

Priory Secure Services Limited

Directors' report and financial statements

Year ended 31 December 2010

Registered number 6244878

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Directors' report

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

Principal activities

The principal activity of the company is the management of long-term medium secure units for individuals with chronic behavioural problems

Business review and future developments

The results for the period are set out in the Profit and loss account on page 6 and the position of the company as at the period end is set out in the Balance sheet on page 7

As the company is focussed on the healthcare sector, the performance of the company can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of 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 achieved profit margins. Gross profit margins have decreased from 20.1% in 2009 to 18.1% in 2010.

During the year, a charge of £nil (2009 £50,000) was recognised in respect of operating exceptional items as noted in note 3.

The future developments of the company are aligned to the strategy of the Priory Group, headed by Priory Investments Holdings 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.

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 Investment Holdings Limited, which includes the company, is 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 group and not managed separately. Accordingly, the financial risk management policies of Priory Investment Holdings 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 Investments Holdings Limited, which include those of the company, are discussed in the Group's annual report which does not form part of this report.

Directors' report *(continued)*

Going concern

The ultimate parent company, Priory Investments Holdings 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.

Dividends

The directors do not recommend the payment of a dividend (2009 £nil)

Directors

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

C Thompson
P Scott
M Franzidis
J Lock

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

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.

Independent auditors

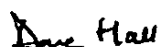
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Directors' report *(continued)*

Provision of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



D Hall
Company secretary

Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TP

10 March 2011

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 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 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,
- 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.

Dave Hall

D Hall
Company Secretary

10 March 2011

Independent auditors' report to the members of Priory Secure Services Limited

We have audited the financial statements of Priory Secure Services 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.

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

10 March 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	47,803	46,266
Cost of sales		(39,169)	(36,989)
Gross profit		8,634	9,277
Administrative expenses <i>(including operating exceptional costs of £nil, 2009 £50,000)</i>	3	(2,260)	(3,168)
Operating profit		6,374	6,109
Profit on disposal of fixed assets	3	8	11
Profit before interest and tax		6,382	6,120
Interest payable and similar charges	6	(9,075)	(10,916)
Loss on ordinary activities before taxation	3	(2,693)	(4,796)
Tax (charge)/credit on loss on ordinary activities	7	(1,027)	469
Loss for the financial year	14	(3,720)	(4,327)

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

The company had no other recognised 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 on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

Balance sheet
at 31 December 2010

	Note	£000	2010 £000	£000	2009 £000
Fixed assets					
Intangible assets	8		24,037		25,501
Tangible assets	9		114,971		119,326
			<u>139,008</u>		<u>144,827</u>
Current assets					
Debtors	10	17,391		16,568	
Cash at bank and in hand		2,773		1,323	
		<u>20,164</u>		<u>17,891</u>	
Creditors amounts falling due within one year	11	(25,549)		(25,055)	
Net current liabilities			<u>(5,385)</u>		<u>(7,164)</u>
Total assets less current liabilities			<u>133,623</u>		<u>137,663</u>
Creditors amounts falling due after more than one year	12		(155,574)		(155,894)
Net liabilities			<u>(21,951)</u>		<u>(18,231)</u>
Capital and reserves					
Called up share capital	13		10		10
Profit and loss account	14		(21,961)		(18,241)
Total shareholders' deficit	15		<u>(21,951)</u>		<u>(18,231)</u>

The financial statements on pages 6 to 19 were approved by the board of directors on 10 March 2011 and were signed on its behalf by



J Lock
Director

Notes to the financial statements

1 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 cost accounting rules

The ultimate parent company, Prory Investments Holdings 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

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 Prory Investments Holdings 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 and depreciation

Tangible assets are stated at cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Assets in course of 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

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

Freehold buildings	-	50 years
Short leasehold properties	-	over the period of the lease
Fixtures and fittings	-	3 to 16 years
Motor vehicles	-	over the shorter of the lease and 4 years

Land is not depreciated on the basis that land has an unlimited life

The expected useful lives of the assets to the business are re-assessed periodically in light of experience

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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

Assets acquired under finance leases are capitalised at cost and depreciated over the shorter of the term of the lease and the useful lives for tangible assets set out above. The capital element of future rentals is included under creditors. Interest is charged to the profit and loss account over the period of the lease in proportion to the balance of the capital payments outstanding. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 'Deferred tax'. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

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.

2 Turnover

The company's turnover, loss before taxation and net liabilities arise primarily from its principal activity of the management of long-term medium secure units for individuals with chronic behavioural problems in the United Kingdom.

