

Priory Secure Services Limited
Annual report and financial statements
for the year ended 31 December 2013

Registered number: 6244878



Priory Secure Services Limited
Annual report and financial statements
for the year ended 31 December 2013
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Priory Secure Services Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report on Priory Secure Services Limited for the year ended 31 December 2013.

Principal activity

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

Business review

The results for the year are set out in the profit and loss account on page 7 and the position of the company as at the year end is set out in the balance sheet on page 8.

As the company is focussed on the 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 9.3% in 2012 to 7.7% in 2013.

During the year, a charge of £57,000 (2012: £41,000) 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.

Financial risk management

The company's operations mean that it is exposed to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The directors monitor the risks in order to limit the adverse effects on the financial performance by reviewing levels of debt finance and the related finance costs, however these are integrated with the risks of the group and not managed separately. Accordingly, the financial risk management policies of Priory Group No. 1 Limited, which include those of the company, are discussed in the group's annual report which does not form part of this report.

Priory Secure Services Limited

Strategic report for the year ended 31 December 2013 (continued)

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Priory Group No. 1 Limited, which include those of the company, are discussed in the Group's annual report which does not form part of this report.

Future developments

The future developments of the company are aligned to the strategy of the Priory Group, headed by Priory Group No. 1 Limited. The Group's strategy for the future development of the business is included in the Group's annual report, which does not form part of this report.

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.

By order of the board



David Hall
Company Secretary
1 April 2014

Priory Secure Services Limited

Directors' report for the year ended 31 December 2013

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

Dividends

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

Directors

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

C Thompson	(resigned 20 June 2013)
T Riall	(appointed 5 April 2013)
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.

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

Priory Secure Services Limited

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

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



David Hall
Company Secretary
1 April 2014

80 Hammersmith Road
London
England
W14 8UD

Priory Secure Services Limited

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

What we have audited

The financial statements, which are prepared by Priory Secure Services Limited, comprise:

- the profit and loss account for the year then ended;
- the balance sheet as at 31 December 2013; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Priory Secure Services Limited

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne
1 April 2014

Priory Secure Services Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	1	42,090	40,640
Cost of sales		(38,831)	(36,853)
Gross profit		3,259	3,787
Administrative expenses (including operating exceptional costs of £57,000 2012: £41,000)		(1,547)	(1,368)
Operating profit		1,712	2,419
Profit before interest and taxation		1,712	2,419
Interest payable and similar charges	5	(10,241)	(10,487)
Loss on ordinary activities before taxation	2	(8,529)	(8,068)
Tax credit on loss on ordinary activities	6	385	217
Loss for the financial year	14	(8,144)	(7,851)

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.

Priory Secure Services Limited

Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	7	-	-
Intangible assets	8	19,644	21,108
Tangible assets	9	102,178	106,351
		121,822	127,459
Current assets			
Debtors	10	4,716	3,347
Cash at bank and in hand		121	18
		4,837	3,365
Creditors: amounts falling due within one year	11	(19,349)	(14,123)
Net current liabilities		(14,512)	(10,758)
Total assets less current liabilities		107,310	116,701
Creditors: amounts falling due after more than one year	12	(152,493)	(153,740)
Net liabilities		(45,183)	(37,039)
Capital and reserves			
Called up share capital	13	10	10
Profit and loss account	14	(45,193)	(37,049)
Total shareholders' deficit	15	(45,183)	(37,039)

The financial statements on pages 7 to 22 were approved by the board of directors on 1 April 2014 and were signed on its behalf by:



Jason Lock
Director

Registered number: 6244878

Priory Secure Services 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 cost accounting rules.

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 400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that it is included in the consolidated financial statements of a parent undertaking. These financial statements present information about the company as an individual undertaking and not about its group.

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.

Investments

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

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.

Priory Secure Services Limited

Statement of accounting policies (continued)

Tangible assets and depreciation (continued)

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.

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.

Deferred taxation

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

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

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

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

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Statement of accounting policies (continued)

Group relief

Payment is generally made for group relief at the current tax rate at the time of first estimating the tax provision. To the extent that amendments are subsequently made to the group relief plan, there is generally no payment or receipt in respect of the change.

Turnover and revenue recognition

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

Priory Secure Services Limited

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

1 Turnover

The company's turnover, loss on ordinary activities 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.

