

Registration Number: 03432065

PRIME

PRIME PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Parent company accounts for filing with: Partnering Solutions (Southampton) Limited - 0902950

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**PRIME PLC
COMPANY INFORMATION**

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Secretary	Prime Company Secretarial Services Limited
Registered Number	03432065 (England and Wales)
Registered Office	5 The Triangle Wildwood Drive Worcester Worcestershire WR5 2QX
Independent Auditors	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX

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PRIME PLC BUSINESS OVERVIEW

Developing space for change in health and care

We are property developers creating a future where outstanding care is never restricted by the space it is delivered in.

Prime enables health and care providers to make the most of their spaces so we all can experience better care. We unlock complex estate management challenges with leading industry-specific legal, financial and property planning solutions, and work with our partners to see the project through master planning to delivery.

Our Business

Established in 1996 we have delivered 126 projects across the whole of the health and care market worth over £1bn in value, ranging from £0.5-million to more than £120 million in value.

Our in-house team of experts provide legal, financial, funding and property planning solutions to deliver bespoke clinical facilities, new infrastructure and estates advisory services to the three sub-sectors of primary care, hospitals, and elderly care. 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.

We marry 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.

What we do

Our revenue is principally generated from property development, construction, and asset management by earning development fees, project margins and advisory fees and also from maximising returns from the capital investments we may make into projects. We benefit from a recurring income stream from the provision of real estate and corporate management services under long-term contracts that generate earnings for the time and expertise of our people.

How we do it

Relationships are vital to Prime and partnering with other organisations can unlock a huge range of benefits and help organisations to realise the potential of their estates. Our experience in partnering, combined with our creative problem solving, enables us to deliver innovative solutions and commercial benefits to partners and clients alike. Working together, we overcome commercial, clinical, and financial barriers, collaborate to deliver projects without compromise, and ensure everyone experiences better care.

We seek to enter 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. 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 partnering capabilities. This can include supporting the development of estate-wide strategies, maximising utilisation of existing buildings and planning, developing, and funding new properties.

Our team of experts

Our people are the most important part of our business and our ethos has always been to create an environment where people can think creatively and work as part of a highly professional and knowledgeable team to seize opportunities to make exciting things happen for our clients and communities.

We are driven by the challenge of creating positive outcomes and make 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 PLC
BUSINESS OVERVIEW**

As well as our extensive commercial knowledge and specialist property and funding expertise, we are also people who care. People who are proud that their professional service and personal commitment make a positive difference. Whatever the project, the end goal is always the same – to create tailored solutions that enrich the patient, client, and staff experience, support improved health outcomes, and offer excellent value for money.

PRIME PLC BUSINESS OVERVIEW

Spotlight on how we deliver our purpose

Partnering with health and care providers

To meet the demands of a changing health and care landscape, Prime seeks to innovate and push forward with new ideas and products for our clients. Having great relationships with our strategic estates partners, understanding what they struggle with and their longer term aims means we work together to develop innovative solutions.

Working closely with key strategic leads at University Hospital Southampton NHS Foundation Trust (UHS) we have a track record for delivering imaginative and high-quality commercial developments with them. As a world-leading research, training, and academic centre, the Trust has a clear vision for their future and a desire to grow their reputation and services.

In developing the Trust's masterplan, Prime showed UHS that they don't need to be limited in their perspective by the commercial and financial structures that have gone before and that in being bold they can find innovative, long-term solutions to seemingly impossible challenges. With limited expansion space available within the existing estate, we demonstrated how a commercially viable solution to achieve their vision could be delivered through Prime and UHS jointly purchasing a strategic piece of land away from the main UHS campus to develop a leading health and innovation campus for the South-Central Region.

The campus, known as Adanac Park, will be home to several projects. We are already on site with the first project; a park and ride facility that will ease congestion at the main hospital site, and are working to move non-urgent services such as equipment sterilisation to the site to unlock space within the heart of the existing hospital so that care focussed activities can be delivered in the right space.

The health campus will create an asset for the city, that co-locates other health and research organisations, educators and businesses and attracts the brightest talent to the area, stimulating the health economy of the South Coast and promoting the Trust's reputation as a world-leading healthcare provider.

Unlocking complex challenges

Most projects will have a series of complex challenges which need to be unlocked for a project to have a successful outcome. With so many interested parties, our role is to address all concerns whilst not compromising on the quality of the space being delivered. The interweave of issues linked to operations, estates, approvals, planning and construction means developing our projects takes time and consideration and we never underestimate the importance of stakeholders being on board to deliver transformative change.

Through its partnership with Prime, Dorset County Hospital NHS Foundation Trust (DCH) established a proactive strategic estates transformation group that has the full support of the Trust board in its development and delivery of a masterplan that aims to make the ambitions of the Trust over the long term a reality. Delivery of a new multi storey car park project was integral to facilitate delivery of the whole masterplan.

With too few parking spaces for patients, staff and visitors and a confusing layout, the hospital was congested and finding a space was difficult. Initially, our plans for the 654-space MSCP and wayfinding project were met with cautious optimism by town planners. It was on a sloping site next to a conservation area and overlooked an Area of Natural Beauty that surrounded half the town.

The council was wrestling with longstanding traffic issues in Dorchester and, with plans for a park and ride on the edge of town unviable, it was important to deliver a long-term solution for everyone. So, by using Prime's experience of stakeholder consultations, a strategy for engagement was developed to promote the MSCP and wider hospital masterplan to staff, visitors, patients, and the whole community.

This was achieved through proactive communication and engagement co-ordinated by Prime, where councillors could see the many benefits of the project. A public consultation guided the design of the MSCP to ensure the green landscape was retained, while Prime helped to set up an online Register of Support, led by two clinicians at the hospital. Prime liaised closely with the Trust throughout this process to win the backing of key stakeholders, while three local MPs wrote independently in support of the scheme.

This strategy of clear, structured communication helped generate momentum in the project by speeding up development and removing barriers and the first step of Trusts masterplan is now under construction allowing the ambitions of the wider masterplan to be realised.

PRIME PLC BUSINESS OVERVIEW

Using our expertise

Our knowledge of the health and care market is second to none and Station Medical Centre in Hereford has shown how transformational property can be to integrate health and care across a whole system.

Like many cities, Hereford finds itself with a series of socio-economic challenges; an increasing population, an ageing population, growing numbers of residents with long term conditions and an over-reliance of the health system on hospital-based care. With a long-term lack of investment, healthcare facilities in the city were no longer fit for purpose. Blighted by inaccessibility issues, lack of space, rising maintenance costs and an inability to expand, it was no surprise that recruitment and retention were also posing a threat to service delivery.

After years of attempting to transform service delivery models and improve the health and wellbeing of the population they serve and support, five Hereford practices embarked on a bold, collaborative project with Prime to make that change a reality.

Our experience of GP partnership mergers helped to allay any fears held by the practice staff of service integration. We understood involving other health and care stakeholders across the city would ensure plans benefitted the whole system and that without working together they would face an uncertain future.

After engaging with stakeholders to understand issues affecting the city, Prime worked with the practices to create an estates strategy that aligned itself to the Clinical Commissioning Group's (CCG) strategies. This proposed the merger of the five local GP practices, co-locating into a modern and accessible purpose-built facility, demonstrating year one savings estimated at £490,000, rising to over £900,000 in year five.

