

THE PRIME INITIATIVE

(Trading as PRIME)

Registered Charity No. 261794-2

Company No. 4184314

(A company limited by guarantee in having no share capital)

**Report and Financial Statements for the Year Ended
31st March 2006**

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

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Founder and President:	HRH The Prince of Wales
Company registration:	04184314
Charity registration number: (linked with Age Concern England)	261794-2
Registered Office:	Astral House 1268 London Road London SW16 4ER
Trustees:	Pauline Norton (chair) Richard Ian Baker Stephanie Harland (appointed 22 June 2005) Dr Ian Nowell (resigned 30 April 2005)
Company Secretary:	Nigel Foyster (resigned 24 April 2006) Sue Preston (appointed 25 April 2006)
Chief Executive:	Laurie South
Bankers:	Lloyds Bank TSB 40 Rosslyn Hill Hampstead London NW3 1NL
Solicitors:	Age Concern England – Legal Department
Auditors:	Grant Thornton UK LLP Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

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TRUSTEES' REPORT

The Trustees of The PRIME Initiative present their annual report together with the audited financial statements for the year ended 31st March 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

PRIME changed its status during the year and became a charity. PRIME is now a linked charity with Age Concern England (ACE) but governed by its own Articles of Association. PRIME is also a company limited by guarantee.

ACE is the sole member of the charity The PRIME Initiative. PRIME receives a grant from ACE and, in addition, ACE provides accommodation and services free of charge. This is valued at £30,000 in the accounts.

The trustees are employees of ACE nominated by ACE in its capacity as sole member. PRIME is reviewing what qualities and skills it requires from its trustees. When new trustees are appointed an induction programme will be drawn up for them.

The Chief Executive of PRIME is Laurie South. The day to day running of the organisation is delegated to him by the Board of Trustees.

The President of PRIME is HRH The Prince of Wales who played a proactive role in founding PRIME. PRIME is also a member of the Prince's Charities Group, which brings together the charities of which HRH The Prince of Wales is President.

At present the trustees and senior management team review risk at their regular meetings. This will be formalised in 2006/7 with the creation of a risk register.

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OBJECTIVES AND ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

PRIME's objective is to promote self employment as an option for the over 50s. Its mission is:

to ensure everyone aged 50+ has the opportunity for financial, social and personal fulfilment through sustainable self-employment, business or social enterprise.

The way it approaches this objective and mission falls under four categories.

- (i) The PRIME campaign – to create awareness and lobby for improved opportunities for the 50+
- (ii) The PRIME partnership – to foster a strong relationship with intermediaries, publicly funded enterprise agencies, and other organisations in the sector to deliver free business advice and support to those aged 50+
- (iii) The PRIME understanding – to collect and disseminate best practice and to research 50+ self-employment and enterprise
- (iv) The PRIME management and governance - to provide an efficient and effective governance and management which ensures PRIME makes a significant impact in fulfilling its mission

THE NEED FOR PRIME

Table 1 highlights worklessness amongst the over 50s in England, Scotland and Wales. Worklessness totals include all those who are not in work. According to government sources approximately 10 per cent of the workless will be retired and comfortably off. Comfortable retirement rates will probably vary from region to region but these data are not available. Many people have taken, or been pushed into taking, early retirement and then found that their pension was quite inadequate. This group is definitely not comfortably off and does need an additional income. Others will be caring for partners or relatives and may find that they need work and an income as their caring roles cease.

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At least 1.4 million people aged 50+ in the UK are on Incapacity Benefits. This means their doctors have agreed that they are no longer able to do the job they used to do. Research has shown that at least 75 per cent of this group want to work, albeit in a different role.

Men are deemed to retire at 65 and women at 60, this means there approximately one million "hidden" workless women between the ages of 60 and 64. The rise in the statutory pension age means these women will not be receiving the state pension until 65. In addition they are less likely than men to have adequate private pension provision. Adding this one million to the totals in Table 1 would result in a worklessness total of around 3.5 millions.

Table 1 (below) indicates the scale of the challenge. Only one in ten of those made redundant at 45+ will ever become an employee again, usually because they are discriminated against in the labour market because of their age. For the workless, self-employment and enterprise is therefore a very important option. While not all will want to be re-attached to the labour market, and not all will want or be suitable for self-employment, even a recruitment of 5 per cent of the workless into self-employment means helping 175,000 people and the development of 175,000 new businesses (an increase of 4 per cent on the total number of businesses in the UK) would be significant. The number of people that are aged over 50 and who cannot get back into work is a challenge to the economy and the community, because, leaving aside the personal anguish and the direct welfare costs, worklessness breeds mental and physical illness and social isolation, all of which bring further costs on society.

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	Total No. people aged 50-SPA	Total aged 50- SPA WORK- LESS	50-SPA WORK- LESS RATE (%)
Area			
East Midlands	674,000	193,000	28.64
Eastern	858,000	212,000	24.71
London	924,000	281,000	30.41
North East	390,000	158,000	40.51
North West	1,033,000	353,000	34.17
South East	1,259,000	308,000	24.46
South West	810,000	207,000	25.56
West Midlands	823,000	240,000	29.16
Yorkshire and The Humber	764,000	226,000	29.58
England	7,536,000	2,179,000	28.91
Wales	473,000	168,000	35.52
Scotland	784,000	246,000	31.38
Total	8,793,000	2,593,000	29.49

Source: Labour Force Survey Quarterly Survey June 04 – May 05 averaged. N.B. These data ignore women aged 60-64.

