

**PRIME PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

PARENT COMPANY AGREES FOR FILING WITH PARTNERING SOLUTIONS  
(SOUTHAMPTON) LIMITED - 09029508

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**PRIME PLC**  
**COMPANY INFORMATION**

<b>Directors</b>	R Laing L Chumbley R Williams J Keyte V Town P Holland
<b>Secretary</b>	R Williams
<b>Registered Number</b>	03432065 (England and Wales)
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**PRIME PLC**  
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**PRIME PLC**  
**THE BUSINESS AT A GLANCE**

**Developing space for change in health and care**

**Who we are**

We are a leading provider of health and care property solutions across the UK and Ireland. We recognise the significant impact our activities can have on the environment and communities in which we work, and our vision is to create a future where outstanding care is never restricted by the space it is delivered in.

**What we do**

Established in 1996 we have delivered 120 healthcare property developments and projects approaching £1 billion in value. Prime is at the forefront of the health and care property sector, with the talent and expertise to unlock complex estate management challenges through industry-specific legal, financial and property planning solutions. We develop the right property solution and financial fit that delivers positive, impactful change to the people that matter.

Our specialist in-house teams provide financial and asset management services and their expertise of the whole life of a project not only improves service delivery but adds real value and enhances the client experience of the project and investor.

**How we do it**

Prime understands the interconnected world of health and care from its working environment to patient experience to funding requirements. Using our specialist knowledge to benefit every project we undertake, together with our partners we create commercial opportunities to ensure projects are delivered without compromise.

Key to our success is the partnerships and working relationships that we have formed with clients and suppliers:

- With the NHS, GPs and specialist providers and investors to develop high-quality primary care facilities that are privately held or managed by Prime in two LIFT partnerships;
- Long term strategic estates partnerships with three NHS Foundation Trusts;
- Partnering with VINCI and Q-Park on two pre-procured car park delivery frameworks for the NHS and other public sector bodies; and
- A place on the pre-procured MIConcepts framework to undertake development services for all public sector bodies; and
- Private and public providers across the health and care home sector to develop high quality acute and elderly care facilities.

**What we value**

We are guided by our shared values which represent how we behave. We work with great integrity and approachability so that our clients and partners can rely on us to deliver positive change in their health and care environments. We believe that proactive healthcare starts with wellbeing, caring for ourselves, our colleagues and the company to ensure we're fit to deliver change for our clients, and this is reflected in our values:

- **Honourable**
- **Problem-Solving**
- **Wellbeing**
- **Enriching**

**PRIME PLC**  
**THE BUSINESS AT A GLANCE**

**Highlights of the year**

**Projects:**

- As the appointed development partner to HCA, the international private care provider, we achieved financial close of a specialist 138 bed hospital facility on the Queen Elizabeth Hospital Campus, Birmingham; being delivered for their joint venture with University Hospitals Birmingham NHS Foundation Trust (UHB).
- Reached financial close and started construction of an integrated healthcare hub facility in Hereford.
- Completed the sale of a 75-bed care home site in Hampshire to a major care home operator.
- Started construction on a 176-bed key worker accommodation project for Yeovil District Hospital NHS Foundation Trust.
- Secured a strategic parcel of land and achieved planning consent for a health campus to be developed in partnership with University Hospital Southampton.

**Partnering:**

- Secured a place on the pre-procured MiConcepts developer framework to undertake development services for any public sector client.
- Purchased the remaining shares to wholly own a previous joint venture with Interserve, the global construction and services group, now known as Prime Partnering Solutions.

## **PRIME PLC CHAIRMAN'S REPORT**

I am pleased to present the Company's annual report for 2019 during which we have continued to deliver on our strategic objectives, being at the forefront of health and care property development. We remain active across the three sub sectors of health and care having made excellent progress and delivered in the hospitals sector (both with the NHS and private providers), within elderly care and primary care.

The year was once again profitable, with profit before tax of £1.3 million. This is lower than that achieved in 2018 of £3.3 million, reflecting the cyclical nature of property development. This also highlights the key challenges we face such as the unpredictability of NHS approval processes and delays caused by the planning system. Profits will vary year on year as financial closes are achieved and with revenue recognised on each project in accordance with its contractual structure and stage of completion.

We started the year fantastically well with the financial close of a major specialist hospital facility; a great achievement for the Prime team who, as development partner to HCA Healthcare Inc., developed this terrific scheme in the heart of the Queen Elizabeth Hospital campus in Birmingham. The £100m project is funded by M&G and will see HCA and University Hospital Birmingham ("UHB") take occupation in 2022.

There has been a significant lack of investment in primary care premises across the UK for many years despite a continuing increase in demand. The city of Hereford is an example of this, having seen no premises investment in the last 40 years. Prime worked with five local practices and the county's Clinical Commissioning Group's (CCG) to develop an estates strategy that matched the clinical plans for the city. The project was able to secure a total of £2.1m from the NHS Estates, Technology and Transformation Fund (ETTF) and be the key enabler to the merger of the five GP practices.

There has been a great deal of macro uncertainty throughout the year: the unknown impacts of Brexit, a snap general election. The prohibition on new PFI, PF2 and similar contractual structures directly impacted the health sector and will lead to changes in how projects will be funded in future. The Treasury has consulted on alternative private financing arrangements, signalling the continued use of private finance alongside public funding.

The general election saw the elected government reaffirm its commitment to the NHS and recognise many issues caused by historical underinvestment in its estate where many hospitals operate from under maintained facilities that are not fit for purpose. In addition to extra revenue funding for the NHS, the government released the Health Infrastructure Plan ("HIP") which promises to fund a prescribed number of new hospitals. For those not chosen to benefit from HIP and for non-clinical projects not covered by HIP, the government simply cannot provide the funding that is needed to make the entire NHS estate safe and provide the additional capacity that is required to work flexibly to meet the needs of a growing, ageing population with increasingly complex healthcare needs. The quality of the estate and the range of services that can be provided from it are also crucial in making the NHS a great place to work and its ability to attract and retain the best people.

Despite the wider system changes, working closely with our NHS partners and clients we have continued to deliver privately financed projects, attracting value for money funding in this ever-changing landscape. We are acutely aware that delays to project delivery cost the NHS dearly and together with our Strategic Estates Partnership ("SEP") NHS trusts in Dorset, Southampton and Yeovil we have continued to forge ahead and make change happen, securing sites, progressing projects through construction and securing a healthy pipeline of projects to be delivered by Prime that provide space for change for our NHS partners in 2020 and beyond.

In elderly care, we have secured options over a number of strategic sites where Prime will work to achieve planning consent with agreed sales to care home operators during 2020, when planning is achieved.

Continuing the development of the group for its future, at the start of 2020, I moved from being Executive Chairman to Non-Executive Chairman and Richard Williams moved from Group Counsel to be a Non-Executive Director. Leighton Chumbley, as Chief Executive, leads an experienced and extremely capable executive board that will be responsible for the management of the group.

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**CHAIRMAN'S REPORT**

It is thanks to every member of the Prime team that I can report on 2019 with such pride. These achievements have been possible because every person in our business works to create tailored solutions that enrich the clients, patients and staff experience while being committed to delivery and upholding our Prime values. The updated Prime brand launched in the year represents our values and connects to our purpose and culture.

My report so far has focused on our business in its normal state, our achievements in the last year and our targets and plans for the future. The emergence of the COVID-19 pandemic in recent months has impacted all of us in different ways, at both a personal and corporate level.

The Board's priority in the midst of these challenging times is to safeguard the health, safety and wellbeing of our employees and support our partners, clients and suppliers as they face challenges in their own businesses. We are working closely with the NHS where we can to support their efforts at this time, keeping healthcare premises open, clean and safe and assisting in delivering additional capacity either through modifying existing estate or delivering large scale temporary facilities. I would like to praise the efforts of all at Prime and the adaptability, professionalism and commitment they have shown that further demonstrates the strength of the business is the wonderful team that we have.

The Group has good resilience in the face of this crisis driven by the foundations on which we have built the business and the healthy financial position of the Group. We are operating well, with the team all able to work remotely and continue to engage with clients, advisers, suppliers and statutory bodies to move our projects ahead with minimal disruption.

What is clear is that the health sector is continuing to function and whilst the vast majority of effort is rightly focused on fighting the pandemic, there is still a strong view to the future. The projects that we are progressing with our NHS and other clients will still be required when current pressures ease and we are working with them to be able to deliver at pace and provide the modern, flexible facilities that the health service will need.

Looking ahead, Prime will continue its quest to develop space for change in health and care with the delivery of its strong pipeline of projects and the completion of those projects in construction.

*Richard Laing BSc MRICS*  
**Non-Executive Chairman**

Date 6 May 2020

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## **Chief Executive's Review**

### **Our Business**

Prime is a specialist property developer at the forefront of the health and care sector. For 24 years we've helped to make change happen and enable our clients to turn their vision into reality across the UK and Republic of Ireland.

Operating across the entire health and care market with activity in the three main sub-sectors of primary care, hospitals and elderly care, Prime delivers bespoke clinical facilities, new infrastructure and strategic estates advisory services. Projects range in value from £0.5 million to more than £120 million.

Our in-house team of experts provide legal, financial, funding, and property planning solutions. Leading from the front in driving innovation into projects, we employ problem solvers because we know the best solutions come from a team that come together and see the project from every angle.

Prime's marries its specialist health, property and investment knowledge and experience with our clients' vision for *future service delivery*. Together we navigate the requirements of the wider healthcare system to create effective property solutions that meet strategic aims, can be provided cost-effectively, represent value for money and are attractive to investors.

Through our experience and insight, we consistently provide high quality, flexible space which can improve the standard of care to achieve better outcomes for patients and enhance the workplace for care providers. This creates value for our partners, their stakeholders and investors and generates income for Prime.