Through the collective determination of the GPs and Prime to deliver a truly transformational business case, the project won the support of the NHS Herefordshire CCG, leading to the project being awarded £2.1m of funding from the NHS Estates, Technology and Transformation Fund (ETTF). Due to the complex nature of the project (land purchase, lease agreements, building contracts and revenue funding) Prime took on the commercial risk, committing its short term investment capital to the project while leveraging its market-leading knowledge of the sector and investor requirements to secure a long-term specialist investor.

The purpose-built medical centre benefits from a flexible design allowing for adaptability in the future and maximising the design life of the building, while new technologies contribute to minimal planned maintenance. The measure of success will be improved access to services for patients and a revitalised and motivated workforce. The result of taking innovative, decisive action and forging ahead to turn uncertainty into opportunity.

Being involved from the start to the finish

We never underestimate the value of having a deep understanding our clients and partners and through our long-term partnership with Yeovil District Hospital (YDH) we have gained a unique insight into the operational issues facing the Trust. Like many trusts across the UK, YDH face a continuous challenge in recruiting key nursing and clinical staff due to a depleted nationwide labour pool. The small size and rurality of hospitals like YDH compound this issue, which has led to an increased need for overseas recruitment.

In an attempt to tackle the shortage, the Trust had taken leases on 64 residential properties across the town to house newly recruited staff. However, rather than solve the situation, these leases had created a further set of challenges for the Trust. The premises, sometimes located a considerable distance from the hospital, made travel difficult for staff, while the condition of some properties was poorer than the Trust would have liked, impacting staff satisfaction and wellbeing. Instead of supporting recruitment, the accommodation was now a financial drain and operational burden with recruitment and retention a key corporate risk.

With Prime already on board as part of a 15-year partnership to transform estate planning, the Trust Chief Executive and Board entrusted us to deliver a plan that not only supports staff recruitment and retention, but delivers a commercial model that eliminates the losses made by the Trust's provision of staff accommodation.

Having strong trusting relationships with both estates and finance we performed in-depth analysis of data related to the existing on and off-site accommodation and presented a viable financial case for brand new keyworker accommodation. With our expertise in sourcing and securing development land, Prime developed a positive relationship with council planners and highway teams to regenerate a brownfield site, only 500 metres from the hospital.

PRIME PLC BUSINESS OVERVIEW

With no cash resources to fund and manage the design, development and construction processes themselves, the Trust utilised Prime's extensive experience to take action. Prime took on the initial risk to secure the private land and after investment market testing we leveraged our expertise to secure £21m of funding to deliver a brand new 176-bedroom complex that provides modern, high-quality accommodation providing affordable housing to many of the hardworking and dedicated NHS staff and students of YDH. The new development has also freed up space within an existing on-site accommodation block that was no longer fit for purpose to be refurbished as a new administration hub. The hub will bring hospital admin functions into one centralised location, freeing up much-needed clinical space within the hospital and demonstrates how Prime can devise integrated, strategic solutions that tackle multiple risk factors for trusts.

Value Society

Prime aims to provide health and care buildings that positively impact local communities, increasing the health and care services available closer to home, through enabling better access to a greater range of services in the community. During 2020 we have assessed our strategy to identify where we can make a further difference and a greater contribution to society. We have launched a volunteering policy for all Prime people to actively participate in and identified an organisation in our local area to partner with, however social distancing requirements and periods of lockdown have delayed the implementation of this initiative, but our plans are in place to move ahead once restrictions are eased and we feel it is safe to do so. We believe our contributions to communities and our society can go a long way.

Highlights of the year

Projects

- Commenced the year with 3 projects in construction;
 - A specialist 138-bed hospital facility on the Queen Elizabeth Hospital Campus, Birmingham being delivered for HCA, an international private care provider and their joint venture with University Hospitals Birmingham NHS Foundation Trust (UHB).
 - An integrated healthcare hub facility Station Medical Centre in Hereford.
 - A 176-bed key worker accommodation project for Yeovil District Hospital NHS Foundation Trust.
- Reached financial close and started construction of five new projects:
 - University Hospital Coventry car park
 - City Hospital, Birmingham car park
 - Sandwell General Hospital car park
 - Dorset County Hospital car park
 - Adanac Park, Park & Ride car park
- Completed construction of Station Medical Centre.
- Completed the sale of a 74-bed care home site in Worcester to a major care home operator.
- Jointly purchased land at Adanac Park with University Hospital Southampton NHS Foundation Trust.
- Secured land options on several potential care home sites.
- Ended the year with 7 projects in construction.

Partnering

- Secured a place on the pre-procured Developer Framework from national framework provider Pagabo to deliver projects and strategic development services to the public sector.
- Partnered with six organisations to deliver the Covid-19 referral centre at the Birmingham National Exhibition Centre

Awards and accreditations

Winner of Developer of the Year at the HealthInvestor Awards 2020

PRIME PLC
CHAIRMAN'S REPORT

PRIME

It is with great pride that I present the Company's annual report for 2020 which has been a year like no other that we have experienced. We started the year with the UK's departure from the European Union shortly before being hit by the truly unprecedented circumstances of the global Covid-19 pandemic and like many businesses we adapted rapidly to new ways of working, and indeed living our lives.

The health and wellbeing of our people is always a top priority for us, but during the pandemic this was and continues to be our primary concern. We had a robust business continuity plan and great systems in place that meant the immediate move to working from home was seamless. Our wellbeing programme continued and we put in place additional support, communication and entertainment actions to support each other and keep in touch with everyone whilst we could not be together. Every Prime person is a trusted person and whilst the pandemic impacted people in different ways, our fantastic team of loyal people remained committed to delivering great projects and creating positive experiences for everyone we work with all while juggling the responsibilities of home lives which for many involved home schooling. Without exception everyone certainly rose to the challenge and honoured our Prime values.

We continue to work successfully, operate well and engage with clients, contractors, advisors, and partners to move projects forward. Despite initial delays during the first period of national lockdown we worked closely with contractors and partners to get back on site and supported the introduction of Covid-19 secure systems and processes to safeguard the health and safety of all those involved to keep up momentum during the construction phase of our projects.

We have shown great resilience and delivered a tremendous year - achieving one of our best set of financial results yet with a profit before tax of £3.9m. We continue to maintain close relationships with our partners and clients and remain active across the whole of health and care. It was encouraging to have started the year with three projects under construction, all of which have continued to make progress once the initial restrictions of lockdown were lifted. One of those projects, Station Medical Centre in Hereford, reached practical completion in October and the GP's have taken occupancy.

Five NHS Hospital projects were granted planning permission and achieved financial close in 2020, meaning we ended the year with seven projects in construction with a total value of £223m. Our pipeline of projects continue to progress through the planning system, made possible by the creation of our new virtual public consultation platform which has been well received by the public and planning departments. We have also secured options over land for a number of elderly care and later living projects. All of which are positive steps to take for the coming financial years.

We continue to have strong working relationships with our strategic estates partners and are successfully progressing masterplan ambitions with all. The strength of our relationship with University Hospital Southampton NHS Foundation Trust has seen us jointly purchase a strategic parcel of land to deliver a Health and Innovation Campus and we are already in construction with the first project. This is a fantastic opportunity for the Trust to grow their reputation, services and facilities as a world leading research, training, and academic hospital. With Dorset County Hospital NHS Foundation Trust, we are on site delivering a multi-storey car park; a key enabling project to free up land for expanding the Emergency Department and Intensive Care Unit. In early 2021 we completed a 176 bed keyworker accommodation scheme that will see nurses and students move into high quality accommodation located conveniently close to the hospital and will support our partner Yeovil District Hospital NHS Foundations Trust with its key strategic workforce aims.

