

Craegmoor Older People Care Limited
Annual report and financial statements
for the year ended 31 December 2012

Registered number: 1825148



Craegmoor Older People Care Limited

Annual report and financial statements

for the year ended 31 December 2012

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Craegmoor Older People 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 continues to be care delivery. 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.

The company is focussed on the elderly care sector and 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 profit margins achieved. Operating profit margins have increased from 21.1% in 2011 to 27.2% in 2012.

A group reorganisation was performed as at 31 December 2011 resulting in land and buildings and their associated fixtures and fittings being transferred between group companies at their market value. The purpose of the reorganisation was to rationalise the operating divisions between the group companies.

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.

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.

Craegmoor Older People Care Limited

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

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.

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:

Philip Scott	(resigned 28 November 2012)
Jason Lock	
Matthew Franzidis	
Christopher Thompson	(resigned 20 June 2013)
Tom Riall	(appointed 5 April 2013)

Changes in tangible assets and investments

The movements in tangible assets and investments during the year are set out in notes 6 and 7 to the financial statements. The directors believe there is no significant difference between the market value and the balance sheet value of land.

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.

Craegmoor Older People Care Limited

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

Provision of information to auditors

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

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

Statement of directors' responsibilities

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

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

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

By order of the board



David Hall
Company Secretary
4 September 2013

80 Hammersmith Road
London
England
W14 8UD

Craegmoor Older People Care Limited

Independent auditors' report to the members of Craegmoor Older People Care Limited

We have audited the financial statements of Craegmoor Older People Care Limited for the year ended 31 December 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, 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 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.

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.

Craegmoor Older People Care Limited

Independent auditors' report to the members of Craegmoor Older People 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

Craegmoor Older People Care Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	1	1,535	1,436
Cost of sales		(1,064)	-
Gross profit		471	1,436
Administrative expenses		(54)	(1,133)
Operating profit		417	303
Profit on ordinary activities before taxation	2	417	303
Tax on profit on ordinary activities	5	(160)	(121)
Profit for the financial year	13	257	182

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

Craegmoor Older People Care Limited

Statement of total recognised gains and losses for the year ended 31 December 2012

		2012	2011
	Note	£'000	£'000
Profit for the financial year		257	182
Loss on revaluation	6	-	(1,575)
Total recognised gains and losses for the year		257	(1,393)

Note of historical cost profits and losses for the year ended 31 December 2012

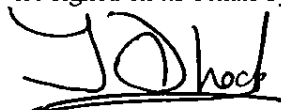
	2012	2011
	£'000	£'000
Reported profit on ordinary activities before taxation	417	303
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	14	26
Historical cost profit for the year before taxation	431	329
Historical cost profit for the financial year	271	208

Craegmoor Older People Care Limited

Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	6	4,794	4,743
Investments	7	40	40
		4,834	4,783
Current assets			
Stocks		2	2
Debtors	8	3,838	3,505
Cash at bank and in hand		-	1
		3,840	3,508
Creditors: amounts falling due within one year	9	(318)	(159)
Net current assets		3,522	3,349
Total assets less current liabilities		8,356	8,132
Creditors: amounts falling due after more than one year	10	(756)	(756)
Provisions for liabilities	11	(337)	(370)
Net assets		7,263	7,006
Capital and reserves			
Called up share capital	12	-	-
Revaluation reserve	13	4,264	4,278
Profit and loss account	13	2,999	2,728
Total shareholders' funds	14	7,263	7,006

The financial statements on pages 6 to 20 were approved by the board of directors on 4 September 2013 and were signed on its behalf by



Jason Lock
Director

Registered number 1825148

Craegmoor Older People 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 on the going concern basis in accordance with applicable UK accounting standards, the Companies Act 2006 and under the historical cost convention, as modified by the revaluation of certain tangible assets

In the prior year Craegmoor Older People Care Limited was subject to a facilities agreement with a fellow group company Craegmoor Facilities Company Limited whereby all costs of sales were borne by Craegmoor Facilities Company Limited and recharged as a management charge in the year

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

The cost of tangible assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use. Land and buildings are revalued by independent, professionally qualified valuers at least every five years. These valuations are carried out on an existing use, open market value basis, and in the intervening years are updated by the directors with the assistance of independent professional advice as required.