### **Our Strategy**

Driven by our purpose to develop space for change in health and our vision to create a future where outstanding care is never restricted by the space it is delivered in, our strategic objectives:

- To be the UK's leading healthcare property company; and
- To deliver growing financial returns to shareholders.

Prime aims to achieve its strategic objectives by delivering successful outcomes for its clients and partners by specifically:

- Being active across all three core areas of primary care, hospitals and elderly care;
- Securing and delivering a strong pipeline of development projects from existing partnerships and joint ventures such as LIFT, SEPs and establishing new relationships from car park and other strategic procurement frameworks;
- Securing new partnerships where we can add value;
- Continuing to innovate in the provision of new forms of funding into the health and care real estate sector;
- Promoting site development through the planning system for elderly care provision; and
- Building activity in new commercial opportunities within a public healthcare setting, such as food and beverage, retail, car parking, hotels and private healthcare.

The Group benefits from its track record in health and care and the security of long-term partnering contracts. We build on our expertise each year to improve the quality of the projects we deliver and deepen our knowledge of the sector and our partners specific aims to enhance the client and partnering experience.

We continue to place delivery of projects and services at the heart of everything we do and align financial interests with those of our clients and partners. Earnings are generated in several forms but have the common characteristic of being based upon delivery. The Group aims to generate increasing total financial returns to shareholders through a combination of regular dividend distributions and long-term appreciation in the value of the Prime brand.



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### **Our Business Model**

Prime generates revenues from property development, investment, construction and asset management by earning development fees, project margins, advisory fees and maximising returns from the capital investments made into projects.

Prime benefits from a recurring income stream through its provision of real estate and corporate management services under long-term contracts that generate earnings for the time and expertise of its people.

Through a shared understanding of a partner's or client's clinical, operational and financial challenges Prime can bring value through the benefit of its partnership capabilities. We seek to enter into long term strategic partnerships with healthcare clients, utilising the skills and experience of our specialist team to work with clients that want to unlock the maximum potential from their existing or planned healthcare assets. This can include supporting the development of estate-wide strategies, maximising utilisation of existing buildings and planning, developing and funding new properties.

Prime has specialist property development, investment and asset management expertise across the three main health and care sectors:

- (i) Primary care – integrated premises incorporating out of hospital and GP practice accommodation, community and mental health services, pharmacies, dental, other primary care services and associated locally provided health, wellbeing and social care services;
- (ii) Hospitals – the provision of clinical and administrative space for NHS Trusts, NHS Foundation Trusts and private providers and enabling accommodation for hospital sites such as retail premises and car parks. Prime also works in partnership with NHS Trusts to create additional value from existing or surplus real estate in Trust ownership; and
- (iii) Elderly care – delivering new, purpose-built care premises to meet the increasing and changing demands of elderly or specialist care accommodation. Prime has expertise in finding sites where it can unlock the potential for a care development and sell this to an operator with the benefit of planning permission. If preferable Prime can fund the scheme for the client or deliver a turnkey solution.

### **Our People**

Prime is driven by the challenge of creating positive outcomes and makes best use of technically focused teams by putting “the project” at the centre of everything the business does. To make this work, carefully balanced project teams are established with skill sets ranging from design and technology to accounting, tax and funding structures, through to cost effective procurement and the highest quality control of construction management.

Prime employees go about their daily work to uphold our core values of; being **honourable** so that our clients can rely on us; relishing the challenge of **problem solving**; using our experiences and insight to **enrich** the experience for ourselves and clients and being proactive about **wellbeing**.

To make this approach work, Prime seeks to employ the very best in-house team of professionals. We encourage an atmosphere and culture that supports project teams to work together in a fully collaborative manner where all staff are encouraged to be responsible, inquisitive, empathetic, conscientious and inspiring.

To support this approach, Prime recognises the importance of wellbeing throughout the organisation to ensure the company and staff interests are aligned. Initiatives such as the staff led Sports and Social Committee, externally run sessions on building personal resilience and training employees in Mental Health First Aid have strengthened relationships across the business, given enhanced support structures and given staff time to reflect and work on areas they feel are important to them.

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**Delivery of our Strategy**

How do we achieve this	2019 Activity	Look Forward	KPI and performance
<b>Strategic Objective: To be the UK's leading healthcare property company</b>			
<p>Be consistently active across all three core areas of primary care, hospitals and elderly care;</p> <p>Secure and deliver strong pipeline from existing partnerships and joint ventures and secure new partnerships where value can be added; and</p> <p>Continue to innovate in the provision of new forms of funding.</p>	<p>Closed projects or provided services to clients across all three core sectors;</p> <p>Contribution to earnings in 2019 in primary care and hospital sectors was generated by pipeline secured from within existing partnerships;</p> <p>Delays in the planning system have led to delay in the closure of projects and reduced earnings;</p> <p>Appointed to MiConcepts Development Framework, providing a pre-procured facility for public sector bodies to engage with Prime for their estates needs.</p>	<p>Prime has a significant pipeline of opportunities for delivery in 2020 and beyond, including projects procured through car park frameworks;</p> <p>Prime will invest time and energy and actively seek to bid for new partnerships where we can add value and see a clear route through approvals; and</p> <p>Prime is well positioned to secure projects and partnerships across the whole health system.</p>	<p><b>Target</b> Income diversity of no less than 10% of gross earnings from each sector.</p> <p><b>Performance</b> Gross earnings below target in the elderly sector in the year.</p> <p><b>Target</b> Gross Earnings* target of £10m.</p> <p><b>Performance</b> Achieved Gross Earnings of £6.5m.</p> <p><b>Target</b> Achieve EBITDA of £5m.</p> <p><b>Performance</b> Achieved EBITDA of £1.7m.</p> <p>*Gross Earnings is a management measure of performance calculated as Gross Profit plus profit and realised revaluation gains on sale of land, buildings and investments, plus the share of operating profit in joint ventures.</p>
<b>Strategic Objective: To deliver growing financial returns to its shareholders</b>			
<p>By continuing to build on the track record of delivering solid annual performance by building long- term value and growth to shareholders.</p>	<p>Project activity has seen revenues recognised on final completion of leases on practical completion of projects and through profit on sale of a care home land transaction plus disposal of property;</p> <p>Recurring income stream through provision of management services; and</p> <p>No dividends were paid to shareholders in 2019.</p>	<p>Prime will continue to focus on project delivery and does not distinguish between development and investment earnings, as these are both earned through project delivery.</p>	<p><b>Target shareholder returns</b> Dividends of 7% of prior year Net Asset Value.</p> <p><b>Performance</b> No dividends paid.</p>

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**Reconciliation of non GAAP key performance measure**

	2019	2018
	£	£
Gross Profit	6,482,385	4,335,091
Realised Revaluation gain	-	4,284,900
Profit on disposal of investment property	-	111,962
Share of operating profit in joint ventures	43,262	193,871
<b>Gross Earnings</b>	<b>6,525,647</b>	<b>8,925,824</b>

**Business Review**

The principal activity of the Group during 2019 continued to be planning, development, funding, delivery and management of assets and joint ventures within the health and care sectors.

**Property Development**

**Hospital sector**

Prime reached financial close in February 2019 on a specialist hospital facility for HCA, in their joint venture with University Hospitals Birmingham NHS Foundation Trust (UHB). The project is currently in construction to deliver a 15,000 square metre hospital facility that will house 138 beds across both private patient and NHS hospital facilities at the Queen Elizabeth Hospital Campus, Birmingham and is expected to complete in 2022. The project is highly complex due to its positioning in and amongst existing UHB facilities, a challenge the Prime team has met with its supply chain partners to commence construction on site in March 2019. The facility will deliver change to 500,000 people in the surrounding area, both those who self-pay for care but currently do not have access to high-quality facilities and NHS patients that will use the UHB departments that will be based in this building.

The long-term strategic estates partnerships with the NHS in Dorset, Southampton and Yeovil continue to be active and produce strong results in delivery of Trust masterplans and commercial opportunities.

In Dorset we have submitted a planning application for a much needed multi story car park which will alleviate congestion on site and act as a key enabler, unlocking land on the hospital site to deliver the jointly developed masterplan for the site.

In partnership with University Hospital Southampton, the major university hospital on the South Coast, renowned worldwide for its research, training and academic centre, we have secured a strategic plot of land on which we will jointly develop a leading health and innovation campus. This provides the Trust with a commercially viable solution to achieve their vision, relocating support functions off-site and freeing up space for clinical expansion at the hospital. The site will provide a park and ride facility for staff to further ease congestion at the hospital site, free up space within the heart of the hospital by moving services such as equipment sterilisation out to the off-site location and provide facilities to train and educate future healthcare professionals and allow collaboration with local partners in medical innovation. The park and ride facility achieved outline planning in year and should financially close and commence construction in 2020 in accordance with the trust staff retention and recruitment aims.

Staff recruitment and retention is a critical objective and strategic workforce planning aim for our SEP partner Yeovil District Hospital NHS Foundation Trust. We are in construction to provide a 176-bed key worker residential facility located close to the town's hospital. These modern, mixed configuration units will improve the quality and accessibility of staff and student accommodation, aiding recruitment and retention for this rural Trust. The Trust take will take occupation in 2020 and the consolidation of residential accommodation onto one site will improve its financial outcome from providing this service.

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A number of projects are expected to achieve financial close in 2020 through Prime's collaboration with VINCI Construction UK in the National Car Park Framework for Total Car Park Solutions and through our collaboration with Q-Park as a pre-procured member of the Car Park Management and Infrastructure Framework which is managed by NHS Shared Business Services. Through the frameworks, Prime aims to unlock value in the wider hospital sector by delivering new, purpose-built car parks as the enabler to other much needed projects for NHS clients.

Prime has also been successful in gaining a place on the MiConcepts Developer Framework, that allows Prime to be appointed by any public sector body to deliver turnkey estates projects and other development services.