With Covid-19 being the most important issue for the NHS through 2020 we sought opportunities where we could, to provide support for services to be delivered. Through our MSA with two LIFT companies, we specifically supported occupiers of the LIFT estate to utilise the buildings for vaccine centres and to implement changes for the buildings to continue to be used for their primary purpose – helping communities.

Of the many highlights during the year, it was a huge privilege for Prime to be invited to join the specialist team to design, construct and deliver a fully functioning triage facility for the NHS in Birmingham to assess and treat up to 1,500 patients a day with Covid-19 symptoms as part of the Governments Nightingale hospital project. The speed at which these projects were brought into fruition was astonishing; with the triage facility being up and ready in just 21 days.

We have all been inspired by the work of the NHS and its heroic response to the crisis. This has spurred us on to continue to develop property solutions that make working in the NHS easier and enhance the

**PRIME PLC
CHAIRMAN'S REPORT**

PRIME

experience of the patient. We know change is the only constant and have reinforced our thinking during the last year about who we are and how we do what we do best. The spirit of our people was never beaten. Solving problems, being creative and innovating is what we do best. We have all seen this year how quickly change can be mobilised when decision making is fast, focussed and determined. We look forward to this ethos being retained in the health system even after the immediate needs arising from the pandemic have receded. Prime will continue to support the NHS by harnessing our expertise and values to deliver new products that support system integration and respond to the White Paper and its case for change in the NHS.

With the key message of "super centres" being the future of Primary Care, Prime Minister Boris Johnson visited Station Medical Centre in Hereford ahead of its opening in the autumn. The medical centre is a catalyst for change to drive integration in the area and the new property has made it possible for five practices to be merged to form one partnership which has not only improved the range of services available to patients, but has also created a great working environment for staff.

We turn 25 in 2021 and it is a great time to reflect on our track record having delivered 126 health and care projects worth over £1bn that have made a real difference right across the UK and Republic of Ireland. We could not have done this without our team, and I would like to express on behalf of the board our gratitude and thanks to everyone for their continued loyalty and belief in Prime and our values to do work that makes a real difference in health and care. A testament to the team and a reflection of all the values they encompass was honoured through winning the HealthInvestor Developer of the Year award towards the end of 2020. Whilst the pandemic means we are all experiencing challenging times, we look forward to a future built on our past successes; where we keep momentum up and continue to work with clients and partners to deliver projects at pace that provide modern, flexible health facilities. Looking ahead, we have plans to invest our expertise into our belief that health and care can be the anchor for turning around struggling city centres suffering from a decline in retail demand, to create multi-use vibrant urban spaces; bringing together health, wellbeing, and the residential community as the catalyst for sustainable and viable economic change to UK high streets. We look forward to this with great ambition.

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

Date: 13 May 2021

PRIME PLC
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2020

Chief Executive's Review

During the past year we have been reminded again of our reliance as a Country on the skills, passion and care of our health and care workers. We are fortunate to work across the entire sector, primary care, elderly care and hospitals, the NHS and other public sector bodies as well as private and third sector organisations to provide them with space that allows them to deliver outstanding outcomes.

Despite the challenges and difficulties of 2020 for the country and for Prime and for our people, we have continued to forge ahead to deliver some exceptional schemes in exceptional circumstances. This hasn't been easy with more challenges than normal to overcome but I thank the Prime team and those we work with for remaining focussed on delivering real change for the sector; I am immensely proud of what we have achieved.

We started the year with an ambition to achieve financial close on five NHS projects, complete a care home transaction and see the GPs move into the fantastic integrated health hub in Hereford. The pandemic came and we drew on our core values, determined to deliver on our aims so that we could also continue to make progress on site with the private patient hospital being built for HCA in Birmingham. Under normal circumstances we would have completed the key worker accommodation in Yeovil during the year and thanks to the determination of our team and the contractor we finished the year substantially complete and the Trust have entered into the lease in early 2021. We achieved all that we set out to and much more in spite of the pandemic. We are also pleased to report that the relatively minor amounts of money we received through the Government furlough scheme in the early months of the pandemic to support staff members with family commitments was repaid in December.

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 2015-2020 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.

PRIME PLC
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2020

Delivering on our Strategy

How do we achieve this	2020 Activity	Look Forward	KPI and performance
Strategic Objective: To be the UK's leading healthcare property company			
<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 2020 in primary care and hospital sectors was generated by pipeline secured from within existing partnerships;</p> <p>Appointment to Pagabo Developer framework</p> <p>Received HealthInvestor Developer of the Year award</p>	<p>Prime has a significant pipeline of opportunities for delivery in 2021 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>Target Income diversity of no less than 10% of gross earnings from each sector.</p> <p>Performance Active across all areas. 2 out of 3 sectors achieved more than 10%</p> <p>Target Gross Earnings* target of £11m.</p> <p>Performance Achieved Gross Earnings of £10.2m.</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>
Strategic Objective: To deliver growing financial returns to its shareholders			
<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 reaching financial close on projects and through construction</p> <p>Recurring income stream through provision of management services; and</p> <p>Dividends were paid to shareholders in 2020.</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>Target shareholder returns Dividends of 7% of prior year Net Asset Value.</p> <p>Performance Dividends of 47% of prior year Net Asset Value.</p>

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STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2020

Reconciliation of non GAAP key performance measure

	2020	2019
	£	£
Gross Profit	10,683,180	6,496,739
Share of operating profit in joint ventures	16,144	43,262
Bad debt charge	(60,249)	-
Impairment to investment property	(44,283)	-
Loss on disposal of investment property	(417,171)	-
Gross Earnings	10,177,621	6,540,001

Market outlook

The economy has been impacted following Covid-19 and social distancing and lockdown measures introduced. Government spending on health and care services has increased and there will be a longer-term cost of Covid in how the NHS will need to operate. Spend on the NHS estate has not been in the planned strategic way that we would have hoped for, being focussed on patching up quickly to meet the demands of the pandemic and meeting political timescales. Short term fixes do not achieve best value and long-term capital strategy and funding in the NHS needs a significant review. We know better than anyone the challenges health and care systems face in delivering an estate that is fit for the future. We believe we have a role to play in helping the NHS deliver on its long-term plan, supporting enabling projects to ensure success of the Health Infrastructure Plan and the formation of ICS's who will need to plan for the estate across the whole of their ICS area. We will continue to engage with government bodies to establish how projects can be delivered as we understand the importance of quality modern flexible fit for purpose accommodation to support delivery of services in the long term.

The elderly care and later living sectors will be feeling the financial pain from Covid in the short term but demand from the sector continues to increase as aging demographics and an increased demand for specialist care is experienced as more people are living longer with more complex long-term conditions. The number of over 65's continues to grow at a rate that far outweighs provision and new investment in care home and later living accommodation is required.

Primary care provision has been transformed in 2020 as GP's have been assessing patients remotely, but dealing with the consequence of a significant drop in planned services resulting in a rising backlog in treatments will not be sustainable and primary care will have a role to play in addressing this with a move away for many services from acute settings and into primary care or the community. Government initiatives such as rapid diagnostic centres will see more services come out of the acute setting and will need purpose-built accommodation.

The year ahead

After a year of profound change that has created incredible uncertainty for individuals, businesses, and society in general no-one has a clear answer as to what the year holds for us all, but we are in the fortunate position that we start 2021 with seven projects in construction worth and a strong pipeline of new projects.

