

Priory Investments Holdings Limited
Annual report and financial statements
for the year ended 31 December 2014

Incorporated in the Cayman Islands with registered number MC-151157

UK Registered number FC026138



Priory Investments Holdings Limited

Annual report and financial statements

for the year ended 31 December 2014

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Priory Investments Holdings Limited

Strategic report for the year ended 31 December 2014

The directors present their strategic report on Priory Investments Holdings Limited for the year ended 31 December 2014

Principal activities and review of business

The principal activity of the company is an investment holding company. The results for the year are set out in the profit and loss account on page 4 and the position of the company as at the year end is set out in the balance sheet on page 5.

As the company is focussed on the health and social care sectors, the performance of the company can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of healthcare, changes in the regulatory regime and competitive threats from other independent providers. Management uses a range of financial and non-financial indicators to manage the business. These are derived from all areas of the business and include sales growth by unit, occupancy and achieved profit margins.

Key performance indicators

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 No. 1 Limited, which includes the company, is discussed in the group's annual report which does not form part of this report.

Financial risk management

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 No. 1 Limited, which include those of the company, are discussed in the group's annual report which does not form part of this report.


Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Priory Group No. 1 Limited, which include those of the company, are discussed in the group's annual report which does not form part of this report.

Future developments

The future developments of the company are aligned to the strategy of the Priory Group, headed by Priory Group No. 1 Limited. The group's strategy for the future development of the business is included in the group's annual report, which does not form part of this report.

By order of the board



David Hall
Company Secretary
7 September 2015

Priory Investments Holdings Limited

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014

Dividends

The directors do not recommend the payment of a dividend (2013 £nil)

Directors

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

J Lock (resigned 1 April 2015)
M Moran (appointed 1 April 2015)
T Riall

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

Future developments

The future developments of the company are discussed in the strategic report

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.

Priory Investments Holdings Limited

Directors' report for the year ended 31 December 2014 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Ireland" (FRS 102)

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, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements, and
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements

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



David Hall
Company Secretary
7 September 2015

PO Box 309
Ugland House
Grand Cayman
Cayman Islands
KY1-1104

Priory Investments Holdings Limited

Profit and loss account and statement of changes in equity for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Operating result		-	-
Interest receivable and similar income	3	104,470	93,276
Interest payable and similar charges	4	(13,132)	(11,794)
Profit on ordinary activities before taxation		91,338	81,482
Tax on profit on ordinary activities	5	(24,791)	(20,768)
Profit for the financial year		66,547	60,714
Net addition to shareholders' equity		66,547	60,714
Opening shareholders' equity		814,085	753,371
Closing shareholders' equity		880,632	814,085

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

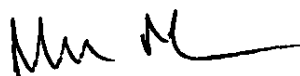
There is no other comprehensive income for the period

Priory Investments Holdings Limited

Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	6	126,209	126,209
		126,209	126,209
Current assets			
Debtors	7	969,996	867,026
		969,996	867,026
Creditors: amounts falling due within one year	8	(199,935)	(62,912)
Net current assets		770,061	804,114
Total assets less current liabilities		896,270	930,323
Creditors: amounts falling due after more than one year	9	(15,638)	(116,238)
Net assets		880,632	814,085
Capital and reserves			
Called up share capital	10	409,544	409,544
Share premium account	11	3	3
Retained earnings	11	471,085	404,538
Total shareholders' equity		880,632	814,085

The financial statements on pages 4 to 22 were approved by the board of directors on 7 September 2015 and were signed on its behalf by



Mark Moran
Director

Priory Investments Holdings Limited

Statement of accounting policies

The following accounting policies have been applied consistently in the company's financial statements

Basis of preparation

The company is a private limited company 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and UK companies' legislation as applied to overseas companies. 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 financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis and under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below.