Increases in the revalued amounts of land and buildings are credited to revaluation reserves

Freehold land is not depreciated. Subsequent to a revaluation, depreciation is based on revalued amounts. Depreciation on tangible assets, other than land, is calculated to write off their cost, less estimated residual values, by equal annual instalments on the following bases:

Freehold buildings	- over 50 years
Furniture and fittings	- over 3, 5 or 10 years

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Statement of accounting policies (continued)

Tangible assets and depreciation (continued)

Provision is made for any impairment in the period in which it arises. The impairment is calculated by comparing the carrying value to the recoverable amount as required by FRS 11, 'Impairment of fixed assets and goodwill'. The recoverable amount of land and buildings is taken to be the higher of realisable value and value in use. Value in use is determined by reference to the expected future cash flows of the care home, discounted at a risk weighted cost of capital determined from time to time based on the capital structure of the group. Realisable value is determined by independent, professional valuers on an existing use, open market value basis.

Provisions for impairment in the carrying value of land and buildings are charged against revaluation reserves in the balance sheet to the extent that they relate to a reversal of prior increases. Impairments to below historical cost are charged to the profit and loss account. Reversals of previous impairments are credited to the profit and loss account to the extent that they return the asset carrying value to its depreciated historical cost, with any amount over and above that being credited to the revaluation reserve.

Investments

The carrying value of investments is based on cost less provisions for impairment where necessary in accordance with FRS 11. Any provisions for impairment in the carrying value of fixed assets to below cost are charged to the profit and loss account.

Asset impairment

Tangible assets are tested for impairment by management when a trigger event that might affect asset values has occurred. An impairment loss is recognised in the profit and loss account to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from an income-generating unit, which is an individual business operational unit.

Leases

Assets acquired under finance leases are capitalised at cost and depreciated over the shorter of the term of the lease and the useful lives for tangible assets set out above. The capital element of future rentals is included under creditors. Interest is charged to the profit and loss account over the period of the lease in proportion to the balance of the capital payments outstanding. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

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.

Craegmoor Older People Care Limited

Statement of accounting policies (continued)

Deferred taxation (continued)

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.

Stocks

Stocks comprise primarily medical drugs and catering supplies and are stated at the lower of cost and net realisable value.

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

1 Turnover

The company's turnover, profit on ordinary activities before taxation and net assets arise primarily from its principal activity of care delivery

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

Profit on ordinary activities before taxation is stated after charging

	2012	2011
	£'000	£'000
Depreciation of tangible assets	53	42
Management charges from fellow subsidiary	54	1,090

The prior year management charges from fellow subsidiary undertakings, Craegmoor Facilities Company Limited and Craegmoor Healthcare Company Limited, relate to an allocation of operating costs incurred on behalf of the company and its fellow subsidiaries

The remuneration of the auditors of £1,000 (2011 £1,000) was borne by another group undertaking

3 Remuneration of directors

The costs relating to the directors' services have been borne by Craegmoor Facilities Company Limited, up to 14 April 2011, and by Priory Central Services Limited since the acquisition of the Craegmoor Group by the Priory Group on 14 April 2011. 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

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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 activity, was as follows

	2012	2011
	Number	Number
Analysis by activity		
Nursing	40	39
Ancillary	11	11
Administrative	2	2
	53	52

The aggregate payroll costs of these persons were as follows

	2012	2011
	£'000	£'000
Wages and salaries	756	-
Social security costs	60	-
Management charges in lieu of staff costs	-	780
	816	780

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

5 Tax on profit on ordinary activities

	2012	2011
	£'000	£'000
UK corporation tax		
Current tax charge arising in the year	195	156
Adjustment in respect of prior periods	(2)	-
Total current tax	193	156
Deferred tax		
Effect of tax rate change on opening balance	(30)	(30)
Origination and reversal of timing differences	(3)	(3)
Adjustment in respect of prior periods	-	(2)
Total deferred tax credit	(33)	(35)
Total tax charge	160	121

The current tax charge of £193,000 (2011 £156,000) on the profit for the year has been relieved by the surrender of losses by 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 charge for the year is higher (2011 higher) than the standard rate for the reasons set out in the following reconciliation

	2012	2011
	£'000	£'000
Profit on ordinary activities before taxation	417	303
Tax on profit on ordinary activities at standard rate	102	80
Factors affecting charge for the year		
Expenses not deductible for tax purposes	6	8
Capital allowances for the year less than depreciation	4	3
Transfer pricing adjustments	83	65
Adjustment in respect of prior periods	(2)	-
Total current tax charge for the year	193	156

Craegmoor Older People Care Limited

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

5 Tax on profit 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 profit for this accounting period is 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.