We believe that with great change comes great opportunity and our vision and objectives will continue to build the business year on year. We, our partners, and contractors have found new ways to work that we are confident will continue to mitigate the risk of Covid-19 causing delay on sites and are confident that we will achieve the construction milestones planned. The Yeovil Residential project achieved practical completion early in 2021 and two car parks schemes are expected to achieve practical completion in the autumn. The strides we have taken forward in how we engage with clients, partners, planners and being able to run virtual planning consultations will support us in turning our pipeline of opportunity into real deliverable projects during 2021 while social distancing remains in place.

The vision for health and care in the UK is integrated service delivery, a future where the patient experience seamlessly traverses primary care, acute hospitals, and residential care. Our collective experience gives us unparalleled insight across the breadth of health and care services and as a market leader we can be part of the solution through investment in our products and our people.

PRIME PLC
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2020

Prime has a strong pipeline of future projects with several schemes currently awaiting planning consent in preparation for financial close being achieved in 2021 with construction of these commencing as quickly thereafter as possible. We have opportunities in the elderly sector that we hope to realise in 2021 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 being on three pre-procured frameworks. 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.

We have a long-term vision 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 staff 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.

During the last year we have assessed our strategy to see how we can be much more impactful in our quest to develop space for change in health and care and how we can make a real difference to the wider society, which will be facing a myriad of challenges post-pandemic. Seeing first-hand the devastating effect the pandemic has had on what was an already a failing high street, we have a long-term ambition to bring the high street back to life. We have invested our time and effort to promote a debate and stimulus via Thought Leadership campaigns as we believe that health and care can be brought into the high street and be a catalyst for regeneration through our Urban Health and Care Village concept. We want to enhance the value to society in the work that we do and the way we operate within Prime. Our 2021-26 Strategy places much more emphasis on our environmental performance credentials, social value and how we can do even more great things for the community we live in and deliver projects in. It is ambitious and exciting.

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	Residual Risk rating	Factors affecting risk in 2020	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	<p>The complexity and length of the process driven by NHS England and NHS Improvement (NHSEI) to approve projects which are above the individual trust delegated approval thresholds.</p> <p>The COVID-19 pandemic has placed great strain on NHS budgets and led to delays in setting multi-year capital plans.</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 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>

PRIME PLC
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Risk	Residual Risk rating	Factors affecting risk in 2020	Mitigation
Failure to recruit, retain, develop, motivate and support skilled competent employees may impact the performance of the Group and its ability to grow.	Low	Prime has historically had low staff turnover. In the year we built on our established wellbeing programmes to provide additional support and resources to staff to allow them to balance the needs of working remotely and dealing with changes at home arising from pandemic restrictions.	<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 benefited from low staff turnover.</p>
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 ensure efficient and detailed management of construction processes in 2020 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 sought clarity, as to approval processes to ensure it was properly able to assess the risk of its projects before committing significant expenditure. Close relationships with clients and key officials allowed open dialogue to ensure possible delays could be mitigated.	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</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</p>

**PRIME PLC
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Risk	Residual Risk rating	Factors affecting risk in 2020	Mitigation
		environment for the right product.	their business and strategies that could facilitate objectives.
Covid-19	Medium- Low	<p>The immediate risks faced by the Group due to Covid-19 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>	<p>The healthcare sector is a long-term business. Those not involved in the front line of defence against Covid-19 are continuing to plan ahead to deal with sector fundamentals that will not be changed by the virus, such as a growing, ageing population and increasing demands upon the NHS and other providers. 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.</p> <p>Robust business continuity policy and working practices allow working remotely to continue.</p> <p>Facilities for virtual client meetings, planning consultations and committee hearings are being well utilised.</p> <p>Robust health and safety protocols allow construction sites to operate safely and effectively.</p>

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Group Finance Directors' Review

In a year unlike any other, the business has overcome many obstacles in the way in which we work, progress development activity and deliver projects on site resulting in high levels of achievement which are reflected in the financial performance for the year. 2020 saw us achieve our best financial performance on record and is testament to the hard work, loyalty and perseverance of the whole Prime team.

Highlights for the year

Number of projects on site

Projects in construction as at 1 January 2020	Achievements during the year	Projects in construction as at 31 December 2020
3	+ 5 financial closes	
	- 1 project completion	7

A key feature of achieving financial close is having developed a project which solves the needs of the client and is attractive to investors at the lowest possible cost of funds. We continue to demonstrate our ability to attract new investors to the sector and generate long term investment into the government-backed healthcare sector through creating attractive investment structures and undertaking a wide ranging, robust market test to secure low-cost capital that represents excellent value for money for our NHS partners.

This will continue into 2021 and beyond as Prime rises to the challenge of delivering innovative and flexible funding solutions to meet the increasing complexity of NHS funding constraints. This is one of our key strategic objectives and will include blending private finance with lottery grants, tenants' own funding, public sector monies and our own funding capability.

Financial performance

	2020 £m	2019 £m
Revenue	47.9	32.9
Gross Earnings	10.2	6.5
Profit before tax	3.9	1.3

As noted in the Chief Executive's report, internally we monitor performance by calculation of Gross Earnings¹ which for the year were £10.2m (2019: £6.5m) an increase of 57% year on year. Given the nature of the Group's development activity, it is expected that revenue will fluctuate from year to year depending on the maturity of projects being delivered and the value of those on site, under construction. By focusing on the non-GAAP measure of Gross Earnings, the core performance of the Group can be compared year on year. 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.

As well as revenue from development activities, 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; these long-term service level agreements provide a recurring income stream to the Group for the life of the contracts. Prime was the developer of these assets and has managed them from design, through construction and now onwards through operational management. Assets totalling circa £296 million in value were managed by the Group at the end of 2020. We continued to work with tenants

¹ Gross Earnings is a non-GAAP key performance measure reconciled on page 10.

PRIME PLC
STRATEGIC REPORT
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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.

Gross Earnings and sector performance

Operating across the breadth of health and care is a clear part of our strategy and we measure our success through income generation across the different sectors of hospitals, primary care and elderly care and later living.