The company has adopted FRS 102 in these financial statements. The company's date of transition to FRS 102 is 1 January 2013. The company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements. The impact of the amendments to the company's previously adopted accounting policies in accordance with UK GAAP (excluding FRS 102) was not material to the shareholders' equity as at the date of transition or as at 31 December 2013 or as at 31 December 2014, nor on the profit or loss for the years ended 31 December 2013 and 31 December 2014.

The principal disclosure exemptions adopted by the company in accordance with FRS 102 are as follows:

- Statement of cash flows,
- Certain financial instrument disclosures,
- Disclosure of key management personnel compensation,
- Disclosures in respect of related party transactions entered into between fellow group companies (the company has no other related party transactions), and
- Roll-forward reconciliations in respect of share capital.

The company has taken advantage of the exemption, under FRS 102, from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Priory Group No. 1 Limited, includes the company's cash flows in its own consolidated financial statements.

The preparation of financial statements in conformity with FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Priory Investments Holdings Limited

Statement of accounting policies (continued)

Basis of preparation

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements 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.

Investments

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

Deferred taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured in a non-discounted basis.

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.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial liabilities, comprising other creditors and loans from fellow group companies, are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method.

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014

1 Remuneration of directors

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

2 Staff numbers and costs

The company had no employees during the year (2013: nil).

3 Interest receivable and similar income

	2014	2013
	£'000	£'000
On loans to group companies	104,470	93,276

4 Interest payable and similar charges

	2014	2013
	£'000	£'000
On loans from group companies	13,132	11,794

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Tax on profit on ordinary activities

	2014 £'000	2013 £'000
UK corporation tax		
Current tax charge arising in the year	23,426	23,194
Adjustment in respect of prior years	(135)	-
Total current tax	23,291	23,194
Deferred tax		
Effect of tax rate change on opening balance	-	965
Origination and reversal of timing differences	1,500	(3,391)
Total deferred tax (note 7)	1,500	(2,426)
Total tax charge	24,791	20,768

The current tax charge of £23,291,000 (2013 £23,194,000) on profits for the year has been relieved by the surrender of losses by other group companies in exchange for payment of the same amount

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 21.5% (2013 23.25%). The actual tax charge for the year is higher (2013 higher) than the standard rate for the reasons set out in the following reconciliation

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	91,338	81,482
Tax on profit on ordinary activities at standard rate	19,638	18,945
Factors affecting charge for the year		
Transfer pricing adjustment	3,788	4,249
Adjustment in respect of prior years	(135)	-
Total current tax charge for the year	23,291	23,194

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 21.5% (2013 23.25%). In his budget speech on 20 March 2013, the Chancellor announced that the main rate of corporation tax would change from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015. This change was substantively enacted in July 2013, as such the company's deferred tax balances have been restated to reflect their expected unwind at 20% rather than the main rate of 21%.

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Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments

	Shares in group undertakings £'000
Cost and net book value	
At 1 January 2014 and 31 December 2014	126,209

The subsidiary undertakings in which the company has a direct interest at the year end are as follows

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Priory Health No 1 Limited	Holding company	Cayman Islands	100% ordinary
Craegmoor Group Limited	Holding company	United Kingdom	100% ordinary
Priory Healthcare Holdings Limited	Holding company	United Kingdom	100% ordinary
Medical Imaging (Essex) Limited	Non trading	United Kingdom	100% ordinary
Nottcor 6 Limited	Non trading	United Kingdom	100% ordinary
Priory Pension Trustee Limited	Trustee company	United Kingdom	100% ordinary
Priory Healthcare Investments Trustee Limited	Investment trustee company	United Kingdom	100% ordinary
Priory Holdings Company No 1 Limited	Holding company	Cayman Islands	100% ordinary
Priory New Investments Limited	Holding company	United Kingdom	100% ordinary
Priory Services for Young People	Non trading	Isle of Man	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

The subsidiary undertakings in which the company has an indirect interest at the year end are as follows

