

# **Priory Securitisation Holdings Limited**

**Annual Report and Unaudited Financial Statements**

**for the Year Ended 31 December 2018**

**Registration number: 04793915**

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# Priory Securitisation Holdings Limited

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# **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 2018

The director presents his strategic report for the year ended 31 December 2018.

### **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 Priory Group 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 Priory Group 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 31 July 2019 and signed on its behalf by:



.....

David Hall  
Company secretary and director

# Priory Securitisation Holdings Limited

## Director's Report for the Year Ended 31 December 2018

The director presents his report and the unaudited financial statements for the year ended 31 December 2018.

### Principal activity

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

### Director of the company

The director, who held office during the year and up to the date of signing the financial statements was as follows:

David Hall - Company secretary and director

### Dividends

The director does not recommend the payment of a final dividend (2017: £nil). No dividends were paid during the year (2017: £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 Priory Group 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.

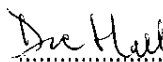
### Future developments

The future developments of the company are aligned to the strategy of the UK group, headed by Priory Group 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, Priory Group 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 31 July 2019 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'D Hall', is written over a horizontal dotted line.

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 he is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 2018

	<b>Note</b>	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Turnover		-	-
Operating profit/(loss)		-	-
Interest payable and similar charges	4	(10)	(10)
Loss before tax		(10)	(10)
Tax on loss on ordinary activities	6	808	343
Profit for the year		798	333

The above results were derived from continuing operations.

The notes on pages 9 to 17 form an integral part of these financial statements.

## Priory Securitisation Holdings Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Profit for the year		<u>798</u>	<u>333</u>
Total comprehensive income for the year		<u><u>798</u></u>	<u><u>333</u></u>

The notes on pages 9 to 17 form an integral part of these financial statements.



# Priory Securitisation Holdings Limited

(Registration number: 04793915)  
Balance Sheet as at 31 December 2018

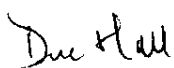
	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Investments	7	174,687	174,687
<b>Current assets</b>			
Debtors	8	5,681	4,249
<b>Creditors:</b> Amounts falling due within one year	9	<u>(5,845)</u>	<u>(5,211)</u>
<b>Net current liabilities</b>		<u>(164)</u>	<u>(962)</u>
<b>Total assets less current liabilities</b>		174,523	173,725
<b>Creditors:</b> Amounts falling due after more than one year	10	<u>(344)</u>	<u>(344)</u>
<b>Net assets</b>		<u>174,179</u>	<u>173,381</u>
<b>Capital and reserves</b>			
Called up share capital	11	7,688	7,688
Share premium reserve		84,999	84,999
Profit and loss account		<u>81,492</u>	<u>80,694</u>
Shareholders' funds		<u>174,179</u>	<u>173,381</u>

For the financial year ending 31 December 2018 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 director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the director on 31 July 2019



David Hall  
Company secretary and director

The notes on pages 9 to 17 form an integral part of these financial statements.

## Priory Securitisation Holdings Limited

### Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	7,688	84,999	80,694	173,381
Profit for the year	-	-	798	798
Total comprehensive income	-	-	798	798
At 31 December 2018	7,688	84,999	81,492	174,179

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2017	7,688	84,999	80,361	173,048
Profit for the year	-	-	333	333
Total comprehensive income	-	-	333	333
At 31 December 2017	7,688	84,999	80,694	173,381

The notes on pages 9 to 17 form an integral part of these financial statements.

# **Priory Securitisation Holdings Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018**

### **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 31 July 2019.

### **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)

# **Priory Securitisation Holdings Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)**

### **2 Accounting policies (continued)**

#### **Going concern**

The financial statements have been prepared on a going concern basis. The intermediate parent company, Priory Group 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, Priory Group 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 2018 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.

# **Priory Securitisation Holdings Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)**

### **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.

## Priory Securitisation Holdings Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

#### 4 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Interest expense on other financing liabilities	<u>10</u>	<u>10</u>

#### 5 Director remuneration

The costs relating to the directors' services have been borne by Priory Central Services Limited, a fellow group company. No amounts (2017: £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

	2018 £ 000	2017 £ 000
<b>Current taxation</b>		
UK corporation tax	(1,366)	352
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>558</u>	<u>(695)</u>
Tax receipt in the profit and loss account	<u>(808)</u>	<u>(343)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

# **Priory Securitisation Holdings Limited**

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)**

### **6 Income tax (continued)**

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Loss before tax	<u>(10)</u>	<u>(10)</u>
Corporation tax at standard rate	(2)	(2)
Increase (decrease) in current tax from adjustment for prior periods	-	1,754
Increase (decrease) from transfer pricing adjustments	1,397	1,532
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	-	(1,491)
Deferred tax expense (credit) relating to changes in tax rates or laws	(66)	(105)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(2,137)</u>	<u>(2,031)</u>
Total tax credit	<u>(808)</u>	<u>(343)</u>

The company's profits for this accounting year are taxed at an effective rate of 19% (2017: 19.25%).

The main rate of corporation tax was reduced from 19% to 17% with effect from 1 April 2020. As 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

<b>2018</b>	<b>Asset £ 000</b>
Tax losses carry-forwards	<u>3,689</u>
<b>2017</b>	<b>Asset £ 000</b>
Tax losses carry-forwards	<u>4,247</u>

## Priory Securitisation Holdings Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

#### 6 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Tax losses carry-forwards	<u>4,247</u>	<u>(558)</u>	<u>3,689</u>

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Tax losses carry-forwards	<u>3,552</u>	<u>695</u>	<u>4,247</u>

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.



# Priory Securitisation Holdings Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

### 7 Investments

<b>Subsidiaries</b>	<b>£ 000</b>
<b>Cost or valuation</b>	
At 1 January 2018	174,687
At 31 December 2018	174,687
<b>Carrying amount</b>	
At 31 December 2018	174,687

Details of the subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
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%
Jacques Hall Limited	Non trading	United Kingdom	100%	100%
Robinson Kay House (Bury) Limited	Non trading	United Kingdom	100%	100%
Farleigh Schools Limited	Non trading	United Kingdom	100%	100%
Chelfham Senior School Limited	Non trading	United Kingdom	100%	100%
Autism (GB) Limited	Non trading	United Kingdom	100%	100%
Solutions (Llangarron) Limited	Non trading	United Kingdom	100%	100%

\* indicates directly held subsidiary

## Priory Securitisation Holdings Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

#### 8 Trade and other debtors

	2018 £ 000	2017 £ 000
Income tax asset	1,990	-
Deferred tax assets	3,691	4,249
Total current trade and other debtors	5,681	4,249

#### 9 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Amounts due to group undertakings	5,221	4,859
Income tax liability	624	352
	5,845	5,211

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

#### 10 Loans and borrowings

	2018 £ 000	2017 £ 000
<b>Non-current loans and borrowings</b>		
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.

## Priory Securitisation Holdings Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

#### 11 Share capital

##### Allotted, called up and fully paid shares

	No. 000	2018 £ 000	No. 000	2017 £ 000
Ordinary shares of £1 each	<u>7,688</u>	<u>7,688</u>	<u>7,688</u>	<u>7,688</u>

#### 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 Priory Group UK 1 Limited incorporated in the United Kingdom. The address of Priory Group UK 1 Limited is Fifth Floor, 80 Hammersmith Road, London, W14 8UD, United Kingdom.