Table 1: 50-SPA Worklessness rate by region

This is the PRIME challenge which it meets in through:

- (i) The PRIME campaign
- (ii) The PRIME partnership
- (iii) The PRIME understanding

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(i) THE PRIME CAMPAIGN

PRIME aims to change the culture that has ignored and neglected the needs of over 50s in the labour market, and in particular the promotion of self-employment and enterprise to this age group, relative to the needs of other groups. The PRIME campaign is therefore about raising this issue with the community and decision-makers at all levels. It is also about making people aged over 50 aware that there are opportunities to start their own business.

During the year PRIME has featured on TV (Working Lunch), regional TV programmes and a number of the "fringe" radio programmes. It has also been cited in the national media in the Guardian, Mail, Express and Scotsman.

PRIME has made three national responses to governments during the year:

- (i) a response to the consultation paper on Local Enterprise Growth Initiatives (LEGIs)
- (ii) evidence to the Scottish National Assembly's Enterprise and Culture Sub-committee's inquiry into business growth
- (iii) a detailed response to the Green Paper "A new deal for welfare: Empowering people to work"

Through its web-based survey of what was happening in the New Deal, PRIME highlighted the confusion that was raging across the country with some people being unable to access the self-employment programmes. PRIME also publicised the confusion that was taking place over the Working Tax Credit for the self-employed under New Deal.

As an active member of the Genesis Senate, an organisation comprised of associations and trade associations representing small businesses, PRIME has been forging alliances with those that represent different sectors of small business.

PRIME continued its policy of taking stands at major national exhibitions targeting business start-up or changes in later life, and was invited to become a partner in Her Majesty's Revenue and Custom's Business Advice Open Days. There are up to 16 per year of these in the major UK cities. PRIME invited its sister organisation, PRIME Cymru, to staff the Welsh exhibitions.

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At the regional level where it has a Regional Development Manager (RDM), PRIME has been active within the Forums on Ageing established to advise the Regional Development Agencies on issues involving the over 50s, and has also had an impact on the Regional Economic Strategy papers.

PRIME is increasingly working with regional Age Concerns to promote activity designed to assist the over 50s, and contributed to Age Concern England's Productive Ageing Roadshow, raising discussion about the role of local Age Concerns in promoting self-employment and social enterprise for the over 50s.

(ii) THE PRIME PARTNERSHIP

PRIME staff do not give business advice but create and generate interest, offer informed information, enable development in people who are not enterprise ready, and signpost to empathetic Partner business support agencies. PRIME also offers a loan of last resort, and is planning some post-start-up and exit support. The Business Cycle model (appended) describes the different entry and progression points for someone who does not have a strong enterprise background, and goes on to highlight the different vehicles PRIME is developing to facilitate opportunities at each entry and progression point.

(i) Regional Development Managers (RDMs)

PRIME's RDMs currently have the role of:

- (a) forming, developing and sustaining partnerships with the RDA, agencies of enterprise, Jobcentre Plus, Age Concerns and other relevant stakeholders in 50+ enterprise in the region
- (b) creating an awareness of self-employment locally and regionally amongst the over 50s who would not necessarily think of starting their own businesses or social enterprise
- (c) helping people over 50, as far as they can, to become enterprise ready
- (d) sign-posting people on to a relevant business support agency
- (e) developing innovative ideas to further PRIME's mission

This can be an isolated, unrecognised and challenging role, but PRIME's RDMs have shown tremendous resilience, determination and diplomacy, and have given above and beyond what they were paid to achieve.

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The RDMs have been funded by the Regional Development Agencies (RDAs) in the South West, the South East, and the East. A grant from the Esmee Fairbairn Foundation enabled PRIME to operate with an RDM in the North West, where a further contract covering rural Cheshire was secured through Leader +, Rural Recovery, the RDA and Business Link funding.

Where the RDA has funded the RDM, targets of numbers of people aged 50+ to become engaged in the business development cycle have been assigned (see Business Cycle model). This can vary between 100 and 700 engagements per year depending on the maturity of the relationship with the RDA. The more established PRIME is in a region, the higher the target that can be achieved.

The RDMs have been able to develop different pilot schemes in their regions which are then fed into the work of different regions. These include:

- a) a pilot mentoring scheme in Brighton
- b) development of a business awareness and IT course through the Microsoft funded ICT bus in the South West
- c) a training programme on the needs of the over 50 for business support agencies
- d) a self-employment module in the Abbey sponsored WorkWise project for the unemployed over 50s in St Helens
- e) seminars on self-employment run on the ferry between shifts for ferry staff in danger of being made redundant.

(ii) Partners

In 2002-03 PRIME had 30 Partner organisations with signed agreements. Clients were signposted to Partner organisations when they were ready for the technical business support and help (see Business Cycle model), and, in particular, when they were ready to develop a business plan. By the end of the financial year 2005-06 there were approximately 135 listed partners, including specialist organisations such as the Blind Business Association Charitable Trust that could provide a blind business mentor to any-one aged over 50 who was sight impaired and was thinking of starting a business.

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(iii) Projects

There were a number of important projects in 2005-06, some of which were continuations of previous work and others which were new projects whose full benefits will come to fruition in 2006-07 and beyond. These include:

(a) The Pensions Information Project. Only about 40 per cent of entrepreneurs actually invest in a pension. It does seem perverse to help people to raise themselves out of impoverishment by starting their own business only to precipitate them into an impoverished retirement. With funding from the Department for Work and Pensions, PRIME initiated a project to provide pensions information for self-employed people aged over 50. PRIME has included its sister organisation, PRIME Cymru, in this project.

