

709920/20

Priory Holdings Company No. 3 Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Registration number: FC027625



Priory Holdings Company No. 3 Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3 to 4
Statement of Directors' Responsibilities	5
Profit and Loss Account	6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 16

Priory Holdings Company No. 3 Limited

Company Information

Directors David Hall
Jim Lee

Company secretary David Hall

Registered office c/o M&C Corporate Services Ltd
PO Box 309GT
Ugland House
South Church Street
George Town
W14 8UD

Priory Holdings Company No. 3 Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is as an investment holding company.

Fair review of the business

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 8.

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 UK 1 Limited, an intermediate parent of the company, is discussed in the group's financial statements which includes the company and 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 principle risks and uncertainties of Priory Group UK 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

Approved and authorised by the Board on 31 July 2023 and signed on its behalf by:

David Hall

.....
David Hall
Company secretary and director

Priory Holdings Company No. 3 Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

This report should be read in conjunction with the strategic report on page 2. The company has chosen in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the strategic report the following which the directors believe to be of strategic importance:

- Business review; and
- Principal risks and uncertainties.

Directors of the company

The directors who held office during the year were as follows:

David Hall - Company secretary and director

Jim Lee

The directors do not recommend the payment of a final dividend (2021: £nil). No dividends were paid during the year (2021: £nil).

Financial instruments

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 UK 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 UK Group, headed by Priory Group UK 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 intermediate parent company, Priory Group UK 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least twelve months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

Priory Holdings Company No. 3 Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Auditors

The company is incorporated in the Cayman Islands and registered in both the Cayman Islands and the UK. The company is not required to publish audited financial statements. The purpose of these financial statements is to meet the obligations for filing in both the UK and the Cayman Islands. The filing requirements for the Cayman Islands are significantly less in scope than those for the UK. These financial statements have been prepared in accordance with applicable UK accounting standards and UK companies' legislation as applied to overseas companies and under the historical cost convention. References in these financial statements to the Companies Act and other legislation are therefore references to UK legislation. These financial statements comply the Companies Act 2006 as applied to overseas companies.

Approved and authorised by the Board on 31 July 2023 and signed on its behalf by:

David Hall

.....
David Hall
Company secretary and director

Priory Holdings Company No. 3 Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Priory Holdings Company No. 3 Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover		-	-
Administrative expenses		-	68,756
Operating profit	3	-	68,756
Other interest receivable and similar income	4	8,184	3,840
Interest payable and similar charges	5	8,645	(1,752)
Profit before tax		16,829	70,844
Taxation	7	(1,446)	355
Profit for the financial year		15,383	71,199

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Priory Holdings Company No. 3 Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
Profit for the year	<u>15,383</u>	<u>71,199</u>
Total comprehensive income for the year	<u><u>15,383</u></u>	<u><u>71,199</u></u>

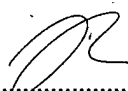
Priory Holdings Company No. 3 Limited

(Registration number: FC027625)

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Investments	8	18,187	18,187
Current assets			
Debtors	9	157,577	149,709
Creditors: Amounts falling due within one year	10	<u>(111,116)</u>	<u>(118,631)</u>
Net current assets		<u>46,461</u>	<u>31,078</u>
Net assets		<u>64,648</u>	<u>49,265</u>
Capital and reserves			
Called up share capital	11	-	-
Share premium reserve		10	10
Profit and loss account		<u>64,638</u>	<u>49,255</u>
Total equity		<u>64,648</u>	<u>49,265</u>

Approved and authorised by the Board on 31 July 2023 and signed on its behalf by:


.....
Jim Lee
Director

Priory Holdings Company No. 3 Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	-	10	49,255	49,265
Profit for the year	-	-	15,383	15,383
Total comprehensive income	-	-	15,383	15,383
At 31 December 2022	-	10	64,638	64,648

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	-	10	(21,944)	(21,934)
Profit for the year	-	-	71,199	71,199
Total comprehensive income	-	-	71,199	71,199
At 31 December 2021	-	10	49,255	49,265

Priory Holdings Company No. 3 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in Cayman Islands.

The address of its registered office is:

c/o M&C Corporate Services Ltd
PO Box 309GT
Ugland House
South Church Street
George Town
W14 8UD
United Kingdom

These financial statements were authorised for issue by the Board on 31 July 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

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.

Summary of disclosure exemptions

The principle disclosure exemptions adopted by the company in accordance with FRS 102 are as follows:

- Statement of cash flows;
- Certain financial instrument disclosures;
- Disclosure of key management personnel compensation;
- 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.

Group accounts not prepared

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.

