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# **Priory Holdings Company No. 3 Limited**

**Annual Report and Unaudited Financial Statements**

**for the Year Ended 31 December 2016**

**Registration number: FC027625**

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# **Priory Holdings Company No. 3 Limited**

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# **Priory Holdings Company No. 3 Limited**

## **Company Information**

**Directors** Trevor Torrington  
Nigel Myers

**Company secretary** David Hall

**Registered office** c/o M&C Corporate Services Ltd  
PO Box 309GT  
Ugland House  
South Church Street  
George Town

## **Priory Holdings Company No. 3 Limited**

### **Strategic Report for the Year Ended 31 December 2016**

The Directors present their strategic report for the year ended 31 December 2016.

#### **Principal activity**

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

#### **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.

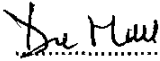
On 30 November 2016 the company disposed of its interest in Priory Secure Services Limited.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. *The development, performance and position of Partnerships in Care UK 1 Limited, an intermediate parent of the company, is discussed in the group's financial statements which includes the company and does not form part of this report.*

#### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principle risks and uncertainties of Partnerships in Care UK 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

Approved by the Board on 31 August 2017 and signed on its behalf by:

  
.....  
David Hall  
Company secretary

## **Priory Holdings Company No. 3 Limited**

### **Directors' Report for the Year Ended 31 December 2016**

The Directors present their report and the financial statements for the year ended 31 December 2016.

#### **Directors of the Company**

The directors who held office during the year were as follows:

Tom Riall (resigned 30 November 2016)

Mark Moran (resigned 1 March 2016)

Trevor Torrington (appointed 30 November 2016)

Nigel Myers (appointed 30 November 2016)

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

#### **Financial instruments**

The company's operations mean that it is exposed to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The directors monitor the risks in order to limit the adverse effects on the financial performance by reviewing levels of debt finance and the related finance costs, however these are integrated with the risks of the group and not managed separately. Accordingly, the financial risk management policies of Partnerships in Care UK 1 Limited, which include those of the company, are discussed in the group's 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 UK Group, headed by Partnerships in Care UK 1 Limited. The group's strategy for the future development of the business is included in the group's annual report, which does not form part of this report.

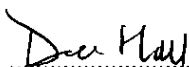
#### **Going concern**

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

#### **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 the Companies Act 2006 as applied to overseas companies.

Approved by the Board on 31 August 2017 and signed on its behalf by:



David Hall  
Company secretary

## **Priory Holdings Company No. 3 Limited**

### **Statement of Directors' Responsibilities**

The Directors acknowledge their responsibilities 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 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 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; 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 Holdings Company No. 3 Limited

### Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Turnover		-	-
Administrative expenses	3	<u>(31,436)</u>	<u>-</u>
Operating loss		<u>(31,436)</u>	<u>-</u>
Loss before tax		(31,436)	-
Taxation	5	<u>248</u>	<u>362</u>
(Loss)/profit for the financial year		<u><u>(31,188)</u></u>	<u><u>362</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

## **Priory Holdings Company No. 3 Limited**

### **Statement of Comprehensive Income for the Year Ended 31 December 2016**

	<b>Note</b>	<b>2016 £ 000</b>	<b>2015 £ 000</b>
(Loss)/profit for the year		<u>(31,188)</u>	<u>362</u>
Total comprehensive income for the year		<u><u>(31,188)</u></u>	<u><u>362</u></u>

## Priory Holdings Company No. 3 Limited

### (Registration number: FC027625) Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
<b>Fixed assets</b>			
Investments	6	18,197	18,207
<b>Current assets</b>			
Debtors	7	248	362
<b>Creditors:</b> Amounts falling due within one year	8	<u>(48,410)</u>	<u>(17,346)</u>
<b>Net current liabilities</b>		<u>(48,162)</u>	<u>(16,984)</u>
<b>Net (liabilities)/assets</b>		<u>(29,965)</u>	<u>1,223</u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Share premium reserve	10	10	10
Profit and loss account		<u>(29,975)</u>	<u>1,213</u>
<b>Total equity</b>		<u>(29,965)</u>	<u>1,223</u>

