

Greymount Properties Limited
Annual report and financial statements
for the year ended 31 December 2010

Registered number 3091645

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Greymount Properties Limited

Annual report and financial statements for the year ended 31 December 2010

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Greymount Properties Limited

Directors and advisors

Executive Directors

David Manson
Philip Scott
Jason Lock
Matthew Franzidis

Secretary

David Hall
Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors

Pinsent Masons
3 Colmore Circus
Birmingham
B4 6BH

DLA Piper (UK) Solicitors LLP
3 Noble Street
London
EC2V 7EE

Registered Office

Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Allied Irish Banks Plc
St Helen's
1 Undershaft
London
EC3A 8AB

Greymount Properties Limited

Directors' report for the year ended 31 December 2010

The Directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activities

The company acquired a care home and a number of supported living properties during the year ended 31 December 2010. The company had previously been dormant, and therefore the Director's expect trading to increase next year, which will represent the first full year of trade.

The Directors of Craegmoor Group Limited, an intermediate parent company in the United Kingdom, which is now owned by Priory Investments Holdings Limited, a company registered in the Cayman Islands, manage the Group's operations on a group-wide basis. For this reason, the Directors of the Company believe a separate business review and future developments summary for the Company is not relevant for an understanding of the business and future strategy. The business review and future developments of the Craegmoor Group Limited group, which includes the Company, are discussed in the Directors' report of Craegmoor Group Limited for the year ended 31 December 2010 which does not form part of this report.

Review of business

The profit and loss account shows a loss after tax for the year of £173,000 (2009: £Nil).

Post balance sheet event

On 14 April 2011, the entire share capital of Craegmoor Group Limited, the Company's ultimate parent company, was acquired by Crown Newco 1 Limited. Subsequently the shares were transferred to Priory Investments Holdings Limited, a subsidiary undertaking of Crown Newco 1 Limited.

Dividends

The dividend payable on the redeemable preference shares has been waived (2009: waived). Directors do not recommend the payment of a dividend on the ordinary shares for the year ended 31 December 2010 (2009: £Nil).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Craegmoor Group Limited, a subsidiary of Priory Investments Holdings Limited, its ultimate parent company in the United Kingdom, and are not managed separately. Accordingly, the principal risks and uncertainties of the Craegmoor Group Limited group ("the Group"), which include those of the Company, are discussed in the Directors' report of Craegmoor Group Limited which does not form part of this report for the year ended 31 December 2010.

Key Performance Indicators ("KPIs")

The directors of Craegmoor Group Limited, a subsidiary of Priory Investments Holdings Limited, manage the Group's operations on a group-wide basis. For this reason, the Directors of the Company believe that analysis using separate key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Craegmoor Group Limited group, which includes the Company, is discussed in the Directors' report of Craegmoor Group Limited for the year ended 31 December 2010.

Greymount Properties Limited

Directors' report for the year ended 31 December 2010 (continued)

Directors

The following Directors have held office for the whole year and up to the date of signing the financial statements unless otherwise stated

Ted Smith	(Resigned 14 April 2011)
David Manson	
Nicholas Ktori	(Resigned 14 April 2011)
Scott Morrison	(Resigned 14 April 2011)
Julian Ball	(Resigned 14 April 2011)
Philip Scott	(Appointed 14 April 2011)
Jason Lock	(Appointed 14 April 2011)
Matthew Franzidis	(Appointed 14 April 2011)

Changes in tangible assets

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

Financial instruments

The Company's financial instruments primarily comprise debtors and creditors with other group companies arising directly from its operations. No trading in financial instruments has been undertaken.

There are no significant risks arising directly from the Company's financial instruments. However, the Company is reliant on the ongoing support of the Group, which had long term financing and overdraft facilities in place. The board of Craegmoor Group Limited, the ultimate UK parent undertaking at 31 December 2010, had reviewed and agreed the policies for managing the risks related to these facilities as set out below.

