

Farm Place Limited

Directors' report and financial statements

Year ended 31 December 2004

Registered number 2663868



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The company did not trade during the year.

Dividends

Dividends of £148,380 were paid during the year (2003: *£nil*).

Directors and directors' interests

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

Dr CB Patel
PJ Greensmith

In accordance with the articles of association, no directors retire by rotation. None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

The interests of Dr CB Patel and PJ Greensmith in the shares of Priory Healthcare Investments Limited (the ultimate parent company) are disclosed in the financial statements of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



P J Greensmith
Company secretary

Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TP

28 June 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Farm Place Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the note of historical cost profits and losses, the reconciliation of movements in shareholders' funds and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

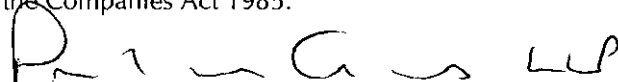
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

28 June 2005

Profit and loss account
for the year to 31 December 2004

	Note	2004 £	2003 £
Operating profit		-	-
Profit on ordinary activities before taxation	2,3	-	-
Tax on profit on ordinary activities	4	112,000	-
Profit for the financial year		112,000	-
Dividends		(148,380)	-
Retained profit/(loss) for the financial year		(36,380)	-

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

The historical cost retained loss and the reported retained loss are the same.

The results for the year derive from discontinued activities.

Balance sheet
at 31 December 2004

	Note	2004 £	2003 £
Current assets			
Debtors	5	2	148,382
Creditors: amounts falling due within one year	6	-	(112,000)
Net current assets		<u>2</u>	<u>36,382</u>
Net assets		<u>2</u>	<u>36,382</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account		-	36,380
Shareholders' funds – equity	8	<u>2</u>	<u>36,382</u>

These financial statements were approved by the board of directors on 28 June 2005 and were signed on its behalf by:



PJ Greensmith
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules.

As the company is a wholly owned subsidiary of Priory Healthcare Investments Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

2 Profit on ordinary activities before taxation

The remuneration of the auditors in the current and preceding financial year was borne by a fellow group undertaking.

3 Remuneration of directors

The directors received no emoluments for services to the company during the year (2003: *£nil*).

The company had no employees during the year (2003: *nil*).

Notes (continued)

4 Taxation

	2004 £	2003 £
<i>UK corporation tax</i>		
Current tax charge on income for the year	-	-
Adjustment relating to prior years	(112,000)	
	<u>(112,000)</u>	<u>-</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2003: 30%). The actual tax charge for the year is below the standard rate for the reasons set out in the following reconciliation:

	2004 £	2003 £
Profit on ordinary activities before tax	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities at standard rate	-	-
<i>Factors affecting charge for the year</i>		
Adjustment to tax charge in respect of prior years	(112,000)	-
	<u>(112,000)</u>	<u>-</u>
Total actual amount of current tax	<u>(112,000)</u>	<u>-</u>

5 Debtors

	2004 £	2003 £
Amounts owed by group undertakings	2	148,382
	<u>2</u>	<u>148,382</u>

6 Creditors: amounts falling due within one year

	2004 £	2003 £
Corporation tax	-	112,000
	<u>-</u>	<u>112,000</u>

Notes (continued)

7 Called up share capital

	2004 £	2003 £
Authorised		
98 (2003: 98) Ordinary shares of £1 each	98	98
Allotted, called up and fully paid		
2 (2003: 2) Ordinary shares of £1 each	2	2

8 Reconciliation of movement in shareholders' funds

	Share capital £	Profit and loss account £	2004 Total £	2003 Total £
At beginning of the year	2	36,380	36,382	36,382
Retained loss for the year	-	(36,380)	(36,380)	-
At end of the year	2	-	2	36,382

9 Contingent liabilities

- (a) The company has entered into banking facilities set-off agreements in respect of which guarantees have been given. The aggregate amount outstanding under the agreements was £nil at 31 December 2004 (2003: £nil).
- (b) A fellow subsidiary undertaking has issued secured fixed and floating rate notes amounting to £201.1 million as at 31 December 2004 (2003: £206.2 million). These notes are secured on the freehold and leasehold properties of certain of its fellow subsidiaries. In addition, the company's share capital has been pledged as security for this loan.

10 Ultimate parent company

The company is a subsidiary undertaking of Priory Healthcare Limited, which is incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Priory Healthcare Investments Limited. No other group accounts include the results of the company.