Registered number: 01833385

Partnerships in Care 1 Limited

Unaudited

Annual report and financial statements

For the year ended 31 December 2016

Partnerships in Care 1 Limited

Company Information

Directors	Joy Chamberlain (resigned 30 November 2016) Quazi Haque (resigned 30 November 2016) Steven Woolgar (resigned 30 November 2016) Trevor Torrington (appointed 30 November 2016) Nigel Myers (appointed 30 November 2016)
Company secretary	David Hall
Registered number	01833385
Registered office	Fifth Floor 80 Hammersmith Road London W14 8UD

Partnerships in Care 1 Limited

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Partnerships in Care 1 Limited

Strategic report
For the year ended 31 December 2016

Introduction

The directors present their strategic report for the financial year ended 31 December 2015.

Business review

It is the intention to continue to provide a residential mental healthcare facility and to continue to grow both organically and through acquisition where market consolidation opportunities make this cost effective.

Principal risks and uncertainties

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential risks for the Company. The Company's funding and liquidity is managed by the Company's finance department and is subject to internal control procedures. All significant financing transactions are authorised by the Board of Directors. The most important components of financial risk impacting the Company are price risk, liquidity risk and to a lesser extent credit risk – these are discussed in turn below.

Liquidity risk
Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is dependent for its working capital on funds provided to it by Acadia Healthcare Company Inc, the Company's ultimate parent undertakings. Acadia Healthcare Company Inc has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company.

Interest rate risk
The Company finances its operations through a variety of inter group loans. The Company's loans are denominated in sterling and are borrowed either interest free or at fixed interest rates.

Financial key performance indicators

The Company's financial key performance indicators during the period were as follows:

	2016	2015
	£000	£000
Turnover	18,664	21,912 (pro-rata 12 month period)
Operating profit	5,753	4,816 (pro-rata 12 month period)
Net assets	14,962	10,821

Turnover decreased by 15% due to a decrease in patient numbers. Operating profit has increased by 19.4% due to a decrease in staff costs. Net assets have increased by 38% due an increase in amounts owed by group undertakings.

This report was approved by the board on 22 September 2017 and signed on its behalf.

D Hall
David Hall
Secretary

Directors' report
For the year ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

On 1 June 2015, Partnerships in Care Management 2 Limited acquired 100% of the ordinary share capital of the Company and changed its name from Care UK Mental Health Partnerships Limited to Partnerships in Care 1 Limited.

The company owns 100% of the share capital of Partnerships in Care (Nelson) Limited.

Results and dividends

The profit for the year, after taxation, amounted to £6,181 thousand (2015 - £2,995 thousand).

The directors do not recommend the payment of a dividend (2015 - Nil).

Directors

The Directors who served during the year were:

Joy Chamberlain (resigned 30 November 2016)
Quazi Haque (resigned 30 November 2016)
Steven Woolgar (resigned 30 November 2016)
Trevor Torrington (appointed 30 November 2016)
Nigel Myers (appointed 30 November 2016)

Going Concern

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors' report (continued)
For the year ended 31 December 2016

Employee involvement

The Company nurtures commitment and excellence in its staff by encouraging the active involvement of all staff at all levels in the organisation's primary objective of improving patient care. Staff are encouraged to strive continually for improvements in all aspects of the business and to be active members of the team in which they work. All levels of staff engage in the 'Listen, share, learn and have your say' events held across the UK, which involve patients and family/carers. We give two-way internal communication high priority, with staff able to contribute their ideas centrally and give their views on new developments.

We strive continually to get higher levels of staff retention, to promote equality and diversity in our workforce, and to support self-development where consistent with the organisation's objectives.

This report was approved by the board on 22 September 2017 and signed on its behalf.

D Hall

David Hall
Company secretary

Directors' responsibilities statement
For the year ended 31 December 2016

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments 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;
- 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.

Partnerships in Care 1 Limited

Statement of comprehensive income
For the year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover		18,664	27,390
Cost of sales		(8,757)	(18,398)
Gross profit		9,907	8,992
Administrative expenses		(4,178)	(4,583)
Operating profit	5	5,729	4,409
Interest receivable and similar income	7	-	208
Interest payable and expenses	8	-	(881)
Profit before tax		5,729	3,736
Tax on profit	9	452	(741)
Profit for the year		6,181	2,995

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£000NIL).

