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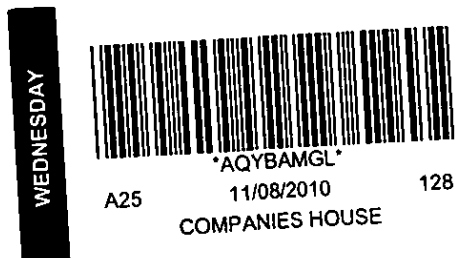
## **Priory Finance Company Limited**

Directors' report and financial statements

Year ended 31 December 2009

Incorporated in the Cayman Islands with registered  
number 100676

UK registered number: FC024699



## Contents

Directors' report	1
Statement of directors' responsibilities	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

## Directors' report

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

### Principal activities

The principal activity of the company is to raise finance on behalf of fellow subsidiary undertakings

The company has a 47% economic interest in the partnership capital of Prory Finance Property LLP. The principal activity of the partnership is to raise finance and to lease properties to fellow group undertakings

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 Prory Investment Holdings Limited, which includes the company, is discussed in the group's annual report which does not form part of this report

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 group and not managed separately. Accordingly, the financial risk management policies of Prory Investment 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 Prory 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

Ms CA Valenti  
S Bradshaw (resigned 14 July 2009)  
C Thompson  
J Lock

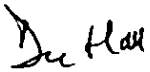
In accordance with the articles of association, no directors retire by rotation

## **Directors' report** *(continued)*

### **Auditors**

The company is incorporated in the Cayman Islands and registered in both the Cayman Islands and the UK. The company is not required to publish audited financial statements. The purpose of these financial statements is to meet the obligations for filing in both the UK and the Cayman Islands. The filing requirements for the Cayman Islands are significantly less in scope than those for the UK. These financial statements have been prepared in accordance with applicable UK accounting standards and UK companies' legislation as applied to overseas companies and under the historical cost convention. References in these financial statements to the Companies Act and other legislation are therefore references to UK legislation. These financial statements comply with the Companies Act 2006 as applied to overseas companies.

By order of the board



**D Hall**  
*Company Secretary*

PO Box 309GT  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands

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

**Profit and loss account**  
*for the year ended 31 December 2009*

	Note	2009 £000	2008 £000
Result on ordinary activities before taxation	2	-	-
Tax credit on result on ordinary activities	3	4,488	157
<b>Profit for the financial year</b>	<b>8</b>	<b>4,488</b>	<b>157</b>

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

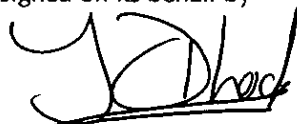
The company had no other recognised gains or losses for the year other than the profit above, therefore no statement of total recognised gains and losses is presented

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
<b>Fixed assets</b>					
Investments	4		-		-
<b>Current assets</b>					
Debtors	5	5,412		924	
Cash at bank and in hand		37		37	
		5,449		961	
		(35)		(35)	
<b>Creditors: amounts falling due within one year</b>	6				
<b>Net current assets</b>			5,414		926
<b>Total assets less current liabilities</b>			5,414		926
<b>Net assets</b>			5,414		926
<b>Capital and reserves</b>					
Called up share capital	7		1		1
Profit and loss account	8		5,413		925
<b>Total shareholders' funds</b>	9		5,414		926

The financial statements on pages 4 to 10 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 company is incorporated in the Cayman Islands and registered in both the Cayman Islands and the UK. The company is not required to publish audited financial statements. The purpose of these financial statements is to meet the obligations for filing in both the UK and the Cayman Islands. The filing requirements for the Cayman Islands are significantly less in scope than those for the UK. These financial statements have been prepared in accordance with applicable UK accounting standards and UK companies' legislation as applied to overseas companies and under the historical cost convention. References in these financial statements to the Companies Act and other legislation are therefore references to UK legislation. These financial statements comply with the Companies Act 2006 as applied to overseas companies.

The ultimate parent company, Prory 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.

The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group accounts on the grounds that it is included in the consolidated financial statements of a parent undertaking. These financial statements present information about the company as an individual undertaking and not about its group.

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 Prory 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.

#### ***Investments***

Investments are stated at cost less provision for any impairment in value.

#### ***Taxation***

The charge for taxation is based on the profit for the year 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 FRS19.

#### ***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 the change.



## Notes to the financial statements *(continued)*

### 2 Result on ordinary activities before taxation

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

The company had no employees during the current and prior year

### 3 Tax on profit on ordinary activities

	2009 £000	2008 £000
<i>UK corporation tax</i>		
Current tax credit arising in the year	(200)	(157)
Current tax adjustment in respect of prior years	(629)	-
	<hr/>	<hr/>
Total current tax	(829)	(157)
Deferred tax	(3,659)	-
	<hr/>	<hr/>
	(4,488)	(157)
	<hr/>	<hr/>

The tax credit of £829,000 (2008 £157,000) in the current year was surrendered to 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 credit for the year is [higher] than (2008 *higher than*) the standard rate for the reasons set out in the following reconciliation

	2009 £000	2008 £000
Result on ordinary activities before tax	-	-
	<hr/>	<hr/>
Tax on result on ordinary activities at standard rate	-	-
	<hr/>	<hr/>
<i>Factors affecting charge for the year</i>		
Income from interest in partnership	(200)	(157)
Adjustment to tax charge in respect of prior years	(629)	-
	<hr/>	<hr/>
Total actual amount of current tax	(829)	(157)
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 4 Investments

<b>Interest in Partnership</b>	<b>£</b>
<b>Cost</b>	
At beginning and end of the year	470
	<hr/>
<b>Provisions</b>	
At beginning and end of the year	-
	<hr/>
<b>Net book value</b>	
At 31 December 2009 and 31 December 2008	470
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As at 31 December 2009, the company had a 47% economic interest in the partnership capital of Prory Finance Property LLP. The principal activity of the partnership is to raise finance and to lease properties to fellow group undertakings.

### 5 Debtors

	2009 £'000	2008 £'000
Amounts owed by group undertakings	924	767
Group relief recoverable	829	157
Deferred tax assets	3,659	-
	<hr/>	<hr/>
	5,412	924
	<hr/>	<hr/>

Amounts due from group undertakings are non-interest bearing and repayable on demand.

An analysis of deferred tax assets, included within debtors, is as follows:

	£000
<b>Deferred tax</b>	
At beginning of the year	-
Credit for the year	3,659
	<hr/>
<b>At end of the year</b>	3,659
	<hr/>

Deferred tax arises on the following timing differences:	2009 £000	2008 £000
Other timing differences	3,659	-
	<hr/>	<hr/>

## Notes to the financial statements *(continued)*

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

	2009 £000	2008 £000
Accruals and deferred income	35	35
	<hr/>	<hr/>

### 7 Called up share capital

	2009 £	2008 £
<b>Authorised</b>		
10,000 ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

### 8 Reserves

	Profit and loss account £000
At beginning of the year	925
Retained profit for the year	4,488
	<hr/>
At end of the year	5,413
	<hr/>

### 9 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	4,488	157
	<hr/>	<hr/>
Net addition to shareholders' funds	4,488	157
Opening shareholders' funds	926	769
	<hr/>	<hr/>
Closing shareholders' funds	5,414	926
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## Notes to the financial statements *(continued)*

### **10 Ultimate parent company**

The company's immediate parent company, which is incorporated in the Cayman Islands, is Prory Health No 2 Limited

The ultimate parent company is Prory 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 Prory House, Randalls Way, Leatherhead, Surrey KT22 7TP

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