

Priory Group No. 1 Limited
Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2018
Registration number: 07480152

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Priory Group No. 1 Limited

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Priory Group No. 1 Limited

Company Information

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

Priory Group No. 1 Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their 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

Priory Group No. 1 Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their 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 investment holding company.

Directors' of the company

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

Trevor Torrington

Nigel Myers

Dividends

The directors do 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.

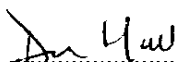
Future developments

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 black ink, appearing to read 'D. Hall', is written over a horizontal dotted line.

David Hall
Company secretary

Priory Group No. 1 Limited

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 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 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.

Priory Group No. 1 Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover		-	-
Operating profit/(loss)		-	-
Profit/(loss) before tax		-	-
Tax on profit on ordinary activities	5	(285)	(20)
Loss for the year		<u>(285)</u>	<u>(20)</u>

The above results were derived from continuing operations.

The notes on pages 9 to 24 form an integral part of these financial statements.

Priory Group No. 1 Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Loss for the year		<u>(285)</u>	<u>(20)</u>
Total comprehensive income for the year		<u><u>(285)</u></u>	<u><u>(20)</u></u>

The notes on pages 9 to 24 form an integral part of these financial statements.

Priory Group No. 1 Limited

(Registration number: 07480152) Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments	6	1,066,082	1,066,082
Current assets			
Debtors	7	21,416	21,436
Creditors: Amounts falling due within one year	8	<u>(285)</u>	<u>(20)</u>
Net current assets		<u>21,131</u>	<u>21,416</u>
Net assets		<u>1,087,213</u>	<u>1,087,498</u>
Capital and reserves			
Called up share capital	9	261,186	261,186
Share premium reserve		950,266	950,266
Profit and loss account		<u>(124,239)</u>	<u>(123,954)</u>
Shareholders' funds		<u>1,087,213</u>	<u>1,087,498</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.

Directors' 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 directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 31 July 2019 and signed on its behalf by:


.....
Nigel Myers

Director

The notes on pages 9 to 24 form an integral part of these financial statements.

Priory Group No. 1 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	261,186	950,266	(123,954)	1,087,498
Loss for the year	-	-	(285)	(285)
Total comprehensive income	-	-	(285)	(285)
At 31 December 2018	261,186	950,266	(124,239)	1,087,213

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2017	261,186	950,266	(123,934)	1,087,518
Loss for the year	-	-	(20)	(20)
Total comprehensive income	-	-	(20)	(20)
At 31 December 2017	261,186	950,266	(123,954)	1,087,498

The notes on pages 9 to 24 form an integral part of these financial statements.

Priory Group No. 1 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 Board 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 10 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 Group No. 1 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 Group No. 1 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 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.

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.

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.

Priory Group No. 1 Limited

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

2 Accounting policies (continued)

Trade debtors

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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 Directors' 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.

Priory Group No. 1 Limited

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

5 Income tax

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

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	285	20

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

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit/(loss) before tax	-	-
Corporation tax at standard rate	-	-
Increase (decrease) in current tax from adjustment for prior periods	-	(268)
Increase (decrease) from transfer pricing adjustments	285	288
Total tax charge	285	20

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, 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 has been reduced from 20% to 19% with effect from 1 April 2017 and from 19% to 17% with effect from 1 April 2020.

Priory Group No. 1 Limited

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

6 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2018	<u>1,066,082</u>
At 31 December 2018	<u>1,066,082</u>
Carrying amount	
At 31 December 2018	<u>1,066,082</u>
At 31 December 2017	<u>1,066,082</u>

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 Group No. 2 Limited*	Holding company	United Kingdom	100%	100%
Priory Group No. 3 Limited	Holding company	United Kingdom	100%	100%
Priory Investments Holdings Limited	Holding company	Cayman Islands	100%	100%
Priory Health No. 1 Limited	Holding company	Cayman Islands	100%	100%
Craegmoor Group Limited	Holding company	United Kingdom	100%	100%
Priory Healthcare Holdings Limited	Holding company	United Kingdom	100%	100%
Medical Imaging (Essex) Limited	Non trading	United Kingdom	100%	100%
Nottcor 6 Limited	Non trading	United Kingdom	100%	100%
Priory Pension Trustee Limited	Trustee company	United Kingdom	100%	100%
Priory Healthcare Investments Trustee Limited	Investments trustee company	United Kingdom	100%	100%
Priory Holdings Company No. 1 Limited	Holding company	Cayman Islands	100%	100%

