117	1,553

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8 Assets held for sale

	Freehold land and buildings	Furniture and fittings	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 January 2013	2,357	854	3,211
Additions	-	3	3
Disposals	(2,357)	(857)	(3,214)
At 31 December 2013	-	-	-
Accumulated depreciation			
At 1 January 2013	1,831	486	2,317
Impairment	526	74	600
Disposals	(2,357)	(560)	(2,917)
At 31 December 2013	-	-	-
Net book amount			
At 31 December 2013	-	-	-
At 31 December 2012	526	368	894

Notes to the financial statements
for the year ended 31 December 2013 (continued)

9 Creditors: Amounts falling due within one year

	2013	2012
	£'000	£'000
Group relief payable	-	43
Taxation and social security	13	10
Other creditors	20	2
Accruals and deferred income	65	85
	98	140

10 Creditors: amounts falling due after more than one year

	2013	2012
	£'000	£'000
Amounts owed to group undertakings	3,063	3,063

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable 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.

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Provisions

	Deferred tax
	£'000
As at 1 January 2013	-
Transferred from debtors	(28)
Charged to the profit and loss account	55
As at 31 December 2013	**27**

An analysis of deferred tax liabilities/(assets) is as follows:

	2013	2012
	£'000	£'000
Fixed asset timing differences	**27**	(28)

12 Called up share capital

	2013	2012
	£'000	£'000
Authorised		
5,000,000 (2012: 5,000,000) ordinary shares of 10p each	**500**	500
Issued and fully paid		
911,755 (2012: 911,755) ordinary shares of 10p each	**91**	91

Notes to the financial statements for the year ended 31 December 2013 (continued)

13 Reserves

	Share premium account	Profit and loss account	Other reserves
	£'000	£'000	£'000
At 1 January 2013	10	853	76
Loss for the financial year	-	(344)	-
At 31 December 2013	**10**	**509**	**76**

14 Reconciliation of movements in shareholders' funds

	2013	2012
	£'000	£'000
Loss for the financial year	**(344)**	(20)
Net deduction to shareholders' funds	**(344)**	(20)
Opening shareholders' funds	**1,030**	1,050
Closing shareholders' funds	**686**	1,030

15 Commitments

At 31 December 2013, the company had capital commitments, for which no provision has been made, of £8,000 (2012: £1,000).

At 31 December 2013, the company had annual commitments under non-cancellable operating leases expiring as follows:

	Other	
	2013	2012
	£'000	£'000
Operating leases which expire:		
In the second to fifth years inclusive	**2**	2

Notes to the financial statements for the year ended 31 December 2013 (continued)

16 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £2,000 (2012: £nil).

As at 31 December 2013, there were no outstanding contributions (2012: £nil).

17 Ultimate parent company and controlling party

The company's immediate parent company, which is incorporated in England, is Craegmoor Older People Care (Holdings) Limited.

The ultimate parent undertaking and controlling party is Priory Group No. 1 Limited, a company incorporated in England. Priory Group No. 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.

Priory Group No. 1 Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2013. Priory Group No. 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2013. 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.