The notes on pages 8 to 18 form part of these financial statements.

Partnerships in Care 1 Limited

Statement of changes in equity
For the year ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	-	9,209	9,209
Profit for the year	-	6,181	6,181
Total comprehensive income for the year	-	6,181	6,181
At 31 December 2016	-	15,390	15,390

Statement of changes in equity
For the year ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2014	-	6,214	6,214
Profit for the period	-	2,995	2,995
Total comprehensive income for the period	-	2,995	2,995
At 31 December 2015	-	9,209	9,209

The notes on pages 8 to 18 form part of these financial statements.

Partnerships in Care 1 Limited
***Registered number:* 01833385**

Statement of financial position
As at 31 December 2016

	Note		2016 £000		2015 £000
Fixed assets					
Intangible assets			6,684		8,887
Tangible assets	11		19,602		23,134
Investments	12		7,921		7,921
Current assets					
Stocks	13	4		7	
Debtors	14	16,781		3,090	
Bank and cash balances		25		46	
		16,810		3,143	
Creditors: amounts falling due within one year	15	(2,994)		(23,248)	
Net current assets/(liabilities)			13,816		(20,105)
Total assets less current liabilities			48,023		19,837
Creditors: amounts falling due after more than one year			(32,633)		(10,499)
Provisions for liabilities					
Deferred tax	17		-		(129)
Net assets			15,390		9,209
Capital and reserves					
Profit and loss account	19		15,390		9,209
Shareholders' funds			15,390		9,209

The Directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2017.

Nigel Myers
Director
The notes on pages 8 to 18 form part of these financial statements.

1. Statement of compliance

Partnerships in Care 1 Limited is a limited liability company incorporated in England. The Registered Office is 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire, WD6 1JN.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2016.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 October 2013.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- over 50 years straight line
Plant and machinery	- over 7 to 10 years straight line
Motor vehicles	- over 4 years straight line
Fixtures and fittings	- over 5 to 10 years straight line
Computer equipment	- over 3 to 7 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 October 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. *Judgments in applying accounting policies and key sources of estimation uncertainty*

In the application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on experience and other factors that are considered as relevant. Actual results could differ from estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the review period and future periods if the revision affects both the current period and subsequent periods.

4. Turnover

The whole of turnover is attributable to the provision of healthcare services undertaken in the United Kingdom, therefore there is only one class of business.

5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	1,222	1,182
Other operating lease rentals	43	49
Defined contribution pension cost	98	40

6. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	8,254	12,660
Social security costs	667	555
Cost of defined contribution scheme	98	40
	9,019	13,255

The average monthly number of employees, including the Directors, during the year was as follows:

	2016 No.	2015 No.
Operations	345	352
Administration	35	44
	380	396

Notes to the financial statements
For the year ended 31 December 2016

7. Interest receivable

	2016 £000	2015 £000
Other interest receivable	-	208

8. Interest payable and similar charges

	2016 £000	2015 £000
Loans from group undertakings	-	881

9. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	597	740
Adjustments in respect of previous periods	(920)	-
Total current tax	(323)	740
Deferred tax		
Origination and reversal of timing differences	168	50
Adjustments in respect of prior periods	(288)	(44)
Effect of changes in tax rates	(9)	(5)
Total deferred tax	(129)	1
Taxation on (loss)/profit on ordinary activities	(452)	741

9. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	5,729	3,736
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	1,146	747
Effects of:		
Fixed asset differences	-	216
Expenses not deductible for tax purposes	(145)	-
Capital allowances for year/period in excess of depreciation	-	(19)
Goodwill amortisation	-	346
Adjust closing deferred tax to average rate	(8)	(7)
Adjustments to tax charge in respect of prior periods	(1,208)	(45)
Other differences leading to an increase in the tax charge	5	-
Group relief	-	(235)
Transfer pricing adjustments	(242)	(262)
Total tax (credit)/charge for the year/period	(452)	741

Factors that may affect future tax charges

The level of disallowable expenses and utilisation of tax losses carried forward will impact future tax charges.
The main rate of corporation tax has been reduced from 20% to 19% with effect from 1 April 2017 and from 19% to 17% with effect from 1 April 2020. These rate reductions were substantively enacted before the year end and as the directors consider the deferred tax balances are expected to largely reverse after 1 April 2020, the tax rate used for deferred tax at the year end is 17%.