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

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2013	2012
	£'000	£'000
Depreciation and other amounts written off tangible assets:		
Owned	1,044	972
Leased	5,182	5,188
Amortisation of capitalised goodwill	1,464	1,464
Rentals under operating leases:		
Hire of plant and machinery	62	54
Other operating leases	1,768	1,551
Operating exceptional items:		
Re-organisation and rationalisation costs	57	41

The re-organisation and rationalisation costs of £57,000 (2012: £41,000) 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 £18,000 (2012: £18,000) was borne by another group undertaking.

Priory Secure Services Limited

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

3 Remuneration of directors

The costs relating to the directors' services have been borne by Priory Central Services Limited, a fellow group company. No amounts have been recharged 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 monthly number of persons employed by the company (including directors) during the year, analysed by activity, was as follows:

	2013 Number	2012 Number
By activity:		
Nursing and other clinical staff	676	782
Administrative staff	129	146
	805	928

The aggregate payroll costs of these persons were as follows:

	2013 £'000	2012 £'000
Wages and salaries	21,792	20,435
Social security costs	1,938	1,864
Other pension costs (note 18)	455	370
	24,185	22,669

5 Interest payable and similar charges

	2013 £'000	2012 £'000
On bank overdrafts	3	4
Interest payable to group undertakings	1,268	1,452
Finance charges payable in respect of finance leases	6	7
Finance charges payable in respect of finance leases with group undertakings	8,964	9,024
	10,241	10,487

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

6 Tax on loss on ordinary activities

	2013	2012
	£'000	£'000
UK corporation tax:		
Current tax credit arising in the year	(270)	(133)
Current tax adjustments in respect of prior years	(41)	(73)
Total current tax	(311)	(206)
Deferred tax:		
Deferred tax credit arising in the year	(75)	(115)
Deferred tax adjustment in respect of prior years	(73)	65
Effect of tax rate change on opening balance	74	39
Total deferred tax	(74)	(11)
Total tax credit	(385)	(217)

The current tax credit of £311,000 (2012: £206,000) has been 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 23.25% (2012: 24.49%). The actual tax credit for the year is lower (2012: lower) than the standard rate for the reasons set out in the following reconciliation:

	2013	2012
	£'000	£'000
Loss on ordinary activities before taxation	(8,529)	(8,068)
Tax on loss on ordinary activities at standard rate	(1,983)	(1,976)
Factors affecting charge for the year:		
Depreciation in excess of capital allowances	88	122
Transfer pricing adjustments	10	31
Depreciation of non-qualifying assets	1,275	1,307
Expenses not deductible for tax purposes (including goodwill amortisation)	340	383
Adjustments in respect of prior years	(41)	(73)
Total current tax credit for the year	(311)	(206)

Priory Secure Services Limited

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

6 Tax on loss on ordinary activities (continued)

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

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

7 Investments

	Shares in group undertakings £
Cost and net book value	
At 1 January 2013 and 31 December 2013	1

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

Subsidiary undertaking	Principal activities	Country of incorporation	Class and percentage of shares held
Priory Farmfield Limited	Non-trading	United Kingdom	100% ordinary

All subsidiary and associated undertakings are registered in England and Wales. The directors consider that the carrying value of the investment is supported by its underlying net assets.

Priory Secure Services Limited

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

8 Intangible assets

	Goodwill £'000
Cost	
At 1 January 2013 and 31 December 2013	29,289
Accumulated amortisation	
At 1 January 2013	8,181
Charge for the year	1,464
At 31 December 2013	9,645
Net book amount	
At 31 December 2013	19,644
At 31 December 2012	21,108

9 Tangible assets

	Land and buildings £'000	Assets in the course of construction £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2013	126,289	19	12,933	327	139,568
Additions	32	1,001	957	68	2,058
Transfer between classifications	19	(19)	-	-	-
Disposals	-	(5)	-	-	(5)
At 31 December 2013	126,340	996	13,890	395	141,621
Accumulated depreciation					
At 1 January 2013	27,489	-	5,495	233	33,217
Charge for the year	4,959	-	1,194	73	6,226
At 31 December 2013	32,448	-	6,689	306	39,443
Net book amount					
At 31 December 2013	93,892	996	7,201	89	102,178
At 31 December 2012	98,800	19	7,438	94	106,351