<p style="text-align: center;">80%</p> <p style="text-align: center;">of Gross Earnings earned from the Hospital sector</p>	<p>Our 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.</p> <p>In 2020 we jointly purchased a strategic parcel of land together with University Hospital Southampton NHS Foundation Trust to deliver a Health and Innovation Campus. The first project to be developed on this site obtained planning permission in 2020 and construction started early in 2021 on a Park & Ride facility for staff with an aim of reaching practical completion in the first half of 2022.</p> <p>With Dorset County Hospital NHS Foundation Trust, we reached financial close and started on site to deliver a 654-space multi-storey car park. As well as alleviating congestion on the site this is the key enabling project and first phase of the development of the Dorchester hospital site, freeing up land for expanding the Emergency Department and Intensive Care Unit, as well as establishing an Integrated Care Hub as part of a long-term project to deliver the recommendations of Dorset's Clinical Services Review. The car park is expected to be completed in 2022.</p> <p>At the end of 2020 we have substantially completed a 176-bed, keyworker accommodation asset which will open early 2021 and will support our partner Yeovil District Hospital NHS Foundation Trust with its key strategic workforce aims. The accommodation ended the year with an oversubscribed waiting list and will consolidate most of the Trust's key worker and student accommodation needs onto one site in a convenient location close to the hospital and end the long standing loss making provision of accommodation services by the Trust.</p> <p>We achieved planning consent and reached financial close for two multi storey car parks to improve access for patients, visitors and staff of Sandwell and West Birmingham NHS Trust. The Construction of the 400-space facility at Sandwell Hospital in West Bromwich and a 550-space car park at City Hospital in Birmingham will take place over 12 months with the facilities operational by Autumn 2021.</p> <p>We were also really pleased to achieve financial close and start on site with a 1,600-space surface level car park to be used for staff and alleviate congestion for University Hospitals Coventry and Warwickshire NHS Trust.</p> <p>A further project is expected to achieve financial close in 2021 through our collaboration with Vinci as a pre-procured member of the Car Park Management and Infrastructure Framework which is managed by NHS Shared Business Services. 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.</p> <p>Prime financially closed and commenced construction of a specialist hospital facility in early 2019 for HCA in their joint venture with University Hospitals Birmingham NHS Foundation Trust (UHB) to deliver the UK's largest private hospital. 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</p>
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	and is expected to complete in 2022. The project is highly complex due to its positioning in and amongst existing UHB facilities and 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.
15% Of Gross Earnings earned from the Primary Care sector	<p>Having been in construction since spring 2019 we successfully achieved practical completion in autumn 2020 of Station Medical Centre, an integrated healthcare hub facility in Hereford. The centre creates modern accommodation on a single site for Hereford Medical Group, the merger of five local GP practices, facilitating enhanced services for the benefit of their patients. The NHS provided ETTF grant monies to the GPs to part fund the development of the hub and Prime established the commercial structure to incorporate the grant monies into the wider funding structure to provide an acceptable return for both the NHS and specialist investor.</p> <p><i>Recurring income is earned and classified within our primary care sector from the provision of corporate governance, financial and facilities management under long-term service level agreements contracts with two NHS LIFT companies.</i></p>
5% Of Gross Earnings earned from the Elderly Care & Later Living sector	<p>We completed the contract to sell a 74 bed care home site in Worcester to Sanders Senior Living, part of Runwood Homes. This project means a lot to Prime and our people as it is within our local area and will benefit our own community as it will create much needed elderly residential care and a number of local jobs.</p> <p>We end the year with a number of other strategic sites now under option for which Prime expects to achieve required planning consents and sell the sites to care home operators in 2021.</p>

Profit before taxation

Profit before taxation increased to £3.9m in the year (2019: £1.3m) which reflects an increase in gross earnings and a proportionate increase to the cost base.

People costs are a large proportion of our cost base and as our most important asset it is the skills of the team that drive our profitability and achievement of gross earnings. We have invested in the recruitment of further staff during the year due to the number projects we have closed that will progress through construction in 2021 and our continued investment in our development pipeline.

Prime Foundation

Prime is committed to contributing a proportion of earnings from its 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 2020 the Prime Foundation granted £20,000 to six organisations across Worcester and Staffordshire and closed the year with committed funds of just under £70,000 which will be distributed in 2021. 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 projects such as new sports and craft equipment for the Perdiswell Young People's Leisure Club, a short production tour provided by Vamos Theatre and a safety boat and trailer for the Evesham Sea Cadets.

**PRIME PLC
STRATEGIC REPORT
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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.

A key element of our 2021-26 strategy is to further improve the green credentials and social value of our development projects and deliver a net bio-diversity gain to the areas immediately surrounding our buildings.

Compliance and Governance

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 continue to appraise a range of scenarios to demonstrate the financial resilience of the Group, applying 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.

We have long-term experience and understanding of the market in which we operate and a strong track record. Our forecasts for the coming year are based on income from projects on-site under construction or in the final stages of development and expected to achieve financial close within the review period and from the delivery of MSA's. In reviewing these forecasts and the assumptions made in preparing them, the market outlook, the Group's strategy and the principal risks and uncertainties, the Board considers it appropriate that the financial statements are prepared on a going concern basis.

PRIME PLC
STRATEGIC REPORT
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Section 172 Compliance Statement

The Board confirm that they are compliant with Section 172 of the Companies Act 2006, that is their duty to promote the success of the Group for the benefit of all members. In doing so the Board have regard, amongst other matters, to the following:

S.172 Matter	Response
a) The likely consequences of any decision in the long term	<p>The nature of our business means most decisions must be made with a medium to long term focus. Our strategy focuses on creating and enhancing long-term relationships with our clients. Our projects and MSA contracts are multi-year.</p> <p><i>Our culture and values of being honourable are embedded in our decision-making processes.</i></p>
b) The interests of the Group's employees	<p>We have a strong wellbeing focus at Prime.</p> <p>We hold regular all-staff business briefings that are open, transparent and timely.</p> <p>We carry out annual staff surveys so that views can be understood and considered in Board decisions.</p>
c) The need to foster the Company's business relationships with suppliers, customers and others	<p>We have a strong outward facing wellbeing focus, working collaboratively with our supply chain.</p> <p>Prime has supported its building contractors during the pandemic to implement Covid safe sites, sharing the burden of the cost of these.</p> <p>Sought ways to support our clients; working closely to navigate their challenges to get a successful outcome.</p>
d) The impact of the Company's operations on the community and the environment	<p>2020 launch of volunteering days</p> <p>Prime Foundation</p> <p>Public consultation process</p> <p>ISO 14001</p> <p>Design process of new builds</p> <p>During the year we have developed a 2021-26 strategy that has a greater focus on environmental and bio-diversity ambitions.</p>
e) The desirability of the Company maintaining a reputation for high standards of business conduct	<p>Our culture and values promote being honourable.</p> <p>The skill set and ethics instilled ensure we comply with all legal and regulatory requirements.</p> <p>Our health and safety standards encourage those we work with do so the same.</p>
f) The need to act fairly as between members of the company	<p>Major and minor shareholders receive the same information and are indistinguishable at the Board table.</p>

PRIME PLC
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2020

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 Prime Group 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 of the Prime Group on 1 May 2017. Prior to this he was Managing Director of Prime (UK) Developments Limited, 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 Prime Group 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 for the Prime Group. 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 Prime 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 Prime 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 2020**

Sub Committees

Prime (GB) Holdings Limited, the ultimate parent company has established sub committees of its board to carry out certain activities on behalf of the Group, these are 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**

Date: 13 May 2021

**PRIME PLC
REPORT OF THE DIRECTORS
YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the audited consolidated financial statements of the Group and Company for the year ended 31 December 2020.

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. Dividends for the year ended 31 December 2020, totalling £4,205,000 (2019 - £Nil).

Interim dividends per share:

Ordinary shares	7 February 2020*	£11.20
Ordinary shares	23 November 2020	£0.62
Ordinary shares	29 December 2020	£5.00

*Dividend paid on 7 February 2020 represented a dividend in specie of the Company's head office property.

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 2020**

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 and company 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 13 May 2021 and signed on behalf of the Board.



