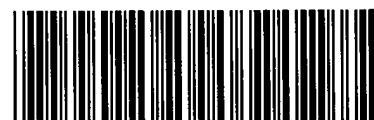


Velocity Healthcare Limited  
Annual report and financial statements  
for the year ended 31 December 2014

Registered number: 06485062

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Velocity Healthcare Limited

Annual report and financial statements

for the year ended 31 December 2014

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# Velocity Healthcare Limited

## Strategic report for the year ended 31 December 2014

The directors present their strategic report on Velocity Healthcare Limited for the year ended 31 December 2014.

### 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 year are set out in the profit and loss account on page 6 and the position of the company as at the year end is set out in the balance sheet on page 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.

### 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.

By order of the board



David Hall

Company Secretary

22 July 2015

# Velocity Healthcare Limited

## Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

### 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:

D Hall

J Lock (resigned 1 April 2015)

T Riall

M Moran (appointed 1 April 2015)

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

### Dividends

The directors do not recommend the payment of a dividend (2013: £nil).

### Future developments

The future developments of the company are discussed in the strategic report.

### Independent auditors

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

### Provision of information to auditors

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

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

# Velocity Healthcare Limited

## Directors' report for the year ended 31 December 2014 (continued)

### 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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**  
22 July 2015

80 Hammersmith Road  
London  
England  
W14 8UD

# **Velocity Healthcare Limited**

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

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Velocity Healthcare Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

Velocity Healthcare Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended;
- the statement of changes in shareholders' funds for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include 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), including FRS 101 "Reduced Disclosure Framework".

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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' 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.

# Velocity Healthcare Limited

## Independent auditors' report to the members of Velocity Healthcare Limited (continued)

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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.

#### What an audit of financial statements involves

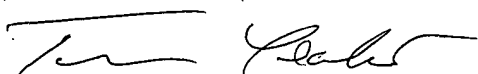
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Tom Yeates (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
22 July 2015

## Velocity Healthcare Limited

### Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	1	1,500	1,500
Administrative expenses		(201)	(201)
<b>Operating profit</b>		<b>1,299</b>	<b>1,299</b>
<b>Profit on ordinary activities before taxation</b>	2	<b>1,299</b>	<b>1,299</b>
Tax on profit on ordinary activities	4	397	161
<b>Profit for the financial year</b>		<b>1,696</b>	<b>1,460</b>

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

There is no other comprehensive income for the period.




# Velocity Healthcare Limited

## Balance sheet as at 31 December 2014

		2014 £'000	2013 £'000
	Note		
<b>Fixed assets</b>			
Property plant and equipment	5	16,963	17,164
Investments	6	2,747	2,747
		19,710	19,911
<b>Current assets</b>			
Debtors	7	6,732	4,788
<b>Net current assets</b>		6,732	4,788
<b>Total assets less current liabilities</b>		26,442	24,699
<b>Provisions for liabilities</b>		(47)	-
<b>Net assets</b>		26,395	24,699
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Capital reserve		16,947	16,947
Profit and loss account		9,448	7,752
<b>Total shareholders' funds</b>		26,395	24,699

The financial statements on pages 6 to 16 were approved by the board of directors on 22 July 2015 and were signed on its behalf by:

M Moran  
Director



Registered number: 06485062

## Velocity Healthcare Limited

### Statement of changes in shareholders' funds for the year ended 31 December 2014

	<b>Called up Share capital</b>	<b>Capital reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2013	-	16,947	6,292	23,239
Profit for the financial year	-	-	1,460	1,460
At 31 December 2013	-	16,947	7,752	24,699
Profit for the financial year	-	-	1,696	1,696
<b>At 31 December 2014</b>	<b>-</b>	<b>16,947</b>	<b>9,448</b>	<b>26,395</b>

# 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 company is a private limited company, incorporated and domiciled in the United Kingdom.

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis and under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below, and, unless otherwise stated, these policies have been consistently applied to all the periods presented.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101) and, the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 10 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 January 2013. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements. The impact of the amendments to the Company's previously adopted accounting policies in accordance with UK GAAP (excluding FRS 101) was not material to the shareholders' equity as at the date of transition or as at 31 December 2013 or as at 31 December 2014, nor on the profit or loss for the years ended 31 December 2013 and 31 December 2014.