10. Intangible fixed assets

	Goodwill
	£000
Cost	
At 1 January 2016	14,247
At 31 December 2016	14,247
Amortisation	
At 1 January 2016	5,360
Charge for the period	2,204
At 31 December 2016	7,564
Net book value	
At 31 December 2016	6,683
At 31 December 2015	8,887

11. Tangible fixed assets

	Freehold *property* £000	Plant and *machinery* £000	Motor *vehicles* £000	Fixtures and *fittings* £000	Computer *equipment* £000	*Total* £000
Cost or valuation						
At 1 January 2016	23,520	309	18	4,657	467	28,971
Additions	1,656	276	58	460	625	3,075
Disposals	(4,805)	(452)	(29)	(1,604)	(280)	(7,170)
At 31 December 2016	20,371	133	47	3,513	812	24,876
Depreciation						
At 1 January 2016	2,037	-	-	3,449	352	5,838
Charge for the period on owned assets	439	22	14	599	148	1,222
Disposals	(429)	(9)	(4)	(1,232)	(112)	(1,786)
At 31 December 2016	2,047	13	10	2,816	388	5,274
Net book value						
At 31 December 2016	18,324	120	37	697	424	19,602
At 31 December 2015	21,483	309	18	1,208	116	23,134

12. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	7,921
At 31 December 2016	7,921
Net book value	
At 31 December 2016	7,921
At 31 December 2015	7,921

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Partnerships in Care (Nelson) Limited	Ordinary	100 %	Mental healthcare services

13. Stocks

	2016 £000	2015 £000
Finished goods and goods for resale	4	7

Stock recognised in cost of sales during the year as an expense was £620 thousand (2015 - £239 thousand).

An impairment loss of £NIL (2015 - £NIL) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

14. Debtors

	2016 £000	2015 £000
Trade debtors	1,871	2,120
Amounts owed by group undertakings	14,525	677
Other debtors	328	31
Prepayments and accrued income	57	263
	16,781	3,091

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Bank overdrafts	1,080	518
Trade creditors	40	173
Amounts owed to group undertakings	263	19,972
Corporation tax	1,062	1,062
Other taxation and social security	125	225
Other creditors	87	233
Accruals and deferred income	337	1,067
	2,994	23,250

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16. Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
Amounts owed to group undertakings	32,632	10,499

17. Deferred taxation

	2016 £000
At beginning of year	(129)
Charged to the profit or loss	129

The provision for deferred taxation is made up as follows:

	2016 £000
Accelerated capital allowances	3
Short term timing differences	(3)
	-

18. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
100 ordinary shares of £1 each	-	-

19. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profit and losses.

20. Capital commitments

At 31 December 2016 the Company had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	306	464

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £98 thousand (2015 - £40). Contributions totalling £Nil thousand (2015 - £18) were payable to the fund at the reporting date and are included in creditors.

22. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2016	2015	2016	2015
Expiry date:	£000	£000	£000	£000
Within 1 year	-	-	1	12
Between 2 and 5 years	-	30	2	5
After more than 5 years	-	-	-	-

23. Controlling party

The immediate parent undertaking is Partnerships in Care Management 2 Limited.

The ultimate parent undertaking is Acadia Healthcare Company Inc, a company incorporated in the United States of America.

The largest group in which the results of the Company are consolidated is that headed by Acadia Healthcare Company Inc, incorporated in the United States of America. The consolidated financial statements of the Acadia Healthcare group may be obtained from 830 Crescent Centre Drive, Suite 610, Franklin, TN 37067.

The smallest group in which the results of the Company are consolidated is that headed by Partnerships in Care UK 1 Limited, incorporated in England and Wales. The consolidated financial statements of the Partnerships in Care UK 1 Limited group may be obtained from Fifth Floor 80 Hammersmith Road London W14 8UD.