**Primary care**

We achieved financial close on a medical centre development in Hereford in April 2019. This will deliver an integrated healthcare hub facility, creating modern accommodation on a single site following the merger of five local GP practices, facilitating enhanced services for the benefit of their patients. Once co-located into the new modern and accessible purpose-built facility, new ways of working will realise system savings of over £900,000 over the initial a five-year period from opening. The NHS has provided ETTF grant monies to the GPs to part fund the development of the Hub and Prime led activity with the NHS and a specialist investor to incorporate the grant monies into the wider funding structure to provide an acceptable return for the NHS. Due to the complex nature of the project (land purchase, lease agreements, building contracts and revenue funding) Prime took the commercial risk, committing to short term investment of the project while leveraging its market-leading knowledge of the sector and investor requirements to secure a long-term specialist investor. The project is anticipated to reach practical completion in 2020 and is the result of taking innovative, decisive action and forging ahead to turn uncertainty into opportunity.

**Elderly care**

Prime completed the contract to sell a care home site in Sarisbury Green in Hampshire to Care UK, having obtained a planning consent in line with Care UK's plans for the site.

With a number of other strategic sites now under option, Prime expects to achieve required planning consents and sell the sites to care home operators in 2020.

**Investment and Funding**

Prime continues to demonstrate its ability to attract new investors and generate long term investment into the government-backed healthcare sector through its creation of attractive investment structures and a robust approach to market testing. We work hard to attract investors to the healthcare market who can bring low cost capital that represents excellent value for money for our NHS partners.

Canada Life is forward-funding the key worker project in Yeovil, M&G is funding the HCA Specialist Hospital Facility and Assura is forward-funding the Hereford Medical Centre. Projects planned for financial close in 2020 will see Prime secure funding from a wide range of long-term investors in addition to these, all of whom are attracted to the health and care sector and value the ability of Prime to develop innovative funding structures. Prime has demonstrated its ability to create flexible funding solutions, one of our key strategic objectives, including blending private finance with lottery grants, tenant own funding, public sector monies and our own funding capability.

**Asset management**

The Group provides corporate governance, financial and facilities management services under long-term service level agreements to NHS LIFT companies covering Birmingham, Solihull and Staffordshire. Assets totalling circa £292 million in value were managed by the Group at the end of 2019. We continued to work with tenants to avoid obsolescence in the LIFT buildings and enhance utilisation through refurbishment and space reconfiguration to ensure we make the most of the spaces occupied.

The Group also provides corporate governance and financial management services to Prime's strategic partnerships with the NHS in Southampton, Yeovil and Dorset. There is potential for this to grow, as our various partnerships and joint ventures complete new operational projects.

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**Financial Review and KPIs**

Turnover in the year was £32.9m (2018: £6.3m). Given the nature of the Group's development activity, it is expected that turnover will fluctuate from year to year depending on the development pipeline and the nature and maturity of projects being delivered. Revenue is recognised from development contracts from the first major milestone being reached at financial close of a project through to its practical completion and completion of leases. The provision of asset management services through long-term service level agreements provides a recurring income stream to the Group for the life of the contracts.

In managing the business, the Directors use several Key Performance Indicators that are monitored regularly to measure the success of each individual project. Additional non-statutory performance measures are also used to monitor overall Group performance.

The Group monitors its performance by calculation of Gross Earnings which for the year were £6.5m (2018: £8.9m) a reduction of 27% year on year. (Gross Earnings is a non-GAAP key performance measure reconciled on page 8).

**Principal Risks and uncertainties**

The Board has undertaken a robust assessment of the principal risks faced by the Group that may threaten its business model, future performance and its ability to meet its strategic aims, including the objective of delivering growing financial returns to shareholders through a combination of dividend payments and brand value appreciation. These are set out below:

Risk	Risk rating	Factors affecting risk in 2019	Mitigation
Prime operates in a specialist asset sector where changes in healthcare policy and funding may adversely affect the Group's development pipeline and growth prospects.	Medium	New NHS Improvement (NHSI) guidance was issued which amended approval thresholds and processes for gaining project approvals.	<p>Management proactively engages with Government, to discuss policy and actions that may impact the business and promote the benefits of continued investment in modern premises.</p> <p>Management meets regularly with existing and potential clients outside of live projects to understand the needs of their business and input into estates strategies that could facilitate client objectives.</p>
Failure to recruit, retain, develop and motivate skilled competent employees may impact the performance of the Group and its ability to grow.	Low	<p>Prime had a low staff turnover.</p> <p>Awarded a Best Places to Work in Property award.</p>	<p>The Group undertakes active human resources management and offers competitive salary and benefits packages that are aligned with shareholders.</p> <p>A wide range of personal and professional development resources are made available to employees of the Group.</p> <p>Prime is Investors in People accredited and has</p>

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Risk	Risk rating	Factors affecting risk in 2019	Mitigation
			benefitted from low staff turnover.
Development activity inherently brings the risk of cost overruns and/or delays, which could adversely impact the performance of the Group as a result.	Medium	Prime employ in-house quality managers who ensured efficient and detailed management of construction processes in 2019 to mitigate any further risks.	<p>The Group will commence a development only when construction risk is passed down to contractors through fixed or capped-price build contracts.</p> <p>Regular project reviews are conducted as they progress focusing on up-to-date cost estimates and development programmes.</p>
Delays in client decision making, financial commitment and our ability to recover costs under the payment terms of contracts may lead to Group cash resources being tied up for longer periods than planned.	Medium	The Group will seek clarity as to approval processes to ensure it is properly able to assess the risk of its projects before committing significant expenditure.	The Group's partnership agreements include terms that govern the timing, use and recoverability of Prime costs. The Group operates a monthly financial, budgetary and treasury review process based on an integrated model that projects performance, cash flows, position and other key performance indicators.
Impact of Brexit	Low	<p>Brexit is unlikely to have a direct impact on health and care across the UK, demand for quality modern health and care buildings is high and increasing due to ageing population and increasing complexity of health conditions.</p> <p>Investment market appetite for government backed income streams is strong creating a competitive environment for the right product.</p>	<p>Management proactively engages with Government, to discuss policy and actions that may impact the business and promote the benefits of continued investment in modern premises.</p> <p>Management meets regularly with investors and potential clients to understand the impact on their business and strategies that could facilitate objectives.</p>

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Risk	Risk rating	Factors affecting risk in 2019	Mitigation
Covid - 19	High	<p>The onset of the COVID-19 pandemic could have long lasting and far-reaching effects across the global economy and businesses. Restrictions on the movement of people and supplies may reduce the ability of many businesses to function properly with contagion possible the longer the crisis continues.</p> <p>The immediate risks faced by the Group due to the outbreak are delays in work on site at developments, delays to development processes including planning applications and other statutory requirements and volatility in funding markets.</p> <p>A prolonged period of restricted activity could compound and enhance other principal risks, not least general economic conditions, delays in client decision making or cost overruns resulting from delay.</p>	As a result, the business of the Group will carry on delivering projects through the most challenging of periods and prepare others for financial close and delivery at the earliest opportunity once restrictions are lifted.

#### **Environmental**

Prime looks to minimise the environmental impact of our business. We invest in sustainable technology to reduce the carbon footprint of our head office. Thirty five percent of the electricity Prime uses is generated via our own solar array. The Company is committed to ISO 14001 and will seek further opportunities to reduce its emissions.

We deliver buildings that meet NHS standards and actively seek ways to better the standards and further reduce the impact on the environment to create long term sustainable spaces for health and care. We source cleaner energy enhancements and minimise the impact on pollution, emissions, waste management and energy supplies by installing LED lighting, energy efficient boilers and solar panels.

We consider using local materials and care and respect our natural habitats making sure our developments are sensitive to its local environment.

#### **Social impact**

Prime aims to provide health and care buildings that positively impact the local communities, increasing the health and care services available and closer to home, through enabling better access to a greater range of services in the community.

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**Prime Foundation**

Prime is committed to contributing a proportion of earnings directly from projects into the Prime Foundation. The objective of the Prime Foundation is to support community projects that enhance local people's wellbeing in neighbourhoods where it has built new schemes. During 2019 the Prime Foundation granted £23,000 to nine organisations across Worcester, Southampton and Salisbury and closed the year with funds of just under £30,000 which will be distributed throughout 2020. Prime staff are encouraged to get involved with the Foundation by visiting the organisations benefiting from the grants. Granting monies to organisations with projects aimed at advancing education outside of the classroom, promoting good physical and mental health and enhancing social wellbeing through recreation, the Foundation supported a programme of summer school holiday activities run by Worcester Community Trust, a community hub focussed on repairing bikes and purchasing a specialist bike for a different organisation to aid less physically able people to enjoy their local area on two wheels.

**Outlook**

Through 2020, Prime will continue to manage the construction of the HCA, Hereford Hub and Yeovil residential projects, expecting to reach practical completion of Yeovil and Hereford in 2020 and HCA scheme in 2022.

Prime has a strong pipeline of future projects with four currently awaiting planning consent in preparation for financial close which we anticipate being achieved in 2020 with construction of these commencing as quickly thereafter as possible. We have opportunities in the elderly sector that we hope to realise in 2020 and beyond and are actively working with client partners to deliver flexible facilities across primary care.

We will continue to build our profile across the three main sectors of health and care and will maximise the opportunity of the car park frameworks and the MIConcepts developer framework.

Securing long-term partnering contracts with the NHS and other public sector bodies remains a key objective and we will invest time and energy to seek to bid for new partnerships and opportunities across the whole health system where we can add value.

Ours is a long-term business and the fundamentals of health and care will not change in the wake of the COVID-19 crisis. The provision of modern, flexible, innovative premises for the sector remains a real need and, in some areas, will increase in priority to cope with the pressures on healthcare provided by the NHS and private providers, particularly at times of crisis.

