

THE PRIME INITIATIVE

(Trading as PRIME)

Registered Charity No. 261794-2

Company No. 4184314

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

**Report and Financial Statements for the Year Ended
31st March 2007**

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Reference and Administration Details

Founder and President:	HRH The Prince of Wales
Company registration:	04184314
Charity registration number:	261794-2 (linked with Age Concern England)
Registered Office:	Astral House 1268 London Road London SW16 4ER
Trustees:	Pauline Norton (chair) Richard Baker Stephanie Harland
Company Secretary:	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

TRUSTEES' REPORT

The Trustees of The PRIME Initiative present their annual report together with the audited financial statements for the year ended 31st March 2007.

STRUCTURE, GOVERNANCE AND MANAGEMENT

PRIME is a registered charity, linked with the National Council on Ageing (trading as Age Concern England (ACE)). It is governed by its own Memorandum and Articles of Association. PRIME is also a company limited by guarantee. ACE is the sole member of the charity and is therefore responsible for nomination of the Trustees of PRIME at the charity's Annual General Meeting.

During the year, the Board has been considering its operational structure and it has been agreed that the Board membership should be extended to increase both the Board's capacity and reach. In preparation for this expansion, the Board has been developing a code of good governance, undertaking a self-evaluation process, mapping the skills needed on the Board, creating up-to-date job descriptions, a coherent induction package, and a Board development plan.

New trustees receive full induction to PRIME. In addition, all trustees receive on the job training commencing their role.

The day to day running of the organisation is delegated to the Chief Executive by the Board of Trustees under a scheme of delegation. The Board has a Risk Register which is regularly reviewed, both by the Board of Trustees and by the Senior Management Team. The aim of such a review is both to identify new risks and to update procedures on already identified risks.

The President of PRIME is His Royal Highness, 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.

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, 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

(i) The PRIME Campaign

During the year 2006-07 PRIME has continued to promote the importance of self-employment through lobbying, the media, presentations and conferences. During this year the Department for Trade and Industry added those aged over 50 to its list of priority groups for enterprise support, and the EU has added over 50s self-employment to its work programme.

www.primeinitiative.org.uk was established in 2002 as a site for stakeholders. During 2006-07 PRIME has developed www.primebusinessclub.com as a site for its clients. The new site includes a great many more features which enable clients and potential clients to find out about events, use on-line learning to develop their entrepreneurial skills and engage in discussion with their peers.

(ii) The PRIME Partnership

While the number of PRIME's Enterprise Agency partners has been reduced slightly because there has been such a significant shake-out of agencies across England, PRIME has continued to grow its partnerships with a range of voluntary organisations and intermediaries offering different kinds of business start-up support.

At regional level, we continue to develop our capacity and PRIME was able to win contracts and appoint staff in the Yorkshire and the Humber region, and in Northern Ireland during 2006-07. We also initiated work to provide mentoring support to older individuals in South Yorkshire. In addition, discussions have continued with a number of Regional Development Agencies (RDAs) with a view to starting contracts in 2007-08. This may include a new contract for a Regional Development Manager post for the North West, which is currently funded through the Esmee Fairbairn Foundation.

PRIME's local activities to provide direct support to individuals has increased dramatically with local workshops and seminars, drop-in meetings in libraries and community centres, work with Jobcentre Plus at doctors' surgeries, and a

presence at exhibitions and roadshows where information and support could be offered on a one to one basis. As a partner in Her Majesty's Revenue and Custom's Business Advice Roadshows, PRIME has been able to offer information and support at exhibitions in fifteen major cities across the UK.

Through its contract with the Department for Work and Pensions PRIME has been able to provide information on the need for retirement provision to the self-employed over 50s.

PRIME is piloting the idea of an over 50's business club in Cheshire for those who have already started their business but seek peer support. If successful, we would hope to extend this approach

The Loan Fund, as indicated in the SOFA, continues to administer loans made prior to December 2005.

(iii) The PRIME Understanding

In order to extend our knowledge of our customers and their needs, PRIME has worked with the Small Business Research Centre at Kingston University to prepare and analyse a detailed questionnaire which has been completed by a sample of over 300 people who contacted PRIME for help. The data has provided a deeper insight into the characteristics, attributes, experiences and attitudes of PRIME clients and will be useful both in terms of supporting our capacity to inform a range of audiences about the needs of this group of people, in our influencing and campaigning activity and in shaping our services. It also highlighted further research possibilities. For example, the data collected on pensions enabled PRIME to commission a deeper analysis on the likelihood of 50+ entrepreneurs relying solely on the state pension for their retirement provision.

