

**PRIORY CHILDCARE SERVICES LIMITED**  
**(FORMERLY JACQUES HALL FOUNDATION LIMITED)**  
**(Registered Number: 2838284)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 NOVEMBER 1995**



**PRIORY CHILDCARE SERVICES LIMITED  
(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**DIRECTORS**

S P Vere	(resigned 5 April 1995)
T F Lee	
G Daly	(resigned 13 July 1995)
J D Lambert	(appointed 16 June 1995)
D Noon	(appointed 24 July 1995)
C Carrol	(appointed 7 March 1996)

**SECRETARY**

Mrs J Lambert

**AUDITORS**

Price Waterhouse  
Thames Court  
1 Victoria Street  
WINDSOR  
Berkshire  
SL4 1HB

**REGISTERED OFFICE**

The Priory  
Priory Lane  
ROEHAMPTON  
London  
SW15 5JJ

**PRIORY CHILDCARE SERVICES LIMITED  
(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 1995**

The directors present their report and the financial statements for the year ended 30 November 1995.

**PRINCIPAL ACTIVITY**

The principal activity of the company is the provision of residential care for adolescents who have learning difficulties combined with some degree of behavioural disturbances or have been severely abused and neglected.

**REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

On 31 July 1995 Jacques Hall Foundation Limited changed its name to Priory Childcare Services Limited.

To further enhance our aim to provide services for adolescents, the company acquired on 20 June 1995 the Eden Grove School, a centre for adolescents with learning difficulties and behavioural problems.

**RESULTS AND DIVIDENDS**

The profit for the year amounted to £61,687 (1994: £61,946). The directors do not recommend the payment of a dividend.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year are listed on page 2. None of the directors had any beneficial interest in the share capital of the company during the year.

The directors' interests in the holding company are shown in that company's financial statements.

**FIXED ASSETS**

Movements in fixed assets are shown in note 7 of the financial statements.

**PRIORY CHILDCARE SERVICES LIMITED  
(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 1995 (CONTINUED)**

**STATEMENTS OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, the directors are required to:

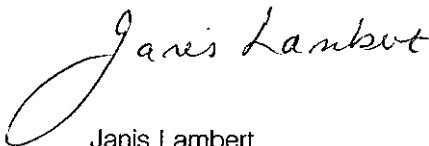
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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**

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting.

By Order of the Board



Janis Lambert  
Secretary

50 June 1996

*Price Waterhouse*



**AUDITORS REPORT  
TO THE MEMBERS OF PRIORY CHILDCARE SERVICES LIMITED  
(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 November 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

5 June 1996

**PRIORY CHILDCARE SERVICES LIMITED**  
**(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**FOR THE YEAR ENDED 30 NOVEMBER 1995**

**PROFIT AND LOSS ACCOUNT**

	<u>Continuing</u> <u>Operations</u>	<u>Acquisitions</u>		
	<u>1995</u>	<u>1995</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
<b>TURNOVER</b> (Note 2)	1,328,218	603,040	1,931,258	1,206,781
Operating expenses	<u>(1,239,759)</u>	<u>(590,178)</u>	<u>(1,829,937)</u>	<u>(1,101,623)</u>
<b>OPERATING PROFIT</b> (Note 3)	88,459	12,862	101,321	105,158
Interest receivable			<u>1,366</u>	<u>298</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			102,687	105,456
Tax on profit on ordinary activities (Note 6)			<u>(41,000)</u>	<u>(43,510)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			<u>61,687</u>	<u>61,946</u>
<b>RETAINED PROFIT AT THE END OF THE FINANCIAL YEAR</b>			<u>61,687</u>	<u>61,946</u>

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

**PRIORY CHILDCARE SERVICES LIMITED**  
**(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**BALANCE SHEET - 30 NOVEMBER 1995**

	<u>1995</u> £	<u>1994</u> £
<b>FIXED ASSETS</b>		
Intangible assets (Note 7)	159,466	-
Tangible assets (Note 8)	<u>198,876</u>	<u>101,751</u>
	358,342	101,751
<b>CURRENT ASSETS</b>		
Debtors (Note 9)	178,148	175,229
Cash in hand	<u>70,585</u>	<u>1,019</u>
	248,733	176,248
<b>CREDITORS:</b> amounts falling due within one year (Note 10)	<u>(383,440)</u>	<u>216,051</u>
<b>NET CURRENT LIABILITIES</b>	<u>(134,707)</u>	<u>(39,803)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	223,635	61,948
	_____	_____
<b>CREDITORS:</b> amounts falling due after more than one year (Note 11)	(100,000)	-
<b>NET ASSETS</b>	<u>123,635</u>	<u>61,948</u>
<b>CAPITAL AND RESERVES</b>		
Called-up share capital (Note 12)	2	2
Profit and loss account (Note 13)	<u>123,633</u>	<u>61,946</u>
<b>TOTAL SHAREHOLDERS FUNDS</b>	<u>123,635</u>	<u>61,948</u>
	=====	=====

Approved by the board on 5th June 1996

DIRECTOR

John D. LAMBERT

June 1996

**PRIORY CHILDCARE SERVICES LIMITED  
(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**NOTES TO THE ACCOUNTS - 30 NOVEMBER 1995**

**1 ACCOUNTING POLICIES**

**(1) Basis of Preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The company has not presented a statement of cashflows in accordance with Financial Reporting Standard Number 1 as CPC (Londinium) Limited, the only undertaking in the UK to consolidate the results of the company, has published a consolidated statement of cashflows which includes the cashflows of the company.