We cannot predict the ultimate outcome of the current situation but we are well positioned to face challenges as they arise. Clients continue to move projects forward, planning and other compliance systems are finding ways to function remotely, and partners, advisers and suppliers are working remotely where possible or employing safe working practices if on-site. We are supporting all these efforts to function as best as possible and minimise the impact on all of our collective staffs and supply chains.

We are a financially strong business and this strength will enable us to cope with delays to projects that may result from this testing period. We will emerge with a pipeline that we are ready and able to deliver at pace that will see the Group grow and thrive in the medium and longer term.



**PRIME PLC  
STRATEGIC REPORT  
YEAR ENDED 31 DECEMBER 2019**

**Board of Directors**

The Board of Directors ("Board") is responsible for effective risk management, strategy and the long-term success of the Company.

**Board of Directors of Prime Plc**

Richard Laing	Non-Executive Chairman
Leighton Chumbley	Chief Executive
Vikki Town	Group Finance Director
Phil Holland	Chief Investment Officer
Julian Keyte	Asset Management Director
Richard Williams	Non-Executive Director

**Richard Laing**

Richard became Non-Executive Chairman of the Company on 1 January 2020, having been Executive Chairman for 2.5 years prior to this and Chief Executive for 15 years prior to that. Richard is a Chartered Surveyor who formed Prime in 1996 and has led the evolution of a successful property company, operating across the whole health and care system. Through his thorough knowledge of the health system and property investment, Richard has raised in excess of £700 million of property and project finance for more than 100 developments in the UK and Ireland.

**Leighton Chumbley**

Leighton was appointed Chief Executive Officer on 1 May 2017. Prior to this he was Managing Director of Prime (UK) Developments, having joined Prime in 1998. Leighton is a Chartered Surveyor with a 24-year track record of developing healthcare related projects as diverse as surgical facilities, care homes, GP surgeries, car parks and retail facilities. He has extensive experience of public private partnership and of multi-stakeholder developments.

**Vikki Town**

Vikki was appointed as Finance Director in 2011, having joined Prime in 2009. A Chartered Certified Accountant, Vikki leads a highly skilled finance team delivering financial and management services to the Prime group and its public and private joint ventures. Vikki's up-to-date knowledge of both NHS and private investor requirements facilitates the creation of efficient project structures to ensure best value for Prime's NHS clients and attractive products for investors.

**Phil Holland**

Phil joined Prime in April 2017 as Chief Investment Officer. A Chartered Accountant, prior to joining Prime, Phil was Finance Director and Deputy MD of Primary Health Properties plc, a REIT focused on funding and investing in healthcare real estate in the UK and Ireland. Phil is highly respected by healthcare operators and investors alike with a wealth of experience of public and private property investment, development and fund management across Europe. Phil is responsible for securing finance for Prime's forward development pipeline.

**Julian Keyte**

Julian joined Prime and the Board in 2003 and leads the Group's construction and asset management teams. Julian is a Chartered Surveyor, having previously been a partner at Bruton Knowles from 1998. He has worked within the healthcare property sector for more than 20 years and his in-depth experience of healthcare property development, construction and estate management helps to improve the specification and design of new facilities and ensure high quality through construction. Julian ensures quality service is maintained for operator and investor clients regarding compliance, FM and lifecycle management.

**Richard Williams**

Richard was appointed Non-Executive Director on 1 January 2020, having previously been Company Secretary and Group Counsel since April 2017, responsible for legal, governance risk and company secretarial matters. In the 15 years prior to that, Richard was Prime's Legal Director and then Commercial Director. Richard was a partner at leading UK law firm, Pinsent Mason, before joining Prime in 2001. Richard's experience spans property development, investment, construction and management and he has overseen the Group's legal and procurement processes.

**PRIME PLC  
STRATEGIC REPORT  
YEAR ENDED 31 DECEMBER 2019**

**Subcommittees of the Board**

Prime operates governance structures that support its business strategy and has the following sub committees report to Group board on a regular basis as follows:

**Finance and Scrutiny Committee**

Membership: Richard Laing (Chair), Richard Williams, Leighton Chumbley, Vikki Town, Phil Holland and Julian Keyte

Oversees and approves major matters affecting the Group's financial performance. The committee meets on a regular basis, which allows a streamlined forum for the scrutiny and approval of financial and contractual matters, not otherwise delegated to the Executive Committee.

**Executive Committee**

Membership: Leighton Chumbley (Chair), Vikki Town, Phil Holland and Julian Keyte

Develops and oversees delivery of the business plan and operational plan. Oversees and approves project performance and controls spending in-line with the business plan. The committee meets every two weeks to allow streamlined approval and review of projects and monitoring of financial performance.

**Audit Committee**


Membership: Phil Holland (Chair), Richard Laing and Richard Williams.

Oversees the quality of financial reporting and provides assurances to the Board on internal controls, risk management and its audit processes. The audit committee appoints and reviews the performance of the auditors.

**Health and Safety Committee**

Membership: Richard Williams (Chair), Julian Keyte, Leighton Chumbley, Ewan Forsyth, Toni Barrett and Lee Haysman (external consultant),

To ensure compliance with all Health and Safety regulations, ensure employees, management and Board follow best practice and are adequately trained.



Leighton Chumbley  
**Chief Executive Officer**

Date 6 May 2020

**PRIME PLC  
REPORT OF THE DIRECTORS  
YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2019.

**Business Review**

A review of the business and future developments is included in the Strategic Report.

**Dividends**

The Directors do not recommend any further dividends for the financial year. No dividend payments were made in the year ended 31 December 2019 (2018 - £3,502,800) .

**Directors**

The Directors who served during the year and up to the date of this report were:

R Laing  
L Chumbley  
R Williams  
J Keyte  
V Town  
P Holland

Directors were remunerated by their employing companies.

Qualifying third party indemnity insurance was in place for all Directors during the year and continues to be in place as at the date of this report.

**Financial risk management**

Derivative financial instruments are not actively used as part of the Group's (excluding joint venture companies) financial risk management. It is exposed to the usual credit risk and cash flow risk associated with providing services on credit and manages this through credit control procedures.

The Group's (excluding joint venture companies) financial risk management objective is broadly to seek to make neither a profit nor a loss from exposure to interest rate risk. Its policy is to finance working capital through retained earnings.

The Directors do not consider any other risks attached to the use of financial instruments to be material to an assessment of its financial position or profit.

**Going concern**

The directors are satisfied that it is appropriate to prepare the financial statements for the group on a going concern basis, including the potential impact of Covid-19. We have appraised a range of scenarios to demonstrate the financial resilience of the Group, applying significant downside sensitivities to the Group's cash flow projections. Starting with existing available cash balances, allowing for sensitivities and potential mitigating actions, the Board remains satisfied that the Group is able to continue to operate well within its available resources with adequate headroom.

**PRIME PLC  
REPORT OF THE DIRECTORS  
YEAR ENDED 31 DECEMBER 2019**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Strategic Report, the Report of the Directors 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 prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

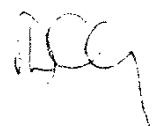
The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure of information to auditors**

In the case of each Director in office at the date the Report of the Directors is approved:

- so far as that Director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and
- they have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

This report was approved by the Board on 6 May 2020 and signed by order of the Board.



Leighton Chumbley

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIME PLC**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

In our opinion, Prime Plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2019 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 December 2019; the consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIME PLC**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic Report and Report of the Directors**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors' for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors'.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities for the Directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PRIME PLC**

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

***Use of this report***

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

**OTHER REQUIRED REPORTING**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Paul Nott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
6 May 2020

**PRIME PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>GROSS REVENUE</b>	2	<b>32,903,453</b>	6,378,791
Less: Disbursements	2	<b>(4,338,085)</b>	(177,416)
<b>REVENUE</b>	2	<b>28,565,368</b>	6,201,375
Cost of sales		<b>(22,082,983)</b>	(1,866,284)
<b>GROSS PROFIT</b>		<b>6,482,385</b>	4,335,091
Administrative expenses		<b>(4,947,229)</b>	(5,063,163)
Revaluation gain	4	-	4,284,900
Profit on disposal of investment properties	4	-	111,962
Impairment of goodwill		<b>(218,022)</b>	-
<b>OPERATING PROFIT</b>	3	<b>1,317,134</b>	3,668,790
<b>SHARE OF OPERATING PROFIT IN JOINT VENTURES</b>	11	<b>43,262</b>	193,871
<b>PROFIT BEFORE INTEREST AND TAXATION</b>		<b>1,360,396</b>	3,862,661
Interest receivable and similar income	7	<b>30,937</b>	18,473
Interest payable and similar expenses	8	<b>(44,152)</b>	(574,223)
<b>PROFIT BEFORE TAXATION</b>		<b>1,347,181</b>	3,306,911
<b>Tax on profit</b>	9	<b>(119,160)</b>	26,608
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,228,021</b>	3,333,519

The notes form part of these financial statements



**PRIME PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

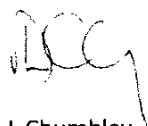
	Note	2019 £	2018 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,228,021</b>	<b>3,333,519</b>
Revaluation of tangible fixed assets		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,228,021</b>	<b>3,333,519</b>