During the year, PRIME up-dated its publication on the Working Tax Credit and the over 50s self-employed. With the switch to simplified tax bands, Working Tax Credit will become very important for the self-employed. PRIME's document, which has been widely disseminated, provides a simple and straightforward explanation for the over 50s self-employed.

Equally important has been the careful study of on-line lending schemes and the applicability of this model to community development finance. This represents a very different model of micro-lending, and its applicability will be explored further.

IMPACT

PRIME's charitable objectives focus the organisation's work on those aged 50+ who are unemployed or in danger of being made unemployed. The data available from the questionnaire completed by clients contacting us for help showed that over 80 per cent of those seeking help were out of work or receiving income support. Set alongside the data gathered in a previous study of those seeking PRIME's help demonstrates the strong impact of PRIME's work. The previous study showed that:

- 43 per cent go on to start a business within 18-20 months
- 30 per cent are still considering it but have been diverted from their plans
- 27 per cent decide that self-employment is not for them

PRIME is therefore successfully helping both those who are workless to start a business and those who are considering it, but for whom it may not be the right choice, to identify positively that it is not for them.

In 2006-07 PRIME talked to and gave direct assistance to approximately:

- 1400 people from its central HQ
- 1000 people through its regional staff

These data do not take into account those who have been helped indirectly through the website or through talking to PRIME staff at exhibitions but not leaving a contact.

PROGRESS ON 2006 – 7 PLANS

In our 2005-6 Trustees' Report, we highlighted 5 key areas on which we would be focused in the context of our new Business Plan. Reporting on these in particular, PRIME made the following progress during the year:

1. *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 has continued to campaign at European Union (EU), United Kingdom (UK), national, regional, and local level.

At EU level the Enterprise Directorate-General of the European Commission has now incorporated over 50s enterprise into its programme of work and, having invited us to participate in their EU wide Regions for Economic Change Conference in January 2007, have now taken note of PRIME's proposals for enterprise micro-finance and mentoring for those coming new to enterprise at fifty or over.

At UK level there is now a government target for 1 million more people aged 50+ to join the labour market and a recognition by a Department of Trade and Industry official at the National Federation of Enterprise Agencies Conference September 2006 that self-employment will play a significant part in meeting this target.

At regional level, 50+ enterprise has been incorporated into the Regional Economic Strategies (RES) of some of the RDAs but this work is ongoing and there is still a need to campaign to embed 50+ enterprise in the forward plans of all RDAs.

At local level, PRIME has successfully urged the inclusion of 50+ enterprise in some Local Enterprise Growth Initiative (LEGI) delivery plans. Again there is still more work to be done to ensure 50+ enterprise is given an appropriate priority nationwide.

- To continue to progress the expansion of the RDM network across the country, and to include Scotland and Northern Ireland*

PRIME has contracted with Invest Northern Ireland to recruit and manage 1.5 staff working particularly in Belfast where there are areas of 60 per cent worklessness amongst the over 50s. It has also started work under a contract with Business Link in Yorkshire and the Humber to develop a 3rd Age Enterprise Champion. PRIME has continued to work with PRIME Cymru, in particular by bringing Wales into the Pensions Education Fund project.

- To develop the PRIME loan fund*

Disappointingly PRIME was unable to establish a new loan fund. Despite extensive discussions with a number of potential lenders, there appears to be very little capital at a national level which we could make available through PRIME, and the schemes which were assessed as available would have required loan guarantees that could not be met. This is particularly disappointing as PRIME continues to receive about 12 requests for a loan per week even when it is now stated clearly on our websites that it does not

have a loan fund. This suggests that there is a constant demand for such finance.

4. *To expand the central staff team to deal with more enquiries*

PRIME has increased its central team with a qualified accountant as Director of Financial Development and a new part-time administrative assistant who is able to take enquiries

5. *To implement a Customer Relationship Management (CRM) system*

During the year, PRIME was offered a free licence to use the powerful Salesforce CRM system through the Salesforce Foundation. We were delighted with this offer which met an identified requirement and have taken this opportunity to begin to put the CRM into place. During the year processes and procedures have been developed to ensure that we make best use of a CRM, and the newly configured system is currently undergoing testing. The CRM system will go live during 2007-08.

PLANS for 2007- 08

Following on from our precedent of suggesting these 5 key objectives for 2006-07, we have decided to highlight the following key targets for the coming period 2007-08:

1. *To acquire Customer First accreditation*

PRIME continues to strive to put in place systems, processes and procedures which benefit those aged over 50 who are, or in danger of, becoming workless. Operating within the framework of Customer First accreditation will enable PRIME to benchmark its work, so PRIME will commit to the accreditation and undergo the first assessment in 2007-08.

