

Priory Elderly Care Limited  
Annual report and financial statements  
for the year ended 31 December 2012

Registered number. 6660776

WEDNESDAY



A27 \*A2HN1OVK\* #79  
25/09/2013  
COMPANIES HOUSE

---

Priory Elderly Care Limited

Annual report and financial statements

for the year ended 31 December 2012

Contents

Directors' report for the year ended 31 December 2012	1
Independent auditors' report to the members of Priory Elderly Care Limited	4
Profit and loss account for the year ended 31 December 2012	6
Balance sheet as at 31 December 2012	7
Statement of accounting policies	8
Notes to the financial statements for the year ended 31 December 2012	10

# Priory Elderly Care Limited

## Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

### Principal activities and review of business

The principal activity of the company is the provision of residential and nursing care for elderly people

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

As the company is focussed on the elderly care sector, the performance of the company can be impacted by external factors. The principal factors are changes in the UK government's policy towards funding of elderly care, 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.

During the year, a charge of £15,000 (2011: £1,000) 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.

### 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.

### 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, are 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.

# Priory Elderly Care Limited

## Directors' report for the year ended 31 December 2012 (continued)

### 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 (2011: £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:

P Scott (resigned 28 November 2012)  
J Lock  
D Hall  
T Riall (appointed 5 April 2013)

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 elderly care 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.

### 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.

# Priory Elderly Care Limited

## Directors' report for the year ended 31 December 2012 (continued)

### 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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  
4 September 2013

80 Hammersmith Road  
London  
England  
W14 8UD

# Priory Elderly Care Limited

## — Directors' report for the year ended 31 December 2012 (continued)

### 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 August 2013

80 Hammersmith Road  
London  
England  
W14 8UD

# **Priory Elderly Care Limited**

## **Independent auditors' report to the members of Priory Elderly Care Limited**

We have audited the financial statements of Priory Elderly Care Limited for the year ended 31 December 2012 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 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 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 2012 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.

## **Priory Elderly Care Limited**

### **Independent auditors' report to the members of Priory Elderly Care Limited (continued)**

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

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

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



Richard Bunter (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
4 September 2013



# Priory Elderly Care Limited

## Profit and loss account for the year ended 31-December 2012

	Note	2012 £'000	2011 £'000
<b>Turnover</b>	1	<b>11,992</b>	7,556
Cost of sales		(15,091)	(10,981)
<b>Gross loss</b>		<b>(3,099)</b>	(3,425)
Administrative expenses (including operating exceptional costs of £15,000 (2011 £1,000))	2	(67)	(123)
<b>Operating loss</b>	2	<b>(3,166)</b>	(3,548)
Interest payable and similar charges	5	(3)	(6)
<b>Loss on ordinary activities before taxation</b>		<b>(3,169)</b>	(3,554)
Tax on loss on ordinary activities	6	878	1,341
<b>Loss for the financial year</b>	12	<b>(2,291)</b>	(2,213)

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 Elderly Care Limited

## Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	7	5,638	5,632
<b>Current assets</b>			
Debtors	8	3,566	3,582
Cash at bank and in hand		6	612
		3,572	4,194
<b>Creditors' amounts falling due within one year</b>	9	(15,285)	(13,584)
<b>Net current liabilities</b>		(11,713)	(9,390)
<b>Total assets less current liabilities</b>		(6,075)	(3,758)
<b>Creditors: amounts falling due after more than one year</b>	10	(26)	(52)
<b>Net liabilities</b>		(6,101)	(3,810)
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	(6,101)	(3,810)
<b>Total shareholders' deficit</b>	13	(6,101)	(3,810)

The financial statements on pages 6 to 17 were approved by the board of directors on 4 September 2013 and were signed on its behalf by



Jason Lock  
Director

Registered number 6660776

# Priory Elderly Care 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, the Companies Act 2006 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.

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
Motor vehicles	- over the shorter of the lease and 4 years
Fixtures and fittings	- 3 to 16 years
Assets in the course of construction	- not depreciated

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.

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 Elderly Care Limited

## Statement of accounting policies (continued)

### Leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

### 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.

### 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 Elderly Care Limited

## Notes to the financial statements for the year ended 31 December 2012

### 1 Turnover

The company's turnover, loss on ordinary activities before taxation and net liabilities arise primarily from its principal activity of providing residential and nursing care for elderly people

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

	2012	2011
	£'000	£'000
Depreciation and other amounts written off tangible assets		
Owned	307	230
Leased	56	48
Operating exceptional items		
Re-organisation and rationalisation costs	15	1
Rentals under operating leases		
Other operating leases	3,112	2,902
Plant and machinery	7	9
Auditors' remuneration	1	1

The re-organisation and rationalisation costs of £15,000 (2011 £1,000) incurred in the year primarily relate to employee redundancy payments made as the company re-organised and streamlined its operations

### 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.

# Priory Elderly Care Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 4 Staff numbers and costs

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

	2012 Number	2011 Number
By activity		
Nursing and other clinical staff	427	304
Administrative staff	119	94
	546	398

The aggregate payroll costs of these persons were as follows

	2012 £'000	2011 £'000
Wages and salaries	7,695	5,209
Social security costs	524	396
Other pension costs (note 15)	24	37
	8,243	5,642

### 5 Interest payable and similar charges

	2012 £'000	2011 £'000
On bank loans and overdrafts	1	3
On finance leases	2	3
	3	6