Approved and authorised by the Board on 31 August 2017 and signed on its behalf by:



Nigel Myers

Director

## Priory Holdings Company No. 3 Limited

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

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	-	10	1,213	1,223
Loss for the year	-	-	(31,188)	(31,188)
Total comprehensive income	-	-	(31,188)	(31,188)
At 31 December 2016	-	10	(29,975)	(29,965)

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015	-	10	851	861
Profit for the year	-	-	362	362
Total comprehensive income	-	-	362	362
At 31 December 2015	-	10	1,213	1,223

The notes on pages 9 to 15 form an integral part of these financial statements.

# **Priory Holdings Company No. 3 Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2016**

### **1 General information**

The company is a private company limited by share capital incorporated in Cayman Islands.

The address of its registered office is:

c/o M&C Corporate Services Ltd  
PO Box 309GT  
Ugland House  
South Church Street  
George Town  
Cayman Islands

These financial statements were authorised for issue by the Board on 31 August 2017.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **Basis of preparation**

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, and, unless otherwise stated, these policies have been consistently applied to all the periods presented.

#### **Summary of disclosure exemptions**

The principle 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 intermediate parent company, Partnerships in Care UK 1 Limited, includes the company's cash flows in its own consolidated financial statements.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

## Priory Holdings Company No. 3 Limited

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

#### 2 Accounting policies (continued)

##### 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.

##### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

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.

##### 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 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	<b>2016</b> <b>£ 000</b>
Gain (loss) from disposals of investments	<u>(31,436)</u>

On 30 November 2016 the company disposed of its entire interest in the share capital of Priory Secure Services Limited, realising a net loss on disposal of £31,436,000.

#### 4 Directors' remuneration

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

## Priory Holdings Company No. 3 Limited

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

#### 5 Taxation

Tax charged/(credited) in the income statement

	<b>2016</b> <b>£ 000</b>	<b>2015</b> <b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	<u>(248)</u>	<u>(362)</u>

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

The differences are reconciled below:

	<b>2016</b> <b>£ 000</b>	<b>2015</b> <b>£ 000</b>
Loss before tax	<u>(31,436)</u>	<u>-</u>
Corporation tax at standard rate	(6,287)	-
Effect of expense not deductible in determining taxable profit (tax loss)	6,287	-
Tax increase (decrease) from transfer pricing adjustments	<u>(248)</u>	<u>(362)</u>
Total tax credit	<u>(248)</u>	<u>(362)</u>

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

The main rate of corporation tax has been reduced from 20% to 19% with effect from 1 April 2017 and from 19% to 17% with effect from 1 April 2020.

## Priory Holdings Company No. 3 Limited

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

#### 6 Investments in subsidiaries, joint ventures and associates

<b>Subsidiaries</b>	<b>£ 000</b>
<b>Cost or valuation</b>	
At 1 January 2016	18,207
Additions	67,522
Disposals	<u>(67,532)</u>
At 31 December 2016	<u>18,197</u>
<b>Carrying amount</b>	
At 31 December 2016	<u>18,197</u>
At 31 December 2015	<u>18,207</u>

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<b>Undertaking</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	
			<b>2016</b>	<b>2015</b>
<b>Subsidiary undertakings</b>				
Priory Healthcare Limited	United Kingdom	Ordinary shares	100%	100%
Priory Rehabilitation Services Limited	United Kingdom	Ordinary shares	100%	100%
Priory Education Services Limited	United Kingdom	Ordinary shares	100%	100%
Priory Central Services Limited	United Kingdom	Ordinary shares	100%	100%
Velocity Healthcare Limited	United Kingdom	Ordinary shares	100%	100%
Renova LLP	United Kingdom	Membership capital	100%	100%
Priory (Thetford 1) Limited	United Kingdom	Ordinary shares	100%	100%