(b) The National Business Mentoring Partnership. The Partnership of the National Federation of Enterprise Agencies, The Prince's Trust, and PRIME developed a common accredited training scheme for business mentors and a common web-based mentor management system. The Partnership planned to ensure everyone of whatever age who wanted it could have the support of a business mentor. Regrettably the government saw fit to abandon any ideas of replacing the Business Volunteer Mentoring scheme and devolved responsibility for mentoring to the RDAs.

(c) The Create Project: franchising. Working as a development partner with Exemplas and other partners under an EU funded project on franchising, PRIME has run seminars on franchising across the country and published research on franchising for the over 50s.

(d) Social Enterprise. Following its research with the Plunkett Foundation into rural 50+ social enterprise, PRIME joined a consortium of Plunkett, ACRE, Co-operatives UK, and the Development Trusts Association to win and run a £1.3 millions action research project funded by Defra to determine whether social enterprise could combat rural social exclusion. Under the project 100 social enterprises took part in the research in return for a grant and expert help to enable them to develop their work. The findings are to be published in 2006-07.

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- (f) The Cheshire Project. Older people in rural Cheshire have major issues of social exclusion, and self-employment represents a means of combating some of these exclusions. Putting together a package where different funding sources were able to match each other was remarkably time-consuming. Nevertheless the outcome was a two year project that enables PRIME to work with its partners to provide a much more hands on service. It will also help PRIME pilot a post start-up business club for olderpreneurs.
- (g) SWOOP (South West Opportunities for Older People) As a development partner in the EU funded SWOOP project, PRIME has been developing and running self-employment courses in South West.

(iv) The PRIME loan fund

PRIME established its loan fund in 2001 with guarantees and revenue support from the Phoenix Fund. Revenue support ended in March 2006 and the draw down under an agreement with a high street bank ended in December 2005. PRIME had, by this time, loaned out nearly £400,000 to just under 100 people over 50 unable to find start-up capital from anywhere else. Unfortunately capital for CDFIs has been in short supply and, though negotiations were started in September 2005, PRIME was unable to reach agreements for a new loan fund by the end of the financial year.

The impact of the ending of the Phoenix Fund meant that PRIME needed to build up reserves in 2004-05 and 2005-06 to ensure that it could continue to grow its operation and not engage in disruptive start-stop policies. As a national Community Development Finance Institution (CDFI) PRIME was pioneering specifically targeted micro-loans. Through PRIME Partners it sought to establish localised presence and contact, but by operating nationally, it was seeking to develop strong marketing leverage for a specific disadvantaged group.

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The operation of the loan 2001- 2005 meant that PRIME has a great deal of experience of a national scheme locally delivered, and is now in a position to revise its business model which it intends to do in 2006-07.

In 2005-06 while it was digesting the lessons learnt over the previous four years, seeking to re-negotiate capital in a period when capital for CDFIs was sparse, and trying to re-position itself in a very uncertain landscape, PRIME, regrettably, was only able to offer a few loans.

(iii) THE PRIME UNDERSTANDING

In 2002-03 it was not even possible to provide a figure for the number of people aged between 50 and retirement age that were out of work. PRIME's ground-breaking work in 2004 "Towards a 50+ Enterprise Culture" at least gave a picture of the numbers of people aged 50+ in and out of the labour market in each region. By 2005-06 the government was beginning to gain a clearer focus on 50+ unemployment and estimated, that there needed to be an extra 1 million people aged over 50 in work to bring the employment rate amongst over 50s roughly into line with that of other age groups. However very little is known about the characteristics, experience, attitudes and needs of this age group compared with the knowledge and understanding of other age groups. What is known is that only about 1 person in 10 made redundant at the age of 45+ will ever become an employee again – precisely the opposite of the experience of those in other age groups. Self-employment and enterprise is therefore a vital component of the government's targets to increase employment amongst the over 50s.

During 2005-06 PRIME has continued to provide understanding and research. Amongst the work published, usually on PRIME's website www.primeinitiative.org.uk, are:

(a) Olderpreneur Outcomes: This e-report provides information on a phone interview of just under 300 people who contacted PRIME between October 2003 and May 2005 asking for help in starting their own business. The study shows that 43 per cent went on to start their own businesses, 30 per cent were still considering self-employment and 27 per cent had decided not to pursue this option. The study also looked, with the advantage of hindsight, at what help clients believed would have helped them.

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(b) Franchising and the over-50s: This study looked at the experience and needs of people considering a franchise when they were over 50. A key finding was that franchising was one of the few sectors of the labour market where there was little or no age discrimination. However it is clear from the study that the rate of franchise development is currently too slow to make more than a small impact on over 50s involvement with the labour market. The research also shows that franchisees need to pay at least £15,000 for a good franchise and should have finance to see them through about 12 months of trading. The report provided a range of checklists that are invaluable for anyone thinking of a franchise

(c) Reaching the Older Workless of South Tyneside: This study provided an evaluation of the work of a detached older persons' enterprise worker in South Tyneside in 2004-05. The project was funded by the DTI and demonstrates that the unemployed are suspicious of Jobcentre Plus's dual role: namely that of arbiter of welfare payments and adviser on getting back into employment. The case studies demonstrate that when Jobcentre Plus becomes bureaucratic, it can easily become counter-productive and drive the unemployed out of the very system set up to provide help.

