

Parkcare Homes Limited
Annual report and financial statements
for the year ended 31 December 2011

Registered number: 2155276

TUESDAY



A34 *A1HPEBXF* 18/09/2012 #101
COMPANIES HOUSE

Parkcare Homes Limited

Annual report and financial statements for the year ended 31 December 2011

Contents

Directors' report for the year ended 31 December 2011	1
Independent auditors' report to the members of Parkcare Homes Limited	4
Profit and loss account for the year ended 31 December 2011	6
Statement of total recognised gains and losses for the year ended 31 December 2011	7
Note of historical cost profits and losses for the year ended 31 December 2011	7
Balance sheet as at 31 December 2011	8
Statement of accounting policies	9
Notes to the financial statements for the year ended 31 December 2011	12

Parkcare Homes Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

Principal activities

The principal activity of the company is the delivery of care for those with a variety of learning difficulties and mental health issues, in both the care home setting and supported living environment

Business review

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

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 5.1% in 2010 to 4.5% in 2011.

On 14 April 2011, the entire share capital of Craegmoor Group Limited, the company's former ultimate parent company, was acquired by Priory Group No. 1 Limited. Subsequently the shares were transferred to Priory Investments Holdings Limited, a subsidiary undertaking of Priory Group No. 1 Limited.

The land and buildings were valued by Knight Frank as part of the acquisition. These valuations have been reflected in the company accounts on the basis of existing value in use.

A group reorganisation was performed as at 31 December 2011 resulting in land and buildings and their associated fixtures and fittings being transferred between group companies at their market value. The purpose of the reorganisation was to rationalise the operating divisions between the group companies.

During the year, a charge of £3,858,000 (2010: £1,309,000) was recognised in respect of operating exceptional items as noted in note 2.

Further information regarding the operations and key performance indicators of the group are set out in the Directors' report of Priory Group No. 1 Limited.

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

Parkcare Homes Limited

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 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.

Dividends

The directors do not recommend the payment of a dividend (2010: £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:

Ted Smith	(Resigned 14 April 2011)	Julian Ball	(Resigned 14 April 2011)
Christine Cameron	(Resigned 14 April 2011)	Philip Scott	(Appointed 14 April 2011)
David Manson	(Resigned 30 April 2011)	Jason Lock	(Appointed 14 April 2011)
Avril Evans	(Resigned 31 July 2011)	Matthew Franzidis	(Appointed 14 April 2011)
Sarah Hughes	(Resigned 31 July 2011)	Christopher Thompson	(Appointed 26 July 2011)
Melanie Ramsey	(Resigned 31 July 2011)		

Changes in investments, intangible assets and tangible assets

The movements in investments, intangible assets and tangible assets during the year are set out in notes 6, 7 and 8 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. In addition, employees are encouraged to participate in the performance of the Group through share ownership by the Employee Incentive Trust.

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.

Parkcare Homes Limited

Going concern

The ultimate 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.

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.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

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
28 March 2012

21 Exhibition House
Addison Bridge Place
London
W14 8XP

Parkcare Homes Limited

Independent auditors' report to the members of Parkcare Homes Limited

We have audited the financial statements of Parkcare Homes Limited for the year ended 31 December 2011 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Note of historical cost profit and losses, the Balance sheet, the Statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Parkcare Homes Limited

Matters on which we are required to report by exception

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

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



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne
28 March 2012

Parkcare Homes Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	1	45,704	47,634
Administrative expenses (including operating exceptional costs of £3,858,000, 2010 £1,309,000)		(43,643)	(45,206)
Operating profit		2,061	2,428
Profit on disposal of fixed assets		668	2,430
Profit on ordinary activities before taxation and interest		2,729	4,858
Interest payable and similar charges		(8)	-
Profit on ordinary activities before taxation	2	2,721	4,858
Tax credit on profit on ordinary activities	5	607	-
Profit for the financial year	15	3,328	4,858

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

Parkcare Homes Limited

Statement of total recognised gains and losses for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year		3,328	4,858
Revaluation/(reversal) of prior years' revaluations on impaired properties	8	8,137	(1,061)
Total recognised gains and losses for the financial year		11,465	3,797

Note of historical cost profits and losses for the year ended 31 December 2011

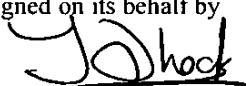
	2011 £'000	2010 £'000
Reported profit on ordinary activities before taxation	2,721	4,858
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1,952	140
Historical cost profit for the year before taxation	4,673	4,998
Historical cost profit for the financial year	5,280	4,998

