

Partnerships in Care (Oak Vale) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2017

Registration number: 08135440

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Partnerships in Care (Oak Vale) Limited

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Partnerships in Care (Oak Vale) Limited

Company Information

Directors	Trevor Torrington Nigel Myers
Company secretary	David Hall
Registered office	Fifth Floor 80 Hammersmith Road London W14 8UD

Partnerships in Care (Oak Vale) Limited

Strategic Report for the Year Ended 31 December 2017

The Directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company is the provision of a residential mental healthcare facility.

Fair review of the business

The results for the year are set out in the profit and loss account on page 6 and the position of the company as at the year end is set out in the balance sheet on page 8.

The company is focussed on the healthcare sector and the performance of the company can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of care, changes in the regulatory regime and competitive threats from other independent providers. Management uses a range of financial and non-financial indicators to manage the business. These are derived from all areas of the business and include sales growth by unit, occupancy and profit margins achieved.

The company's management is satisfied with the performance for the year, and is committed to a continued growth strategy.

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 Group UK 1 Limited (formerly 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 Priory Group UK 1 Limited (formerly 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 2018 and signed on its behalf by:



.....
David Hall
Company secretary

Partnerships in Care (Oak Vale) Limited

Directors' Report for the Year Ended 31 December 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Directors of the Company

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

Trevor Torrington

Nigel Myers

The directors do not recommend the payment of a final dividend (2016: £nil). No dividends were paid during the year (2016: £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 Priory Group UK 1 Limited (formerly 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.

Employee involvement

The directors recognise that the continued position of the company in this sector depends on the quality and motivation of its employees and as such the company is committed to pursue employment policies which will continue to attract, retain and motivate its employees.

Good and effective employee communications are particularly important, and throughout the business it is the directors' policy to promote the understanding by all employees of the company's business aims and performance. This is achieved through internal publications, presentations on performance and a variety of other approaches appropriate for a particular location. Employees are consulted on issues through workshops, which are run regularly across the group.

Employment of disabled persons

The directors believe that it is important to recruit and retain capable and caring staff regardless of their sex, marital status, race or religion. It is the company's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of and to arranged appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

Future developments

The future developments of the company are aligned to the strategy of the UK group, headed by Priory Group UK 1 Limited (formerly Partnerships in Care UK 1 Limited). The group's strategy for the future development of the business is included in the group's financial statements, which do not form part of this report.

Partnerships in Care (Oak Vale) Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

Going concern

The intermediate parent company, Priory Group UK 1 Limited (formerly 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.

Approved by the Board on 31 August 2018 and signed on its behalf by:



.....
David Hall
Company secretary

Partnerships in Care (Oak Vale) 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.

Partnerships in Care (Oak Vale) Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Turnover	3	1,953	2,187
Cost of sales		<u>(1,666)</u>	<u>(1,486)</u>
Gross profit		287	701
Administrative expenses		<u>(61)</u>	<u>(84)</u>
Operating profit	4	<u>226</u>	<u>617</u>
Profit before tax		226	617
Taxation	7	<u>(71)</u>	<u>(134)</u>
Profit for the financial year		<u>155</u>	<u>483</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.

Partnerships in Care (Oak Vale) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Profit for the year		<u>155</u>	<u>483</u>
Total comprehensive income for the year		<u><u>155</u></u>	<u><u>483</u></u>

Partnerships in Care (Oak Vale) Limited

(Registration number: 08135440)

Balance Sheet as at 31 December 2017

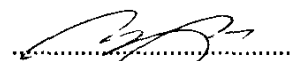
	Note	2017 £ 000	2016 £ 000
	8	62	82
Current assets			
Debtors	9	1,626	1,655
Cash at bank and in hand	10	<u>1</u>	<u>2</u>
		1,627	1,657
Creditors: Amounts falling due within one year	11	<u>(149)</u>	<u>(355)</u>
Net current assets		<u>1,478</u>	<u>1,302</u>
Total assets less current liabilities		1,540	1,384
Provisions for liabilities	7	<u>(1)</u>	-
Net assets		<u>1,539</u>	<u>1,384</u>
Called up share capital	13	-	-
Profit and loss account		<u>1,539</u>	<u>1,384</u>
Total equity		<u>1,539</u>	<u>1,384</u>

For the financial year ending 31 December 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the Board on 31 August 2018 and signed on its behalf by:



Nigel Myers

Director

The notes on pages 10 to 17 form an integral part of these financial statements.

Partnerships in Care (Oak Vale) Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	-	1,384	1,384
Profit for the year	-	155	155
Total comprehensive income	-	155	155
At 31 December 2017	-	1,539	1,539

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	-	901	901
Profit for the year	-	483	483
Total comprehensive income	-	483	483
At 31 December 2016	-	1,384	1,384

The notes on pages 10 to 17 form an integral part of these financial statements.