Notes to the financial statements *(continued)*

3 Loss on ordinary activities before taxation

<i>Loss on ordinary activities before taxation is stated after charging/ (crediting)</i>	2010 £000	2009 £000
Auditors' remuneration (inclusive of Value Added Tax)	18	23
Depreciation and other amounts written off tangible assets		
Owned	845	675
Leased	5,171	5,156
Amortisation of capitalised goodwill	1,464	1,464
Rentals under operating leases		
Hire of plant and machinery	61	63
Other operating leases	1,547	1,562
Operating exceptional items		
- re-organisation and rationalisation costs	-	50
Profit on disposal of fixed assets	(8)	(11)

The re-organisation and rationalisation costs of £50,000 incurred in the prior year primarily relate to employee redundancy payments made as the company re-organised and streamlined its operations

4 Remuneration of directors

Costs relating to the directors' services have been borne by Priory Central Services Limited, a fellow group company. 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 *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	Number of employees	
	2010	2009
<i>By activity</i>		
Nursing and other clinical staff	716	683
Administrative staff	131	125
	<u>847</u>	<u>808</u>

The aggregate payroll costs of these persons were as follows

	2010	2009
	£000	£000
Wages and salaries	19,746	19,069
Social security costs	1,978	1,917
Other pension costs (note 18)	346	319
	<u>22,070</u>	<u>21,305</u>

6 Interest payable and similar charges

	2010	2009
	£000	£000
On overdrafts	2	1
Interest payable to group undertakings	-	1,843
Finance charges payable in respect of finance leases	6	6
Finance charges payable in respect of finance leases with group undertakings	9,067	9,066
	<u>9,075</u>	<u>10,916</u>

Notes to the financial statements *(continued)*

7 Tax on loss on ordinary activities

	2010 £000	2009 £000
<i>UK corporation tax</i>		
Current tax charge arising in the year	1,295	225
Current tax adjustment in respect of prior years	34	(603)
Total current tax	1,329	(378)
Deferred tax (credit)/charge arising in the year	(37)	57
Deferred tax adjustment in respect of prior years	(265)	(148)
Total deferred tax	(302)	(91)
Total tax charge/(credit)	1,027	(469)

The current tax charge of £1,329,000 on profits for the year has been relieved by the surrender of losses by other group companies in exchange for payment of the same amount

The current tax credit of £378,000 in the prior year was surrendered to 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 28% (2009 28%) The actual tax charge for the year is higher (2009 tax credit is lower) than the standard rate for the reasons set out in the following reconciliation

	2010 £000	2009 £000
Loss on ordinary activities before taxation	(2,693)	(4,796)
Tax on loss on ordinary activities at standard rate	(754)	(1,343)
<i>Factors affecting charge for the year</i>		
Depreciation in excess of/(less than) capital allowances	37	(57)
Capital allowances adjustment	-	(170)
Other timing differences	15	-
Depreciation of non-qualifying assets	1,587	1,383
Expenses not deductible for tax purposes (including goodwill amortisation)	410	412
Adjustment to tax credit in respect of prior years	34	(603)
Total current tax charge/(credit)	1,329	(378)

Notes to the financial statements *(continued)*

7 Tax on loss on ordinary activities *(continued)*

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The proposed reductions of the main rate of corporation tax by 1% per annum to 24% by 1 April 2014 are expected to be enacted separately each year.

8 Intangible assets

	Goodwill £000
Cost	
At 1 January 2010 and 31 December 2010	29,289
Amortisation	
At 1 January 2010	3,788
Charge for the year	1,464
	5,252
At 31 December 2010	24,037
Net book value	
At 31 December 2010	25,501
At 31 December 2009	25,501

Notes to the financial statements (continued)

9 Tangible assets

	Land and buildings £000	Assets in course of construction £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2010	125,570	4	8,594	173	134,341
Additions	-	-	1,517	156	1,673
Disposals	-	-	(9)	(65)	(74)
Transfers	-	(4)	4	-	-
At 31 December 2010	125,570	-	10,106	264	135,940
Accumulated depreciation					
At 1 January 2010	12,726	-	2,209	80	15,015
Charge for the year	4,916	-	1,041	59	6,016
Disposals	-	-	-	(62)	(62)
At 31 December 2010	17,642	-	3,250	77	20,969
Net book value					
At 31 December 2010	107,928	-	6,856	187	114,971
At 31 December 2009	112,844	4	6,385	93	119,326

The net book value of assets held under finance leases included within tangible assets was as follows

	2010 £000	2009 £000
Land and buildings	107,713	112,618
Fixtures and fittings	999	1,205
Motor vehicles	187	93
	108,899	113,916

Depreciation for the year in respect of assets held under finance leases was as follows

	2010 £000	2009 £000
Land and buildings	4,906	4,906
Fixtures and fittings	206	206
Motor vehicles	59	44
	5,171	5,156

Notes to the financial statements *(continued)*

9 Tangible assets *(continued)*

Freehold and leasehold land and buildings	2010 £000	2009 £000
Freehold	215	226
Short leasehold	107,713	112,618
	<u>107,928</u>	<u>112,844</u>

10 Debtors

	2010 £000	2009 £000
Trade debtors	4,034	5,544
Amounts due from group undertakings	12,759	10,420
Other debtors	2	2
Group relief recoverable	-	378
Prepayments and accrued income	203	133
Deferred tax asset	393	91
	<u>17,391</u>	<u>16,568</u>

Amounts due from group undertakings due within one year are non-interest bearing and repayable on demand

