

Velocity Healthcare Limited  
Annual report and financial statements  
for the period ended 31 December 2011

Registered number: 06485062

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Velocity Healthcare Limited  
Annual report and financial statements  
for the period ended 31 December 2011  
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# **Velocity Healthcare Limited**

## **Directors' report for the period ended 31 December 2011**

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

### **Principal activities**

The principal activity of the company is a property holding company. The company holds properties which are used by other group members.

### **Business review**

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.

### **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.

### **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.

### **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.

### **Dividends**

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

# Velocity Healthcare Limited

## Directors

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

K Gerring	(resigned 4 April 2011)
P Scott	(appointed 20 April 2011)
D Hall	(appointed 20 April 2011)
J Lock	(appointed 20 April 2011)
J McGarry	(resigned 20 April 2011)
J Horsman	(resigned 20 April 2011)

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

## Independent auditors

During the period, PricewaterhouseCoopers LLP were appointed as independent auditors of the company. PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

## Provision of information to auditors

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

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

## Statement of directors' responsibilities

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

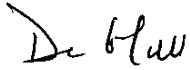
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

## Velocity Healthcare Limited

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  
6 September 2012

21 Exhibition House  
Addison Bridge Place  
London  
W14 8XP

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# **Velocity Healthcare Limited**

## **Independent auditors' report to the members of Velocity Healthcare Limited**

We have audited the financial statements of Velocity Healthcare Limited for the period ended 31 December 2011 which comprise the Profit and loss account, the Balance sheet, the Statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities set out on pages 2 and 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the period 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.

# Velocity Healthcare Limited

## **Matters on which we are required to report by exception**

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

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



Richard Bunter (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
6 September 2012

## Velocity Healthcare Limited

### Profit and loss account for the period ended 31 December 2011

	Note	Period ended 31 December 2011 £'000	Period ended 19 April 2011 £'000
<b>Turnover</b>	1	<b>1,031</b>	-
Administrative expenses (including exceptional income of £nil (prior period £7,362,000))		(53)	7,289
<b>Profit on ordinary activities before taxation and interest</b>		<b>978</b>	<b>7,289</b>
Interest payable and similar charges		-	(158)
<b>Profit on ordinary activities before taxation</b>	2	<b>978</b>	<b>7,131</b>
Tax on profit on ordinary activities	4	211	(188)
<b>Profit for the financial period</b>	10	<b>1,189</b>	<b>6,943</b>

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

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

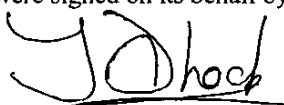
There is no difference between the profit on ordinary activities before taxation and the profit for the financial periods stated above and their historical cost equivalents

# Velocity Healthcare Limited

## Balance sheet as at 31 December 2011

	Note	At 31 December 2011 £'000	At 19 April 2011 £'000
<b>Fixed assets</b>			
Tangible assets	6	17,713	17,650
Investments	5	2,650	2,650
		<b>20,363</b>	<b>20,300</b>
<b>Current assets</b>			
Debtors	7	1,107	-
		<b>1,107</b>	<b>-</b>
<b>Creditors: amounts falling due within one year</b>	8	<b>(188)</b>	<b>(17,154)</b>
<b>Net current assets/(liabilities)</b>		<b>919</b>	<b>(17,154)</b>
<b>Total assets less current liabilities</b>		<b>21,282</b>	<b>3,146</b>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Capital reserve	10	16,947	-
Profit and loss account	10	4,335	3,146
<b>Total shareholders' funds</b>	11	<b>21,282</b>	<b>3,146</b>

The financial statements on pages 6 to 14 were approved by the board of directors on 6 September 2012 and were signed on its behalf by



J Lock  
Director

Registered number 06485062

# Velocity Healthcare 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 company was acquired by the Priory Group on 19 April 2011 therefore the prior period was shortened to cover the period from 1 February 2011 to 19 April 2011. The current period is from 20 April 2011 to 31 December 2011 in order to align the year end with other group companies

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

### **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.

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 property - 50 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

### **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

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## **Velocity Healthcare Limited**

which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

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

### **Group relief**

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

### **Turnover and revenue recognition**

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

# Velocity Healthcare Limited

## Notes to the financial statements for the period ended 31 December 2011

### 1 Turnover

The company's turnover, profit on ordinary activities before taxation and net assets/(liabilities) arise primarily from its principal activity as a property holding company