(d) Obstacles to Self-employment: By looking at the unemployed over 50s through focus groups of unemployed over 50s in the East of England, it became clear that those on, for example, Incapacity Benefits, are outside the reach of official communication, and so different communication channels have to be opened up if they are to hear of opportunities for self-employment. When they do consider self-employment, there are a range of issues such as finance, moving from welfare to trading, fear of failure after prolonged unemployment, that have to be confronted.

(e) Joint Paper for Babson College's Annual International Enterprise Conference: PRIME worked with two academics, one from the University of Newcastle and one from the University of Finland, to produce a joint paper that drew on PRIME's experience in South Tyneside and the obstacles research to draw out the full implications in a wider context. The paper was presented in the USA in June 2006.

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IMPACT

PRIME set out to make more people aged over 50 aware of the opportunities for self-employment, to create a practical and coherent business cycle model which will enable people over 50 to find appropriate entry and progression, and to ensure there is a better understanding of olderpreneurship.

The statistics below on the increase in enquiries (Table 2) and visits to the PRIME web-site (Table 3) demonstrate that PRIME is clearly increasing awareness of self-employment as an option for the over 50s. PRIME is also cited by Jobcentre Plus in its leaflet on self-employment and by Barclays Bank in its information about self-employment. PRIME collects information from enquiries on where they heard about PRIME prior to making the enquiry. Unfortunately it is not in a position to collate these data until it has a more robust customer relationship management system, but it is clear that there are increasing referrals from Jobcentre Plus. However it is able to demonstrate that the appointment of a Regional Development Manager increases enquiries from that region to central office alone by between 15 and 18 per month.

PRIME identified the need to have an effective website and has therefore been monitoring the number of web visits on a monthly basis. Table 3 demonstrates a 300 per cent increase in visits over a 21 month period. PRIME also monitors its position in the search engine listings in response to a range of questions related to over 50 self-employment. It aimed to ensure it was listed in the top 20 websites for these particular queries. It has succeeded in this aim.

Yr\Quarter	Apr- Jun	Jul- Sep	Oct- Dec	Jan - Mar	Annual
2003-04	103	94	90	256	543
2004-05	177	202	360	481	1220
2005-06	367	231	328	456	1382

Table 2: Quarterly record of enquiries about starting a business made to PRIME's central office (does not include clients catered for regionally)

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	Apr- Jun	Jul- Sep	Oct- Dec	Jan - Mar	Annual
2004- 05		8,983	17,187	19,758	
2005- 06	22,541	20,866	23,696	28,722	95,825

Table 3: Website impact: number of visits every quarter to www.primeinitiative.org.uk (data collected on a different basis prior to July 04)

The report 'Olderpreneur Outcomes', some of the results of which are configured in Table 4, demonstrated that 43 per cent of those making an enquiry at PRIME's central office went on to start their own business. Taking the total number of central enquiries in 2005-06, this would suggest that a minimum of 569 people started a business because PRIME helped them by listening, suggesting, giving practical work-book help and sign-posting to a Partner. This, of course, does not include the number of people helped through the work of the Regional Development Managers, or those that were helped as a result of an interrogation of The PRIME Initiative website.

	All No	<i>All %</i>	Male No	<i>Male %</i>	F/male No	<i>F/male %</i>
Started a business	121	<i>43</i>	85	<i>47</i>	35	<i>35</i>
Still considering	85	<i>30</i>	47	<i>26</i>	39	<i>38</i>
Decided against idea	77	<i>27</i>	48	<i>27</i>	28	<i>27</i>
Totals sampled	283	<i>100</i>	180	<i>100</i>	102	<i>100</i>

Table 4: Sample survey of people making an enquiry between Oct'03 and May '05 to determine what they are doing after receiving help from PRIME. This sampling took place in December 2005.

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In August 2005 PRIME introduced a voluntary questionnaire that it sent out to all enquiries. The data gathered includes characteristics, experience, attributes and attitudes. This exercise is being conducted in collaboration with Kingston University Small Business Research Centre and will provide a great deal of data on the people who come to PRIME.

From these data it is possible to make some crude calculations of the added value PRIME makes to the economy. Assuming each of the enquiries was drawing £4,000 in welfare benefits (and other researchers put this figure at over £10,000) and went on to create a business making £6,000 per year, PRIME has, on the very conservative assumptions of the data on success rates in *Olderpreneur Outcomes*, added £5,688,900 value to the economy per annum. The value is, of course, cumulative so that, assuming a constant number of clients, the added-value is £5,688,900 in year 1, £11,377,800 in year 2, and £17,066,700 in year 3 because the clients were likely to have stayed on benefits if they had not started their own businesses. This value-added does, of course, have to be shared with PRIME's partners.

These figures are based on central enquiries only. Adding in the target engagements from the RDMs would double this figure to over £11,000,000 of added value in year 1 without building in data on the number of people who were incidentally influenced by, for example, accessing the website. Figures provided by PRIME's Partners indicate that they also receive around twice the number of enquiries as handled by our helpline from clients who contact them directly.

(iv) PRIME MANAGEMENT

While this is dealt with under structure, governance and management above, during the year the business plan 2003-06 was reviewed by the Board, the Senior Management Team, the whole staff, and a joint residential meeting of Board and staff, and a plan for 2006-09 developed.

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PROGRESS ON 2004 – 5 PLANS

During 2005-06 PRIME made the following progress on its stated aims for 2004/5:

- (i) Completing the network of Regional Development Managers so that there is an RDM in each region.