Liquidity risk

The Group had secured long term financing and revolving credit facilities with financial institutions, which had high credit ratings that were designed to ensure the Group had sufficient available funds for operations. The majority of the £244,742,000 (2009 £215,938,000) of debt, in the form of loan notes and bank loans (but excluding finance leases and preference shares), was repayable in 2016 to 2018.

Interest rate and cash flow risk

The Group had entered into interest rate swaps to ensure certainty over future interest cash flows. As a consequence, 91% (2009 100%) of the Group's borrowings (excluding preference shares) were at fixed rates of interest.

Following the acquisition of the ultimate parent undertaking, Craegmoor Group Limited, by Crown Newco 1 Limited on 14 April 2011, revised arrangements are in the process of being put in place that manage the above risks.

Going concern

The Company currently is in a net current liability position and therefore could become reliant on the ongoing financial support and funding of Crown Newco 1 Limited and certain of its subsidiaries in order to continue as a going concern for the period of not less than twelve months from the date of approval of these financial statements. The Directors of Crown Newco 1 Limited and the relevant subsidiaries have indicated that they are prepared to continue to provide this funding for the foreseeable future and the financial statements have therefore been prepared on a going concern basis.

Greymount Properties Limited

Directors' report for the year ended 31 December 2010 (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom 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 those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent.

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.

Statement of disclosure of information to auditors

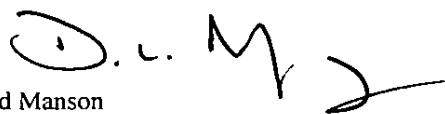
In the case of each of the persons who are directors at the time when the report is approved the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The Company has elected, in accordance with section 487 of the Companies Act 2006, to dispense with the obligation to appoint auditors annually.

By order of the Board



David Manson
Director
28 April 2011

Independent auditors' report to the members of Greymount Properties Limited

We have audited the financial statements of Greymount Properties Limited for the year ended 31 December 2010 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its 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.

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.

Independent auditors' report to the members of Greymount Properties Limited (continued)

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



Mark L Smith (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 April 2011

Greymount Properties Limited

Profit and loss account for the year ended 31 December 2010

		2010	2009
	Note	£'000	£'000
Turnover		94	-
Administrative expenses		(267)	-
Operating loss	4	(173)	-
Loss on ordinary activities before taxation		(173)	-
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	12	(173)	-

All activities relate to continuing operations

The Company has no recognised gains or losses other than those shown above and therefore no separate statement of recognised gains and losses has been prepared

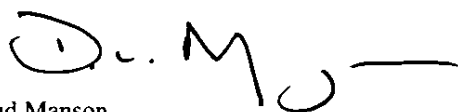
There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Greymount Properties Limited

Balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £ 000
Fixed assets			
Tangible assets	6	2,013	-
Current assets			
Debtors	7	-	2,083
		-	2,083
Creditors amounts falling due within one year	8	(239)	(300)
Net current (liabilities)/assets		(239)	1,783
Total assets less current liabilities		1,774	1,783
Creditors: amounts falling due after more than one year	9	(158)	(158)
Provisions for liabilities and charges	10	(164)	-
Net assets		1,452	1,625
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	1,452	1,625
Total shareholders' funds	13	1,452	1,625

The financial statements on pages 7 to 15 were approved by the Board of Directors on 28 April 2011 and signed on its behalf by



David Manson
Director
Company registered number 3091645

Greymount Properties Limited

Notes to the financial statements for the year ended 31 December 2010

1 Principal accounting policies

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

Going concern

The Company currently is in a net current liability position and therefore could become reliant on the ongoing financial support and funding of Crown Newco 1 Limited and certain of its subsidiaries in order to continue as a going concern for the period of not less than twelve months from the date of approval of these financial statements. The Directors of Crown Newco 1 Limited and the relevant subsidiaries have indicated that they are prepared to continue to provide this funding for the foreseeable future and the financial statements have therefore been prepared on a going concern basis.