**Leighton Chumbley
Chief Executive**

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 2020 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 2020; the consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and company statements 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**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 2020 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 of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIME PLC

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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to those laws and regulations that have a direct impact on the preparation of the financial statements such as the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to ability for management to override controls and manipulate the financial statements through posting inappropriate journal entries to manipulate financial performance, management bias in accounting estimates and significant one-off or unusual transactions. Audit procedures performed included:

- discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- enquiry of management and those charged with governance around any actual and potential litigation and claims;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business; and
- reviewing minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRIME PLC

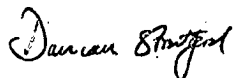
OTHER REQUIRED REPORTING

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.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 17 May 2021

PRIME PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
GROSS REVENUE	2	47,907,668	32,903,453
Less: Disbursements	2	(3,071,218)	(4,338,085)
REVENUE	2	44,836,450	28,565,368
Cost of sales		(34,153,270)	(22,082,983)
GROSS PROFIT		10,683,180	6,482,385
Administrative expenses		(6,346,120)	(4,947,229)
Loss on disposal of investment properties	3	(417,171)	-
Impairment of goodwill		-	(218,022)
OPERATING PROFIT	4	3,919,889	1,317,134
SHARE OF OPERATING PROFIT IN JOINT VENTURES	11	16,144	43,262
PROFIT BEFORE INTEREST AND TAXATION		3,936,033	1,360,396
Interest receivable and similar income	7	9,618	30,937
Interest payable and similar expenses	8	(40)	(44,152)
PROFIT BEFORE TAXATION		3,945,611	1,347,181
Tax on profit	9	(749,079)	(119,160)
PROFIT FOR THE FINANCIAL YEAR		3,196,532	1,228,021

The notes form part of these financial statements

PRIME PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020


	Note	2020 £	2019 £
PROFIT FOR THE FINANCIAL YEAR		3,196,532	1,228,021
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,196,532	1,228,021

The notes form part of these financial statements

PRIME PLC
CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		GROUP		COMPANY	
	Note	2020	2019	2020	2019
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	10	561,717	2,312,061	64,967	68,357
Investments	11	692,105	705,961	1,358,429	1,358,429
Investment property	12	5,193,717	2,159,000	-	2,800,000
		6,447,539	5,177,022	1,423,396	4,226,786
CURRENT ASSETS					
Inventories	13	839,385	50,000	-	-
Debtors: amounts falling due within one year	14	6,053,247	6,863,341	64,738	29,430
Debtors: amounts falling due after more than one year	14	728,848	780,165	-	-
Cash at bank and in hand		8,215,325	3,567,438	1,088,825	161,170
		15,836,805	11,260,944	1,153,563	190,600
CREDITORS - amounts falling due within one year	15	(7,147,036)	(5,108,352)	(799,096)	(81,268)
NET CURRENT ASSETS / (LIABILITIES)		8,689,769	6,152,592	354,467	109,332
TOTAL ASSETS LESS CURRENT LIABILITIES		15,137,308	11,329,614	1,777,863	4,336,118
CREDITORS - amounts falling due after more than one year	16	(7,142,687)	(2,326,525)	-	-
Provisions for liabilities	17	(39,941)	(39,941)	(7,178)	(117,967)
NET ASSETS		7,954,680	8,963,148	1,770,685	4,218,151
CAPITAL AND RESERVES					
Called up share capital	19	53,125	53,125	53,125	53,125
Revaluation reserve	20	563,605	929,857	-	374,079
Profit and loss account	20				
At 1 January		7,980,166	6,772,895	3,790,947	3,839,262
Profit / (loss) for the financial year		3,196,532	1,228,021	1,757,534	(48,315)
Other profit and loss account movements		(3,838,748)	(20,750)	(3,830,921)	-
At 31 December		7,337,950	7,980,166	1,717,560	3,790,947
TOTAL SHAREHOLDERS' FUNDS		7,954,680	8,963,148	1,770,685	4,218,151

The financial statements on pages 27 to 52 were approved and authorised for issue by the Board and were signed on its behalf on 13 May 2021


L Chumbley
Director
Prime Plc
Registered Number – 03432065

V. Town
V Town
Director
Prime plc
Registered Number – 03432065

The notes form part of these financial statements

PRIME PLC
CONSOLIDATED AND COMPANY
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED

	Called-up share capital £	Revaluation reserve £	Profit and loss reserve £	Total £
AT 1 JANUARY 2019	53,125	909,107	6,772,895	7,735,127
CHANGES IN EQUITY				
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)	-
AT 31 DECEMBER 2019	53,125	929,857	7,980,166	8,963,148
CHANGES IN EQUITY				
Equity dividends paid	-	-	(4,205,000)	(4,205,000)
Total comprehensive income for the financial year	-	-	3,196,532	3,196,532
Transfer in respect of property valuation gains:				
- group	-	(374,079)	374,079	-
- joint ventures	-	7,827	(7,827)	-
AT 31 DECEMBER 2020	53,125	563,605	7,337,950	7,954,680

COMPANY

	Called-up share capital £	Revaluation reserve £	Profit and loss reserve £	Total £
AT 1 JANUARY 2019	53,125	374,079	3,839,262	4,266,466
CHANGES IN EQUITY				
Total comprehensive expense for the financial year	-	-	(48,315)	(48,315)
AT 31 DECEMBER 2019	53,125	374,079	3,790,947	4,218,151
CHANGES IN EQUITY				
Equity dividends paid	-	-	(4,205,000)	(4,205,000)
Total comprehensive income for the financial year	-	-	1,757,534	1,757,534
Transfer in respect of property valuation gains	-	(374,079)	374,079	-
AT 31 DECEMBER 2020	53,125	-	1,717,560	1,770,685

The notes form part of these financial statements

PRIME PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
OPERATING ACTIVITIES			
Net cash flows generated from operations	22	10,326,075	6,235,363
Corporation tax paid		(74,185)	(285,502)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		10,251,890	5,949,861
INVESTING ACTIVITIES			
Interest received		9,618	30,937
Purchase of fixed assets		(78,467)	(351,592)
Purchase of investment property		(5,238,000)	-
Proceeds on disposal of tangible fixed assets		609,981	95,792
Purchase of fixed asset investments		-	(235,757)
Dividends received from joint ventures		30,000	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(4,666,868)	(460,620)
FINANCING ACTIVITIES			
Interest paid		(40)	(44,152)
Repayment of group loans		(34,500)	(6,526,701)
Dividends paid to equity shareholders		(1,405,000)	-
Group loans received		520,915	3,174,044
Repayment of obligations under finance leases		(18,510)	(36,540)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(937,135)	(3,433,349)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,647,887	2,055,892
CASH AND CASH EQUIVALENTS AT 1 JANUARY		3,567,438	1,511,546
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		8,215,325	3,567,438
CASH AND CASH EQUIVALENTS CONSIST OF:			
CASH AT BANK AND IN HAND		8,215,325	3,567,438
CASH AND CASH EQUIVALENTS		8,215,325	3,567,438

The notes form part of these financial statements

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 and care 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 2020

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 2020

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 2020

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 2020

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. An assessment is made at the start of each contract as to whether the Group 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.

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.

2. REVENUE

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

	2020	2019
	£	£
Fees earned	1,537,673	1,540,385
Sale of property	2,400,000	-
Revenue from construction contracts	39,318,424	26,377,901
Rental income	1,580,353	647,082
REVENUE	44,836,450	28,565,368
Disbursement charges to customers	3,071,218	4,338,085
GROSS REVENUE	47,907,668	32,903,453

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. LOSS ON DISPOSAL OF INVESTMENT PROPERTIES

During the year the Group disposed of an investment property resulting in a loss of £417,171 (2019 - £Nil). Deferred lease premium income of £923,167 was released to the income statement on disposal of the property.