Priory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Priory New Investments Limited	Holding company	United Kingdom	100%	100%
Priory Services for Young People (IOM) Limited	Non trading	Isle of Man	100%	100%
Priory Health No. 2 Limited	Holding company	Cayman Islands	100%	100%
Priory Healthcare Investments Limited	Holding company	United Kingdom	100%	100%
Priory Finance Company Limited	Financing company	Cayman Islands	100%	100%
Priory Finance Property Holdings No.1 Limited	Non trading	United Kingdom	100%	100%
Priory Finance Property Holdings No.2 Limited	Non trading	United Kingdom	100%	100%
Coxlease Holdings Limited	Holding company	United Kingdom	100%	100%
Coxlease School Limited	Non trading	United Kingdom	100%	100%
Priory Healthcare Finance Co Limited	Non trading	United Kingdom	100%	100%
Priory Group Limited	Non trading	United Kingdom	100%	100%
Priory Securitisation Holdings Limited	Non trading	United Kingdom	100%	100%
Priory Behavioural Health Limited	Non trading	United Kingdom	100%	100%
Employee Management Services Limited	Non trading	United Kingdom	100%	100%
Sturt House Clinic Limited	Non trading	United Kingdom	100%	100%
Fanplate Limited	Non trading	United Kingdom	100%	100%
Priory Securitisation Limited	Non trading	United Kingdom	100%	100%
Priory (Grange) Holdings Limited	Non trading	United Kingdom	100%	100%
Priory Old Acute Services Limited	Non trading	United Kingdom	100%	100%

Priory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Priory Old Grange Services Limited	Non trading	United Kingdom	100%	100%
Priory Old Forensic 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%
Priory Holdings Company No. 2 Limited	Holding company	Cayman Islands	100%	100%
Cockermouth Propco Limited	Property company	United Kingdom	100%	100%
Fulford Grange Medical Centre Limited	Non trading	United Kingdom	50%	50%
Priory Holdings Company No. 3 Limited	Holding company	Cayman Islands	100%	100%
Priory Healthcare Limited	Specialist healthcare	United Kingdom	100%	100%
Priory Rehabilitation Services Limited	Rehabilitation services	United Kingdom	100%	100%
Priory Education Services Limited	Specialist education services	United Kingdom	100%	100%
Priory Central Services Limited	Management services	United Kingdom	100%	100%
Velocity Healthcare Limited	Specialist healthcare	United Kingdom	100%	100%

Priory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Renova LLP	Non trading	United Kingdom	100%	100%
Priory (Thetford 1) Limited	Non trading	United Kingdom	100%	100%
Priory (Thetford 2) Limited	Non trading	United Kingdom	100%	100%
Thetford Trustee LLP	Non trading	United Kingdom	100%	100%
Castlecare Group Limited	Holding company	United Kingdom	100%	100%
Castlecare Holdings Limited	Non trading	United Kingdom	100%	100%
Castle Homes Care Limited	Children's care homes	United Kingdom	100%	100%
Castle Homes Limited	Children's care homes	United Kingdom	100%	100%
Quantum Care (UK) Limited	Children's care homes	United Kingdom	100%	100%
Castlecare Cymru Limited	Children's care homes	United Kingdom	100%	100%
Castlecare Education Limited	Specialist education services	United Kingdom	100%	100%
Rothcare Estates Limited	Property company	United Kingdom	100%	100%
C O Developments Limited	Property company	United Kingdom	100%	100%
Priory Care Homes Holdings Limited	Non trading	United Kingdom	100%	100%
Helden Homes Limited	Rehabilitation services	United Kingdom	100%	100%
Priory New Investments No. 2 Limited	Holding company	United Kingdom	100%	100%
Priory New Investments No. 3 Limited	Holding company	United Kingdom	100%	100%
Affinity Healthcare Holdings Limited	Holding company	United Kingdom	100%	100%
Priory New Education Services Limited	Education	United Kingdom	100%	100%
Priory (Troup House) Limited	Education	United Kingdom	100%	100%