Parkcare Homes Limited

Balance sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	6	40	40
Intangible assets	7	236	263
Tangible assets	8	44,630	89,695
		44,906	89,998
Current assets			
Stocks		38	-
Debtors	9	15,618	13,937
Cash at bank and in hand		33	-
Assets held for resale	10	3,893	2,272
		19,582	16,209
Creditors: amounts falling due within one year	11	(25,528)	(78,738)
Net current liabilities		(5,946)	(62,529)
Total assets less current liabilities		38,960	27,469
Creditors: amounts falling due after more than one year	12	(26)	-
Provision for liabilities and charges	13	(460)	(460)
Net assets		38,474	27,009
Capital and reserves			
Called up share capital	14	4,772	4,772
Share premium account	15	2,305	2,305
Revaluation reserve	15	9,136	40,286
Profit and loss account	15	22,261	(20,354)
Total shareholders' funds	16	38,474	27,009

The financial statements on pages 6 to 22 were approved by the board of directors on 28 March 2012 and were signed on its behalf by



Jason Lock

Director

Registered number 2155276

Parkcare Homes Limited

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 in accordance with applicable UK accounting standards and UK company law and under the historical convention, as modified by the revaluation of certain tangible assets

The ultimate 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.

The company is exempt by virtue of section 401 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.

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.

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 in the year of acquisition and amortised over a period not exceeding 20 years, being the period expected to benefit.

Tangible assets

The cost of tangible assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use. Freehold 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.

Parkcare Homes Limited

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
Long leasehold land and buildings	- over 50 years
Short leasehold land and buildings	- over the lease term
Building improvements	- over 10 years
Equipment	- over 7 years
Furniture and fittings	- over 3, 5 or 10 years
Computer equipment	- over 3 or 5 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.

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.

Investments

Investments in subsidiaries are stated at cost less provision for any impairment in value.

Asset impairment

Goodwill and tangible assets are 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. Goodwill is also subject to an impairment review at the end of the first full year following an acquisition.

Leases

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

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.

Parkcare Homes Limited

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 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

Provisions

Provisions for dilapidation lease costs are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. The provisions are not discounted and not recognised for future operating loss

Parkcare Homes Limited

Notes to the financial statements for the year ended 31 December 2011

1 Turnover and profit on ordinary activities before taxation

The company's turnover, profit on ordinary activities before taxation and net assets arise primarily from its principal activity of the delivery of care for those with a variety of learning difficulties and mental health issues

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

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2011	2010
	£'000	£'000
Depreciation of tangible assets	2,594	2,202
Depreciation of assets held for resale	137	-
Amortisation of goodwill	27	26
Operating lease rentals – other	231	348
Management charges from fellow subsidiaries	36,838	41,185
Profit on disposal of assets held for resale and group transfers	(668)	(2,430)
Operating exceptional items		
Re-organisation and rationalisation costs	22	118
Impairment of tangible assets (note 8)	3,836	1,191

The management charge from fellow subsidiary undertaking, Craegmoor Facilities Company Limited, relate to an allocation of operating costs incurred on behalf of the company and its fellow subsidiaries

The re-organisation and rationalisation costs of £22,000 (2010 £118,000) incurred in the year primarily relate to employee redundancy payments made as the company re-organised and streamlined its operations

The remuneration of the auditors of £5,000 (2010 £5,000) was borne by another group undertaking

Parkcare Homes Limited

3 Remuneration of directors

The costs relating to the directors' services have been borne by Craegmoor Facilities Company Limited up to 14 April 2011, and by Priory Central Services Limited since the acquisition of the Craegmoor group by the Priory group on 14 April 2011, both being fellow group companies. 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.

4 Staff numbers and costs

The average number of persons that carried out work in connection with the company's operations (including directors) during the year (these persons are employed by a fellow subsidiary company) were

	2011	2010
	Number	Number
Analysis by activity		
Nursing	1,354	1,357
Ancillary	271	324
Administrative	71	89
	1,696	1,770

Staff costs (for the above persons)

	2011	2010
	£'000	£'000
Management charges in lieu of staff costs	25,400	27,052

Parkcare Homes Limited

5 Tax on profit on ordinary activities

	2011	2010
	£'000	£'000
UK corporation tax		
Group relief payable	(194)	-
Total current tax credit	(194)	-
Deferred tax credit arising in the year	413	-
Deferred tax adjustment in respect of prior years	-	-
Total deferred tax credit	(413)	-
Total tax credit	(607)	-

