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**Priory Tadley Court (Property)
Limited**

Directors' report and financial statements

Year ended 31 December 2011

Incorporated in the Cayman Islands with registered
number MC-187045
UK Registered number FC027643



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Directors' report

The directors present their report and the financial statements for the year ended 31 December 2011

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 3 and the position of the company as at the year end is set out in the Balance sheet on page 4

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 Group No 1 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 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

The company's management is committed to a continued growth strategy

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 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

Going concern

The ultimate parent company, Prory Group No 1 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

Dividends

The directors do not recommend the payment of a dividend (2010 £nil)

Directors

The directors who held office during the year were as follows

Professor C Thompson
J Lock

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

Directors' report (*continued*)

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.

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 309
Ugland House
Grand Cayman
Cayman Islands
KY1-1104

6 September 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Operating result		-	-
Interest payable and similar charges	3	(23)	(21)
Loss on ordinary activities before taxation	2	(23)	(21)
Tax credit on loss on ordinary activities	4	6	6
Loss for the financial year	10	(17)	(15)

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 2011

	<i>Note</i>	2011 £000	2010 £000
Fixed assets			
Tangible assets	5	625	625
Current assets			
Debtors	6	53	47
Creditors amounts falling due within one year	7	(154)	(131)
Net current liabilities		(101)	(84)
Total assets less current liabilities		524	541
Creditors amounts falling due after more than one year	8	(625)	(625)
Net liabilities		(101)	(84)
Capital and reserves			
Called up share capital	9	-	-
Share premium	10	10	10
Profit and loss account	10	(111)	(94)
Total shareholders' deficit	11	(101)	(84)

The financial statements on pages 3 to 9 were approved by the board of directors on 6 September 2012 and were signed on its behalf by



J Lock
 Director

UK registered number FC027643

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, Priory Group No 1 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 Priory Group No 1 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.

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 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 rate of tax 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 Loss on ordinary activities before taxation

The directors received no emoluments for services to the company during the year (2010 nil)

The company had no employees during the current or prior year

3 Interest payable and similar charges

	2011 £000	2010 £000
Interest payable to group undertakings	23	21

4 Tax on loss on ordinary activities

	2011 £000	2010 £000
UK corporation tax		
Current tax credit on loss for the year	6	6

The tax credit of £6,000 (2010 £6,000) 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 26.49% (2010 28%). The actual tax charge for the year and prior period is at the standard rate of corporation tax so no reconciliation is required

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. A further reduction in this corporation tax rate effective on 1 April 2012 from 26% to 25% was substantively enacted for the purposes of FRS 19 on 5 July 2011. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 26.49% and deferred taxation has been calculated based on a rate of 25%.

UK corporation tax system were announced in the March 2012 UK Budget Statement. Changes to the corporation tax rate on 1 April 2012, substantively enacted for the purposes of FRS 19 on 26 March 2012, will reduce to 24%, a 1% reduction from the rate substantively enacted on 5 July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions of the main rate of corporation tax by 1% per year to 22% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 22%, if these applied to the deferred tax balance at the balance sheet date, would be immaterial.

Notes to the financial statements *(continued)*

5 Tangible assets

	Freehold land £000
Cost	
At beginning and end of the year	625
Depreciation	
At beginning and end of the year	-
Net book value	
At 31 December 2011	625
At 31 December 2010	625

6 Debtors

	2011 £000	2010 £000
Amounts due from group undertakings	47	41
Group relief recoverable	6	6
	<u>53</u>	<u>47</u>

Amounts due from group undertakings due within one year are non-interest bearing and repayable on demand

7 Creditors amounts falling due within one year

	2011 £000	2010 £000
Amounts due to group undertakings	154	131

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

Notes to the financial statements *(continued)*

8 Creditors amounts falling due after more than one year

	2011 £000	2010 £000
Amounts due to group undertakings	625	625

Amounts due to group undertakings are unsecured, bear interest at LIBOR plus 2 25% per annum and are repayable on demand. It is not expected that the demand would be made or that these amounts will be paid within one year and accordingly these amounts have been shown as amounts falling due after more than one year.

9 Called up share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2

10 Reserves

	Share premium £000	Profit and loss account £000
At beginning of the year	10	(94)
Loss for the year	-	(17)
At end of the year	10	(111)

11 Reconciliation of movements in shareholders' deficit

	2011 £000	2010 £000
Loss for the financial year	(17)	(15)
Net reduction in shareholders' funds	(17)	(15)
Opening shareholders' deficit	(84)	(69)
Closing shareholders' deficit	(101)	(84)

Notes to the financial statements *(continued)*

12 Contingent liabilities

At 31 December 2011, borrowings of a fellow group undertaking were secured by fixed and floating charges over all the assets of the company

13 Ultimate parent company

The company is a subsidiary undertaking of Priory Holdings Company No 2 Limited, which is incorporated in the Cayman Islands

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 2011. Priory Group No 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2011. The consolidated financial statements of Priory Group No 1 Limited and Priory Group No 3 PLC can be obtained from the Company Secretary at 21 Exhibition House, Addison Bridge Place, London, W14 8XP