The principle disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Statement of cash flows;
- IFRS 7 financial instrument disclosures;
- IAS 1 information on management of capital;
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies (the company has no other related party transactions); and
- Roll-forward reconciliations in respect of share capital (IAS 1) and property, plant and equipment (IAS 16).

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

# Velocity Healthcare Limited

## Statement of accounting policies (continued)

### Basis of preparation (continued)

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.

### Investments

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

### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. 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 less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	over 50 years
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The expected residual values and useful lives of the assets to the business are reassessed, and adjusted if appropriate at each balance sheet date. Land is not depreciated on the basis that land has an unlimited life.

Where the cost of land and buildings cannot be split, the directors have estimated that the value attributable to land is 22% of the cost of the land and buildings, based on experience.

### Asset impairment

Property, plant and equipment is 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.

### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit can differ from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years, or that are never taxable or deductible. The company's liability for current tax is calculated using rates that have been effective during the accounting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

# Velocity Healthcare Limited

## Statement of accounting policies (continued)

### **Taxation (continued)**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis. Deferred tax balances are not discounted.

### **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 consideration received for the provision of services to customers. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes. Turnover is recognised as the services are provided. Turnover received in advance is included in deferred income until the service is provided. Turnover 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 year ended 31 December 2014

### 1 Turnover

The company's turnover, profit on ordinary activities before taxation and net assets 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 (2013: £500) was borne by another group undertaking.

Depreciation of £201,000 (2013: £201,000) was charged in the year.

### 3 Staff costs

The company has no employees other than the 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 Tax on profit on ordinary activities

	2014	2013
	£'000	£'000
UK corporation tax:		
Current tax credit arising in the year	(457)	(189)
Adjustments in respect of prior years	(28)	69
<b>Total current tax credit</b>	<b>(485)</b>	<b>(120)</b>
Deferred tax:		
Origination and reversal of timing differences	88	(11)
Deferred tax adjustment in respect of prior years	-	(34)
Effect of tax rate change on opening balance	-	4
<b>Total deferred tax</b>	<b>88</b>	<b>(41)</b>
<b>Total tax credit</b>	<b>(397)</b>	<b>(161)</b>

# Velocity Healthcare Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

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

The current tax credit of £485,000 (2013: £120,000) on profits for the year has been relieved by the surrender of losses 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 21.5% (2013: 23.25%). The actual tax charged for the year is lower (2013: lower) than the standard rate for the reasons set out in the following reconciliation:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	1,299	1,299
Tax on profit on ordinary activities at standard rate	279	302
Factors affecting charge for the year:		
Depreciation of non-qualifying assets	-	36
Transfer pricing adjustment	(68)	(81)
Adjustments in respect of prior years	(28)	35
Impact of rate changes	-	4
Share of partnership losses	(580)	(457)
<b>Total tax credit for the year</b>	<b>(397)</b>	<b>(161)</b>

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 21.5% (2013: 23.25%).

In his budget speech on 20 March 2013, the Chancellor announced that the main rate of corporation tax would change 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 21%.

# Velocity Healthcare Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 5 Property, plant and equipment

	Land and Buildings £'000
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	17,766
<b>Depreciation</b>	
At 1 January 2014	602
Charge for year	201
At 31 December 2014	803
<b>Net book amount</b>	
At 31 December 2014	16,963
At 31 December 2013	17,164

### 6 Investments

	Investments in subsidiary undertakings £'000
<b>Cost or valuation</b>	
At 1 January 2014 and 31 December 2014	2,747
<b>Net book value</b>	
At 31 December 2013 and 31 December 2014	2,747

The addition in the year relates to an additional investment in Revona LLP. 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
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.



# Velocity Healthcare Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 7 Debtors

	2014	2013
	£'000	£'000
Amounts owed by group undertakings	6,247	4,627
Deferred tax (note 8)	-	41
Group relief recoverable	485	120
	6,732	4,788

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

### 8 Provisions for liabilities

The movement in the deferred taxation provision during the year was:

	£'000
At 1 January 2014	-
Transferred from debtors	(41)
Charge for the year (note 4)	88
<b>At 31 December 2014</b>	<b>47</b>

Deferred tax arises on the following timing differences:

	2014	2013
	£'000	£'000
Accelerated capital allowances	47	(41)

# Velocity Healthcare Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 9 Called up share capital

	2014	2013
	£	£
<b>Allotted, called-up and fully paid</b>		
3 (2013: 3) ordinary shares of £1 each	3	3

### 10 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 2014. Priory Group No. 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2014. 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.