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Priory Health No 2 Limited	Holding company	Cayman Islands	100% ordinary
Priory Healthcare Investments Limited	Holding company	United Kingdom	100% ordinary
Priory Finance Company Limited	Financing company	Cayman Islands	100% ordinary
Priory Finance Property Holdings No 1 Limited	Non-trading	United Kingdom	100% ordinary
Priory Finance Property Holdings No 2 Limited	Non-trading	United Kingdom	100% ordinary
Coxlease Holdings Limited	Holding company	United Kingdom	100% ordinary
Coxlease School Limited	Non-trading	United Kingdom	100% ordinary
Priory Healthcare Finance Co Limited	Non-trading	United Kingdom	100% ordinary
Priory Group Limited	Non-trading	United Kingdom	100% ordinary
Priory Securitisation Holdings Limited	Non-trading	United Kingdom	100% ordinary
Priory Behavioural Health Limited	Non-trading	United Kingdom	100% ordinary
Employee Management Services Limited	Non-trading	United Kingdom	100% ordinary
Care Continuums Limited	Non-trading	United Kingdom	100% ordinary
Sturt House Clinic Limited	Non-trading	United Kingdom	100% ordinary
Community Addiction Services Limited	Non-trading	United Kingdom	100% ordinary
Public Health Solutions Limited	Non-trading	United Kingdom	100% ordinary
Priory Healthcare Europe Limited	Non-trading	United Kingdom	100% ordinary
Fanplate Limited	Non-trading	United Kingdom	100% ordinary
Priory Securitisation Limited	Non-trading	United Kingdom	100% ordinary
Priory Grange (Holdings) Limited	Non-trading	United Kingdom	100% ordinary
Priory Grange (St Neots) Limited	Non-trading	United Kingdom	100% ordinary
Priory Grange (Potters Bar) Limited	Non-trading	United Kingdom	100% ordinary
Priory Old Acute Services Limited	Non-trading	United Kingdom	100% ordinary
Priory Old Grange Services Limited	Non-trading	United Kingdom	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Priory Old Forensic Services Limited	Non-trading	United Kingdom	100% ordinary
Priory Old Schools Services Limited	Non-trading	United Kingdom	100% ordinary
Libra Health Limited	Non-trading	United Kingdom	100% ordinary
Priory Rehabilitation Services Holdings Limited	Non-trading	United Kingdom	100% ordinary
Priory Specialist Health Limited	Non-trading	United Kingdom	100% ordinary
Jacques Hall Developments Limited	Non-trading	United Kingdom	100% ordinary
Blenheim Healthcare Limited	Non-trading	United Kingdom	100% ordinary
Highbank Private Hospitals Limited	Non-trading	United Kingdom	100% ordinary
Jacques Hall Limited	Non-trading	United Kingdom	100% ordinary
Robinson Kay House (Bury) Limited	Non-trading	United Kingdom	100% ordinary
Farm Place Limited	Non-trading	United Kingdom	100% ordinary
Priory Healthcare Services Limited	Non-trading	United Kingdom	100% ordinary
Farleigh Schools Limited	Non-trading	United Kingdom	100% ordinary
Eastwood Grange Company Limited	Non-trading	United Kingdom	100% ordinary
Chelfham Senior School Limited	Non-trading	United Kingdom	100% ordinary
Rossendale School Limited	Non-trading	United Kingdom	100% ordinary
Autism (GB) Limited	Non-trading	United Kingdom	100% ordinary
ZR Builders (Derby) Limited	Non-trading	United Kingdom	100% ordinary
Solutions (Ross) Limited	Non-trading	United Kingdom	100% ordinary
Solutions (Llangarron) Limited	Non-trading	United Kingdom	100% ordinary
Mark College Limited	Non-trading	United Kingdom	100% ordinary
Priory Hospitals Limited	Non-trading	United Kingdom	100% ordinary
North Hill House Limited	Non-trading	United Kingdom	100% ordinary
Libra Nursing Homes Limited	Non-trading	United Kingdom	100% ordinary
Ticehurst House Private Clinic Limited	Non-trading	United Kingdom	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Priory Holdings Company No 2 Limited	Holding company	Cayman Islands	100% ordinary
Cockermouth Propco Limited	Property company	United Kingdom	100% ordinary
Fulford Grange Medical Centre Limited	Non-trading	United Kingdom	50% ordinary
Priory Specialist Health Division Limited	Non-trading	United Kingdom	100% ordinary
Priory Holdings Company No 3 Limited	Holding company	Cayman Islands	100% ordinary
Priory Bristol (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Chadwick (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Coach House (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Condoover (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Coombe House (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Eastwood Grange (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Eden Grove (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Farm Place (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Hemel Grange (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Hove (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Jacques Hall (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Marchwood (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Mark College (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Nottingham (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Roehampton (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Sheridan House (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Sketchley Hall (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Solutions (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Sturt (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Tadley Court (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Unsted Park (Property) Limited	Property company	Cayman Islands	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Priory Widnes (Property) Limited	Property company	Cayman Islands	100% ordinary