Progress: Talks have been initiated with all 9 RDAs in England and these continue. Experience has suggested that continuing discussions gradually create an understanding and a realisation that the over 50s are disadvantaged in the labour market and initiatives need to be put in place. At this point PRIME is well placed to propose a programme.

- (ii) Developing The PRIME Initiative in Scotland

Progress: a number of partners have been identified, talks have been held with Scottish Enterprise and there is a growing realisation that there is a need for PRIME. Further progress is now dependent on securing funding for a Scottish Development Manager, and a number of bids have been lodged.

- (iii) Developing regional business mentoring programmes with our partners The Prince's Trust and the NFEA through the National Business Mentoring Partnership

Progress: The National Business Mentoring Partnership with a common training programme for business mentors and a tested web based mentor management system shared by the Partnership was launched in November 2005. There is still a need for Mentoring but a lack of funding at a national level has made progress difficult. There are small scale projects where funding is available.

- (iv) Expanding the central PRIME team to meet the needs of the increasing number of individuals making enquiries and requesting help

Progress: Various approaches have been made to obtain funding for this proposed post and these are continuing.

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- (v) Building on the Rural Lifelines research to expand our involvement in social enterprise

Progress: During 2005-06 PRIME was active in the Enterprise4Inclusion consortium which developed an action research programme funded by Defra. Working with Age Concern, Age Concern Training and Work, Age Concern Enterprises and Plunkett, a major programme called Rural Lifelines has been defined and funding will be sought in 2006-07

- (vi) Publishing our research into franchising and the over 50s and pursuing areas of need highlighted by the research

Progress: The research was published and PRIME staff have been active through the Create Project in advising potential 50+ franchisees and franchisors.

- (vii) Increasing our capacity to fill training gaps to enable individuals to become enterprise ready by developing working relationships with partners better able and funded to meet these personal development needs

Progress: The number of short training workshops and seminars offered by PRIME has increased significantly during 2005-06. PRIME has been funded to offer workshops in the South East, South West, Cheshire, Yorkshire and the Humber and may, in 2006-07, be in a position to offer more workshops in the East funded by the European Social Fund. The Abbey sponsored WorkWise Project in St Helens enabled PRIME to work closely with Age Concern Training & Work to meet the needs of unemployed over 50s. This pilot is likely to attract further funding and be replicated.

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- (viii) Advancing our reputation as the leading thinkers in 50+ self-employment and enterprise by continuing to work with others to undertake research which has policy implications

Progress: PRIME has continued to publish research and has been recognised by organisations such as the Institute for Small Business and Enterprise (ISBE). It is now working with other organisations in the Enterprise for All Coalition, seeking to ensure that disadvantaged people across the spectrum continue to be supported in seeking to start and develop businesses. The Coalition will be publishing a report in 2006-07.

- (ix) Continuing to change the culture that has neglected the needs of over 50s self-employment and enterprise by work at local, regional, national and EU level

Progress: The government recognised in its Green Paper "A new deal for welfare" that the over 50s were disadvantaged in the labour market. At regional level PRIME is succeeded in getting a number of RDAs to include over 50s enterprise in their Regional Economic Strategies.

- (x) Enhancing the relationship with local Age Concerns to better meet the needs of those aged over 50 by work in local communities

Progress: PRIME now discusses its work with Age Concerns at a regional level and a number of joint initiatives are being planned.

- (xi) achieving charitable registration for PRIME

Progress: PRIME became a registered charity in 2005-06

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PLANS FOR 2006-07

Key items from the 2006-09 Business Plan

- (i) To continue to challenge the culture that that has neglected the needs of over 50s self-employment and enterprise by work at local, regional, national and EU level – PRIME will do this by means of an active campaign of lobbying, supported by the results of its research. The publication of the Enterprise for All Coalition report, which will identify what is needed to help and support disadvantaged groups into enterprise, will be a significant stepping stone.
- (ii) To continue to progress the expansion of the RDM network across the country, and to include Scotland and Northern Ireland - PRIME has continued to bid for contracts with the result that one new RDM position has been created since the year end. In Scotland and Northern Ireland contacts have been made and these will be followed up vigorously over the year.
- (iii) To develop the PRIME loan fund – a new loan fund will be set up during 2006/7. Talks and negotiations initiated in 2005-06 will continue. PRIME will continue to lobby for increased access to capital and loan guarantee funding through active participation in the Community Development Finance Association
- (iv) To expand the central team to deal with more enquiries – funding is actively being sought to expand the team in this way.
- (v) To implement a Customer Relationship Management system so that PRIME can both provide a more efficient service and maintain a longer lasting relationship with its clients – various systems will be reviewed with a view to implementing a system during 2006/7.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

FINANCIAL REVIEW

The Statement of Financial Activities for the year shows a surplus of income over expenditure of £192,886. In 2004-05 a profit of £128,986 was made after tax. This was covenanted over to Age Concern – the parent company. There was a short period of time before PRIME became a charity in which a profit arose. This has been gift aided as in previous years.

PRIME had a successful year with the acquisition of a number of new contracts which will provide a stream of ongoing income. It is now necessary to build up the charity's resources so that it is in a position to withstand fluctuations in funding. In addition, a firm financial basis would allow PRIME to undertake initiatives which may not initially attract funding.

The trustees consider that the current level of reserves are sufficient for PRIME to fulfil its current contractual obligations.