The current tax credit of £194,112 (2010 £nil) on profits for the year has been surrendered against the losses of 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 26.49% (2010 28%)
The actual tax charge for the year is lower (2010 lower) than the standard rate for the reasons set out in the following reconciliation

	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	2,721	4,858
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.49% (2010 28%)	721	1,360
Effects of		
Expenses not deductible for tax purposes	278	377
Impairments	1,016	334
Capital allowances for the year less than depreciation	154	60
Unrelieved tax losses and other deductions in the period	(586)	(27)
Transfer pricing adjustments	(1,777)	(2,011)
Group relief received not paid for	-	(93)
Total current tax charge for the year	(194)	-

Parkcare Homes Limited

5 Tax on profit on ordinary activities (continued)

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. A further reduction in this corporation tax rate effective on 1 April 2012 from 26% to 25% was substantively enacted for the purposes of IAS 12 on 5 July 2011. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 26.49% and deferred taxation has been calculated based on a rate of 25%.

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. Changes to the corporation tax rate on 1 April 2012, substantively enacted for the purposes of FRS 19 on 26 March 2012, will reduce to 24%, a 1% reduction from the rate substantively enacted on 5 July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions of the main rate of corporation tax by 1% per year to 22% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 22%, if these applied to the deferred tax balance at the balance sheet date, would be immaterial.

No provision has been made for deferred taxation on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief or utilise available losses. The total amount unprovided for at 25% is £404,000 (2010: £10,877,000 at 27%).

6 Investments

	Shares in group undertakings £'000
Cost and net book value	
At 1 January 2011 and 31 December 2011	40

The subsidiary undertaking in which the company's direct interest at the year end is more than 20% is

Subsidiary undertaking	Principal activities	Country of incorporation	Class and percentage of shares held
Specialty Care (Rest Care) Limited	Dormant	United Kingdom	100% ordinary £1 shares

The directors consider that the carrying value of the investment is supported by its underlying net assets.

Parkcare Homes Limited

7 Intangible assets

	Goodwill £'000
Cost	
At 1 January 2011 and 31 December 2011	526
Amortisation	
At 1 January 2011	263
Charge for the year	27
At 31 December 2011	290
Net book amount	
At 31 December 2011	236
At 31 December 2010	263

8 Tangible assets

	Short leasehold land and buildings £'000	Long leasehold land and buildings £'000	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation					
At 1 January 2011	1,273	8,213	90,079	19,113	118,678
Additions	-	-	1,120	2,421	3,541
Transfers to group companies	-	-	(52,573)	(6,728)	(59,301)
Gain on revaluation	-	-	16,165	-	16,165
Transfers to current assets (note 10)	-	-	(10,667)	(1,962)	(12,629)
At 31 December 2011	1,273	8,213	44,124	12,844	66,454
Accumulated depreciation					
At 1 January 2011	895	2,703	12,975	12,410	28,983
Charge for the year	-	63	1,090	1,441	2,594
Transfers to group companies	-	-	(7,057)	(3,975)	(11,032)
Loss on revaluation	-	-	11,536	68	11,604
Transfers to current assets (note 10)	-	-	(9,128)	(1,197)	(10,325)
At 31 December 2011	895	2,766	9,416	8,747	21,824
Net book amount					
At 31 December 2011	378	5,447	34,708	4,097	44,630
At 31 December 2010	378	5,510	77,104	6,703	89,695

Parkcare Homes Limited

8 Tangible assets (continued)

A group re-organisation was performed as at 31 December 2011, this resulted in land and buildings and their associated fixtures and fittings being transferred between group companies at their market value

The Craegmoor group was acquired by the Priory group on 14 April 2011. On this date the land and buildings were valued by Knight Frank on the basis of existing use value in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors

In accordance with accounting requirements, the entire portfolio will be revalued every five years, the next valuation being 14 April 2016, together with interim revaluations every three years

The impact of these valuation techniques can be summarised as follows

	2011	2010
	£'000	£'000
Gains on revaluation charged to revaluation reserve	16,165	-
Loss on revaluation		
Charged to revaluation reserve	(8,028)	1,061
Charged to profit and loss account	(3,836)	1,191
	4,301	2,252
Included in the statement of total recognised gains and losses (net)	8,137	1,061
Included in the profit and loss account	(3,836)	1,191
	4,301	2,252

If land and buildings had not been revalued they would have been included at the following amounts (including amounts held in assets for resale)