6 Tangible assets

	Freehold land and buildings £'000	Furniture and fittings £'000	Total £'000
Cost or valuation			
At 1 January 2012	4,834	455	5,289
Additions	6	98	104
At 31 December 2012	4,840	553	5,393
Accumulated depreciation			
At 1 January 2012	176	370	546
Charge for the year	19	34	53
At 31 December 2012	195	404	599
Net book amount			
At 31 December 2012	4,645	149	4,794
At 31 December 2011	4,658	85	4,743

The Craegmoor Group was acquired by the Priory Group on 14 April 2011. On this date the land and buildings were valued by external valuers Knight Frank on the basis of existing value in use in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors.

Craegmoor Older People Care Limited

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

6 Tangible assets (continued)

In accordance with accounting requirements the entire portfolio will be re-valued every five years, the next valuation being 14 April 2016, together with interim valuations every three years

The impact of these valuation techniques can be summarised as follows

	2012	2011
	£'000	£'000
Loss on revaluation		
Charged to the revaluation reserve	-	1,575
Included in the statement of total recognised gains and losses	-	1,575

If land and buildings had not been revalued they would have been included at the following amounts

	2012	2011
	£'000	£'000
Cost	406	400
Aggregate depreciation	(25)	(20)
Net book value	381	380

7 Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2012 and 31 December 2012	756
Impairment	
At 1 January 2012 and 31 December 2012	716
Net book value	
At 31 December 2011 and 31 December 2012	40

Craegmoor Older People Care Limited

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

7 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
Health & Care Services (NW) Limited	Care delivery	United Kingdom	100% ordinary £1 shares
Speciality Healthcare Limited	Care delivery	United Kingdom	100% ordinary £1 shares

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

8 Debtors

	2012	2011
	£'000	£'000
Amounts falling due within one year		
Trade debtors	9	9
Amounts owed by group undertakings	3,691	3,354
Other debtors	-	3
Prepayments and accrued income	3	4
Amounts falling due after more than one year		
Amounts owed by group undertakings	135	135
	3,838	3,505

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

Amounts owed by group undertakings due after more than one year are unsecured, interest free, have no fixed date of repayment and are repayable on demand. However, the directors of the relevant company have confirmed they will not seek any repayments on the loan, disclosed as due after one year, within 12 months after the year end

Craegmoor Older People Care Limited

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

9 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Group relief payable	193	156
Taxation and social security	33	-
Other creditors	13	3
Accruals and deferred income	79	-
	318	159

10 Creditors: amounts falling due after more than one year

	2012	2011
	£'000	£'000
Amounts owed to group undertakings	756	756

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. However, the relevant group undertaking has confirmed to the directors of the company that it will not seek repayment of this loan within twelve months after the year end.

11 Provisions for liabilities

	Deferred tax
	£'000
At 1 January 2012	370
Credit in the year (note 5)	(33)
At 31 December 2012	337

The amount provided for deferred taxation comprises

	2012	2011
	£'000	£'000
Accelerated capital allowances	337	370

Craegmoor Older People Care Limited

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

12 Called up share capital

	2012	2011
	£	£
Authorised		
5,000 (2011: 5,000) ordinary shares of £1 each	5,000	5,000
Issued and fully paid		
100 (2011: 100) ordinary shares of £1 each	100	100

13 Reserves

	Revaluation reserve	Profit and loss account
	£'000	£'000
At 1 January 2012	4,278	2,728
Profit for the financial year	-	257
Transfer between reserves	(14)	14
At 31 December 2012	4,264	2,999

Transfer to the profit and loss account relates to the difference between historic cost depreciation and the depreciation on revalued assets

14 Reconciliation of movements in shareholders' funds

	2012	2011
	£'000	£'000
Profit for the financial year	257	182
Loss on revaluation	-	(1,575)
Net addition/(reduction) to shareholders' funds	257	(1,393)
Opening shareholders' funds	7,006	8,399
Closing shareholders' funds	7,263	7,006

Craegmoor Older People Care Limited

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

15 Commitments

At 31 December 2012, the company had capital commitments of £24,000 (2011 £7,000)

16 Ultimate parent company and controlling party

The company's immediate parent company, which is incorporated in England, is Craegmoor Older People 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