Priory Healthcare Limited	Specialist healthcare	United Kingdom	100% ordinary
Priory Rehabilitation Services Limited	Brain injury rehabilitation services	United Kingdom	100% ordinary
Priory Secure Services Limited	Forensic psychiatric services	United Kingdom	100% ordinary
Priory Education Services Limited	Schools for children with special needs	United Kingdom	100% ordinary
Priory Central Services Limited	Management services	United Kingdom	100% ordinary
Velocity Healthcare Limited	Specialist healthcare	United Kingdom	100% ordinary
Renova LLP	Trading	United Kingdom	100% of members' capital
Priory (Thetford 1) Limited	Non-trading	United Kingdom	100% ordinary
Priory (Thetford 2) Limited	Non-trading	United Kingdom	100% ordinary
Thetford Trustee LLP	Non-trading	United Kingdom	100% members' capital
Castlecare Group Limited	Non-trading	United Kingdom	100% ordinary
Castlecare Holdings Limited	Non-trading	United Kingdom	100% ordinary
Castle Homes Care Limited	Children's care home	United Kingdom	100% ordinary
Castle Homes Limited	Children's care home	United Kingdom	100% ordinary
Quantum Care (UK) Limited	Children's care home	United Kingdom	100% ordinary
Castlecare Cymru Limited	Children's care home	United Kingdom	100% ordinary
Castlecare Education Limited	Specialist education services	United Kingdom	100% ordinary
Rothcare Estates Limited	Property company	United Kingdom	100% ordinary
Priory Farmfield Limited	Non-trading	United Kingdom	100% ordinary
CO Developments Limited	Property company	United Kingdom	100% ordinary
Priory Care Homes Holdings Limited	Non-trading	United Kingdom	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Holden Homes Limited	Rehabilitation services	United Kingdom	100% ordinary
Priory New Investments No 2 Limited	Holding company	United Kingdom	100% ordinary
Priory New Investments No 3 Limited	Holding company	United Kingdom	100% ordinary
Affinity Healthcare Holdings Limited	Holding company	United Kingdom	100% ordinary
Priory New Education Services Limited	Education	United Kingdom	100% ordinary
Priory (Troup) House Limited	Education	United Kingdom	100% ordinary
Dunhall Property Limited	Non trading	United Kingdom	100% ordinary
Affinity Healthcare Limited	Holding company	United Kingdom	100% ordinary
Affinity Hospitals Holdings Limited	Holding company	United Kingdom	100% ordinary
Affinity Hospitals Group Limited	Holding company	United Kingdom	100% ordinary
Affinity Hospitals Limited	Holding company	United Kingdom	100% ordinary
Cheadle Royal Healthcare Limited	Private Healthcare	United Kingdom	100% ordinary
Middleton St George Healthcare Limited	Private Healthcare	United Kingdom	100% ordinary
Cheadle Royal Hospital Limited	Non trading	United Kingdom	100% ordinary
Cheadle Royal Residential Services Limited	Non-trading	United Kingdom	100% ordinary
Craegmoor Group (No 1) Limited	Holding company	United Kingdom	Limited by guarantee
Craegmoor Group (No 2) Limited	Holding company	United Kingdom	100% ordinary
Craegmoor Group (No 3) Limited	Holding company	United Kingdom	100% ordinary
Amore Group (Holdings) Limited (formerly Craegmoor Group (No 4) Limited)	Holding company	United Kingdom	100% ordinary
Craegmoor Group (No 5) Limited	Holding company	United Kingdom	100% ordinary
Craegmoor Group (No 6) Limited	Holding company	United Kingdom	100% ordinary
Craegmoor Limited	Holding company	United Kingdom	100% ordinary
Amore Care Holdings Limited	Holding company	United Kingdom	100% ordinary
Craegmoor Facilities Company Limited	Supply of services	United Kingdom	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Craegmoor Hospitals (Holdings) Limited	Holding company	United Kingdom	100% ordinary
Craegmoor Learning (Holdings) Limited	Holding company	United Kingdom	100% ordinary
Craegmoor Care (Holdings) Limited	Holding company	United Kingdom	100% ordinary
Speciality Care Limited	Holding company	United Kingdom	100% 10p ordinary shares, 100% £1 cumulative redeemable preference shares
Craegmoor (Harbour Care) Limited	Holding company	United Kingdom	100% ordinary
Harbour Care (UK) Limited	Care delivery	United Kingdom	100% of total issued share capital (ordinary, A, B and cumulative preference)