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

### 2 Profit on ordinary activities before taxation

The remuneration of the auditors of £500 was borne by another group undertaking. Audit fees charged in the prior period were £3,000

### 3 Staff costs

The company has no employees other than the directors, who did not receive any remuneration (period ended 19 April 2011: £nil)

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 Tax on profit on ordinary activities

	Period ended 31 December 2011 £'000	Period ended 19 April 2011 £'000
UK corporation tax		
Group relief receivable	211	(188)
<b>Total current tax credit/(charge)</b>	<b>211</b>	<b>(188)</b>

The current tax credit of £211,000 (period ended 19 April 2011: £188,000 charge) 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

# Velocity Healthcare Limited

## 4 Tax on profit on ordinary activities (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 26.49% (2010: 28%)  
The actual tax charge for the year is lower (2010: lower) than the standard rate for the reasons set out in the following reconciliation

	Period ended 31 December 2011 £'000	Period ended 19 April 2011 £'000
Profit on ordinary activities before tax	978	7,131
Tax on profit on ordinary activities at standard rate	259	1,997
Factors affecting charge for the year		
Utilisation of tax losses	(470)	(1,809)
<b>Total current tax (credit)/charge for the year</b>	<b>(211)</b>	<b>188</b>

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. A further reduction in this corporation tax rate effective on 1 April 2012 from 26% to 25% was substantively enacted for the purposes of FRS 19 on 5 July 2011. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 26.49% and deferred taxation has been calculated based on a rate of 25%.

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

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

## 5 Investments

	Investments in subsidiary undertakings £'000
<b>Cost or valuation</b>	
<b>At 19 April 2011 and 31 December 2011</b>	<b>2,650</b>
<b>Net book value</b>	
<b>At 19 April 2011 and 31 December 2011</b>	<b>2,650</b>

# Velocity Healthcare Limited

## 5 Investments (continued)

The subsidiary undertakings 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
Renova LLP	Trading	United Kingdom	99% of members' capital

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

## 6 Tangible assets

	Land and Buildings £'000
<b>Cost</b>	
At 20 April 2011	17,650
Additions	116
<b>At 31 December 2011</b>	<b>17,766</b>
<b>Depreciation</b>	
At 20 April 2011	-
Charge for period	53
<b>At 31 December 2011</b>	<b>53</b>
<b>Net book amount</b>	
<b>At 31 December 2011</b>	<b>17,713</b>
At 19 April 2011	17,650

## 7 Debtors

	31 December 2011 £'000	19 April 2011 £'000
Amounts owed by group undertakings	896	-
Group relief recoverable	211	-
	<b>1,107</b>	<b>-</b>

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

# Velocity Healthcare Limited

## 8 Creditors: amounts falling due within one year

	31 December 2011 £'000	19 April 2011 £'000
Bank loans and overdrafts	-	14,874
Trade creditors	-	2,073
Amounts owed to group undertakings	-	6
Corporation tax payable	188	188
Accruals and deferred income	-	13
	<b>188</b>	<b>17,154</b>

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

## 9 Called up share capital

	31 December 2011 £	19 April 2011 £
<b>Allotted, called-up and fully paid</b>		
3 (19 April 2011 3) ordinary shares of £1 each	<b>3</b>	<b>3</b>

## 10 Reserves

	Capital reserve £'000	Profit and loss account £'000
At 20 April 2011	-	3,146
Profit for the financial period	-	1,189
Capital contribution	16,947	-
<b>At 31 December 2011</b>	<b>16,947</b>	<b>4,335</b>

# Velocity Healthcare Limited

## 11 Reconciliation of movements in shareholders' funds

	31 December 2011 £'000	19 April 2011 £'000
Profit for the financial period	1,189	6,943
Capital contribution	16,947	-
Opening shareholders' funds/(deficit)	3,146	(3,797)
<b>Closing shareholders' funds</b>	<b>21,282</b>	<b>3,146</b>

## 12 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 2011. Priory Group No 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2011. The consolidated financial statements of Priory Group No 1 Limited and Priory Group No 3 PLC can be obtained from the Company Secretary at 21 Exhibition House, Addison Bridge Place, London, W14 8XP.