2. *Completing implementation of the CRM system*

PRIME intends to fully implement the "salesforce" CRM system so that its staff working across the UK can share records and processes, and so that PRIME can maintain contact with clients and use the data to monitor its performance and identify new themes and challenges

3. *To increase the spread of PRIME staff*

PRIME will increase the number of regions and nations in which it is working to increase the number of clients who can benefit directly from PRIME's services. It has set itself the objective of expanding into 3 further areas.

4. To review the PRIME partnership

PRIME's partnership policy was developed in 2002 and our partners have made, and continue to make, a strong contribution to our work. However in the five years since we adopted this policy, PRIME has developed and changed, as have our partners. The year 2007-08 is an appropriate time to review the way we work with partners and to develop a new strategy to reach and support our beneficiaries. We aim to complete this review and make any appropriate adaptations to our agreements and statements of expectations within 2007-08.

5. To develop and enhance the relationship with key stakeholders including ACE

PRIME will develop its working with other members of the The Prince's Charities Group and will, in the context of the charity registration in 2006 and PRIME's ongoing review of its governance, refine and develop the way in which we work with the Age Concern federation so that there is clarity and transparency in the relationship.

FINANCIAL REVIEW

The Statement of Financial Activities for the year shows a deficit of income over expenditure of £73,467 whereas in 2005 there was a surplus of income over expenditure of £192,886. This deficit had been anticipated and planned for by the Board in earlier years in the light of RDA and Business Link re-organisation and a likely hiatus in contractual arrangements. Although the Board was disappointed to end the year with a deficit it is confident, in view of new contracts and continued talks with the RDAs, that PRIME will return to surplus in the coming year.

The Board defined a Reserves Policy during the year as follows:

The trustees consider that PRIME should build up, by 2010, sufficient net reserves to enable it to fund a minimum of three months and a maximum of six months running costs at any one time. At this stage this would entail creating and maintaining a reserve of at least £100,000. Excluded from this reserve would be funds which represent payments received in advance for contracts which have not yet been fulfilled. In addition the trustees may (at their discretion) recommend that additional reserves are maintained to fund future projects.

The Loan Fund is shown in the Financial Statement as a Designated Fund and includes the amounts associated with the Loan Fund PRIME operated until two years ago. It represents money due the bank, and loan guarantees. The loans we made under this scheme are all due to be repaid during 2007/8 and the fund will then be closed.

PRIME continues to receive funding from a number of sources as detailed in the earlier section of this report. Age Concern England continues to contribute core funding for which we are very grateful.

Funds are kept in a high deposit account with a current account being used for day to day expenditure.

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.

Trustee

Date

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE PRIME INITIATIVE

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 mis-statements or material inconsistencies with the financial statements.

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 2007.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

London

THE PRIME INITIATIVE Charity registration number: 261794-2
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

	Note	Unrestricted Funds 2007 £	Restricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 £
Incoming resources	1				
Incoming resources from Generating funds:					
Voluntary Income,					
Donations and Grants	3	93,147	29,423	122,570	374,731
Investment Income		9,015	-	9,015	2,626
Other Income		5,994	-	5,994	-
Incoming resources from charitable activities and contracts to provide services promoting self employment to over 50s through seminars, workshops, help-lines, and other activities		393,876	-	393,876	363,286
Contract with Pensions Education Fund		-	100,386	100,386	-
Total incoming Resources		<u>502,032</u>	<u>129,809</u>	<u>631,841</u>	<u>740,643</u>
 Resources expended					
Costs of generating funds					
Costs of generating voluntary income		6,874	-	6,874	6,648
Charitable activities					
Contracts to provide services promoting self employment to over 50s through seminars, workshops, helplines and other activities.		551,385	32,219	583,604	478,642
Provision of starter business loans to over 50's		9,593	-	9,593	36,106
PEF Contract		-	90,068	90,068	
Governance costs		16,089	-	16,088	12,864
Gift Aid Payment		-	-	-	13,497
Total resources expended	2	<u>583,941</u>	<u>122,287</u>	<u>706,228</u>	<u>547,757</u>
Net Movement on funds		<u>(81,909)</u>	<u>7,522</u>	<u>(74,387)</u>	<u>192,886</u>
Funds brought forward		192,476	33,077	225,553	32,667
Funds carried forward	14	<u>110,567</u>	<u>40,599</u>	<u>151,166</u>	<u>225,553</u>

All transactions are derived from continuing operations.