## Priory Holdings Company No. 3 Limited

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

#### 6 Investments in subsidiaries, joint ventures and associates (continued)

<b>Undertaking</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	
Priory (Thetford 2) Limited	United Kingdom	Ordinary shares	100%	100%
Thetford Trustee LLP	United Kingdom	Membership capital	100%	100%
Castlecare Group Limited	United Kingdom	Ordinary shares	100%	100%
Castlecare Holdings Limited	United Kingdom	Ordinary shares	100%	100%
Castle Homes Care Limited	United Kingdom	Ordinary shares	100%	100%
Castle Homes Limited	United Kingdom	Ordinary shares	100%	100%
Quantum Care (UK) Limited	United Kingdom	Ordinary shares	100%	100%
Castlecare Cymru Limited	United Kingdom	Ordinary shares	100%	100%
Castlecare Education Limited	United Kingdom	Ordinary shares	100%	100%
Rothcare Estates Limited	United Kingdom	Ordinary shares	100%	100%
C O Developments Limited	United Kingdom	Ordinary shares	100%	100%
Priory Care Homes Holdings Limited	United Kingdom	Ordinary shares	100%	100%
Helden Homes Limited	United Kingdom	Ordinary shares	100%	100%
Life Works Community Limited	United Kingdom	Ordinary shares	100%	100%

## **Priory Holdings Company No. 3 Limited**

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

#### **6 Investments in subsidiaries, joint ventures and associates (continued)**

The principal activity of Priory Healthcare Limited is specialist healthcare.

The principal activity of Priory Rehabilitation Services Limited is brain injury rehabilitation services.

The principal activity of Priory Education Services Limited is schools for children with special needs.

The principal activity of Priory Central Services Limited is management services.

*The principal activity of Velocity Healthcare Limited is specialist healthcare.*

The principal activity of Renova LLP is non trading.

The principal activity of Priory (Thetford 1) Limited is non trading.

The principal activity of Priory (Thetford 2) Limited is non trading.

The principal activity of Thetford Trustee LLP is non trading.

*The principal activity of Castlecure Group Limited is non trading.*

The principal activity of Castlecure Holdings Limited is non trading.

The principal activity of Castle Homes Care Limited is children's care homes

The principal activity of Castle Homes Limited is children's care homes.

The principal activity of Quantum Care (UK) Limited is children's care homes.

The principal activity of Castlecure Cymru Limited is children's care homes.

The principal activity of Castlecure Education Limited is specialist education services.

The principal activity of Rothcare Estates Limited is a property company.

The principal activity of C O Developments Limited is property development.

The principal activity of Priory Care Homes Holdings Limited is non trading.

The principal activity of Helden Homes Limited is rehabilitation services.

The principal activity of Life Works Community Limited is specialist healthcare

## Priory Holdings Company No. 3 Limited

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

#### 7 Debtors

	2016 £ 000	2015 £ 000
Income tax asset	<u>248</u>	<u>362</u>
Total current trade and other debtors	<u>248</u>	<u>362</u>

#### 8 Creditors

	2016 £ 000	2015 £ 000
<b>Due within one year</b>		
Amounts due to related parties	<u>48,410</u>	<u>17,346</u>

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

#### 9 Share capital

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

	No. 000	2016 £ 000	No. 000	2015 £ 000
Ordinary shares of £1 each	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 10 Parent and ultimate parent undertaking

The company's immediate parent is Priory Holdings Company No.2 Limited, incorporated in the United Kingdom.

The ultimate parent is Acadia Healthcare Company Inc., incorporated in the US.

##### Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Acadia Healthcare Company Inc., incorporated in United States of America.

The address of Acadia Healthcare Company Inc. is:  
830 Crescent Centre Drive, Suite 610, Franklin, TN 37067, United States of America

The parent of the smallest group in which these financial statements are consolidated is Partnerships in Care UK 1 Limited, incorporated in United Kingdom.

The address of Partnerships in Care UK 1 Limited is:  
Fifth Floor, 80 Hammersmith Road, London, W14 8UD, United Kingdom