# Priory Elderly Care Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 6 Tax on loss on ordinary activities

	2012	2011
	£'000	£'000
UK corporation tax		
Current tax credit arising in the year	(977)	(875)
Adjustments in respect of prior periods	(13)	(16)
<b>Total current tax credit</b>	<b>(990)</b>	<b>(891)</b>
Deferred tax		
Origination and reversal of timing differences	(7)	(19)
Adjustment in respect of prior period	(8)	(556)
Effect of tax rate change on opening balance	127	125
<b>Total deferred tax</b>	<b>112</b>	<b>(450)</b>
<b>Total tax credit</b>	<b>(878)</b>	<b>(1,341)</b>

The current tax credit of £990,000 (2011 £891,000) 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 24.49 % (2011 26.49%) The actual tax credit for the year is higher (2011 lower) than the standard rate for the reasons set out in the following reconciliation

	2012	2011
	£'000	£'000
Loss on ordinary activities before taxation	(3,169)	(3,554)
Tax on loss on ordinary activities at standard rate	(776)	(941)
Factors affecting charge for the year		
Depreciation in excess of capital allowances	8	20
Adjustments in respect of prior periods	(13)	(16)
Transfer pricing adjustments	(264)	-
Expenses not deductible for tax purposes	55	46
<b>Total current tax credit for the year</b>	<b>(990)</b>	<b>(891)</b>

# Priory Elderly Care Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 6 Tax on loss on ordinary activities (continued)

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. A further reduction in this corporation tax rate effective on 1 April 2013 from 24% to 23% was substantively enacted for the purposes of FRS 16 on 3 July 2012. Accordingly, the company's losses for this accounting year are taxed at an effective rate of 24.49% and deferred taxation has been calculated based on a rate of 23%.

In the budget speech on 20 March 2013, further rates changes to 21% from April 2014 and 20% from April 2015 were announced. These rate reductions have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The overall effect of the further change from 23% to 20%, if these applied to the deferred tax balance at the balance sheet date, would be immaterial.

### 7 Tangible assets

	Freehold property £'000	Assets in the course of construction £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2012	4,644	-	1,161	188	5,993
Additions	29	112	192	36	369
<b>At 31 December 2012</b>	<b>4,673</b>	<b>112</b>	<b>1,353</b>	<b>224</b>	<b>6,362</b>
<b>Accumulated depreciation</b>					
At 1 January 2012	21	-	272	68	361
Charge for the year	71	-	236	56	363
<b>At 31 December 2012</b>	<b>92</b>	<b>-</b>	<b>508</b>	<b>124</b>	<b>724</b>
<b>Net book amount</b>					
<b>At 31 December 2012</b>	<b>4,581</b>	<b>112</b>	<b>845</b>	<b>100</b>	<b>5,638</b>
At 31 December 2011	4,623	-	889	120	5,632



# Priory Elderly Care Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 7 Tangible assets (continued)

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

	2012	2011
	£'000	£'000
Motor vehicles	100	120

### 8 Debtors

	2012	2011
	£'000	£'000
Trade debtors	549	538
Deferred tax asset	1,470	1,582
Prepayments and accrued income	557	571
Group relief recoverable	990	891
	3,566	3,582

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

	£'000
Deferred tax	
At 1 January 2012	1,582
Charge for the year (note 6)	(112)
At 31 December 2012	1,470

# Priory Elderly Care Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 8 Debtors (continued)

Deferred tax arises on the following timing differences

	2012	2011
	£'000	£'000
Accelerated capital allowances	1,470	1,582

### 9 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Bank loans and overdraft	180	-
Amounts owed to group undertakings	13,580	12,436
Obligations under finance leases and hire purchase contracts (note 10)	56	57
Taxation and social security	100	148
Other creditors	59	29
Accruals and deferred income	1,310	914
	15,285	13,584

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

### 10 Creditors: amounts falling due after more than one year

	2012	2011
	£'000	£'000
Obligations under finance leases and hire purchase contracts	26	52

# Priory Elderly Care Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

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

Obligations under finance leases and hire purchase contracts are payable as follows

	2012	2011
	£'000	£'000
Within one year	56	57
In more than one year, but not more than five years	26	52
	82	109

### 11 Called up share capital

	2012	2011
	£	£
Authorised		
1,000 (2011 1,000) ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully paid		
1 (2011 1) ordinary shares of £1 each	1	1

### 12 Profit and loss account

	£'000
At 1 January 2012	(3,810)
Loss for the financial year	(2,291)
At 31 December 2012	(6,101)

### 13 Reconciliation of movements in shareholders' deficit

	2012	2011
	£'000	£'000
Loss for the financial year	(2,291)	(2,213)
Net addition to shareholders' deficit	(2,291)	(2,213)
Opening shareholders' deficit	(3,810)	(1,597)
Closing shareholders' deficit	(6,101)	(3,810)

# Priory Elderly Care Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 14 Commitments

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

	2012	2011
	£'000	£'000
Contracted	31	19

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	-	-	-	3
Between two and five years	-	-	7	6
In over five years	3,218	2,717	-	-
	3,218	2,717	7	9

### 15 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 £24,000 (2011 £37,000)

At 31 December 2012, there were outstanding contributions of £3,000 (2011 £3,000)

### 16 Ultimate parent company and controlling party

The company's immediate parent company, which is incorporated in the United Kingdom, is Priory Elderly Care Holdings 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 2012. Priory Group No 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2012. 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.