Prory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Dunhall Property Limited	Non trading	United Kingdom	100%	100%
Affinity Healthcare Limited	Holding company	United Kingdom	100%	100%
Affinity Hospitals Holding Limited	Holding company	United Kingdom	100%	100%
Affinity Hospitals Group Limited	Holding company	United Kingdom	100%	100%
Affinity Hospitals Limited	Holding company	United Kingdom	100%	100%
Cheadle Royal Healthcare Limited	Private healthcare	United Kingdom	100%	100%
Middleton St George Healthcare Limited	Private healthcare	United Kingdom	100%	100%
Cheadle Royal Residential Services Limited	Non trading	United Kingdom	100%	100%
Craegmoor Group (No. 1) Limited	Holding company	United Kingdom	100%	100%
Craegmoor Group (No.2) Limited	Holding company	United Kingdom	100%	100%
Craegmoor Group (No.3) Limited	Holding company	United Kingdom	100%	100%
Amore Group (Holdings) Limited	Holding compmany	United Kingdom	100%	100%
Craegmoor Group (No.5) Limited	Holding company	United Kingdom	100%	100%
Craegmoor Group (No.6) Limited	Holding company	United Kingdom	100%	100%
Craegmoor Limited	Holding company	United Kingdom	100%	100%
Amore Care Holdings Limited	Holding company	United Kingdom	100%	100%
Craegmoor Facilities Company Limited	Supply of services	United Kingdom	100%	100%
Craegmoor Hospitals (Holdings) Limited	Holding company	United Kingdom	100%	100%

Priory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Craegmoor Learning (Holdings) Limited	Holding company	United Kingdom	100%	100%
Craegmoor Care (Holdings) Limited	Holding company	United Kingdom	100%	100%
Speciality Care Limited	Holding company	United Kingdom	100%	100%
Craegmoor (Harbour Care) Limited	Holding company	United Kingdom	100%	100%
Harbour Care (UK) Limited	Care delivery	United Kingdom	100%	100%
Speciality Care (Rest Homes) Limited	Care delivery	United Kingdom	100%	100%
Strathmore College Limited	Care delivery	United Kingdom	100%	100%
Speciality Care (Medicare) Limited	Holding company	United Kingdom	100%	100%
Specialised Courses Offering Purposeful Education Limited	Care delivery	United Kingdom	100%	100%
Burnside Care Limited	Care delivery	United Kingdom	100%	100%
Craegmoor Healthcare Company Limited	Non trading	United Kingdom	100%	100%
Craegmoor Supporting You Limited	Care delivery	United Kingdom	100%	100%
Greymount Properties Limited	Care delivery	United Kingdom	100%	100%
Parkcare Homes (No. 2) Limited	Care delivery	United Kingdom	100%	100%
Autism TASCC Services Limited	Care delivery	United Kingdom	100%	100%
Cotswold Care Services Limited	Care delivery	United Kingdom	100%	100%
Craegmoor Holdings Limited	Care delivery	United Kingdom	100%	100%
Craegmoor Homes Limited	Care delivery	United Kingdom	100%	100%
J C Care Limited	Care delivery	United Kingdom	100%	100%

Priory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Johnston Care Limited	Care delivery	United Kingdom	100%	100%
Lambs Support Services Limited	Care delivery	United Kingdom	100%	100%
Positive Living Limited	Care delivery	United Kingdom	100%	100%
Sapphire Care Services Limited	Care delivery	United Kingdom	100%	100%
Strathmore Care Services Limited	Care delivery	United Kingdom	100%	100%
Treehome Limited	Care delivery	United Kingdom	100%	100%
Grovedraft Limited	Non trading	United Kingdom	100%	100%
Peninsula Autism Services and Support Limited	Care delivery	United Kingdom	100%	100%
High Quality Lifestyles Limited	Care delivery	United Kingdom	100%	100%
New Directions (Bexhill) Limited	Care delivery	United Kingdom	100%	100%
New Directions (Hastings) Limited	Care delivery	United Kingdom	100%	100%
New Directions (Robertsbridge) Limited	Care delivery	United Kingdom	100%	100%
New Directions (St. Leonards on Sea) Limited	Care delivery	United Kingdom	100%	100%
Lansdowne Road Limited	Care delivery	United Kingdom	100%	100%
Lothlorien Community Limited	Care delivery	United Kingdom	100%	100%
R. J. Homes Limited	Care delivery	United Kingdom	100%	100%
Heddfan Care Limited	Care delivery	United Kingdom	100%	100%
Conquest Care Homes (Norfolk) Limited	Care delivery	United Kingdom	100%	100%
Conquest Care Homes (Peterborough) Limited	Care delivery	United Kingdom	100%	100%
Conquest Care Homes (Soham) Limited	Care delivery	United Kingdom	100%	100%