4. OPERATING PROFIT

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

	2020 £	2019 £
Depreciation of tangible fixed assets:		
- Owned by the Group	174,940	143,420
Finance lease assets	-	21,866
Fees payable to the Company's auditor for the audit of the company and Group's consolidated financial statements	6,213	5,753
Fees payable to the Company's auditor for other services		
- Audit of the Company's subsidiaries	64,331	49,336
- Other services	20,000	-
Operating lease rentals:		
- land and buildings	431,929	246,009
Inventory recognised as an expense	1,931,515	961
Profit on disposal of fixed assets	(14,280)	(28,324)

5. DIRECTORS' EMOLUMENTS AND BENEFITS

	2020 £	2019 £
Directors' emoluments	1,630,333	902,469
Contributions to money purchase pension schemes	58,231	74,407

	2020 No	2019 No
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:

	2020 £	2019 £
Emoluments and benefits under long term incentive schemes	386,492	194,928
Contributions to money purchase pension schemes	10,000	10,000

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. STAFF COSTS

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

	2020	2019
	£	£
Wages and salaries	4,285,216	2,937,670
Social security costs	352,359	385,624
Other pension costs	297,642	325,275
	4,935,217	3,648,569

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

	2020	2019
	No.	No.
Development	14	11
Investment	6	6
Asset management	9	8
Finance and Operations	22	26
	51	51

The Company has no employees (2019 – nil)

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Bank interest receivable	7,447	28,350
Interest receivable on loans to group undertakings	2,171	2,587
	9,618	30,937

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest payable on loans from group undertakings	-	43,590
Finance lease interest	40	562
	40	44,152

9. TAX ON PROFIT**Tax expense included in profit or loss**

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

	2020	2019
	£	£
Current tax:		
UK Corporation tax on profits for the year	727,910	137,989
Total current tax	727,910	137,989
Deferred tax:		
Origination of timing differences	21,169	(18,829)
Total tax charge	749,079	119,160

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. TAX ON PROFIT (continued)

Reconciliation of tax charge

The tax assessed for the year is lower (2019 – lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	3,945,611	1,347,181
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	749,666	255,964
Effects of:		
- Capital allowances and balancing allowances in excess of depreciation	85,862	41,749
- Expenses not deductible for tax purposes	108,612	(106,281)
- Capital gains	-	37,916
- Taxable lease premiums	-	76,209
- Non taxable income	(18,463)	(162,989)
- Group relief	(144,000)	-
- Share of joint venture profit shown net of tax	(3,261)	(8,300)
- Losses brought forward and utilised	-	(9,159)
- Adjustment to prior year deferred tax provision	(29,337)	(5,949)
Tax on profit	749,079	119,160

Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. TANGIBLE ASSETS

Group

	Long leasehold properties £	Improvements to property £	Furniture, fixtures and fittings £	Motor vehicles £	Computer & office equipment £	Total £
COST OR VALUATION						
AT 1 JANUARY 2020	1,596,000	190,207	372,355	660,658	655,778	3,474,998
Additions	-	-	-	45,514	32,953	78,467
Disposals	(1,596,000)	-	-	(248,372)	(1,005)	(1,845,377)
At 31 DECEMBER 2020	-	190,207	372,355	457,800	687,726	1,708,088
ACCUMULATED DEPRECIATION						
AT 1 JANUARY 2020	-	34,314	332,718	297,428	498,477	1,162,937
Charge for the year	-	13,292	12,591	86,001	63,056	174,940
Eliminated on disposals	-	-	-	(190,795)	(711)	(191,506)
At 31 DECEMBER 2020	-	47,606	345,309	192,634	560,822	1,146,371
NET BOOK VALUES						
At 31 DECEMBER 2020	-	142,601	27,046	265,166	126,904	561,717
At 31 DECEMBER 2019	1,596,000	155,893	39,637	363,230	157,301	2,312,061

Included within Computer & office equipment are assets with a net book value of £32,800 (2019 - £54,666) previously held under finance leases. All finance leases were settled during the year.

Company

	Improvements to property £
COST OR VALUATION	
AT 1 JANUARY 2020	84,741
Additions	-
Disposals	-
At 31 DECEMBER 2020	84,741
ACCUMULATED DEPRECIATION	
AT 1 JANUARY 2020	16,384
Charge for the year	3,390
Eliminated on disposals	-
At 31 DECEMBER 2020	19,774
NET BOOK VALUES	
At 31 DECEMBER 2020	64,967
At 31 DECEMBER 2019	68,357

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. INVESTMENTS

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Subsidiary undertakings	-	-	1,358,429	1,358,429
Joint ventures	692,105	705,961	-	-
	692,105	705,961	1,358,429	1,358,429

SUBSIDIARY UNDERTAKINGS – COMPANY

	£
COST	
At 1 JANUARY AND 31 DECEMBER 2020	1,597,082
IMPAIRMENT	
At 1 JANUARY AND 31 DECEMBER 2020	(238,653)
NET BOOK VALUE AT 31 DECEMBER 2020	1,358,429
NET BOOK VALUE AT 31 DECEMBER 2019	1,358,429

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

Name	% Holding	Parent company	Nature of company
Prime Operations Limited*	100%	Prime Plc	Holding company
Prime (UK) Investments Limited*	100%	Prime Plc	Holding company
Prime Company Secretarial Services Limited	100%	Prime Plc	Dormant
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	Project Management
Prime Infrastructure Management Services 4 Limited	100%	Prime Operations Limited	Project Management
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
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 PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. INVESTMENTS (CONTINUED)

Name	% Holding	Parent company	Nature of company
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 2020.

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020	705,961
Share of operating profit	16,144
Additions	(30,000)
AT 31 DECEMBER 2020	692,105

(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 2020 the Group's share of Modality Property Limited can be summarised as follows:

	£
Share of assets	
Share of fixed assets	1,405,000
Share of current assets	32,815
	1,437,815
Share of liabilities	
Share of liabilities falling due within one year	(51,370)
Share of liabilities falling due after more than one year	(701,015)
	(752,385)
SHARE OF NET ASSETS	685,430

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. INVESTMENTS (CONTINUED)

JOINT VENTURES – GROUP (CONTINUED)

(ii) Prime Partnering Solutions Limited

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 2020 the Group's share of these entities can be summarised as follows:

	£
Share of assets	
Share of fixed assets	-
Share of current assets	17,736
	17,736
Share of liabilities	
Share of liabilities falling due within one year	(14,070)
	(14,070)
SHARE OF NET ASSETS	3,666

(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 2020 the Group's share of Prime Infrastructure Investments Limited can be summarised as follows:

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

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 the Group's share of Prime LIFT Investments Limited can be summarised as follows:

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

12. INVESTMENT PROPERTY

	GROUP £	COMPANY £
COST OR VALUATION		
AT 1 JANUARY 2020	2,159,000	2,800,000
Additions	5,238,000	-
Impairment	(44,283)	-
Disposals	(2,159,000)	(2,800,000)
AT 31 DECEMBER 2020	5,193,717	-

Cost or valuation at 31 December 2020 is represented by:

Cost	5,238,000	-
Impairment - 2020	(44,283)	-
AT 31 DECEMBER 2020	5,193,717	-

Investment properties are held at fair value.