The notes form part of these financial statements

**PRIME PLC**  
**CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

		<b>GROUP</b>		<b>COMPANY</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>					
Tangible fixed assets	10	2,312,061	2,193,223	68,357	71,747
Investments	11	705,961	648,816	1,358,429	1,357,929
Investment property	12	2,159,000	2,159,000	2,800,000	2,800,000
		<b>5,177,022</b>	<b>5,001,039</b>	<b>4,226,786</b>	<b>4,229,676</b>
<b>CURRENT ASSETS</b>					
Inventories	13	50,000	50,000	-	-
Debtors: amounts falling due within one year	14	6,863,341	9,069,887	29,430	21,877
Debtors: amounts falling due after more than one year	14	780,165	791,565	-	-
Cash at bank and in hand		3,567,438	1,511,546	161,170	315,518
		<b>11,260,944</b>	<b>11,422,998</b>	<b>190,600</b>	<b>337,395</b>
<b>CREDITORS - amounts falling due within one year</b>	15	<b>(5,108,352)</b>	<b>(6,135,932)</b>	<b>(81,268)</b>	<b>(189,539)</b>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<b>6,152,592</b>	<b>5,287,066</b>	<b>109,332</b>	<b>147,856</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,329,614</b>	<b>10,288,105</b>	<b>4,336,118</b>	<b>4,377,532</b>
<b>CREDITORS – amounts falling due after more than one year</b>	16	<b>(2,326,525)</b>	<b>(2,513,037)</b>	<b>-</b>	<b>-</b>
<b>Provisions for liabilities and charges</b>	17	<b>(39,941)</b>	<b>(39,941)</b>	<b>(117,967)</b>	<b>(111,066)</b>
<b>NET ASSETS</b>		<b>8,963,148</b>	<b>7,735,127</b>	<b>4,218,151</b>	<b>4,266,466</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19	53,125	53,125	53,125	53,125
Revaluation reserve	20	929,857	909,107	374,079	374,079
Profit and loss account	20				
At 1 January		6,772,895	7,116,476	3,839,262	3,697,280
Profit for the financial year		1,228,021	3,333,519	(48,315)	3,644,782
Other profit and loss account movements		(20,750)	(3,677,100)	-	(3,502,800)
At 31 December		7,980,166	6,772,895	3,790,947	3,839,262
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>8,963,148</b>	<b>7,735,127</b>	<b>4,218,151</b>	<b>4,266,466</b>

The financial statements on pages 19 to 48 were approved and authorised for issue by the board and were signed on its behalf on 6 May 2020.



L Chumbley  
**Director**  
**Prime Plc**  
**Registered Number – 03432065**



V Town  
**Director**  
**Prime Plc**  
**Registered Number – 03432065**

The notes form part of these financial statements

**PRIME PLC**  
**CONSOLIDATED AND COMPANY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**CONSOLIDATED**

	Called-up share capital £	Revaluation reserve £	Profit and loss reserve £	Total £
AT 1 JANUARY 2018	53,125	734,807	7,116,476	7,904,408
<b>CHANGES IN EQUITY</b>				
Equity dividends paid	-	-	(3,502,800)	(3,502,800)
Total comprehensive income for the financial year	-	-	3,333,519	3,333,519
Transfer in respect of property valuation gains:				
- group	-	-	-	-
- joint ventures	-	174,300	(174,300)	-
<b>AT 31 DECEMBER 2018</b>	<b>53,125</b>	<b>909,107</b>	<b>6,772,895</b>	<b>7,735,127</b>
<b>CHANGES IN EQUITY</b>				
Total comprehensive income for the financial year	-	-	1,228,021	1,228,021
Transfer in respect of property valuation gains:				
- group	-	-	-	-
- joint ventures	-	20,750	(20,750)	-
<b>AT 31 DECEMBER 2019</b>	<b>53,125</b>	<b>929,857</b>	<b>7,980,166</b>	<b>8,963,148</b>

**COMPANY**

	Called-up share capital £	Revaluation reserve £	Profit and loss reserve £	Total £
AT 1 JANUARY 2018	53,125	374,079	3,697,280	4,124,484
<b>CHANGES IN EQUITY</b>				
Equity dividends paid	-	-	(3,502,800)	(3,502,800)
Total comprehensive income for the financial year	-	-	3,644,782	3,644,782
<b>AT 31 DECEMBER 2018</b>	<b>53,125</b>	<b>374,079</b>	<b>3,839,262</b>	<b>4,266,466</b>
<b>CHANGES IN EQUITY</b>				
Equity dividends paid	-	-	-	-
Total comprehensive income for the financial year	-	-	(48,315)	(48,315)
<b>AT 31 DECEMBER 2019</b>	<b>53,125</b>	<b>374,079</b>	<b>3,790,947</b>	<b>4,218,151</b>

The notes form part of these financial statements

**PRIME PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>OPERATING ACTIVITIES</b>			
Net cash flows generated from operations	22	6,235,363	5,761,510
Corporation tax paid		(285,502)	(265,905)
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>		<b>5,949,861</b>	<b>5,495,605</b>
<b>INVESTING ACTIVITIES</b>			
Interest received		30,937	18,473
Purchase of fixed assets		(351,592)	(227,298)
Proceeds on disposal of tangible fixed assets		95,792	32,302
Purchase of fixed asset investments		(235,757)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(460,620)</b>	<b>(176,523)</b>
<b>FINANCING ACTIVITIES</b>			
Interest paid		(44,152)	(573,904)
Repayment of group loans		(6,526,701)	(10,082,782)
Dividends paid to equity shareholders		-	(3,502,800)
Group loans received		3,174,044	3,607,950
Repayment of obligations under finance leases		(36,540)	(35,906)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(3,433,349)</b>	<b>(10,587,442)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,055,892</b>	<b>(5,268,360)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>1,511,546</b>	<b>6,779,906</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>3,567,438</b>	<b>1,511,546</b>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>			
<b>CASH AT BANK AND IN HAND</b>		<b>3,567,438</b>	<b>1,511,546</b>
<b>CASH AND CASH EQUIVALENTS</b>		<b>3,567,438</b>	<b>1,511,546</b>

The notes form part of these financial statements

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES**

**a. General information and basis of accounting**

Prime Plc ('the Company') is a private company limited by shares and is incorporated in the United Kingdom and is registered in England. The address of the registered office is 5 The Triangle, Wildwood Drive, Worcester, Worcestershire, WR5 2QX. The nature of the Company's operations and its principal activities are to plan, develop, fund and manage buildings and other assets connected with the health sector.

The consolidated and separate financial statements have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and long leasehold properties and on a going concern basis.

The financial statements comprise the audited financial statements of the Group and Company up to 31 December each year, and are stated in pounds sterling, the Group's functional and presentational currency. No Income Statement is presented for Prime Plc as permitted by section 408 of the Companies Act 2006.

Certain subsidiaries have taken an exemption from audit under Section 479A of the Companies Act 2006. Further details can be found in note 11.

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.

**b. Basis of consolidation**

The financial statements consolidate the financial statements of the Company and its subsidiary undertakings (the "Group") drawn up to 31 December each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Entities in which the Group holds an interest, and which are jointly controlled by the Group and one or more other joint venture shareholders under a contractual arrangement, are treated as joint ventures. Joint ventures are accounted for using the equity method of accounting. Where joint venture entities are themselves the parent undertakings of a group ('the joint venture group'), the Company's share of the joint venture group is accounted for using the equity method of accounting (after making all consolidation adjustments for intra-group transactions, balances, income and expenses).

**c. Related party exemption**

The Group has taken advantage of the exemption under Section 33 of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the Group.

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**d. Revenue recognition**

Revenue comprises the value of services supplied during the period to external customers and rental income arising from operating leases. Revenue is recognised to the extent that there is a right to receive consideration and is recorded at the fair value of consideration received or receivable excluding value added tax.

*(i) Property development contracts*

Revenue for development contracts is recognised on completion of contract milestones.

*(ii) Construction contracts*

Where the outcome of a construction contract can be estimated reliably, revenue and costs associated with the contract are recognised by reference to the stage of completion of the contract activity at the reporting date. This is normally measured by reference to contract milestones completed to date.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred to date, where it is probable they will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately with a corresponding provision for an onerous contract.

Cashflows relating to the construction and subsequent disposal of investment properties are recorded within operating activities.

*(iii) Rental income*

Revenue comprises rental income arising from operating leases on investment properties and, the value of services supplied during the period to external customers to the extent that there is a right to receive consideration and is recorded at the fair value of consideration received or receivable excluding value added tax.

Rental income is accounted for on a straight line basis over the lease term.

Lease premiums receivable are credited to the statement of financial position and are recognised as revenue on a straight line basis over the lease term.

The cost of incentives granted to tenants, such as rent-free periods is recognised as a reduction of revenue on a straight-line basis over the lease term.

*(iv) Disbursements*

Gross revenue includes disbursements incurred on property development projects that are passed through to customers, although these are excluded from net revenue.

*v) Land contracts*

Revenue of the sale of land contracts is recognised when all material conditions of sale have been met.

All revenue arose in the United Kingdom.

**e. Interest income**

Interest income is recognised using the effective interest method.

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**f. Employee benefits**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**g. Rentals under operating leases**

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**h. Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of UK corporation tax payable in respect of the taxable profit for the year or prior years calculated using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Except for deferred tax relating to investment property, all other deferred tax is measured using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply to the reversal of the timing difference. Deferred tax relating to investment property that is measured at fair value is calculated using the tax rates and allowances that apply to the sale of the asset.

**i. Tangible assets**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses with the exception of long leasehold properties and properties under the course of construction. Depreciation is provided when the assets become available for use in the manner intended by management at rates calculated to write off the cost of each asset over its expected useful life as follows:

Improvements to property	-	4-10% on a straight line basis
Furniture, fixtures and fittings	-	25% on a straight line basis
Motor vehicles	-	25% on a reducing balance basis
Computer & office equipment	-	20-25% on a straight line basis

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**i. Tangible assets (continued)**

Leasehold property is initially recorded at cost and is subsequently held using the revaluation model. Under the revaluation model, leasehold property whose fair value can be measured reliably is carried at a revalued amount, being its fair value at the date of revaluation less any accumulated depreciation and accumulated impairment losses. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. Revaluation gains and losses are recognised in Other Comprehensive Income.

Properties under the course of construction are stated at cost less accumulated impairment losses and are not depreciated as the assets are not usually available for use in the manner intended by management.

**j. Investments**

In the Company's financial statements investments in subsidiaries and joint ventures are stated at cost less accumulated impairment losses.

