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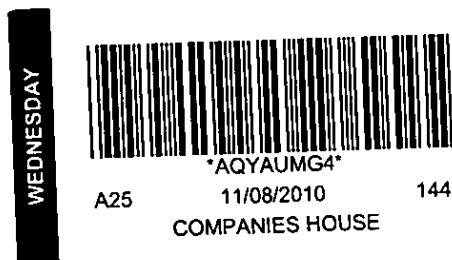
Priory Jacques Hall (Property) Limited

Directors' report and financial statements

Year ended 31 December 2009

Incorporated in the Cayman Islands with registered
number MC-187001

UK Registered number: FC027634



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Directors' report

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

Principal activities

The principal activity of the company is to act as a property development company

Business review

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

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 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 Priory 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 Priory 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

The directors do not recommend the payment of a dividend (2008 £nil)

Directors

The directors who held office during the year were as follows

S Bradshaw (resigned 14 July 2009)
Professor 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

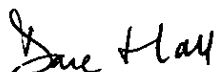
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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
Operating result		-	-
Interest payable and similar charges	3	(15)	(24)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(15)	(24)
Tax credit on loss on ordinary activities	4	4	7
		<hr/>	<hr/>
Loss for the financial year	9	(11)	(17)
		<hr/>	<hr/>

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

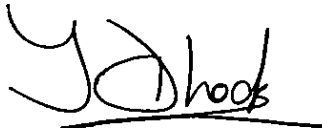
The company had no other recognised gains or losses for the year other than the loss above, therefore no statement of total recognised gains and losses is presented

There is no difference between the loss before taxation and the loss for the year stated above and their historical cost equivalents

Balance sheet
at 31 December 2009

	Note	£000	2009 £000	£000	2008 £000
Fixed assets					
Tangible assets	5		300		300
Current assets					
Debtors	6	25		21	
Creditors: amounts falling due within one year	7	(353)		(338)	
Net current liabilities			(328)		(317)
Total assets less current liabilities			(28)		(17)
Net liabilities			(28)		(17)
Capital and reserves					
Called up share capital	8		-		-
Share premium	9		10		10
Profit and loss account	9		(38)		(27)
Total shareholders' deficit	10		(28)		(17)

The financial statements on pages 4 to 9 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.

Under Financial Reporting Standard 1 (revised) 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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Land is not depreciated on the basis that land has an unlimited life.

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 FRS 19.

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 change.

2 Loss 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 or prior year.

Notes to the financial statements (continued)

3 Interest payable and similar charges

	2009 £000	2008 £000
Interest payable to group undertakings	15	24

4 Tax on loss on ordinary activities

	2009 £000	2008 £000
<i>UK corporation tax</i>		
Current tax credit on loss for the year	(4)	(7)

The tax credit of £4,000 (2008 £7,000) in the year is to be 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 charge for the year and prior period is at the standard rate of corporation tax so no reconciliation is required

5 Tangible assets

	Freehold land £000
Cost	
At beginning and end of the year	300
Depreciation	
Charge for the year	-
At end of the year	-
Net book value	
At 31 December 2009	300
At 31 December 2008	300

Notes to the financial statements *(continued)*

6 Debtors

	2009 £000	2008 £000
Amounts due from group undertakings	21	14
Group relief recoverable	4	7
	<u>25</u>	<u>21</u>

7 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts due to group undertakings	353	338

Amounts due to group undertakings are unsecured, bear interest at LIBOR plus 2.25% per annum and are repayable on demand.

8 Called up share capital

	2009 £	2008 £
Authorised		
24,000 ordinary shares of £1 each	24,000	24,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

9 Reserves

	Share premium £000	Profit and loss account £000
At beginning of the year	10	(27)
Loss for the year	-	(11)
At end of the year	<u>10</u>	<u>(38)</u>

Notes to the financial statements *(continued)*

10 Reconciliation of movements in shareholders' deficit

	2009 £000	2008 £000
Loss for the financial year	(11)	(17)
Net reduction in shareholders' funds	(11)	(17)
Opening shareholders' deficit	(17)	-
Closing shareholders' deficit	(28)	(17)

11 Contingent liabilities

Bank loans of a fellow group undertaking are secured by fixed and floating charges over all the assets of the company

12 Ultimate parent company

The company's immediate parent company, which is incorporated in the Cayman Islands is Priory Holdings Company No 2 Limited

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

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