Speciality Care (Rest Homes) Limited	Care delivery	United Kingdom	100% ordinary
Strathmore College Limited	Care delivery	United Kingdom	100% ordinary
Speciality Care (Medicare) Limited	Holding company	United Kingdom	100% ordinary
Specialised Courses Offering Purposeful Education Limited	Care delivery	United Kingdom	100% ordinary
Independent Community Living (Holdings) Limited	Holding company	United Kingdom	100% ordinary
Craegmoor Hospitals Limited	Care delivery	United Kingdom	100% ordinary
Speciality Care (Care Homes) Limited	Care delivery	United Kingdom	100% ordinary
Burnside Care Limited	Care delivery	United Kingdom	100% ordinary
Craegmoor Healthcare Company Limited	Non trading	United Kingdom	100% ordinary
Craegmoor Supporting You Limited	Care delivery	United Kingdom	100% ordinary
Greymount Properties Limited	Care delivery	United Kingdom	100% ordinary
Parkcare Homes (No 2) Limited	Care delivery	United Kingdom	100% ordinary
Autism TASCC Services Limited	Care delivery	United Kingdom	100% ordinary
Cotswold Care Services Limited	Care delivery	United Kingdom	100% ordinary
Craegmoor Holdings Limited	Care delivery	United Kingdom	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Craegmoor Homes Limited	Care delivery	United Kingdom	100% ordinary
J C Care Limited	Care delivery	United Kingdom	100% ordinary
Johnston Care Limited	Care delivery	United Kingdom	100% ordinary
Lambs Support Services Limited	Care delivery	United Kingdom	100% ordinary
Positive Living Limited	Care delivery	United Kingdom	100% ordinary
Sapphire Care Services Limited	Care delivery	United Kingdom	100% ordinary
Strathmore Care Services Limited	Care delivery	United Kingdom	100% ordinary
Treehome Limited	Care delivery	United Kingdom	100% ordinary
Grovedraft Limited	Non trading	United Kingdom	100% ordinary
Peninsula Autism Services and Support Limited	Care delivery	United Kingdom	100% ordinary
High Quality Lifestyles Limited	Care delivery	United Kingdom	100% ordinary
New Directions (Hastings) Limited	Care delivery	United Kingdom	100% ordinary
New Directions (Bexhill) Limited	Care delivery	United Kingdom	100% ordinary
New Directions (Robertsbridge) Limited	Care delivery	United Kingdom	100% ordinary
New Directions (St Leonards on Sea) Limited	Care delivery	United Kingdom	100% ordinary
Lansdowne Road Limited	Care delivery	United Kingdom	100% ordinary
Lothlorien Community Limited	Care delivery	United Kingdom	100% ordinary
R J Homes Limited	Care delivery	United Kingdom	100% ordinary
Heddfan Care Limited	Care delivery	United Kingdom	100% ordinary
Conquest Care Homes (Norfolk) Limited	Care delivery	United Kingdom	100% ordinary
Conquest Care Homes (Peterborough) Limited	Care delivery	United Kingdom	100% ordinary
Conquest Care Homes (Soham) Limited	Care delivery	United Kingdom	100% ordinary
Ferguson Care Limited	Care delivery	United Kingdom	100% ordinary
Speciality Care (Learning Disabilities) Limited	Care delivery	United Kingdom	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Speciality Care (Rehab) Limited	Care delivery	United Kingdom	100% ordinary
Amore (Prestwick) Limited (formerly Priory (Prestwick) Limited)	Elderly care services	United Kingdom	100% ordinary
Amore Elderly Care Holdings Limited (formerly Priory Elderly Care Holdings Limited)	Elderly care services	United Kingdom	100% ordinary
Amore Elderly Care (Wednesfield) Limited (formerly Priory Elderly Care (Wednesfield) Limited)	Elderly care services	United Kingdom	100% ordinary
Amore (Ben Madigan) Limited (formerly Priory (Ben Madigan) Limited)	Elderly care services	United Kingdom	100% ordinary
Amore (Warrenpoint) Limited (formerly Priory (Warrenpoint) Limited)	Elderly care services	United Kingdom	100% ordinary
Amore (Watton) Limited (formerly Priory (Watton) Limited)	Elderly care services	United Kingdom	100% ordinary
Amore Care Limited (formerly Craegmoor Older People Care Limited)	Elderly care services	United Kingdom	100% ordinary
Speciality Healthcare Limited	Elderly care services	United Kingdom	100% ordinary
Health & Care Services (NW) Limited	Elderly care services	United Kingdom	100% ordinary
Speciality Care (Addison Court) Limited	Elderly care services	United Kingdom	100% ordinary
Speciality Care (EMI) Limited	Elderly care services	United Kingdom	100% ordinary and 100% preference
Speciality Care (UK Lease Homes) Limited	Elderly care services	United Kingdom	100% ordinary
Parkcare Homes Limited	Elderly care services	United Kingdom	100% ordinary
Health & Care Services (UK) Limited	Elderly care services	United Kingdom	100% ordinary
Amore (Stoke 1) Limited (formerly Priory (Stoke 1) Limited)	Elderly care services	United Kingdom	100% ordinary
Amore (Wednesfield 1) Limited (formerly Priory (Wednesfield 1) Limited)	Elderly care services	United Kingdom	100% ordinary
S P Cockermouth Limited	Elderly care services	United Kingdom	100% ordinary

