

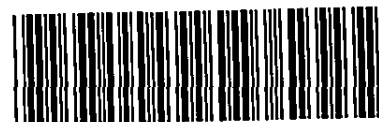
Priory Old Forensic Services Limited

Directors' report and financial statements

Year ended 31 December 2009

Registered number 3136041

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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2009

Principal activities and business review

The company ceased to trade with effect from 4 June 2007. The company has interest bearing loans with fellow group undertakings.

The results for the year are set out in the Profit and loss account on page 5 and the position of the company as at the year end is set out in the Balance sheet on page 6.

As the company is no longer trading

- the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance and position of the business, and
- it is not exposed to any risks beyond those exposed to the Group as a whole and these risks are not managed separately. Accordingly, the financial risk management policies of Priory Investments Holdings 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 Investments Holdings Limited, which include those of the company, are discussed in the Group's annual report which does not form part of this report.

Dividends

Dividends of £nil were paid during the year (2008: £nil)

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

J Lock
D Hall

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Directors' report *(continued)*

Provision of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



D Hall
Company Secretary

Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TP

28 May 2010

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 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 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,
- 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



D Hall
Company Secretary

28 May 2010

Independent auditors' report to the members of Priory Old Forensic Services Limited

We have audited the financial statements of Priory Old Forensic Services Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet 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 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.

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 2009 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.

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
Manchester

28 May 2010

Profit and loss account
for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Operating result		-	-
Interest receivable and similar income	4	6,942	11,619
Interest payable and similar charges	5	(3,014)	(3,043)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	3,928	8,576
Tax on profit on ordinary activities	6	(1,100)	(2,441)
		<hr/>	<hr/>
Profit for the financial year	11	2,828	6,135
		<hr/>	<hr/>

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

The company had no other recognised gains or losses for the year other than the profit above, therefore no statement of total recognised gains and losses is presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Balance sheet
at 31 December 2009

	Note	£000	2009 £000	£000	2008 £000
Current assets					
Debtors due within one year	7	59,139		52,386	
Debtors due after more than one year	7	142,315		142,315	
		<u>201,454</u>		<u>194,701</u>	
Creditors' amounts falling due within one year	8	(17,399)		(16,053)	
Net current assets			<u>184,055</u>		<u>178,648</u>
Total assets less current liabilities			<u>184,055</u>		<u>178,648</u>
Creditors' amounts falling due after more than one year	9		(28,024)		(25,445)
Net assets			<u>156,031</u>		<u>153,203</u>
Capital and reserves					
Called up share capital	10		11,901		11,901
Profit and loss account	11		144,130		141,302
Total shareholders' funds	12		<u>156,031</u>		<u>153,203</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 28 May 2010 and were signed on its behalf by



J Lock
 Director

Notes to the financial statements

1 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 in accordance with applicable UK accounting standards and UK company law and under the historical cost accounting rules

The ultimate parent company, Priory Investments Holdings Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least 12 months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis

Under Financial Reporting Standard 1 (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 published consolidated financial statements

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

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19

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 change

2 Profit on ordinary activities before taxation

The remuneration of the auditors in the year and prior year was borne by another group undertaking

The company had no employees during the year (2008 nil)

3 Directors' remuneration

The directors received no emoluments for services to the company during the year (2008 nil)

Notes to the financial statements (continued)

4 Interest receivable and similar income

	2009 £000	2008 £000
Interest receivable from group undertakings	6,942	11,619

5 Interest payable and similar charges

	2009 £000	2008 £000
Interest payable to group undertakings	3,014	3,043

6 Tax on profit on ordinary activities

	2009 £000	2008 £000
Corporation tax		
Current tax on income for the year	1,100	2,444
Adjustment relating to prior years	-	(3)
	1,100	2,441

The tax charge of £1,100,000 (2008 £2,444,000) on profits 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 28% (2008 28.5%)
 The actual tax charge for the year is the same as (2008 lower than) the standard rate for the reasons set out in the following reconciliation

	2009 £000	2008 £000
Profit on ordinary activities before tax	3,928	8,576
Tax on profit on ordinary activities at standard rate	1,100	2,444
<i>Factors affecting charge for the year</i>		
Adjustment in respect of prior years	-	(3)
Total current tax charge for the year	1,100	2,441

Notes to the financial statements (continued)

7 Debtors

	2009 £000	2008 £000
<i>Amounts falling due within one year</i>		
Amounts due from group undertakings	59,139	52,386
<i>Amounts falling due after more than one year</i>		
Amounts due from group undertakings	142,315	142,315
	<u>201,454</u>	<u>194,701</u>

Amounts due from group undertakings due within one year are non-interest bearing and repayable on demand

Amounts due from group undertakings due after more than one year bear interest at LIBOR plus 2.25% per annum and are repayable on demand. It is not expected that the demand would be made or that these amounts will be received within the current year and accordingly these amounts have been shown as amounts due after more than one year.

8 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts due to group undertakings	16,299	13,612
Group relief payable	1,100	2,441
	<u>17,399</u>	<u>16,053</u>

Amounts due to group undertakings are unsecured, non-interest bearing and repayable on demand.

9 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Amounts due to group undertakings	28,024	25,445

Amounts due to group undertakings are unsecured, bear interest at LIBOR plus 2.25% per annum and are repayable on demand. It is not expected that the demand would be made or that these amounts will be paid within one year and accordingly these amounts have been shown as amounts falling due after more than one year.

Notes to the financial statements (continued)

10 Called up share capital

	2009 £	2008 £
Authorised		
1,500,000,000 "A" Ordinary shares of 1 pence each	15,000,000	15,000,000
15,000 "B" shares of 1 pence each	150	150
	<hr/> 15,000,150	<hr/> 15,000,150
Allotted, called up and fully paid		
1,190,085,000 "A" Ordinary shares of 1 pence each	11,900,850	11,900,850
15,000 "B" shares of 1 pence each	150	150
	<hr/> 11,901,000	<hr/> 11,901,000

The "A" Ordinary shares have no right to dividends other than those recommended by the directors, have no redemption rights and have an unlimited right to share in the surplus remaining on a winding up after all liabilities have been satisfied. The "A" and "B" Ordinary shares have one vote per share, except with regard to the appointment and removal of directors. A majority of "A" shareholders may appoint up to six directors and remove any such directors and appoint other directors in their place. Each "B" shareholder may appoint one director and remove any such director and appoint another director in their place.

Within the meaning of Financial Reporting Standard 4 'Capital Instruments' the "A" and "B" Ordinary shares are classified as "equity" shares.

11 Profit and loss account

	£000
At beginning of the year	141,302
Profit for the financial year	2,828
	<hr/>
At end of the year	144,130

12 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	2,828	6,135
Opening shareholders' funds	153,203	147,068
	<hr/>	<hr/>
Closing shareholders' funds	156,031	153,203

Notes to the financial statements *(continued)*

13 Contingent liabilities

Bank loans of a fellow group undertaking are secured by fixed and floating charges over all the assets of the company

14 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