An impairment review is carried out by comparing the carrying value of investments with a valuation of the individual subsidiary company or joint venture entity/group. Given the nature of group activities the valuation of subsidiaries and joint ventures is generally based on their underlying net asset value.

**k. Investment property**

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the income statement. Unrealised gains are transferred from retained earnings to a separate revaluation reserve.

**l. Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost includes the purchase price, including costs directly attributable to bringing the inventory to its present condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount of the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised, the impairment charge is reversed up to the original impairment loss, and is recognised as a credit to the income statement.

**m. Debtors: amounts recoverable on contracts**

Debtors include amounts recoverable on contracts relating to disbursements incurred on property projects which are eventually expected to be completed and all such costs passed on to the customer.

Property development disbursements incurred on aborted projects are debited to the income statements as soon as this is known.

**n. Financial assets and liabilities**

Financial assets which include trade debtors, other debtors and amounts recoverable under contracts are all measured at amortised cost. Financial liabilities which include trade creditors, amounts owed to joint ventures, other creditors and accruals are also measured at amortised cost.



**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**o. Provisions and contingencies**

Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Contingent liabilities are not recognised. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**p. Critical accounting judgements and estimates**

In preparing the financial statements the Directors are required to make a number of accounting judgements and make estimates and assumptions concerning the future. The following judgements are deemed significant in the context of these financial statements:

- i. The Group owns a property which is part owner-occupied and partly rented to tenants. The directors allocate the value between tangible fixed assets and investment property based on an assessment of floor area.
- ii. An assessment is made at the start of each contract as to whether the company is providing construction services to the client, in which case construction accounting is applied, or whether the contract is for the sale of the property on completion. In making this assessment the directors assess a number of factors including whether control passes to the buyer over time and whether the buyer is obligated to make payments for work done to date.
- iii. Goodwill generated on the acquisition of Prime Partnering Solutions has been impaired although the acquisition had strategic value to the group as a whole, the directors believe there is limited value in the business acquired.

The Directors have made the following estimates that could result in a material adjustment to the carrying values of assets and liabilities in the next twelve months:

- i. The Group makes an estimate of the recoverable value of trade and other receivables. When assessing whether an impairment of such assets exists, the Directors consider the specific factors behind each balance and the historical experience of recovering similar balances.
- ii. Investment properties are recognised at their fair value. The assessment of fair value requires the use of a range of assumptions, including future inflation rates and property yields.
- iii. The Group recognises development income based on costs incurred to date plus an appropriate profit margin. The margin is only recognised once reasonably assured, with an appropriate risk contingency held until completion of the work.

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. REVENUE**

An analysis of the Group's revenue by type of income is given below:

	2019 £	2018 £
Fees earned	1,540,385	1,517,730
Sale of property	-	1,630,000
Revenue from construction contracts	26,377,901	1,970,560
Rental income	647,082	1,083,085
<b>REVENUE</b>	<b>28,565,368</b>	<b>6,201,375</b>
Disbursement charges to customers	4,338,085	177,416
<b>GROSS REVENUE</b>	<b>32,903,453</b>	<b>6,378,791</b>

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- Owned by the Group	143,420	128,999
- Finance lease assets	21,866	22,455
Fees payable to the Company's auditors for the audit of the company and Group's consolidated financial statements	5,753	5,335
Fees payable to the Company's auditors for other services		
- Audit of the Company's subsidiaries	49,336	42,835
- Other services	-	25,000
Operating lease rentals:		
- land and buildings	246,009	234,256
Inventory recognised as an expense	961	472,268
Profit on disposal of fixed assets	(28,324)	(760)

**4. PROFIT ON SALE OF INVESTMENT PROPERTY**

During the previous year the group disposed on an investment property, which resulted in a gain of £111,962. A revaluation gain of £4,284,900 was released at the point the property was completed and became realised at disposal.

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. DIRECTORS' EMOLUMENTS AND BENEFITS**

	2019 £	2018 £
Directors' emoluments	902,469	1,041,178
Contributions to money purchase pension schemes	74,407	67,175

The number of Directors accruing benefits under pension schemes was:

Money purchase schemes	6	6
------------------------	---	---

The highest paid director received emoluments and benefits as follows:

	2019 £	2018 £
Emoluments and benefits under long term incentive schemes	194,928	254,200
Contributions to money purchase pension schemes	10,000	15,887

**6. STAFF COSTS**

Staff costs for the Group, including Directors' emoluments, were as follows:

	2019 £	2018 £
Wages and salaries	2,937,670	3,307,510
Social security costs	385,624	432,093
Other pension costs	325,275	189,500
	3,648,569	3,929,103

The average monthly number of employees, including executive Directors, during the year was:

	2019 No.	2018 No.
Development	11	13
Investment	6	7
Asset management	8	7
Finance and Operations	26	24
	51	51

The Company has no employees (2018 – nil)

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019 £	2018 £
Bank interest receivable	28,350	15,899
Interest receivable on loans to group undertakings	2,587	2,574
	30,937	18,473

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019 £	2018 £
Interest payable on loans from group undertakings	43,590	572,711
Finance lease interest	562	1,195
Other interest	-	317
	44,152	574,223

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. TAX ON PROFIT**

**Tax expense included in profit or loss**

The tax charge on the profit on ordinary activities for the year comprises:

	2019 £	2018 £
<b>Current tax:</b>		
UK Corporation tax on profits for the period	137,989	(133,699)
Adjustments in respect of previous periods	-	(5,670)
<b>Total current tax</b>	<b>137,989</b>	<b>(139,369)</b>
<b>Deferred tax:</b>		
Origination of timing differences	(18,829)	112,761
<b>Total tax charge / (credit)</b>	<b>119,160</b>	<b>(26,608)</b>

**Reconciliation of tax charge / (credit)**

The tax assessed for the year is lower (2018 – lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
<b>Profit before tax</b>	<b>1,347,181</b>	<b>3,306,911</b>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018 – 19%)	255,964	628,313
<b>Effects of:</b>		
- Capital allowances and balancing allowances in excess of depreciation	41,749	(628,988)
- Expenses not deductible for tax purposes	(106,281)	-
- Capital gains	37,916	-
- Taxable lease premiums	76,209	-
- Non taxable income	(162,989)	(7,610)
- Group relief	-	133,658
- Group relief payments received	-	(133,694)
- Share of joint venture profit shown net of tax	(8,300)	(36,835)
- Losses brought forward and utilised	(9,159)	19,957
- Adjustment to prior year deferred tax provision	(5,949)	6,862
- Deferred tax not recognised	-	(2,601)
- Adjustment in respect of previous periods	-	(5,670)
<b>Tax on profit on ordinary activities</b>	<b>119,160</b>	<b>(26,608)</b>

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Based on the enacted changes to the main rate of corporation tax at the reporting date, current tax has been calculated at 19% (2018 – 19%). Closing balances on deferred tax assets and liabilities have been calculated using the substantively enacted tax rates above. It was announced in the budget on 11 March 2020 that the reduction to 17% would no longer take effect from 1 April 2020. This change was not substantively enacted at the balance sheet date and therefore no adjustment has been made to the deferred taxation balances as at 31 December 2019. The impact of this change was not considered to be material.

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. TANGIBLE FIXED ASSETS**

**Group**

	Long leasehold properties £	Improvements to property £	Furniture, fixtures and fittings £	Motor vehicles £	Computer & office equipment £	Total £
<b>COST OR VALUATION</b>						
AT 1 JANUARY 2019	1,596,000	105,309	345,437	706,866	605,610	3,359,222
Additions	-	68,561	43,255	184,222	55,554	351,592
Disposals	-	-	-	(230,430)	(5,386)	(235,816)
Reclassification	-	16,337	(16,337)	-	-	-
<b>At 31 DECEMBER 2019</b>	<b>1,596,000</b>	<b>190,207</b>	<b>372,355</b>	<b>660,658</b>	<b>655,778</b>	<b>3,474,998</b>
<b>ACCUMULATED DEPRECIATION</b>						
AT 1 JANUARY 2019	-	23,578	328,523	363,020	450,878	1,165,999
Charge for the year	-	5,631	9,300	97,461	52,894	165,286
Eliminated on disposals	-	-	-	(163,053)	(5,295)	(168,348)
Reclassification	-	5,105	(5,105)	-	-	-
<b>AT 31 DECEMBER 2019</b>	<b>-</b>	<b>34,314</b>	<b>332,718</b>	<b>297,428</b>	<b>498,477</b>	<b>1,162,937</b>
<b>NET BOOK VALUES</b>						
<b>AT 31 DECEMBER 2019</b>	<b>1,596,000</b>	<b>155,893</b>	<b>39,637</b>	<b>363,230</b>	<b>157,301</b>	<b>2,312,061</b>
AT 31 DECEMBER 2018	1,596,000	81,731	16,914	343,846	154,732	2,193,223

Included within Computer & office equipment are assets with a net book value of £54,666 (2018 - £76,532) held under finance leases.