Turnover

Turnover represents amounts invoiced and accrued for care services provided during the period in the UK, net of credit notes and excluding Value Added Tax. Where services are invoiced in advance the related income is deferred to match the period in which the service is provided. The Directors consider that the Company's turnover all derives from one class of business.

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 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.

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
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 value being credited to the revaluation reserve.

Corporation tax

UK Corporation Tax is provided at amounts expecting to be paid (or recovered) using the tax rates and bases that have been enacted, or substantially enacted by the balance sheet date. Corporation tax payable may be reduced wholly or in part by the surrender of losses by fellow group companies. Payments made, if any, to surrendering companies for losses are reflected in the tax charge.

Greymount Properties Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is only recognised to the extent that the transfer of economic benefits in the future is deemed to be more likely than not. Deferred tax assets and liabilities recognised are not discounted.

Cash flow statement

The Company is a wholly owned subsidiary of Craegmoor Group Limited, and the cash flows of the Company are included in the consolidated group cash flow statement of that company. Consequently, the Company is exempt under the terms of FRS 1 (Revised 1996) from publishing a cash flow statement.

2 Directors' emoluments

The Directors received no remuneration for their services to the Company during the year ended 31 December 2010 (2009: £Nil).

3 Employee information

The Company has no employees other than the Directors (2009: None).

4 Operating loss

	2010 £'000	2009 £'000
Operating loss is stated after charging:		
Depreciation	17	-
Operating lease rentals – other	57	-
Dilapidations provision	164	-
Management charges from fellow subsidiaries	29	-

The audit fee for the Company for the year ended 31 December 2010 is £1,500 (2009: £1,500). The audit fee for the year ended 31 December 2010 is included in the management charge. The 2009 audit fee was borne by a fellow subsidiary company without recourse to the Company in 2009.

The management charges from fellow subsidiary undertakings, Craegmoor Facilities Company Limited and Craegmoor Healthcare Company Limited, relate to an allocation of operating costs incurred on behalf of the Company and its fellow subsidiaries.

Greymount Properties Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

5 Tax on loss on ordinary activities

There is no current or deferred tax charge for the year (2009 £Nil) The tax for the period differs from the standard effective rate of corporation tax in the UK for the year ended 31 December 2010 of 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Loss on ordinary activities before taxation	(173)	-
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	(48)	-
Effects of		
Expenses not deductible for tax purposes	15	-
Capital allowances for the year less than depreciation	35	-
Transfer pricing adjustment	48	50
Group relief received not paid for	(50)	(50)
Current tax charge	-	-

Factors affecting current and future tax charges

During the year it was announced and substantively enacted that the UK corporation tax rate would reduce from 28% to 27% effective from 1 April 2011. There was no impact in the current year as deferred tax is not provided in the balance sheet. Subsequent to the balance sheet date it was announced that the UK corporation tax rate would reduce to 26% from 1 April 2011 however this change in tax rate was not substantively enacted at the balance sheet date and is therefore not included within the current year movement above. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 23 per cent by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of the future proposed reductions in tax rate would not result in a material adjustment to the financial statements.

In accordance with the Craegmoor Group Limited group accounting policy a deferred tax asset has not been recognised due to the uncertainty over the recoverability of the following

	2010 £'000	2009 £'000
Accelerated capital allowances	33	-

A deferred tax asset would be recognised to the extent that the Company makes future taxable profits which could not be satisfied by group relief.

Greymount Properties Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

6 Tangible assets

	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
At 1 January 2010	-	-	-
Additions	1,891	74	1,965
Transfers	-	121	121
At 31 December 2010	1,891	195	2,086
Accumulated depreciation			
At 1 January 2010	-	-	-
Charge for the year	4	13	17
Transfers	-	56	56
At 31 December 2010	4	69	73
Net book value			
At 31 December 2010	1,887	126	2,013
At 31 December 2009	-	-	-

7 Debtors

Amounts falling due within one year	2010 £'000	2009 £'000
Amounts owed by group undertakings	-	2,083

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

8 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	239	300

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

Greymount Properties Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

9 Creditors: amounts falling due after more than one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	100	100
58,400 (2009 58,400) preference shares of £1 each (see note 11)	58	58
	158	158

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 any repayments of this loan within 12 months after the year-end.

