Priory Securitisation Holdings Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2016

Registration number: 04793915

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Priory Securitisation Holdings Limited

Contents

Company Information	1
Strategic Report	2
Director's Report	3
Statement of Director's Responsibilities	4
Profit and Loss Account	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Unaudited Financial Statements	9 to 18

Priory Securitisation Holdings Limited

Company Information

Directors	David Hall
Company secretary	David Hall
Registered office	Fifth Floor 80 Hammersmith Road London W14 8UD

Priory Securitisation Holdings Limited

Strategic Report for the Year Ended 31 December 2016

The strategic report for the year ended 31 December 2016.

Fair review of the business

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 7.

The company's management is satisfied with the performance for the year.

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 Partnerships in Care UK 1 Limited, an intermediate parent of the company, is discussed in the group's financial statements which includes the company and 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 principle risks and uncertainties of Parternships in Care UK 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

Approved by the Board on 22 September 2017 and signed on its behalf by:

Dave Hall

David Hall
Company secretary and director

Priory Securitisation Holdings Limited

Director's Report for the Year Ended 31 December 2016

The report and the unaudited financial statements for the year ended 31 December 2016.

Principal activity
The principal activity of the company is to act as an intermediate holding company.

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

David Hall - Company secretary and director

Mark Moran (resigned 1 March 2016)

Dividends
The director does not recommend the payment of a final dividend (2015: £nil). No dividends were paid during the year (2015: £nil).

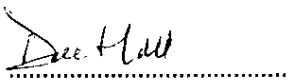
Financial instruments

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 Partnerships in Care UK 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

Future developments
The future developments of the company are aligned to the strategy of the UK group, headed by Partnerships in Care UK 1 Limited. The group's strategy for the future development of the business is included in the group's financial statements, which do not form part of this report.

Going concern
The intermediate parent company, Partnerships in Care UK 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least twelve months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

Approved by the Board on 22 September 2017 and signed on its behalf by:



David Hall
Company secretary and director

Priory Securitisation Holdings Limited

Statement of Director's Responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the director must not approve the financial statements unless 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 director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 director is 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 to ensure that the financial statements comply with the Companies Act 2006. 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.

Priory Securitisation Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Turnover		-	-
Operating profit/(loss)		-	-
Interest payable and similar charges	4	(11)	(11)
Loss before tax		(11)	(11)
Tax on loss on ordinary activities	6	1,652	(2,341)
Profit/(loss) for the year		1,641	(2,352)

The above results were derived from continuing operations.

The notes on pages 9 to 18 form an integral part of these financial statements.

Priory Securitisation Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Profit/(loss) for the year		1,641	(2,352)
Total comprehensive income for the year		1,641	(2,352)

The notes on pages 9 to 18 form an integral part of these financial statements.

Priory Securitisation Holdings Limited

(Registration number: 04793915)
Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Investments	7	174,687	174,687
Current assets			
Debtors	8	6,492	4,839
Creditors: Amounts falling due within one year	9	(7,787)	(7,775)
Net current liabilities		(1,295)	(2,936)
Total assets less current liabilities		173,392	171,751
Creditors: Amounts falling due after more than one year		(344)	(344)
Net assets		173,048	171,407
Capital and reserves			
Called up share capital	11	7,688	7,688
Share premium reserve		84,999	84,999
Profit and loss account		80,361	78,720
Shareholders' funds		173,048	171,407

For the financial year ending 31 December 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the director on 22 September 2017

Dee Hall

David Hall

Company secretary and director

The notes on pages 9 to 18 form an integral part of these financial statements.

Priory Securitisation Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2016	7,688	84,999	78,720	171,407
Profit for the year	-	-	1,641	1,641
Total comprehensive income	-	-	1,641	1,641
At 31 December 2016	7,688	84,999	80,361	173,048

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	7,688	84,999	81,072	173,759
Loss for the year	-	-	(2,352)	(2,352)
Total comprehensive income	-	-	(2,352)	(2,352)
At 31 December 2015	7,688	84,999	78,720	171,407

The notes on pages 9 to 18 form an integral part of these financial statements.

Priory Securitisation Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The address of its registered office is:
Fifth Floor
80 Hammersmith Road
London
W14 8UD
United Kingdom

These financial statements were authorised for issue by the director on 22 September 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements are presented in sterling, rounded to the nearest thousand.

Summary of disclosure exemptions
FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 12 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The principle disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:
• Statement of cash flows;
• IFRS 7 financial instrument disclosures;
• IAS 1 information on management of capital;
• IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
• IAS 24 disclosure of key management personnel compensation;
• IAS 24 disclosures in respect of related party transactions entered into between fellow group companies (the company had no other related party transactions); and
• Roll-forward reconciliations in respect of share capital (IAS 1).

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis. The intermediate parent company, Partnerships in Care UK 1 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.

Exemption from preparing group accounts

The financial statements contain information about Priory Securitisation Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group.
The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Partnerships in Care UK 1 Limited, a company incorporated in United Kingdom.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2016 have had a material effect on the financial statements.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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.

2 Accounting policies (continued)

Investments
Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Trade creditors
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period then ended. Management bases its estimates on historical experience and various other assumptions that are considered to be reasonable in the particular circumstances. Actual results may differ from these estimates.

4 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Interest expense on other financing liabilities	11	11

5 Director remuneration

The costs relating to the directors' services have been borne by Priory Central Services Limited, a fellow group company. No amounts (2015: £nil) 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.

The company has no employees.