Priory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Ferguson Care Limited	Care delivery	United Kingdom	100%	100%
Speciality Care (Learning Disabilities) Limited	Care delivery	United Kingdom	100%	100%
Speciality Care (Rehab) Limited	Care delivery	United Kingdom	100%	100%
Amore (Prestwick) Limited	Elderly care services	United Kingdom	100%	100%
Amore Elderly Care Holdings Limited	Elderly care services	United Kingdom	100%	100%
Amore Elderly Care (Wednesfield) Limited	Elderly care services	United Kingdom	100%	100%
Amore (Ben Madigan) Limited	Elderly care services	United Kingdom	100%	100%
Amore (Warrenpoint) Limited	Elderly care services	United Kingdom	100%	100%
Amore (Watton) Limited	Elderly care services	United Kingdom	100%	100%
Amore Care Limited	Elderly care services	United Kingdom	100%	100%
Speciality Healthcare Limited	Elderly care services	United Kingdom	100%	100%
Health & Care Services (NW) Limited	Elderly care services	United Kingdom	100%	100%
Speciality Care (Addison Court) Limited	Elderly care services	United Kingdom	100%	100%
Speciality Care (EMI) Limited	Elderly care services	United Kingdom	100%	100%
Speciality Care (UK Lease Homes) Limited	Elderly care services	United Kingdom	100%	100%
Parkcare Homes Limited	Elderly care services	United Kingdom	100%	100%
Health & Care Services (UK) Limited	Elderly care services	United Kingdom	100%	100%
Amore (Stoke 1) Limited	Elderly care services	United Kingdom	100%	100%
Amore (Wednesfield 1) Limited	Elderly care services	United Kingdom	100%	100%
S P Cockermouth Limited	Elderly care services	United Kingdom	100%	100%

Priory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Amore (Coventry) Limited	Elderly care services	Isle of Man	100%	100%
Yorkshire Parkcare Company Limited	Elderly care services	United Kingdom	100%	100%
Speciality Care (Rest Care) Limited	Non trading	United Kingdom	100%	100%
Amore (Bourne) Limited	Non trading	United Kingdom	100%	100%
Amore (Cockermouth) Limited	Non trading	United Kingdom	100%	100%
Amore (Ings Road) Limited	Elderly care services	United Kingdom	100%	100%
Amore Elderly Care Limited	Elderly care services	United Kingdom	100%	100%
Amore (Stoke 2) Limited	Non trading	United Kingdom	100%	100%
Amore (Wednesfield 2) Limited	Non trading	United Kingdom	100%	100%
Wednesfield 3 Limited	Non trading	United Kingdom	100%	100%
Stoke Trustee (No 2) LLP	Non trading	United Kingdom	100%	100%
Wednesfield Trustee LLP	Non trading	United Kingdom	100%	100%
Wednesfield Trustee (No 2) LLP	Non trading	United Kingdom	100%	100%
Stoke Trustee LLP	Non trading	United Kingdom	100%	100%
Priory Finance Property LLP	Property company	United Kingdom	100%	100%
Life Works Community Limited	Specialist healthcare	United Kingdom	100%	100%
Progress Care (Holdings) Limited	Holding company	United Kingdom	100%	100%
Progress Care and Education Limited	Children's homes	United Kingdom	100%	100%
Progress Adult Services Limited	Care delivery	United Kingdom	100%	100%
Aspire Scotland Holdings Limited	Holding company	United Kingdom	100%	100%

Priory Group No. 1 Limited

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

6 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Aspire Scotland Limited	Children's homes	United Kingdom	100%	100%
Galaxy Cafe Limited	Children's care and education	United Kingdom	100%	100%
Galaxy UK Leisure Limited	Children's care and education	United Kingdom	100%	100%

* indicates directly held subsidiary

7 Trade and other debtors

	2018 £ 000	2017 £ 000
Debtors from related parties	21,416	21,436
Total current trade and other debtors	21,416	21,436

Debtors from related parties are unsecured, non-interest bearing and repayable on demand.