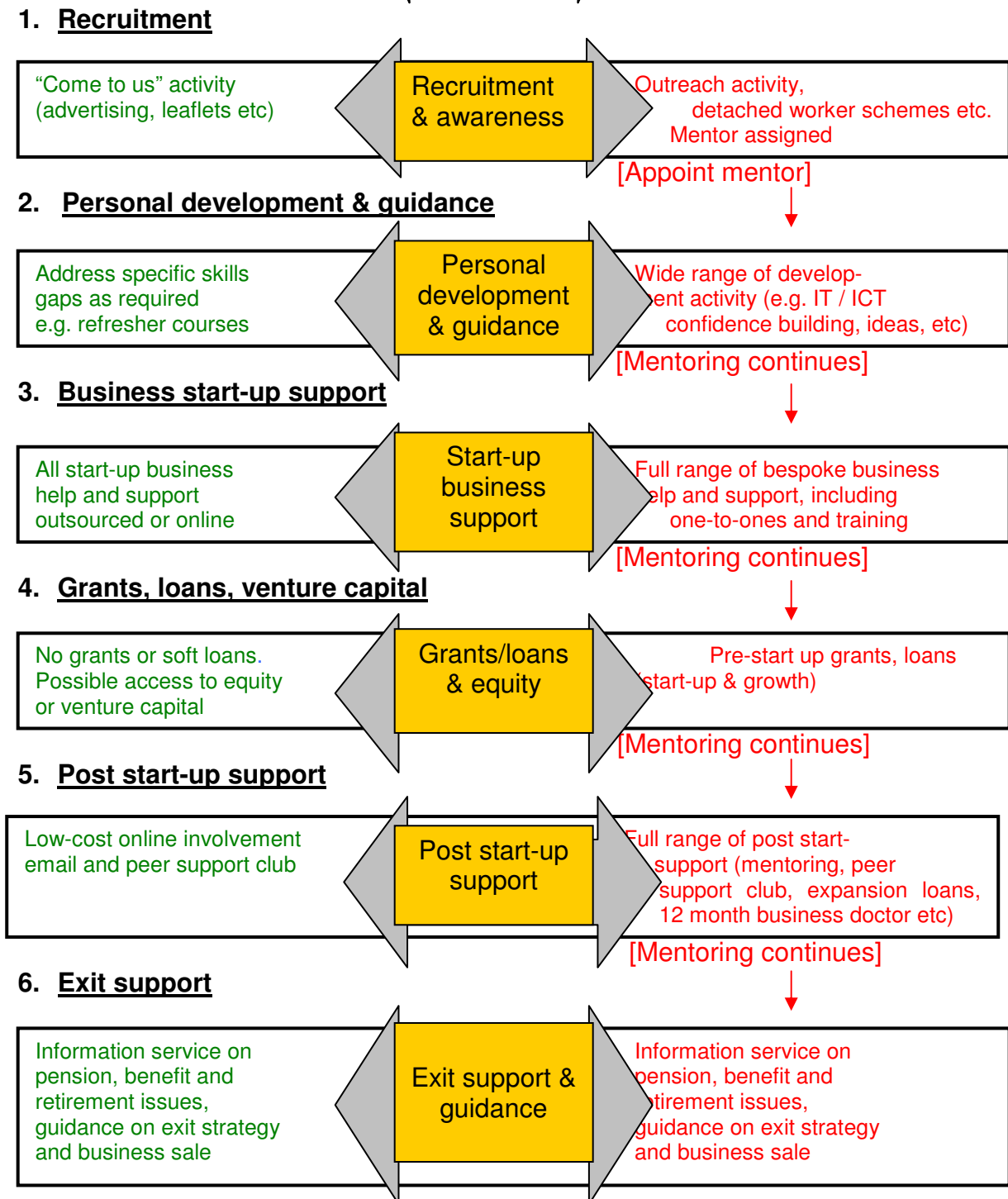
BY ORDER OF THE BOARD

PAULINE NORTON

Appendix 1: PRIME's Business Lifecycle Model

**Business-ready clients
requiring only light support**

**Business-unready clients
requiring more support**



Appendix 2: Vehicles for progression for business unready and work completed

Appendix 2: Vehicles for progression for business unready

Entry & Progress Point	Description	Vehicles - PRIME has, is or is planning to develop work in each of these areas
1. Recruitment & Awareness Raising	Go to the client rather than bring client to you	1.1 Outreach workers <input checked="" type="checkbox"/> 1.2 Events geared to specific groups with role models drawn from that group <input checked="" type="checkbox"/> 1.3 programmes that help individuals to diagnose whether self-employment is appropriate for them <input checked="" type="checkbox"/> 1.4 workshops that help people understand what is involved in starting a business <input checked="" type="checkbox"/> 1.5 self-diagnosis and guidance 1.6 welfare information 1.7 strong presence and business exhibitions <input checked="" type="checkbox"/> 1.8 PR activity <input checked="" type="checkbox"/>
1(a). Mentoring (at all entry & progress points)	Appoint mentor at early stages when the client need help	1(a).1 Co-ordinator 1(a).2 Recruit mentors 1(a).3 Train mentors <input checked="" type="checkbox"/> Programme accredited & piloted 1(a).4 Allocate mentees <input checked="" type="checkbox"/> for loan recipients 1(a).5 Manager mentors
2. Personal Development & Guidance	Personal development activities to meet individual client needs	2.1 Confidence building and assertiveness training 2.2 Development of business ideas <input checked="" type="checkbox"/> 2.3 ICT skills <input checked="" type="checkbox"/> Microsoft bus in SW 2.4 Financial literacy 2.5 Vocational skills and accreditation where appropriate 2.6 Basic skills 2.7 Specialist partners to provide for special needs (e.g. sensory impairment, physical disability, ex-offenders etc) Some partners
3. Business Start-up (Business Links, Enterprise Agencies, Gateways)	Sign-post enterprise ready clients to PRIME partner	3.1 Defined core delivered flexibly (a) business planning (b) cash flow (c) business structure (d) marketing advice and assistance (e) sources of finance 3.2 One-to-one advice 3.3 Range of support materials Some
4. Grants, loans and venture capital	The money to start or grow the business	4.1 Marketing research grant 4.2 Presenting & negotiating financial needs 4.3 cdfi funds for where there is a bank refusal <input checked="" type="checkbox"/> 4.4 Access to growth funds 4.5 Access to venture capital
5. Post start-up support	Ensuring the business continues to prosper and thrive	5.1 12 month business health check 5.2 Silver entrepreneurs business club <input checked="" type="checkbox"/> Sep 06 5.3 Expert advice panel 5.4 Peer support 5.5 Local marketing vehicles 5.6 Personal development
6. Exit support and guidance	Enabling the client to leave or sell the business	6.1 Pensions information <input checked="" type="checkbox"/> Launching Sep 06 6.2 Advice on business sales 6.3 Forum for selling business 6.4 New insurance products to convert equity in business to pension