**Company**

	Improvements to property £
<b>COST OR VALUATION</b>	
AT 1 JANUARY 2019	84,741
Additions	-
Disposals	-
<b>At 31 DECEMBER 2019</b>	<b>84,741</b>
<b>ACCUMULATED DEPRECIATION</b>	
AT 1 JANUARY 2019	12,994
Charge for the year	3,390
Eliminated on disposals	-
<b>AT 31 DECEMBER 2019</b>	<b>16,384</b>
<b>NET BOOK VALUES</b>	
<b>AT 31 DECEMBER 2019</b>	<b>68,357</b>
AT 31 DECEMBER 2018	71,747

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. INVESTMENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Subsidiary undertakings	-	-	<b>1,358,429</b>	1,357,429
Joint ventures	<b>705,961</b>	648,816	-	500
	<b>705,961</b>	648,816	<b>1,358,429</b>	1,357,929

**SUBSIDIARY UNDERTAKINGS – COMPANY**

	<b>£</b>
<b>COST</b>	
AT 1 JANUARY 2019	1,357,429
Additions	239,653
<b>At 31 DECEMBER 2019</b>	<b>1,597,082</b>
<b>IMPAIRMENT</b>	
Impairment during the year	(238,653)
<b>At 31 DECEMBER 2019</b>	<b>(238,653)</b>
<b>NET BOOK VALUE AT 31 DECEMBER 2019</b>	<b>1,358,429</b>
NET BOOK VALUE AT 1 JANUARY 2019	1,357,429

The parent company and the Group have investments in the following subsidiaries:

<b>Name</b>	<b>%</b>	<b>Holding Parent company</b>	<b>Nature of company</b>
Prime Operations Limited*	100%	Prime Plc	Holding company
Prime (UK) Investments Limited*	100%	Prime Plc	Holding company
Prime (UK) Developments Limited	100%	Prime Operations Limited	Property development
Prime Infrastructure Management Services Limited	100%	Prime Operations Limited	Project Management
Prime Infrastructure Management Services 2 Limited	100%	Prime Operations Limited	Project Management
Prime Infrastructure Management Services 3 Limited	100%	Prime Operations Limited	Dormant
Practice Partners Limited	100%	Prime Operations Limited	Dormant
PIMCO 2778 Limited	100%	Prime Operations Limited	Dormant
Prime Structured Finance Limited	100%	Prime Operations Limited	Dormant
Prime Insight Limited	100%	Prime Operations Limited	Dormant
Mansfield Ravenhall Limited	100%	Prime Operations Limited	Dormant
Prime Knowhow Limited	100%	Prime Operations Limited	Dormant
Prime Public Infrastructure Limited	100%	Prime Operations Limited	Dormant
Prime Public Partnerships 2000 Limited	100%	Prime Operations Limited	Dormant
Prime Refinance Limited	100%	Prime Operations Limited	Dormant
PPP Retail 1 Limited	100%	Prime Operations Limited	Dormant
Prime Contractor Framework Management Co Limited*	100%	Prime Operations Limited	Framework Management

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. INVESTMENTS (CONTINUED)**

<b>Name</b>	<b>% Holding</b>	<b>Parent company</b>	<b>Nature of company</b>
PPP Leasing Limited	100%	Prime (UK) Investments Limited	Leasing agent
Prime Infrastructure Limited	100%	Prime (UK) Investments Limited	Dormant
Practice Partners Holdings Limited	100%	Prime (UK) Investments Limited	Dormant
Prime Care Home Developments Limited	100%	Prime (UK) Investments Limited	Property development
Prime Investment Worcester Limited	100%	Prime (UK) Investments Limited	Property investment
Hereford Hub Retail Limited	100%	Prime (UK) Investments Limited	Dormant
Prime Care Home Developments 3 Limited	100%	Prime (UK) Developments Limited	Property development
Prime Partnering Solutions Limited*	100%	Prime Plc	Holding company
Partnering Solutions (Southampton) Limited*	100%	Prime Partnering Solutions Limited	Property development
Partnering Solutions (Yeovil) Limited*	100%	Prime Partnering Solutions Limited	Property development
Partnering Solutions (Dorset) Limited*	100%	Prime Partnering Solutions Limited	Property development

The registered office of all subsidiary undertakings shown above is 5 The Triangle, Wildwood Drive, Worcester, Worcestershire, WR5 2QX.

\*The company has guaranteed the liabilities of these subsidiaries in order that they qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the year ended 31 December 2019.

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. INVESTMENTS (CONTINUED)**

**JOINT VENTURES – GROUP**

The Group has investments in the following joint ventures:

Name	% Holding Group
Modality Property Limited	50%
Southampton CEDP LLP	50%
Yeovil Estates Partnership LLP	50%
DCH Estates Partnership LLP	50%
Prime Infrastructure Investments Limited	50%
Prime LIFT Investments Limited	See note 11 (iv)

The registered office of all joint venture undertakings shown above is 5 The Triangle, Wildwood Drive, Worcester, Worcestershire, WR5 2QX.

**Total joint ventures**

The movement in investment in joint ventures was as follows:

	Group £
AT 1 JANUARY 2019	648,816
Share of operating profit	43,262
Additions	13,883
<b>AT 31 DECEMBER 2019</b>	<b>705,961</b>

**(i) Modality Property Limited**

The company is a joint venture between Practice Partners Holdings Limited (a 100% subsidiary of Prime (UK) Investments Limited) and Modality Investments Limited who each hold a 50% interest. The company purchased a property during 2010 on which rental income is received.

At 31 December 2019 the Group's share of Modality Property Limited can be summarised as follows:

	£
<b>Share of assets</b>	
Share of fixed assets	1,405,000
Share of current assets	37,016
	<b>1,442,016</b>
<b>Share of liabilities</b>	
Share of liabilities falling due within one year	(54,502)
Share of liabilities falling due after more than one year	(719,246)
	<b>(773,748)</b>
<b>SHARE OF NET ASSETS</b>	<b>668,268</b>



**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. INVESTMENTS (CONTINUED)**

**JOINT VENTURES – GROUP**

**(ii) Prime Partnering Solutions Limited**

The company was initially a joint venture between Prime Plc and Interserve Construction Limited who each held a 50% interest at 1 January 2019. On 25 January 2019 the Group acquired the remaining 50% interest and became the sole shareholder of the company.

The group headed by the company owns a 50% share of Southampton CEDP LLP, Yeovil Estates Partnership LLP and DCH Estates Partnership LLP.

At 31 December 2019 the Group's share of these entities can be summarised as follows:

	£
<b>Share of assets</b>	
Share of fixed assets	10
Share of current assets	83,544
	<b>83,554</b>
<b>Share of liabilities</b>	
Share of liabilities falling due within one year	(48,870)
	<b>(48,870)</b>
<b>SHARE OF NET ASSETS</b>	<b>34,684</b>

**(iii) Prime Infrastructure Investments Limited**

The company is a joint venture between Prime (UK) Investments Limited and Infrastructure Investments Holdings Limited who each hold a 50% interest. The group owns 100% of the Ordinary 'B' Shares of the company.

At 31 December 2019 the Group's share of Prime Infrastructure Investments Limited can be summarised as follows:

	£
<b>Share of assets</b>	
Share of fixed assets	24
Share of current assets	35
	<b>59</b>
<b>Share of liabilities</b>	
Share of liabilities falling due within one year	-
	<b>-</b>
<b>SHARE OF NET ASSETS</b>	<b>59</b>

**PRIME PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. INVESTMENTS (CONTINUED)**

**JOINT VENTURES – GROUP (CONTINUED)**

**(iv) Prime LIFT Investments Limited**

The Group holds 100% of the Ordinary 'B' shares in Prime LIFT Investments Limited (PLI). The shareholding gives the Group joint control over PLI and equal voting rights and economic benefits in any new ventures entered into by PLI. It gives no voting rights or economic interest in any underlying LIFT investments held by PLI as at 31 October 2014.

At 31 December 2019 the Group's share of Prime LIFT Investments Limited can be summarised as follows:

	£
<b>Share of assets</b>	
Share of current assets	2,950
	<b>2,950</b>
<b>Share of liabilities</b>	
Share of liabilities falling due within one year	-
	-
<b>SHARE OF NET ASSETS</b>	<b>2,950</b>

**12. INVESTMENT PROPERTY**

	GROUP £	COMPANY £
<b>COST OR VALUATION</b>		
<b>AT 1 JANUARY 2019 AND 31 DECEMBER 2019</b>	<b>2,159,000</b>	<b>2,800,000</b>
Cost or valuation at 31 December 2019 is represented by:		
2014 – Depreciation while treated as a tangible fixed asset	(50,000)	(100,000)
2015 – Valuation	50,000	100,000
2016 – Valuation	50,000	100,000
2017 – Valuation	150,000	300,000
Cost	1,959,000	2,400,000
<b>AT 31 DECEMBER 2019</b>	<b>2,159,000</b>	<b>2,800,000</b>

Investment properties are held at fair value.

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**13. INVENTORIES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Land and property held for resale	<b>50,000</b>	50,000	-	-

**14. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>				
Trade debtors	<b>1,858,199</b>	165,595	-	-
Amounts owed by group undertakings	<b>518,745</b>	649,852	-	-
Amounts recoverable on contracts	<b>2,190,135</b>	4,084,838	-	-
Other debtors	<b>149,791</b>	121,500	<b>23,514</b>	-
Corporation tax	<b>151,664</b>	4,149	-	-
Other taxation and social security	<b>85,199</b>	67,378	<b>5,200</b>	-
Prepayments and accrued income	<b>1,909,608</b>	3,976,575	<b>716</b>	21,877
	<b>6,863,341</b>	9,069,887	<b>29,430</b>	21,877
<b>Amounts falling due after more than one year</b>				
Other debtors	<b>435,999</b>	466,228	-	-
Deferred tax asset	<b>344,166</b>	325,337	-	-
	<b>780,165</b>	791,565	-	-
<b>TOTAL DEBTORS</b>	<b>7,643,506</b>	9,861,452	<b>29,430</b>	21,877

**15. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>2,244,199</b>	211,554	<b>8,921</b>	9,116
Amounts owed to group undertakings	<b>34,500</b>	3,329,212	<b>102</b>	21,382
Other creditors	<b>744,575</b>	204,176	-	59,768
Corporation tax	-	-	<b>16,762</b>	-
Other taxation and social security	<b>182,666</b>	192,184	-	13,310
Finance leases	<b>18,510</b>	36,540	-	-
Accruals and deferred income	<b>1,883,902</b>	2,162,266	<b>55,483</b>	85,963
	<b>5,108,352</b>	6,135,932	<b>81,268</b>	189,539

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**16. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Finance leases	-	18,510	-	-
Accruals and deferred income	2,326,525	2,494,527	-	-
	<b>2,326,525</b>	<b>2,513,037</b>	<b>-</b>	<b>-</b>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

**GROUP**

	<b>Other Provisions</b>
	<b>£</b>
<b>AT 1 JANUARY 2019</b>	<b>39,941</b>
Credit for the year	-
<b>AT 31 DECEMBER 2019</b>	<b>39,941</b>

The provision is in respect of a contractual obligation of the Group to reimburse a tenant of one of its developments the sum of £55,525 connected to the fit out of the premises. The tenant can call upon the Group to reimburse it for any qualifying expenditure incurred up to this value and on presentation of evidence of expenditure.