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments (continued)

Subsidiary undertaking	Principal activity	Country of incorporation	Class and percentage of shares held
Priory (Coventry) Limited	Elderly care services	Isle of Man	100% ordinary
Yorkshire Parkcare Company Limited	Elderly care services	United Kingdom	100% ordinary
Speciality Care (Rest Care) Limited	Non-trading	United Kingdom	100% ordinary
Amore (Bourne) Limited (formerly Priory (Bourne) Limited)	Non-trading	United Kingdom	100% ordinary
Amore (Cockermouth) Limited (formerly Priory (Cockermouth) Limited)	Non-trading	United Kingdom	100% ordinary
Amore (Ings Road) Limited (formerly Priory (Ings Road) Limited)	Non-trading	United Kingdom	100% ordinary
Amore Elderly Care Limited (formerly Priory Elderly Care Limited)	Elderly care services	United Kingdom	100% ordinary
Amore (Stoke 2) Limited (formerly Priory (Stoke 2) Limited)	Non-trading	United Kingdom	100% ordinary
Stoke 3 Limited	Non-trading	United Kingdom	100% ordinary
Amore (Wednesfield 2) Limited (formerly Priory (Wednesfield 2) Limited)	Non-trading	United Kingdom	100% ordinary
Wednesfield 3 Limited	Non-trading	United Kingdom	100% ordinary
Stoke Trustee (No 2) LLP	Non-trading	United Kingdom	100% membership capital
Wednesfield Trustee LLP	Non-trading	United Kingdom	100% membership capital
Wednesfield Trustee (No 2) LLP	Non-trading	United Kingdom	100% membership capital
Stoke Trustee LLP	Non-trading	United Kingdom	100% membership capital
Priory Finance Property LLP	Property company	United Kingdom	100% membership capital