work done or piloted

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also directors of The Prime Initiative for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees' are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE PRIME INITIATIVE Charity registration number: 261794-2 (linked with Age Concern England)

We have audited the financial statements of The Prime Initiative for the year ended 31 March 2006 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein. This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The responsibilities of the trustees (who are also the directors of The Prime Initiative for the purposes of company law) for preparing the Trustees' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Trustees' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31st March 2006 and its incoming resources and application of resources including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 March 2006.

GRANT THORNTON UK LLP

REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

London

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2006

	Note	Unrestricted Funds 2006 £	Restricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
Incoming resources	1				
Incoming resources from Generating funds:					
Voluntary Income, Donations and Grants	3	335,006	39,725	374,731	201,623
Investment Income		2,626	-	2,626	727
Incoming resources from charitable activities and contracts to provide services promoting self employment to over 50s through seminars, workshops, helplines etc		363,286	-	363,286	586,847
Total incoming Resources		<u>700,918</u>	<u>39,725</u>	<u>740,643</u>	<u>772,197</u>
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		-	6,648	6,648	6,859
Charitable activities					
Contracts to provide services promoting self employment to over 50s through seminars, workshops, helplines etc.		478,642	-	478,642	592,131
Provision of starter business loans to over 50's		36,106	-	36,106	30,998
Governance costs		12,864	-	12,864	13,513
Gift Aid Payment		13,497	-	13,497	128,696
Total resources expended		<u>541,109</u>	<u>6,648</u>	<u>547,757</u>	<u>772,197</u>
Net Movement on funds		159,809	33,077	192,886	0
Funds brought forward		32,667	0	32,667	32,667
Funds carried forward		<u>192,476</u>	<u>33,077</u>	<u>225,553</u>	<u>32,667</u>

All transactions are derived from continuing operations.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

BALANCE SHEET

AS AT 31 MARCH 2006

	Note	2006 £	2005 £
CURRENT ASSETS			
Debtors	4	192,868	104,185
Cash at bank and in hand		<u>328,751</u>	<u>291,287</u>
		521,619	395,472
CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR			
	5	<u>-296,066</u>	<u>-362,805</u>
NET CURRENT ASSETS		<u>£225,553</u>	<u>£32,667</u>
FUNDS			
Restricted Funds		33,077	
Unrestricted Funds		<u>192,476</u>	<u>32,667</u>
TOTAL FUNDS		<u>£ 225,553</u>	<u>£32,667</u>

Approved by the Board of Directors on *23rd October 2006*, and signed on their behalf by-

Pauline Norton
Trustee

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Statement of Recommended Practice 2005 “Accounting and Reporting by Charities” and applicable United Kingdom accounting standards. The particular accounting policies adopted by the Trustees are described below.

Accounting Convention

The financial statements are prepared under the historical cost convention.

Resources expended

All expenditure is accounted for on an accruals basis and allowed over the activities for the year.

Support costs

Support costs represent the staffing and associated costs of finance and general administration in supporting the charitable activities of the company. They are allocated over relevant cost areas.

Income Recognition

All income is recognised in the statement of financial activities when the conditions for receipt have been met and there is reasonable assurance of receipt.

Donations in Kind

PRIME occupies office space and receives support services from its parent company Age Concern England up to a value of £30,000.

Costs of Generating Funds

This represents the costs of applying for grant income. It does not include the costs of tendering for contracts.

Costs of Governance

These represent the direct costs of governance including facilities for meetings etc.

Fund Accounting

The charity maintains various types of funds as follows:

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 MARCH 2006****Restricted Funds**

Restricted funds represent grants and donations received which are allocated by the donor for specific purposes.

Unrestricted Funds

Unrestricted funds represent funds which are expendable at the discretion of the Trustees in furtherance of the objects of the Charity. Such funds may be held in order to finance both working capital and capital investment.

Costs of Loan Funds

Costs associated with the loan fund are accounted for using an internal Loan Administration account.

Costs of Contracts

Costs associated with each contract are accounted for individually.

Pensions

The charity does not operate a pension scheme for its employees however they are eligible to join the scheme operated by Age Concern (England). PRIME cannot separately identify its share of the scheme's assets and liabilities so this has been accounted for under a defined contribution method.