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. INVENTORIES

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Land and property held for resale	839,385	50,000	-	-

14. DEBTORS

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year				
Trade debtors	311,333	1,858,199	9,561	-
Amounts owed by group undertakings	-	518,745	-	-
Amounts recoverable on contracts	419,524	2,190,135	-	-
Other debtors	524,157	149,791	-	23,514
Corporation tax	-	151,664	-	-
Other taxation and social security	407,531	85,199	-	5,200
Prepayments and accrued income	4,390,702	1,909,608	55,177	716
	6,053,247	6,863,341	64,738	29,430
Amounts falling due after more than one year				
Other debtors	405,851	435,999	-	-
Deferred tax asset	322,997	344,166	-	-
	728,848	780,165	-	-
TOTAL DEBTORS	6,782,095	7,643,506	64,738	29,430

Trade debtors are stated after provisions for impairment of £70,137 (2019 - £Nil)

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	1,378,862	2,244,199	15,558	8,921
Amounts owed to group undertakings	-	34,500	520,102	102
Other creditors	1,112,429	744,575	61,145	-
Corporation tax	502,060	-	51,426	16,762
Other taxation and social security	1,453,306	182,666	6,934	-
Finance leases	-	18,510	-	-
Accruals and deferred income	2,700,379	1,883,902	143,931	55,483
	7,147,036	5,108,352	799,096	81,268

16. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Accruals and deferred income	7,142,687	2,326,525	-	-
	7,142,687	2,326,525	-	-

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. PROVISIONS FOR LIABILITIES AND CHARGES**GROUP**

	Other Provisions £
AT 1 JANUARY 2020	39,941
Credit for the year	-
AT 31 DECEMBER 2020	39,941

The other provision is in respect of a contractual obligation of the Group to reimburse a tenant of one of its developments, costs 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 the value of this provision and on presentation of evidence of expenditure. The provision is expected to be utilised over the remaining life of the lease term, nothing was utilised in the current or previous year.

COMPANY

	Deferred tax £
AT 1 JANUARY 2020	117,967
Credit for the year	(110,789)
AT 31 DECEMBER 2020	7,178

18. DEFERRED TAX ASSET/(LIABILITY)

	GROUP £	COMPANY £
AT 1 JANUARY 2020	344,166	(117,967)
(Charge)/credit for the year recognised in consolidated income statement	(21,169)	110,789
AT 31 DECEMBER 2020	322,997	(7,178)

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

	GROUP 2020	2019	COMPANY 2020	2019
	£	£	£	£
Accelerated capital allowances	(36,203)	(131,663)	(7,178)	(92,046)
Latent gains	-	(25,921)	-	(25,921)
Lease Premiums	442,040	581,008	-	-
Overage Agreements	(82,840)	(79,258)	-	-
	322,997	344,166	(7,178)	(117,967)

19. CALLED UP SHARE CAPITAL**GROUP AND COMPANY**

Authorised, allotted, issued and fully paid:

Number	Class	Nominal value	2020 £	2019 £
62,500	'C' ordinary 5p	£0.05	3,125	3,125
250,000	Ordinary	£0.20	50,000	50,000
			53,125	53,125

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.

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20. RESERVES**GROUP**

	Revaluation reserve £	Profit and loss account £	Total reserves £
AT 1 JANUARY 2020	929,857	7,980,166	8,910,023
Total comprehensive income for the year	-	3,196,532	3,196,532
Equity dividends paid (note 21)	-	(4,205,000)	(4,205,000)
Transfer in respect of property valuation gains:			
- group	(374,079)	374,079	-
- joint ventures	7,827	(7,827)	-
AT 31 DECEMBER 2020	563,605	7,337,950	7,901,555

COMPANY

	Revaluation reserve £	Profit and loss account £	Total reserves £
AT 1 JANUARY 2020	374,079	3,790,947	4,165,026
Profit and total comprehensive income for the financial year		1,757,534	1,757,534
Transfer in respect of property valuation gains	(374,079)	374,079	-
Equity dividends paid (note 21)	-	(4,205,000)	(4,205,000)
AT 31 DECEMBER 2020	-	1,717,560	1,717,560

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

	2020 £	2019 £
Ordinary shares – Interim dividends of £16.82 per share* (2019 – £Nil per share)	4,205,000	-

* Included in interim dividends distributed in the year was the dividend in specie of the Company's head office property on 7 February 2020, such distribution representing £11.20 per Ordinary share

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2020	2019
	£	£
Profit for the financial year	3,196,532	1,228,021
Tax on profit	749,079	119,160
Interest payable and similar expenses	40	44,152
Interest receivable and similar income	(9,618)	(30,937)
Share of operating profit in joint ventures	(16,144)	(43,262)
Operating profit	3,919,889	1,317,134
Depreciation of tangible fixed assets	174,940	165,286
Profit on disposal of tangible fixed assets	(14,280)	(28,324)
Loss on disposal of investment property	417,171	-
Impairment to investment property	44,283	-
Impairment of goodwill	-	218,022
Increase in inventories	(789,385)	-
Decrease in debtors	167,556	2,423,216
Increase in creditors	6,405,901	2,140,029
NET CASH FLOWS GENERATED FROM OPERATIONS	10,326,075	6,235,363

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.

24. CAPITAL AND OTHER COMMITMENTS

GROUP

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

	2020	2019
	£	£
Contracts for future capital expenditure not provided in the financial statements:		
- Construction contracts	102,565,005	77,399,824

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:

	2020	2019
	£	£
Within than one year	453,287	249,732
Between one and five years	1,813,148	998,926
After more than five years	3,614,846	2,987,711
	5,881,281	4,236,369

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

24. CAPITAL AND OTHER COMMITMENTS (CONTINUED)

Arrangements in the capacity of lessor

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

	2020 £	2019 £
Within than one year	402,700	393,280
Between one and five years	1,610,801	1,573,119
After more than five years	3,381,425	3,701,173
	5,394,926	5,667,572

COMPANY

Arrangements in the capacity of lessor

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

	2020 £	2019 £
Within than one year	200,000	-
Between one and five years	800,000	-
After more than five years	836,712	-
	1,836,712	-

25. FINANCIAL INSTRUMENTS

GROUP

The group has the following financial instruments:

	Note	2020 £	2019 £
Financial assets measured at amortised cost:			
Trade debtors	14	311,333	1,858,199
Other debtors	14	930,008	585,790
		1,241,341	2,443,989
Financial assets measured at amortised cost:			
Trade creditors	15	1,378,862	2,244,199
Other creditors	15	1,112,429	744,575
Finance leases	15	-	18,510
		2,491,291	3,007,284

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

25. FINANCIAL INSTRUMENTS (CONTUNED)

COMPANY

The Company has the following financial instruments:

	Note	2020 £	2019 £
Financial assets measured at amortised cost:			
Other debtors	14	-	23,514
		-	23,514
Financial assets measured at amortised cost:			
Trade creditors	15	15,557	8,921
Other creditors	15	61,145	-
		76,702	8,921

26. ACQUISITIONS

In the previous financial year, 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 was 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
Total consideration	238,653

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

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

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)
Total identifiable assets			20,631
Goodwill			218,022
Total			238,653

PRIME PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 £6,880 (2019 – £6,591). Modality Property Limited is a joint venture entity of the Group. At the year-end £Nil (2019 – £Nil) was outstanding.

During the year the Group provided services to Southampton CEDP LLP amounting to £22,510 (2019 – £78,670). At the year end, £28,052 (2019 – £80,042) 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 £2,156 (2019 – £35,093). At the year end an amount of £Nil (2019 – £Nil) was outstanding. Yeovil Estates Partnership LLP is a joint venture entity of the Group.

During the year the Group provided services to Marrakushi Limited amounting to £16,200 (2019 – £Nil). At the year end an amount of £Nil was outstanding (2019 – £Nil). The Group also paid rent of £179,726 to Marrakushi Limited. At the year end date £Nil was outstanding (2019 – £Nil).

Marrakushi Limited is a company which shares some common directors and shareholders with the Prime 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.