Priory Holdings Company No. 3 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The intermediate parent company, Priory Group UK 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least twelve months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

Judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period then ended. Management bases its estimates on historical experience and various other assumptions that are considered to be reasonable in the particular circumstances. Actual results may differ from these estimates.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Debtors

Debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Priory Holdings Company No. 3 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Operating profit

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Gain from disposal of investment	-	(68,757)

4 Other interest receivable and similar income

	2022 £ 000	2021 £ 000
Dividend income	-	2,055
Other finance income	8,184	1,785
	<u>8,184</u>	<u>3,840</u>

5 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Foreign exchange gains/losses	<u>(8,645)</u>	<u>1,752</u>

6 Directors' remuneration

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 Holdings Company No. 3 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	1,446	(355)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	16,829	70,844
Corporation tax at standard rate	3,198	13,460
Effect of income not deductible in determining taxable profit	-	(390)
Tax increase (decrease) from transfer pricing adjustments	(1,752)	(361)
Tax increase (decrease) from effect of rollover relief on profit on disposal of fixed assets	-	(13,064)
Total tax charge/(credit)	1,446	(355)

Finance Bill 2021 was substantively enacted on 24 May 2021; this legislation increases the main rate of corporation tax to 25% with effect from 1 April 2023.

8 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2022	18,187
At 31 December 2022	18,187
Carrying amount	
At 31 December 2022	18,187
At 31 December 2021	18,187

Priory Holdings Company No. 3 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Investments (continued)

Details of undertakings

Details of the investments the company holds are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Priory Healthcare Limited	United Kingdom	Ordinary shares	100%	100%
Priory Rehabilitation Services Limited	United Kingdom	Ordinary shares	100%	100%
Priory Central Services Limited	United kingdom	Ordinary shares	100%	100%
Velocity Healthcare Limited	United Kingdom	Ordinary shares	100%	100%
Revona LLP	United Kingdom	Membership capital	100%	100%
C O Developments Limited	United Kingdom	Ordinary shares	100%	100%
Priory Care Homes Holdings Limited	United Kingdom	Ordinary shares	100%	100%
Helden Homes Limited	United Kingdom	Ordinary shares	100%	100%
Life Works Community Limited	United Kingdom	Ordinary shares	100%	100%

Priory Healthcare Limited

The principal activity of Priory Healthcare Limited is specialist healthcare.

Priory Rehabilitation Services Limited

The principal activity of Priory Rehabilitation Services Limited is brain injury rehabilitation services.

Priory Central Services Limited

The principal activity of Priory Central Services Limited is management services.

Velocity Healthcare Limited

The principal activity of Velocity Healthcare Limited is specialist healthcare.

Priory Holdings Company No. 3 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Investments (continued)

Revona LLP

The principal activity of Revona LLP is non trading.

C O Developments Limited

The principal activity of C O Developments Limited is property development.

Priory Care Homes Holdings Limited

The principal activity of Priory Care Homes Holdings Limited is non trading.

Helden Homes Limited

The principal activity of Helden Homes Limited is rehabilitation services.

Life Works Community Limited

The principal activity of Life Works Community Limited is specialist healthcare.

9 Debtors

	2022 £ 000	2021 £ 000
Amounts owed by related parties	157,577	149,354
Income tax asset	-	355
Total current trade and other debtors	<u>157,577</u>	<u>149,709</u>

Amounts owed by related parties comprises a loan of \$177.7m (2021: \$177.7m) which is unsecured and bears interest at 5.4 per annum.

10 Creditors

	2022 £ 000	2021 £ 000
Due within one year		
Amounts due to related parties	109,670	118,631
Income tax liability	<u>1,446</u>	-
	<u>111,116</u>	<u>118,631</u>

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

Priory Holdings Company No. 3 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12 Parent and ultimate parent undertaking

The company's immediate parent is Priory Holdings Company No.2 Limited, incorporated in the Cayman Islands.

The ultimate parent is Rehab and Mental Healthcare Group B.V., incorporated in the Netherlands.

The parent of the largest group in which these financial statements are consolidated is Median B.V., incorporated in the Netherlands

The address of Median B.V. is:
Basisweg 10, 1043 AP, Amsterdam, the Netherlands.

The parent of the smallest group in which these financial statements are consolidated is Priory Group UK 1 Limited, incorporated in United Kingdom

The address of Priory Group UK 1 Limited is:
Fifth Floor, 80 Hammersmith Road, London, W14 8UD, United Kingdom.

The ultimate controlling party is considered to be Waterland Private Equity by virtue of the company's ultimate parent company being majority owned by funds under the ownership and control of Waterland Private Equity.