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## **Priory Solutions (Property) Limited**

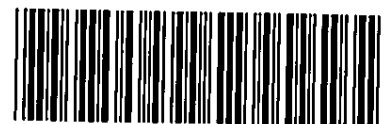
Directors' report and financial statements

Period from 8 May 2007 (date of incorporation)  
to 31 December 2007

Incorporated in the Cayman Islands with registered  
number MC-186975

UK Registered number FC027641

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## Directors' report

The directors present their report and the audited financial statements for the period from 8 May 2007 (date of incorporation) to 31 December 2007

### Principal activities

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

### Business review

The results for the period are set out in the Profit and loss account on page 4 and the position of the company as at the period end is set out in the Balance sheet on page 5

Further information regarding the operations and key performance indicators of the group are set out in the directors' report of Prory Investments Holdings Limited

### Dividends

The directors do not recommend the payment of a dividend

### Directors

The directors who held office during the period were as follows

S Mukerji	(appointed 8 May 2007)
S Bradshaw	(appointed 8 May 2007)
Professor C Thompson	(appointed 8 May 2007)

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

### Auditors

During the period, PricewaterhouseCoopers LLP were appointed as auditors by the directors and they have expressed their willingness to continue in office

### Provision of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board



**S Mukerji**  
Company secretary

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

1 July 2008

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent auditors' report to the members of Priory Solutions (Property) Limited

We have audited the financial statements of Priory Solutions (Property) Limited for the period ended 31 December 2007 which comprise the Profit and loss account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period from 8 May 2007 to 31 December 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Reading

1 July 2008

## Profit and loss account

*for the period from 8 May 2007 to 31 December 2007*

	Note	Period from 8 May 2007 to 31 December 2007 £000
<b>Operating result</b>		-
Interest payable and similar charges	3	(34)
		<hr/>
<b>Loss on ordinary activities before taxation</b>	2	(34)
Tax on loss on ordinary activities	4	10
		<hr/>
<b>Loss for the financial year</b>	9	(24)
		<hr/>

The results for the current period derive from acquired activities

The company had no other recognised gains or losses for the period 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 period stated above and their historical cost equivalents

**Balance sheet**  
**at 31 December 2007**

	Note	2007 £000
<b>Fixed assets</b>		
Tangible assets	5	700
		<hr/> 700
<b>Current assets</b>		
Debtors	6	20
		<hr/> 20
<b>Creditors</b> amounts falling due within one year	7	(734)
		<hr/> (714)
<b>Net current liabilities</b>		<hr/> (714)
<b>Total assets less current liabilities</b>		<hr/> (14)
<b>Net liabilities</b>		<hr/> (14)
<b>Capital and reserves</b>		
Called up share capital	8	-
Share premium	9	10
Profit and loss account - deficit	9	(24)
		<hr/> (14)
<b>Shareholders' deficit - equity</b>	10	<hr/> (14)

These financial statements were approved by the board of directors on 1 July 2008 and were signed on its behalf by



**S Mukerji**  
 Director

## Notes

*(forming part of 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 and conducts its operations entirely within the UK. The purpose of these financial statements is to meet the obligations for filing in both the UK and the Cayman Islands. The filing requirement for the Cayman Islands are significantly less in scope than those for the UK and accordingly the financial statements have been prepared in accordance with applicable UK accounting standards and UK companies legislation and under the historical cost convention. References in these financial statements to Companies Act and other legislation are therefore references to UK legislation.

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 remuneration of the auditors in the period was borne by a fellow group undertaking.

Costs relating to the directors' services have been borne by Prory 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.

The company had no employees during the period.



## Notes (continued)

### 3 Interest payable and similar charges

8 May to  
 31 Dec 2007  
 £000

Inter-company interest payable	34
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### 4 Taxation

8 May to  
 31 Dec 2007  
 £000

<i>UK corporation tax</i>	
Current tax on income for the period	(10)

The tax credit of £10,000 in the period is to be surrendered to other group companies in exchange for payment of the same amount

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the period is at the standard rate of corporation tax so no reconciliation is required

### 5 Tangible assets

Freehold land  
 £000

<b>Cost</b>	
Additions	700
At end of the period	700
<b>Depreciation</b>	
Charge for the period	-
At end of the period	-
<b>Net book value</b>	
At 31 December 2007	700

### 6 Debtors

2007  
 £000

Amounts due from group undertakings	10
Group relief recoverable	10
	20

## Notes (continued)

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

	2007 £000
Amounts due to group undertakings	734

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

	2007 £
<b>Authorised</b>	
24,000 ordinary shares of £1 each	24,000
<b>Allotted, called up and fully paid</b>	
2 ordinary shares of £1 each	2
	Number
<i>Movement in ordinary shares during the period</i>	
Subscriber shares	1
Issue of shares	1
	2

During the period the company issued two new shares of £1 each for a consideration of £10,000 giving rise to a premium on issue of £9,998

### 9 Reserves

	Share premium £000	Profit and loss account £000	Total £000
New share capital issued (see note 8)	10	-	10
Loss for the period	-	(24)	(24)
<b>At end of the period</b>	<b>10</b>	<b>(24)</b>	<b>(14)</b>

## Notes (continued)

### 10 Reconciliation of movements in shareholders' deficit

	2007 £000
Loss for the financial period	(24)
New share capital issued (see note 8)	10
	<hr/>
Closing shareholders' deficit	(14)
	<hr/>

### 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 and the largest group of which the company is a member and for which group accounts are prepared is that headed by Priory Investments Holdings Limited. A copy of the consolidated accounts can be obtained from the Company Secretary at Priory House, Randalls Way, Leatherhead, Surrey KT22 7TP