The directors consider that the carrying value of the investments is supported by their underlying net assets

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Debtors

	2014	2013
	£'000	£'000
Amounts due in less than one year:		
Deferred tax	8,322	9,822
Amounts receivable from group undertakings	936,274	-
Amounts due after more than one year		
Amounts receivable from group undertakings	25,400	857,204
	969,996	867,026

Amounts receivable from group undertakings comprises of £936,274,000 (2013 £831,804,000) which is unsecured, bears interest at 12% per annum and is due for repayment on 5 July 2015, and £25,400,000 (2013 £25,400,000) which bears interest at LIBOR plus 2.25% per annum, is unsecured and repayable on demand. It is not expected that the demand would be made or that this amount will be repaid within one year and accordingly this amount has been shown as amounts falling due after more than one year.

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

	£'000
Deferred tax	
At 1 January 2014	9,822
Charge for the year	(1,500)
At 31 December 2014	8,322

Deferred tax arises on the following timing differences:

	2014	2013
	£'000	£'000
Short term timing differences	8,322	9,822

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Amounts owed to group undertakings	162,171	25,248
Group relief payable	23,291	23,194
Accruals and deferred income	14,473	14,470
	199,935	62,912

Amounts owed to group undertakings consist of £112,672,000 of loan notes and PIK notes (2013 £nil) and other amounts of £49,499,000 (2013 £25,248)

The loan notes and PIK notes bear interest at 12% per annum, are unsecured and mature in July 2015

Other amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand

9 Creditors: amounts falling due after more than one year

	2014	2013
	£'000	£'000
Amounts owed to group undertakings	15,638	116,238

Amounts owed to group undertakings consist of £nil of loan notes and PIK notes (2013 £100,600,000) and a loan of £15,638,000 (2013 £15,638,000)

The loan notes and PIK notes bear interest at 12% per annum, are unsecured and mature in July 2015

The loan bears interest at LIBOR plus 2.25% per annum, is unsecured and repayable on demand. It is not expected that the demand would be made or that this amount will be repaid within one year and accordingly this amount has been shown as amounts falling due after more than one year

Priory Investments Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 Called up share capital

	2014	2013
	£'000	£'000
Authorised		
834,020,000 (2013 834,020,000) ordinary shares of £1 each	834,020	834,020
Allotted and fully paid		
409,544,000 (2013 409,544,000) ordinary shares of £1 each	409,544	409,544

11 Reserves

	Share premium account	Retained earnings
	£'000	£'000
At 1 January 2014	3	404,538
Profit for the financial year	-	66,547
At 31 December 2014	3	471,085

12 Ultimate parent company and controlling party

The company's immediate parent company, which is incorporated in United Kingdom, is Priory Group No 3 PLC

The ultimate parent undertaking and controlling party is Priory Group No 1 Limited, a company incorporated in England. Priory Group No 1 Limited is beneficially owned by funds managed by Advent International Corporation which is considered by the directors to be the ultimate controlling party of the company.

Priory Group No 1 Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2014. Priory Group No 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of Priory Group No 1 Limited and Priory Group No 3 PLC can be obtained from the Company Secretary at 80 Hammersmith Road, London, W14 8UD.