The balance sheet shows the amount due from debtors and also the liability due to the bank which provided the original loan. The purpose of the loan scheme (which is funded by Lloyds Bank) is to provide start up loans for over 50s unable to access finance elsewhere. The scheme is guaranteed by the Department of Trade and Industry, Age Concern England and Help the Aged. The guarantors are called on in the event of a default and the debt is written off. The amount calmed from guarantors is then used to repay the bank loan.

Contracts

This represents income received from contracts entered into with various bodies for the provision of services.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2006

2. Total Resources Expended

	Costs of Generating Funds	Contracts	Charitable Activities Loan fund	Support Costs	Governance	2006 Total	2005 Total
Staff Costs	6,648	219,625	21,758	90,316	6,648	344,995	366,902
Travel Costs	-	20,387	2,784	11,394	285	34,850	23,856
Rent	-	3,000	1,500	25,500	-	30,000	30,000
Projects	-	6,402	-	-	-	6,402	60,115
Conference	-	-	-	-	5,114	5,114	6,418
Loan Fund	-	-	65	-	-	65	190
Legal	-	-	6,140	3,753	523	10,416	4,407
Office / Sundries	-	-	-	2,278	-	2,278	29,011
Marketing	-	7,995	-	-	-	7,995	19,255
Staff Training / Recruitment	-	5,642	3,859	4,099	294	13,894	11,585
Regional	-	78,251	-	-	-	78,251	91,472
Reallocation	-	137,340	-	-137,340	-	-	-
	6,648	478,642	36,106	0	12,864	534,260	643,211

Support Costs have been allocated over activities on a time basis.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006 (continued)

3. DONATIONS AND GRANTS 2006

	£
Unrestricted – Grant received from parent company	335,006
Restricted – Esmee Fairbairn	39,725

PRIME was not a charity in 2005 so donations were not categorised as restricted or unrestricted.

4. DEBTORS

	2006 £	2005 £
Trade debtors	15,418	81,158
Prepayments and other debtors	-	23,027
Due from parent company	150,000	-
Due from loan fund debtors	27,450	-
	<u>£192,868</u>	<u>£104,185</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Other creditor	16,260	206,737
Loan	38,288	141,232
Accruals and deferred income	116,953	14,836
Due to parent company	61,235	-
Due to bank	27,450	-
Due to guarantors of loan fund	<u>35,880</u>	-
	<u>296,066</u>	<u>£362,805</u>

The loan is secured by a debenture and first charge dated 12.09.01 and 07.04.03 respectively. The bank loan is due for renewal on 31 December 2005. In the event that the loan facility is not renewed, no additional business will be written unless the organisation can secure alternative sources of funding and similar debt cover guarantees. Loans made prior to 31 December 2005 will be subject to the existing loan terms and conditions agreed with the bank and four other guarantee bodies.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006 (continued)

The original guarantor bodies were Age Concern England, Help the Aged, British Steel and the Department of trade and Industry. In the event of a default they are called on and the amount claimed from them is used to repay the bank loan.

6. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Restricted	Unrestricted	Total
CURRENT ASSETS			
Debtors		192,868	192,868
Cash at bank and in hand	<u>33,077</u>	<u>295,674</u>	<u>328,751</u>
	33,077	488,542	521,619
CREDITORS: AMOUNTS WITHIN ONE YEAR		-296,066	-296,066
NET CURRENT ASSETS	<u>£33,077</u>	<u>£192,476</u>	<u>£225,553</u>
FUNDS			
Surplus of income over expenditure	33,077	192,476	225,553
TOTAL FUNDS	<u>£33,077</u>	<u>£192,476</u>	<u>£225,553</u>

7. SHARE CAPITAL

The company is limited by guarantee. The liability of each member in the event of a winding-up is £1 each.

8. PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Age Concern England. The company has taken advantage of the exemption with FRS8 from disclosing transactions with its parent company.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006 (continued)

9. STAFF COSTS AND NUMBERS

Staff costs were made up as follows:	2006 £	2005 £
Wages and salaries	212,000	240,402
Social security costs	46,000	52,000
Pension costs	20,000	17,500
Agency costs	67,000	57,000
	<u>345,000</u>	<u>366,902</u>

The average number of employees during the year, calculated on the basis of full time equivalents was as follows:

	2006 Number	2005 Number
Chief Executive	1	1
Marketing	1	1
Support	3	3
Regional	5	5
TOTAL	10	10

During the year one employee received emoluments totalling £60,248 (2005 one employee, £64,415).

10. TRUSTEE REMUNERATION & RELATED PARTY TRANSACTIONS

No trustees received remuneration during the year. Travel costs amounting to £365 (2005 – nil) were reimbursed to one trustee.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered in to by the charity during the year (2005 – nil).

PRIME occupies office space and receives support services from its parent company Age Concern England up to a value of £30,000.

THE PRIME INITIATIVE

Charity registration number: 261794-2 (linked with Age Concern England)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006 (continued)

11. TAXATION

As a charity, PRIME is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or S256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity. There was a short period at the start of the year before PRIME became a charity and profits arising in that period have been gift aided as in previous years.

12. CONTINGENT LIABILITIES

When loan fund debtors have been written off, the guarantors then repay the bank loan. If the debtors then pay then those funds, this represent a contingent liability as they will have to be paid over to the Guarantors. No provision has been made as no material liability is expected to occur.

13. AUDIT FEE

2006	2005
£2,820	£2,820