6 Income tax

Tax charged/(credited) in the profit and loss account

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	(2,939)	1,624
Deferred taxation		
Arising from origination and reversal of temporary differences	1,287	717
Tax (receipt)/expense in the profit and loss account	(1,652)	2,341

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

6 Income tax (continued)

	2016 £ 000	2015 £ 000
Loss before tax	(11)	(11)
Corporation tax at standard rate	(2)	(2)
Increase (decrease) in current tax from adjustment for prior periods	(2,939)	2,736
Increase (decrease) from transfer pricing adjustments	(48)	(70)
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	1,979	-
Deferred tax expense (credit) relating to changes in tax rates or laws	309	521
Other tax effects for reconciliation between accounting profit and tax expense (income)	(951)	(844)
Total tax (credit)/charge	(1,652)	2,341

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 20.00% (2015: 20.25%).

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%.

Deferred tax

Deferred tax assets and liabilities

2016	**Asset £ 000**
Tax losses carry-forwards	3,552

2015	**Asset £ 000**
Tax losses carry-forwards	4,839

6 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2016 £ 000	Recognised in income £ 000	At 31 December 2016 £ 000
Tax losses carry-forwards	4,839	(1,287)	3,552

Deferred tax movement during the prior year:

	At 1 January 2015 £ 000	Recognised in income £ 000	At 31 December 2015 £ 000
Tax losses carry-forwards	5,556	(717)	4,839

Deferred tax assets relating to deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. On the basis of the approved business plans, it is considered probable that the temporary differences can be offset against future taxable profits.

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2016 (continued)

7 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2016	174,687
At 31 December 2016	174,687
Carrying amount	
At 31 December 2016	174,687

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2016	2015
Priory Securitisation Limited*	Non trading	United Kingdom	100%	100%
Priory Old Acute Services Limited	Non trading	United Kingdom	100%	100%
Priory Old Forensic Services Limited	Non trading	United Kingdom	100%	100%
Priory Old Grange Services Limited	Non trading	United Kingdom	100%	100%
Priory Old Schools Services Limited	Non trading	United Kingdom	100%	100%
Libra Health Limited	Non trading	United Kingdom	100%	100%
Priory Rehabilitation Services Holdings Limited	Non trading	United Kingdom	100%	100%
Priory Specialist Health Limited	Non trading	United Kingdom	100%	100%
Jacques Hall Development Limited	Non trading	United Kingdom	100%	100%
Blenheim Healthcare Limited	Non trading	United Kingdom	100%	100%
Highbank Private Hospital Limited	Non trading	United Kingdom	100%	100%
Jacques Hall Limited	Non trading	United Kingdom	100%	100%

7 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2016	2015
Robinson Kay House (Bury) Limited	Non trading	United Kingdom	100%	100%
Farm Place Limited	Non trading	United Kingdom	100%	100%
Priory Healthcare Services Limited	Non trading	United Kingdom	100%	100%
Farleigh Schools Limited	Non trading	United Kingdom	100%	100%
Eastwood Grange Company Limited	Non trading	United Kingdom	100%	100%
Chelfham Senior School Limited	Non trading	United Kingdom	100%	100%
Rossendale School Limited	Non trading	United Kingdom	100%	100%
Autism (GB) Limited	Non trading	United Kingdom	100%	100%
ZR Builders Limited	Non trading	United Kingdom	100%	100%
Solutions (Ross) Limited	Non trading	United Kingdom	100%	100%
Solutions (Llangarron) Limited	Non trading	United Kingdom	100%	100%
Mark College Limited	Non trading	United Kingdom	100%	100%
Priory Hospitals Limited	Non trading	United Kingdom	100%	100%
North Hill House Limited	Non trading	United Kingdom	100%	100%
Libra Nursing Homes Limited	Non trading	United Kingdom	100%	100%
Ticehurst House Private Clinic Limited	Non trading	United Kingdom	100%	100%

* indicates directly held subsidiary

As at 31 December 2016, the company had a 36.998% economic interest in the partnership capital of Priory Finance Property LLP, whose principal activity is to lease properties to fellow group conmpanies.

8 Trade and other debtors

	2016 £ 000	2015 £ 000
Income tax asset	2,939	-
Deferred tax assets	3,553	4,839
Total current trade and other debtors	6,492	4,839

9 Creditors: amounts falling due within one year

	2016 £ 000	2015 £ 000
Accrued expenses	1	-
Amounts due to group undertakings	7,786	6,151
Income tax liability	-	1,624
	7,787	7,775

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

10 Loans and borrowings

	2016 £ 000	2015 £ 000
Non-current loans and borrowings		
Amounts owed to group undertakings	344	344

Amounts owed to group undertakings are unsecured and bear interest at LIBOR plus 2.25% per annum. It is not expected that a demand for payment 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 Unaudited Financial Statements for the Year Ended 31 December 2016 (continued)

11 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	7,688	7,688	7,688	7,688

12 Parent and ultimate parent undertaking

The company's immediate parent is Priory Group Limited.

The ultimate parent is Acadia Healthcare Company Inc..

The parent of the largest group in which these financial statements are consolidated is Acadia Healthcare Company Inc., incorporated in the United States of America. The address of Acadia Healthcare Company Inc. is 830 Crescent Centre Drive, Suite 610, Franklin, TN 37067, United States of America.

The parent of the smallest group in which these financial statements are consolidated is Partnerships in Care UK 1 Limited, incorporated in the United Kingdom. The address of Partnerships in Care UK 1 Limited is Fifth Floor, 80 Hammersmith Road, London, W14 8UD, United Kingdom.