8 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Income tax liability	285	20

Priory Group No. 1 Limited

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

9 Share capital

Allotted, called up and fully paid shares

	No. 000	2018 £ 000	No. 000	2017 £ 000
A ordinary shares of £0.00 each	10,049	10	10,049	10
B ordinary shares of £0.00 each	58	-	58	-
C ordinary shares of £0.00 each	1,341	1	1,341	1
D ordinary shares of £0.00 each	4,951	5	4,951	5
D ordinary shares of £500 each	-	3	-	3
E1 ordinary shares of £0.00 each	1,341	1	1,341	1
E2 ordinary shares of £0.00 each	268	-	268	-
A preference shares of £1 each	258,402	258,402	258,402	258,402
B preference shares of £1 each	2,763	2,763	2,763	2,763
	<u>279,173</u>	<u>261,186</u>	<u>279,173</u>	<u>261,186</u>

Rights, preferences and restrictions

A ordinary shares have the following rights, preferences and restrictions:

Each holder of an A Ordinary Share is entitled to receive notice of and to attend and vote at general meetings of the Company. The A ordinary shares rank equally with the B ordinary shares and C ordinary shares but behind the E Shares and Preference Shares in respect of a distribution of profits by way of dividend and on any winding up of the Company or other return of capital

B ordinary shares have the following rights, preferences and restrictions:

Each holder of a B Ordinary Share is entitled to receive notice of and attend and speak at any general meeting but is not entitled to vote. The B ordinary shares rank equally with the A ordinary shares and C ordinary shares but behind the E shares and Preference Shares in respect of a distribution of profits by way of dividend and on any winding up of the Company or other return of capital.

C ordinary shares have the following rights, preferences and restrictions:

Each holder of a C Ordinary Share is entitled to receive notice of and attend and speak at any general meeting but is not entitled to vote. The C ordinary shares rank equally with the A ordinary shares and B ordinary shares but behind the E Shares and Preference Shares in respect of a distribution of profits by way of dividend and on any winding up of the Company or other return of capital.

D ordinary shares have the following rights, preferences and restrictions:

Each holder of a D Ordinary Share is entitled to receive notice of and to attend and vote at general meetings of the Company. The D Ordinary Shares do not carry any entitlement to a dividend and rank behind the E Shares and preference shares. The D shareholders are only entitled to the nominal value of the shares on a winding up of the Company or other return of capital.

E1 and E2 ordinary shares have the following rights, preferences and restrictions:

Each holder of an E Ordinary Share is entitled to receive notice of and attend and speak at any general meeting but is not entitled to vote. E shares rank behind the A preference shares (up to a specified level of return, the "threshold return") and behind the B preference shares but ahead of the A, B, C and D shares. The E1 and E2 shares rank pari passu and are entitled to 12% of distributable proceeds on a distribution or winding up.

Priory Group No. 1 Limited

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

9 Share capital (continued)

A and B preference shares have the following rights, preferences and restrictions:

Each holder of a Preference Share is entitled to receive notice of and attend and speak at any general meeting but is not entitled to vote. The B Preference Shares rank ahead of the ordinary shares and the A preference shares rank ahead of the ordinary shares up to the threshold return and after the E shares for any further amounts due. Preference shareholders are entitled to 12% per annum on any winding up of the Company or other return of capital. The Preference Shares may be redeemed in whole or in part by the Company at any time. Other than on a return of capital, preference dividends are payable entirely at the discretion of the Company.

10 Parent and ultimate parent undertaking

The company's immediate parent is Whitewell UK Investments 1 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.