**(2) Tangible Fixed Assets**

Depreciation is provided on all tangible fixed assets to write off the cost of the asset over its useful remaining life on a straight line basis. The rates of depreciation applied are as follows:

Motor vehicles	2 to 3 years on used assets acquired at acquisition
Fixtures and fittings	2 to 5 years

**(3) Goodwill**

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is amortised on a straight line basis over 10 years.

**(4) Pensions**

The company employees are eligible to join the Priory Hospital Group Pension Scheme, a defined contribution scheme. Employer contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**(5) Leasing**

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

**2 TURNOVER**

Turnover comprises the invoice value of services supplied by the company excluding VAT.



**PRIORY CHILDCARE SERVICES LIMITED**  
**(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**NOTES TO THE ACCOUNTS - 30 NOVEMBER 1995 (CONTINUED)**

**3 OPERATING PROFIT**

This is stated after charging.

	<u>1995</u>	<u>1994</u>
	£	£
Depreciation	74,067	59,222
Auditor's remuneration	3,508	3,500
Loss on disposal of fixed assets	769	4,351
Amortisation of goodwill	17,718	-

**4 STAFF COSTS**

	<u>1995</u>	<u>1994</u>
	£	£
Wages and salaries	762,581	454,313
Social security costs	<u>67,109</u>	<u>44,399</u>
	829,690	498,712

The average number of persons employed during the period was 97 (1994: 35).

**5 DIRECTORS' REMUNERATION**

None of the directors received any remuneration during the year (1994: £Nil).

**6 TAXATION**

	<u>1995</u>	<u>1994</u>
	£	£
Corporation tax on profits at 33%	41,000	43,510

**PRIORY CHILDCARE SERVICES LIMITED**  
**(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**NOTES TO THE ACCOUNTS - 30 NOVEMBER 1995 (CONTINUED)**

**7 INTANGIBLE ASSETS**

Analysis of acquisition of Eden Grove School

	<u>1995</u> £
Fair value of Assets acquired	124,999
Discharged by purchase consideration	302,183
Goodwill	<u>177,184</u>
Amortisation - year one	(17,718)
	<u>159,466</u>

Goodwill is to be amortised on a straight line basis over 10 years.

**8 TANGIBLE FIXED ASSETS**

The movement during the year was as follows:

	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
<b>Cost</b>			
At 1 December 1994	29,389	127,321	156,710
Additions	39,040	140,432	179,472
Disposals	<u>(12,890)</u>	<u>(1,420)</u>	<u>(14,310)</u>
As at 30 November 1995	55,539	266,333	321,872
<b>Depreciation</b>			
At 1 December 1994	12,918	42,041	54,959
Charge for the period	13,947	60,120	74,067
Disposals	<u>(5,755)</u>	<u>(276)</u>	<u>(6,030)</u>
As at 30 November 1994	21,110	101,885	122,996
<b>Net book value</b>			
At 30 November 1994	16,471	85,280	101,751
At 30 November 1995	<u>34,429</u>	<u>164,448</u>	<u>198,876</u>

**PRIORY CHILDCARE SERVICES LIMITED**  
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**NOTES TO THE ACCOUNTS - 30 NOVEMBER 1995 (CONTINUED)**

**9 DEBTORS**

	<u>1995</u>	<u>1994</u>
	£	£
Trade debtors	175,336	172,818
Other debtors	-	460
Prepayments	2,812	1,951
	<u>178,148</u>	<u>175,229</u>

**10 CREDITORS**

	<u>1995</u>	<u>1994</u>
	£	£
Creditors falling due within one year comprised:		
Bank overdraft	-	3,417
Amount owed to group undertaking	45,019	49,195
Trade creditors	66,630	80
Corporation tax	40,910	43,510
Accruals and deferred income	<u>230,881</u>	<u>119,849</u>
	<u>383,440</u>	<u>216,051</u>

**11 CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR**

	<u>1995</u>	<u>1994</u>
	£	£
Contingent liability	100,000	-

The consideration is contingent on turnover in respect of the school year Autumn 1996 to Summer 1997 at the Eden Grove School.

**12 SHARE CAPITAL**

	<u>1995</u>	<u>1994</u>
	£	£
Authorised Ordinary shares of £1 each	100	100
Allotted, called up and fully paid	<u>2</u>	<u>2</u>

**PRIORY CHILDCARE SERVICES LIMITED**  
**(FORMERLY JACQUES HALL FOUNDATION LIMITED)**

**NOTES TO THE ACCOUNTS - 30 NOVEMBER 1995 (CONTINUED)**

**13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share Capital £	Profit and loss account £	1995 Total £	1994 Total £
At 1 December	2	61,946	61,948	2
Profit for the year	-	61,687	61,687	61,946
	<hr/>	<hr/>	<hr/>	<hr/>
	2	123,633	123,635	61,948
	<hr/>	<hr/>	<hr/>	<hr/>

**14 ACQUISITION DURING THE YEAR**

On 20 June 1995, the company acquired the business of Eden Grove School for consideration, including deferred consideration and expenses, of £302,183. The excess of the purchase price over the net assets acquired was £177,184 which has been recognised as goodwill and is being amortised over a period of 10 years.

**15 ULTIMATE HOLDING COMPANY**

The parent company of the smallest group of undertakings for which group accounts are drawn up is CPC (Londinium) Limited, registered in England.

The directors regard Community Psychiatric Centres, a Nevada corporation incorporated in the United States of America as the ultimate holding company. Company accounts are obtainable from 5110 West Sahara Avenue, Las Vegas, NV 89102.