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

	£000
<i>Deferred tax</i>	
At beginning of the year	91
Credit for the year	302
	<u>393</u>
At end of the year	

Deferred tax arises on the following timing differences	2010 £000	2009 £000
Accelerated tax depreciation	344	54
Short term timing differences	49	37
	<u>393</u>	<u>91</u>

Notes to the financial statements *(continued)*

11 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	434	604
Amounts due to group undertakings	6,638	6,556
Group relief payable	1,329	-
Obligations under finance lease contracts (note 12)	53	31
Obligation under finance lease contracts with group undertakings (note 12)	9,466	9,236
Taxation and social security	625	579
Other creditors	1,516	1,263
Accruals and deferred income	5,488	6,786
	<u>25,549</u>	<u>25,055</u>

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

12 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Amounts due to group undertakings	38,845	38,845
Obligations under finance leases	147	68
Obligation under finance lease contracts with group undertaking	116,582	116,981
	<u>155,574</u>	<u>155,894</u>

Obligations under finance leases are payable as follows

	2010 £000	2009 £000
Within one year	53	31
In more than one year, but not more than five years	147	68
	<u>200</u>	<u>99</u>

Notes to the financial statements *(continued)*

12 Creditors falling due after more than one year *(continued)*

Obligations under finance leases with group undertakings are payable as follows

	2010 £000	2009 £000
Within one year	9,466	9,236
In more than one year, but not more than five years	40,292	39,310
After five years	76,290	77,671
	<u>126,048</u>	<u>126,217</u>

Amounts due to group undertakings are unsecured, bear interest at LIBOR plus 2.25% per annum and are repayable on demand. It is not expected that the demand would be made or that these amounts will be paid within one year and accordingly these amounts have been shown as amounts falling due after more than one year.

During the current year, no interest was payable on amounts due to group undertakings as the company received a special dispensation from HMRC which negated the need for interest to be charged.

13 Called up share capital

	2010 £	2009 £
Authorised		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

14 Profit and loss account

	£000
At 1 January 2010	(18,241)
Loss for the financial year	<u>(3,720)</u>
At 31 December 2010	<u>(21,961)</u>

Notes to the financial statements *(continued)*

15 Reconciliation of movements in shareholders' deficit

	2010 £000	2009 £000
Loss for the financial year	(3,720)	(4,327)
Net addition to shareholders' deficit	(3,720)	(4,327)
Opening shareholders' deficit	(18,231)	(13,904)
Closing shareholders' deficit	(21,951)	(18,231)

16 Contingent liabilities

The company has entered into banking facilities set-off agreements in respect of which guarantees have been given. The aggregate amount outstanding under the agreements was £nil at 31 December 2010 (2009 £nil).

At 31 December 2010, bank loans of a fellow group undertaking are secured by fixed and floating charges over all the assets of the company.

The company's ultimate parent undertaking, Priory Investments Holdings Limited, was acquired by Crown Newco 3 plc on 4 March 2011 (see note 19). On 3 February 2011, Crown Newco 3 plc issued £600m of high yield bonds, comprising £425m senior secured notes with a fixed rate of 7.0% and £175m senior unsecured notes with a fixed rate of 8.875%, with maturity dates of 15 February 2018 and 15 February 2019 respectively. The proceeds from the issue of the bonds were held in escrow until 4 March 2011 when the sale of Priory Investments Holdings Limited to Crown Newco 3 plc was completed. On completion of the sale, all bank loans of fellow group undertakings were repaid in full. The senior secured notes issued by Crown Newco 3 plc are secured by fixed and floating charges over the assets of the company.

Notes to the financial statements *(continued)*

17 Commitments

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

	2010 £000	2009 £000
Contracted	120	247

- b) Annual commitments under non-cancellable operating leases are as follows

	Land and buildings £000	2010 Other £000	Land and buildings £000	2009 Other £000
Operating leases which expire				
Within one year	-	11	3	18
In the second to fifth years inclusive	-	49	-	45
In over five years	1,546	-	1,546	-
	<u>1,546</u>	<u>60</u>	<u>1,549</u>	<u>63</u>

18 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £346,000 (2009 £319,000).

As at 31 December 2010, there were outstanding contributions of £43,000 (2009 £36,000).

19 Ultimate parent company and controlling party

The company's immediate parent company, which is incorporated in the Cayman Islands, is Prory Holdings Company No 3 Limited.

At 31 December 2010, the company's ultimate parent company was Prory Investments Holdings Limited (incorporated in the Cayman Islands), which is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the consolidated financial statements can be obtained from the Company Secretary at Prory House, Randalls Way, Leatherhead, Surrey KT22 7TP. At that date, the directors considered that there was no ultimate controlling party of the company.

On 4 March 2011, Prory Investments Holdings Limited was acquired by Crown Newco 3 plc, a subsidiary of Crown Newco 1 Limited. As a result of the transaction, the company's ultimate parent company from 4 March 2011 onwards is Crown Newco 1 Limited (incorporated in England). 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.