

Priory Rehabilitation Services Holdings Limited

Directors' report and financial statements

Year ended 31 December 2008

Registered number 2915765

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Directors' report

The directors present their annual report and the financial statements for the year ended 31 December 2008.

Principal activities

The company did not trade during the year.

Dividends

The directors do not recommend the payment of a dividend (2007: *£nil*).

Directors

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

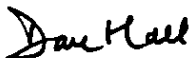
Ms CA Valenti	
S Bradshaw	(resigned 24 November 2008)
Professor C Thompson	(appointed 24 November 2008)
J Lock	(appointed 15 September 2008)
D Hall	(appointed 24 November 2008)

In accordance with the articles of association, no directors retire by rotation.

Auditors

In accordance with section 250 of the Companies Act 1985 the company, being eligible, has resolved not to appoint an auditor.

By order of the board



D Hall
Company Secretary

Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TP

28 May 2009

Statement of directors' responsibilities

The directors are responsible 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). The financial statements are required by law to 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 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 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 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



D Hall
Company Secretary

28 May 2009

Profit and loss account

for the year ended 31 December 2008

During the financial year and the preceding financial year, the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

Balance sheet

at 31 December 2008

	Note	2008 £000	2007 £000
Current assets			
Debtors	2	16,273	16,273
Creditors: amounts falling due within one year	3	(430)	(430)
Net assets		<u>15,843</u>	<u>15,843</u>
Capital and reserves			
Called up share capital	4	73	73
Share premium		6,900	6,900
Profit and loss account		8,870	8,870
Total shareholders' funds		<u>15,843</u>	<u>15,843</u>

The company has remained dormant throughout the year.

For the year ended 31 December 2008, the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibilities for:

- i) ensuring that the company keeps accounting records which comply with section 221; and
- ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the board of directors on 28 May 2009 and were signed on its behalf by:



J Lock
 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 Investments Holdings 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 Debtors

	2008 £000	2007 £000
Amounts owed by group undertakings	16,273	16,273

3 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	430	430

Notes (continued)

4 Called up share capital

	2008 £	2007 £
Authorised		
6,700,000 (2007: 6,700,000) cumulative redeemable preference shares of 10 pence each	670,000	670,000
435,000 (2007: 435,000) "A" Ordinary shares of 1 pence each	4,350	4,350
30,000 (2007: 30,000) "B" Ordinary shares of 1 pence each	300	300
10,000,000 (2007: 10,000,000) Ordinary shares of 1 pence each	68,500	68,500
	<hr/> 743,150	<hr/> 743,150
Allotted, called up and fully paid		
Nil (2007: nil) cumulative redeemable preference shares of 10 pence each	-	-
Nil (2007: nil) "A" Ordinary shares of 1 pence each	-	-
Nil (2007: nil) "B" Ordinary shares of 1 pence each	-	-
7,310,000 (2007: 7,310,000) Ordinary shares of 1 pence each	73,100	73,100
	<hr/> 73,100	<hr/> 73,100

5 Ultimate parent company

The company's immediate parent company, which is incorporated in England, is Priory Securitisation Limited.

The ultimate parent company is Priory Investments Holdings Limited (incorporated in the Cayman Islands), which is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the consolidated financial statements can be obtained from the Company Secretary at Priory House, Randalls Way, Leatherhead, Surrey KT22 7TP.

The directors consider that there is no ultimate controlling party of the company.