	2011	2010
	£'000	£'000
Cost	45,722	64,350
Aggregate depreciation	(11,548)	(10,952)
Net book value	34,174	53,398

Parkcare Homes Limited

9 Debtors

	2011	2010
	£'000	£'000
Amounts falling due within one year		
Trade debtors	897	-
Amounts owed by group undertakings	13,937	13,937
Other debtors	156	-
Deferred tax asset	413	-
Group relief recoverable	194	-
Prepayments and accrued income	21	-
	15,618	13,937

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

An analysis of deferred tax assets included within debtors is as follows

	2011	2010
	£'000	£'000
Accelerated capital allowances	283	-
Short term timing differences	130	-
	413	-

No provision has been made for deferred taxation on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief or utilise available losses. The total amount unprovided for at 25% is £404,000 (2010: £10,877,000 at 27%).

Parkcare Homes Limited

10 Assets held for resale

	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2011	5,403	1,828	7,231
Additions	-	27	27
Disposals	(1,132)	(659)	(1,791)
Transfer from tangible assets (note 8)	10,667	1,962	12,629
At 31 December 2011	14,938	3,158	18,096
Impairment			
At 1 January 2011	3,683	1,276	4,959
Loss on revaluation	260	-	260
Disposals	(910)	(431)	(1,341)
Transfer from tangible assets (note 8)	9,128	1,197	10,325
At 31 December 2011	12,161	2,042	14,203
Net book value			
At 31 December 2011	2,777	1,116	3,893
At 31 December 2010	1,720	552	2,272

Assets held for resale relates to 7 (2010: 3) properties which are being actively marketed for sale

11 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	25,182	78,738
Accruals and deferred income	336	-
Obligations under finance lease contracts (note 12)	10	-
	25,528	78,738

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

Parkcare Homes Limited

12 Creditors: amounts falling due after more than one year

	2011	2010
	£'000	£'000
Obligations under finance lease contracts	26	-

Obligations under finance lease contracts are payable as follows

	2011	2010
	£'000	£'000
Within one year	10	-
In more than one year but not more than five years	26	-
	36	-

13 Provisions for liabilities and charges

	Dilapidations £'000
At 1 January 2011	460
Charged for the year	-
Reversed in year	-
At 31 December 2011	460

Provisions have been recorded for costs of returning properties held under operating leases to the state of repair at the inception of the lease. These provisions are expected to be utilised on the termination of the underlying leases.

14 Called up share capital

	2011	2010
	£'000	£'000
Authorised		
4,800,000 (2010: 4,800,000) ordinary shares of £1 each	4,800	4,800
Issued and fully paid		
4,772,000 (2010: 4,772,000) ordinary shares of £1 each	4,772	4,772

Parkcare Homes Limited

15 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2011	2,305	40,286	(20,354)
Profit for the financial year	-	-	3,328
Revaluation of properties	-	16,165	-
Reversal of prior years' revaluations on impaired properties	-	(8,028)	-
Transfer to profit and loss account	-	(9,627)	9,627
Reserve transferred on group re-organised properties	-	(29,515)	29,515
Transfer on disposal of previously revalued properties	-	(145)	145
At 31 December 2011	2,305	9,136	22,261

Transfer to profit and loss account relates to the difference between historic cost depreciation and the depreciation on revalued assets

Of the profit and loss account reserve £29,515,000 is not a distributable reserve as it is a realisation of revaluations through an intergroup transfer

16 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	3,328	4,858
Revaluations	16,165	-
Reversal of prior years' revaluations on impaired properties	(8,028)	(1,061)
Net increase to shareholders' funds	11,465	3,797
Opening shareholders' funds	27,009	23,212
Closing shareholders' funds	38,474	27,009

17 Contingent liabilities

On 31 December 2011, borrowings of a fellow group undertaking were secured by fixed and floating charges over all the assets of the company

Parkcare Homes Limited

18 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	2011	2010
	£'000	£'000
Contracted	316	660

At 31 December 2011 the company had annual commitments for land and buildings under non-cancellable operating leases as follows

	2011	2010
	£'000	£'000
Operating leases which expires		
Within one year	4	17
In the second to fifth years inclusive	9	15
In over five years	298	292
	311	324

19 Ultimate parent company and controlling party

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 2011. Priory Group No 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2011. The consolidated financial statements of Priory Group No 1 Limited and Priory Group No 3 PLC can be obtained from the Company Secretary at 21 Exhibition House, Addison Bridge Place, London, W14 8XP.