10 Provisions for liabilities and charges

	Dilapidations provision £'000
At 1 January 2010	-
Charged to the profit and loss account (Note 4)	164
At 31 December 2010	164

11 Called up share capital

	2010 £'000	2009 £'000
Authorised		
1,000 (2009 1,000) ordinary shares of £1 each	1	1
100,000 (2009 100,000) preference shares of £1 each	100	100
	101	101
Issued and fully paid		
1 (2009 1) ordinary shares of £1 each	-	-
1 (2009 58,400) preference shares of £1 each	58	58
	58	58
Less amounts disclosed as financial liabilities in accordance with FRS25.		
58,400 (2009 58,400) preference shares of £1 each	(58)	(58)
	-	-

Greymount Properties Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

11 Called up share capital (continued)

The redeemable preference shares carry an entitlement to dividend at the variable rate of 1% over the Yorkshire Bank base rate. They may be redeemed at any time at £1 per share. The dividends are cumulative. Holders of the redeemable preference shares have a vote for every one share held but only on a resolution of the winding-up of the Company or on a resolution affecting the rights attached to the shares or if the preference dividend has remained unpaid for three months. Holders of the redeemable preference shares have the right on a winding-up to receive, in priority to any other classes of shares, the sum of £1 per share together with any arrears of dividend.

The entitlement to preference dividends for the periods ended 31 December 2010 and 31 December 2009 has been waived by the shareholders.

12 Profit and loss reserve

	£'000
At 1 January 2010	1,625
Loss for the financial year	(173)
At 31 December 2010	1,452

13 Reconciliation of movements in total shareholders' funds

	2010 £'000	2009 £'000
Loss for the financial year	(173)	-
Net decrease in total shareholders' funds	(173)	-
Opening total shareholders' funds	1,625	1,625
Closing total shareholders' funds	1,452	1,625

14 Post balance sheet events

On 14 April 2011, the entire share capital of Craegmoor Group Limited, the Company's ultimate parent company, was acquired by Crown Newco 1 Limited. Subsequently the shares were transferred to Priory Investments Holdings Limited, a subsidiary undertaking of Crown Newco 1 Limited.

15 Contingent liabilities

There is a fixed and floating charge over the assets of the Company and certain of its fellow subsidiaries in respect of an external loan undertaken by an intermediate parent undertaking. Amounts drawn down on the facility of £192,116,000 (2009: £192,622,000) amounted to £177,283,000 (2009: £179,767,000) inclusive of accrued interest, as at 31 December 2010.

16 Capital commitments

As at 31 December 2010 the Company had instructed suppliers to carry out work on ongoing capital projects with a total value of £450,000 (2009: £Nil).

Greymount Properties Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

17 Financial commitments

At 31 December 2010 the Company had annual commitments for land and buildings under non-cancellable operating leases as follows

	2010 £'000	2009 £'000
Operating leases which expire:		
Less than a year	4	-
Between two and five years	6	-
More than five years	136	-
	146	-

18 Related party transactions

The Company has taken advantage of the exemption granted under paragraph 3c of the amendment to FRS 8 and not disclosed any transactions with other group companies where they are wholly owned by a common parent

19 Immediate and ultimate parent companies

The Directors regard Craegmoor Care (Holdings) Limited, a company registered in England and Wales, as the immediate parent company of Greymount Properties Limited, and as of 14 April 2011, Crown Newco 1 Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. At 31 December 2010 Craegmoor Group Limited was the ultimate parent company in the United Kingdom. Crown Newco 1 Limited is beneficially owned by funds managed by Advent International Corporation which is considered by the directors to be the ultimate controlling party of the company.

Craegmoor Group Limited was the parent company of the largest and smallest group in which Greymount Properties Limited was consolidated for the year ended 31 December 2010. Copies of Craegmoor Group Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.