**COMPANY**

	<b>Deferred tax</b>
	<b>£</b>
<b>AT 1 JANUARY 2019</b>	<b>111,066</b>
Charge for the year	6,901
<b>AT 31 DECEMBER 2019</b>	<b>117,967</b>

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**18. DEFERRED TAX ASSET/(LIABILITY)**

	<b>GROUP</b>	<b>COMPANY</b>
	<b>£</b>	<b>£</b>
AT 1 JANUARY 2019	325,337	(111,066)
Credit / (charge) for the year recognised in income statement	18,829	(6,901)
<b>AT 31 DECEMBER 2019</b>	<b>344,166</b>	<b>(117,967)</b>

The net deferred tax asset/(liability) consists of the following:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>(131,663)</b>	(94,767)	<b>(92,046)</b>	(85,145)
Latent gains	<b>(25,921)</b>	(25,921)	<b>(25,921)</b>	(25,921)
Lease Premiums	<b>581,008</b>	452,552	-	-
Overage Agreements	<b>(79,258)</b>	(84,383)	-	-
Unutilised losses	-	77,856	-	-
	<b>344,166</b>	325,337	<b>(117,967)</b>	(111,066)

**19. CALLED UP SHARE CAPITAL**

**GROUP AND COMPANY**

Authorised, allotted, issued and fully paid:

<b>Number</b>	<b>Class</b>	<b>Nominal value</b>	<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
62,500	'C' ordinary 5p	£0.05	3,125	3,125
250,000	Ordinary	£0.20	50,000	50,000
			<b>53,125</b>	<b>53,125</b>

On 21 January 2016, 62,500 'C' ordinary shares in Prime Plc were created and issued to members of key management. Prime (UK) Holdings Limited has an obligation to purchase these shares at the end of the vesting period, if requested by the shareholders. The 'C' ordinary shares do not entitle the holder to any voting rights.

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**20. RESERVES**

**GROUP**

	Revaluation reserve £	Retained earnings £	Total reserves £
AT 1 JANUARY 2019	909,107	6,772,895	7,682,002
Total comprehensive income for the year	-	1,228,021	1,228,021
Transfer in respect of property valuation gains:			
- group	-	-	-
- joint ventures	20,750	(20,750)	-
<b>AT 31 DECEMBER 2019</b>	<b>929,857</b>	<b>7,980,166</b>	<b>8,910,023</b>

**COMPANY**

	Revaluation reserve £	Retained earnings £	Total reserves £
AT 1 JANUARY 2019	374,079	3,839,262	4,213,341
Profit and total comprehensive income for the financial year	-	(48,315)	(48,315)
<b>AT 31 DECEMBER 2019</b>	<b>374,079</b>	<b>3,790,947</b>	<b>4,165,026</b>

The revaluation reserve represents the cumulative effect of revaluations of investment properties which are revalued to fair value at each reporting date, net of related deferred tax.

The retained earnings reserve represents cumulative profits and losses net of dividends paid and other adjustments.

**21. DIVIDENDS ON EQUITY SHARES**

	2019 £	2018 £
Ordinary shares – Interim dividends	-	3,502,800

During the previous year, dividends per share were distributed as follows:

Ordinary – 21 December 2018 – £14.0112

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**22. NOTES TO THE CASH FLOW STATEMENT**

**Reconciliation of profit for the year to cash generated by operations:**

	2019	2018
	£	£
Profit for the financial year	1,228,021	3,333,519
Tax on profit	119,160	(26,608)
Interest payable and similar expenses	44,152	574,223
Interest receivable and similar income	(30,937)	(18,473)
Share of operating profit in joint ventures	(43,262)	(193,871)
<b>Operating profit</b>	<b>1,317,134</b>	<b>3,668,790</b>
Depreciation of tangible fixed assets	165,286	151,454
Profit on disposal of tangible fixed assets	(28,324)	(760)
Purchase of investment property	-	(955,000)
Impairment of goodwill	218,022	-
Decrease in inventories	-	7,926,860
Decrease / (increase) in debtors	2,423,216	(4,572,716)
Increase / (decrease) in creditors	2,140,029	(457,118)
<b>NET CASH FLOWS GENERATED FROM OPERATIONS</b>	<b>6,235,363</b>	<b>5,761,510</b>

**23. CONTINGENT ASSETS AND LIABILITIES**

The Group has certain pharmacy leases that attract additional lease premia (receivable and payable) that are contingent on the number of patients registered at the related primary care centres. As the contingency is outside of the control of the Group the net benefit of these lease premia is not recognised until the payments are triggered. The Group only has a potential net benefit and no exposure under such arrangements as amounts payable are only triggered on receipt of amounts receivable.

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**24. CAPITAL AND OTHER COMMITMENTS**

**GROUP**

At 31 December, the group had the following commitments under construction contracts:

	2019 £	2018 £
Contracts for future capital expenditure not provided in the financial statements:		
- Construction contracts	<b>77,399,824</b>	-

The Group holds a number of pharmacy retail units under operating leases which it sub-lets to independent pharmacy operators, it therefore acts both in the capacity of a lessee and lessor.

**Arrangements in the capacity of lessee**

Minimum lease payments payable under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within than one year	<b>249,732</b>	242,899
Between one and five years	<b>998,926</b>	971,597
After more than five years	<b>2,987,711</b>	3,147,659
	<b>4,236,369</b>	4,362,155

**Arrangements in the capacity of lessor**

Minimum lease payments receivable under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within than one year	<b>393,280</b>	451,869
Between one and five years	<b>1,573,119</b>	1,564,032
After more than five years	<b>3,701,173</b>	4,069,757
	<b>5,667,572</b>	6,085,658

**COMPANY**

**Arrangements in the capacity of lessor**

Minimum lease payments receivable under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within than one year	-	60,861
Between one and five years	-	-
	-	60,861



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**25. FINANCIAL INSTRUMENTS**

**GROUP**

The Group has the following financial instruments:

	Note	2019 £	2018 £
Financial assets measured at amortised cost:			
Trade debtors	14	1,858,199	165,595
Other debtors	14	585,790	587,728
		<b>2,443,989</b>	<b>753,323</b>
Financial liabilities measured at amortised cost:			
Trade creditors	15	2,244,199	211,554
Other creditors	15	744,575	204,176
Finance leases	15,16	18,510	55,050
		<b>3,007,284</b>	<b>470,780</b>

**COMPANY**

The company has the following financial instruments:

	Note	2019 £	2018 £
Financial assets measured at amortised cost:			
Other debtors	14	23,514	-
		<b>23,514</b>	-
Financial liabilities measured at amortised cost:			
Trade creditors	15	8,921	9,116
Other creditors	15	-	59,768
		<b>8,921</b>	<b>68,884</b>

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**26. ACQUISITIONS**

On 25 January 2019 the Group, acquired 100% control of Prime Partnering Solutions Limited via the purchase of 50% of the share capital of the company, the other 50% already being owned by the Group.

The acquisition resulted in goodwill of £218,022 being recorded which has been impaired as although the acquisition had strategic value to the group as a whole, the directors believe that there is limited value in the business acquired.

The following table summarises the consideration paid by the Group and the fair value of assets acquired:

	£
Cash consideration	225,000
Directly attributable costs	13,653
<b>Total consideration</b>	<b>238,653</b>

For cash flow disclosure purposes the amounts are disclosed as follows:

	£
Total consideration	238,653
Less cash and cash equivalents acquired	(2,896)
<b>Net cash outflow</b>	<b>235,757</b>

**Recognised amounts of identifiable assets acquired, and liabilities assumed**

	Book values £	Adjustments £	Fair value £
Cash and cash equivalents	2,896	-	2,896
Trade and other receivables	56,231	-	56,231
Trade and other payables	(38,496)	-	(38,496)
<b>Total identifiable assets</b>			<b>20,631</b>
Goodwill			218,022
<b>Total</b>			<b>238,653</b>

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**27. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption under Section 33 of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the Group.

During the year the Group provided services and recharged disbursement costs to Modality Property Limited amounting to £6,591 (2018 – £6,537). Modality Property Limited is a joint venture entity of the Group. At the year-end £Nil (2018 – £Nil) was outstanding.

During the year the Group provided services to Southampton CEDP LLP amounting to £78,670 (2018 - £77,659). At the year end, £80,042 (2018 - £73,016) was outstanding. Southampton CEDP LLP is a joint venture entity of the Group.

During the year the Group provided services to Yeovil Estates Partnership LLP amounting to £35,093 (2018 - £5,598). At the year end an amount of £Nil (2018 - £Nil) was outstanding. Yeovil Estates Partnership LLP is a joint venture entity of the Group.

The Directors of the Company, being persons having authority and responsibility for planning, directing and controlling the activities of the Group are considered key management personnel. Compensation paid to key management personnel is disclosed in note 5 to the financial statements.

**28. ULTIMATE CONTROLLING PARTY**

The immediate parent company is Prime (UK) Holdings Plc. The largest group of undertakings for which group financial statements are drawn up is that headed by Prime (GB) Holdings Limited, the ultimate parent company. Group financial statements for Prime (GB) Holdings Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.

There is no ultimate controlling party.

**29. POST BALANCE SHEET EVENTS**

On 7 February 2020, the Groups head office premises was transferred out of the Group via a distribution in specie at its fair value of £2,800,000. On 27 March 2020 the Groups remaining investment property was sold for £537,829.