Partnerships in Care (Oak Vale) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital incorporated in United Kingdom.

The address of its registered office is:

Fifth Floor
80 Hammersmith Road
London
W14 8UD
United Kingdom

These financial statements were authorised for issue by the Board on 31 August 2018.

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, tangible fixed assets and intangible assets.

Group accounts not prepared

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that it is included in the consolidated financial statements of a parent undertaking. These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

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

Partnerships in Care (Oak Vale) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period then ended. Management bases its estimates on historical experience and various other assumptions that are considered to be reasonable in the particular circumstances. Actual results may differ from these estimates.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current and deferred 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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	over 50 years
Fixtures and fittings	over 3 to 16 years
Motor vehicles	over the shorter of the lease term and 4 years

Partnerships in Care (Oak Vale) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Partnerships in Care (Oak Vale) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017	2016
	£ 000	£ 000
Rendering of services	<u>1,953</u>	<u>2,187</u>

4 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£ 000	£ 000
Depreciation expense	<u>20</u>	<u>17</u>

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017	2016
	£ 000	£ 000
Wages and salaries	1,199	988
Social security costs	91	80
Pension costs, defined contribution scheme	<u>8</u>	<u>4</u>
	<u>1,298</u>	<u>1,072</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017	2016
	No.	No.
Administration and support	8	5
Other departments	<u>49</u>	<u>41</u>
	<u>57</u>	<u>46</u>

6 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 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.

Partnerships in Care (Oak Vale) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

7 Taxation

Tax charged/(credited) in the income statement

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	70	130
Deferred taxation		
Arising from origination and reversal of timing differences	<u>1</u>	<u>4</u>
Tax expense in the income statement	<u>71</u>	<u>134</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	<u>226</u>	<u>617</u>
Corporation tax at standard rate	43	123
Effect of expense not deductible in determining taxable profit (tax loss)	3	3
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	1	4
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	2	-
Tax increase (decrease) from transfer pricing adjustments	<u>22</u>	<u>4</u>
Total tax charge	<u>71</u>	<u>134</u>

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 19.25% (2016: 20%).

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. These rate reductions were substantively enacted before the year end and as the directors consider the deferred tax balances are expected to largely reverse after 1 April 2020, the tax rate used for deferred tax at the year end is 17%.

Partnerships in Care (Oak Vale) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

7 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Liability £ 000
2017	<u>(1)</u>

8 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation				
At 1 January 2017	46	54	14	114
At 31 December 2017	46	54	14	114
Depreciation				
At 1 January 2017	12	19	1	32
Charge for the year	9	8	3	20
At 31 December 2017	21	27	4	52
Carrying amount				
At 31 December 2017	<u>25</u>	<u>27</u>	<u>10</u>	<u>62</u>
At 31 December 2016	<u>34</u>	<u>35</u>	<u>13</u>	<u>82</u>

Partnerships in Care (Oak Vale) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

9 Debtors

	2017 £ 000	2016 £ 000
Trade receivables	163	25
Amounts owed by related parties	1,455	1,621
Other debtors	1	-
Prepayments	3	9
Accrued income	4	-
Total current trade and other debtors	<u>1,626</u>	<u>1,655</u>

Amounts owed by related parties are unsecured, interest free and repayable on demand.

10 Cash and cash equivalents

	2017 £ 000	2016 £ 000
Cash at bank	<u>1</u>	<u>2</u>

11 Creditors

	2017 £ 000	2016 £ 000
Due within one year		
Bank overdrafts	3	125
Trade payables	-	7
Social security and other taxes	21	20
Outstanding defined contribution pension costs	1	1
Other payables	12	1
Accrued expenses	42	53
Income tax liability	70	148
Trade and other payables	<u>149</u>	<u>355</u>

Partnerships in Care (Oak Vale) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

12 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £8,000 (2016 - £4,000).

Contributions totalling £1,000 (2016 - £1,000) were payable to the scheme at the end of the year and are included in creditors.

13 Share capital

Allotted, called up and fully paid shares

	No.	2017 £	No.	2016 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

14 Parent and ultimate parent undertaking

The company's immediate parent is Partnerships in Care (Oak Vale) Holding Company 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 Priory Group UK 1 Limited (formerly Partnerships in Care UK 1 Limited), incorporated in United Kingdom.

The address of Priory Group UK 1 Limited (formerly Partnerships in Care UK 1 Limited) is:
Fifth Floor, 80 Hammersmith Road, London, W14 8UD, United Kingdom.