Priory Secure Services Limited

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

9 Tangible assets (continued)

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

	2013	2012
	£'000	£'000
Land and buildings	92,978	97,884
Fixtures and fittings	382	588
Motor vehicles	90	88
	93,450	98,560

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

	2013	2012
	£'000	£'000
Land and buildings	4,906	4,906
Fixtures and fittings	206	206
Motor vehicles	70	76
	5,182	5,188

Freehold and leasehold land and buildings

	2013	2012
	£'000	£'000
Freehold	914	916
Short leasehold	92,978	97,884
	93,892	98,800

Priory Secure Services Limited

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

10 Debtors

	2013	2012
	£'000	£'000
Trade debtors	3,174	2,315
Group relief receivable	311	206
Other debtors	3	2
Prepayments and accrued income	662	332
Deferred tax	566	492
	4,716	3,347

Amounts owed by 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
Deferred tax:	
At 1 January 2013	492
Credit for the year	74
At 31 December 2013	566

Deferred tax arises on the following timing differences:

	2013	2012
	£'000	£'000
Accelerated tax depreciation	556	551
Short term timing differences	10	(59)
	566	492

Priory Secure Services Limited

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

11 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Amounts owed to group undertakings	5,934	-
Obligations under finance lease contracts (note 12)	49	57
Obligation under finance lease contracts with group undertakings (note 12)	10,194	9,946
Taxation and social security	601	680
Other creditors	471	954
Accruals and deferred income	2,100	2,486
	19,349	14,123

12 Creditors: amounts falling due after more than one year

	2013	2012
	£'000	£'000
Amounts owed to group undertakings	38,664	38,664
Obligations under finance leases	55	73
Obligation under finance lease contracts with group undertakings	113,774	115,003
	152,493	153,740

Amounts owed to group undertakings are unsecured, bear interest at December 2011 LIBOR plus 2.25% per annum and are payable 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.

Obligations under finance leases are payable as follows:

	2013	2012
	£'000	£'000
Within one year	49	57
In more than one year, but not more than five years	55	73
	104	130

Priory Secure Services Limited

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

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

Obligations under finance leases with group undertakings are payable as follows:

	2013	2012
	£'000	£'000
Within one year	10,194	9,946
In more than one year, but not more than five years	43,391	42,332
After five years	70,383	72,671
	123,968	124,949

13 Called up share capital

	2013	2012
	£'000	£'000
Authorised		
10,000 (2012: 10,000) ordinary shares of £1 each	10	10
Allotted and fully paid		
10,000 (2012: 10,000) ordinary shares of £1 each	10	10

14 Profit and loss account

	£'000
At 1 January 2013	(37,049)
Loss for the financial year	(8,144)
At 31 December 2013	(45,193)

Priory Secure Services Limited

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

15 Reconciliation of movements in shareholders' deficit

	2013	2012
	£'000	£'000
Loss for the financial year	(8,144)	(7,851)
Net addition to shareholders' deficit	(8,144)	(7,851)
Opening shareholders' deficit	(37,039)	(29,188)
Closing shareholders' deficit	(45,183)	(37,039)

16 Contingent liabilities

At 31 December 2013, borrowings of a fellow group undertaking were secured by fixed and floating charges over all the assets of the company.

17 Commitments

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

	2013	2012
	£'000	£'000
Contracted	154	376

Annual commitments under non-cancellable operating leases are as follows:

	2013		2012	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	54	-	-
In the second to fifth years inclusive	-	-	-	54
In over five years	1,800	-	1,756	-
	1,800	54	1,756	54

Priory Secure Services Limited

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

18 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £455,000 (2012: £370,000).

As at 31 December 2013, there were outstanding contributions of £61,000 (2012: £48,000).

19 Ultimate parent company and controlling party

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

The ultimate parent undertaking and controlling party is Priory Group No. 1 Limited, a company incorporated in England. Priory Group No. 1 Limited is beneficially owned by funds managed by Advent International Corporation which is considered by the directors to be the ultimate controlling party of the company.

Priory Group No. 1 Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2013. Priory Group No. 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of Priory Group No. 1 Limited and Priory Group No. 3 PLC can be obtained from the Company Secretary at 80 Hammersmith Road, London, W14 8UD.