BALANCE SHEET AS AT 31 MARCH 2007

	Note	2007 £	2006 £
CURRENT ASSETS			
Debtors	4	108,105	192,868
Cash at bank and in hand		<u>204,448</u>	<u>328,751</u>
		312,553	521,619
CREDITORS: AMOUNT FALLING DUE			
WITHIN ONE YEAR	5	(161,387)	(296,066)
NET CURRENT ASSETS		<u>£151,166</u>	<u>£225,553</u>
FUNDS			
Restricted Funds		40,599	33,077
Unrestricted Funds		110,567	192,476
TOTAL FUNDS	14	<u>£151,166</u>	<u>£225,553</u>

Approved by the Board of Trustees on
their behalf by-

, and signed on

Pauline Norton
Trustee

NOTES TO THE FINANCIAL STATEMENTS

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.

Contracts

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

Donations in Kind

PRIME occupies office space and receives support services from its parent charity, the National Council on Ageing (Age Concern England) 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, travel and administration.

Fund Accounting

The charity maintains various types of funds as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

Designated Funds

£67,277 of the cash balance has been designated by the Board of Trustees. This fund is only to be used in connection with the provision of loans.

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, UK Steel Enterprise, 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 claimed from guarantors is then used to repay the bank loan.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Total Resources Expended

	Total	Costs of Generating Funds	Charitable Contracts	Activities Loan fund	Pensions	Esmee Fairbairn Foundation	Support Costs	Governance
	£	£	£	£	£	£	£	£
Staff Costs	458,466	6,874	252,764	0	43,068	32,885	116,000	6,875
Rent	36,756	0	11,756	500	2,000	0	22,000	500
Travel and Expenses	72,734	0	58,799	503	2,317	4,007	4,315	2,793
Advertising and Marketing	21,165	0	19,232	0	270	0	1,663	0
Professional Fees	27,644	0	7,994	5,260	5,250	0	3,314	5,826
Office Costs	30,137	0	14,178	1,467	4,318	0	10,110	64
Finance Charges	1,641	0	0	1,339	0	0	302	0
Other	57,685	0	29,601	524	15,394	-4,673	16,807	31
Reallocation	0	0	157,061	-	17,451		-174,512	
	<u>706,228</u>	<u>6,874</u>	<u>551,385</u>	<u>9,593</u>	<u>90,068</u>	<u>32,219</u>	<u>0</u>	<u>16,089</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

3. DONATIONS AND GRANTS 2006	2007	2006
	£	£
Unrestricted – Grant received from parent company	67,500	335,006
- Grant received in kind from parent company	30,000	-
Restricted – Esmee Fairbairn	29,423	39,725
Repayment of unspent grant	<u>(4,353)</u>	<u>-</u>
	<u>122,570</u>	<u>374,731</u>

4. DEBTORS	2007	2006
	£	£
Trade debtors	92,130	15,418
Due from parent company	-	150,000
Due from loan fund debtors	15,975	27,450
	<u>£108,105</u>	<u>£192,868</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Other creditor	51,159	16,260
Bank Loan	8,607	38,288
Accruals and deferred income	35,676	111,953
Due to parent charity	-	61,235
Provision for final costs on loan fund	27,450	27,450
Due to guarantors of loan fund	<u>38,495</u>	<u>35,880</u>
	<u>£161,387</u>	<u>£296,066</u>

The bank loan is secured by a debenture and first charge dated 12.09.01 and 07.04.03 respectively.

The loan scheme was originally set up to offer advances of up to £5,000 to those unable to obtain ordinary bank financing. The original guarantor bodies were Age Concern England, Help the Aged, UK Steel Enterprises 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006 (continued)**

6. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Restricted	Unrestricted	Total
CURRENT ASSETS			
Debtors		108,105	108,105
Cash at bank and in hand	<u>40,599</u>	<u>163,849</u>	<u>204,448</u>
	40,599	271,954	312,553
CREDITORS: AMOUNTS WITHIN ONE YEAR	-	(161,387)	(161,387)
NET CURRENT ASSETS	<u>£40,599</u>	<u>£110,567</u>	<u>151,166</u>
FUNDS			
Surplus of income over expenditure	40,599	110,567	151,166
TOTAL FUNDS	<u>£40,599</u>	<u>£110,567</u>	<u>£151,166</u>

7. MEMBERS

The company is limited by guarantee and does not have share capital. The liability of each member in the event of a winding up order is limited to £1. Age Concern England is the only member.

8. PARENT UNDERTAKING AND CONTROLLING PARTY

By virtue of its sole membership of PRIME, the company is a controlled subsidiary of Age Concern England. The company has taken advantage of the exemption with FRS8 from disclosing transactions with its parent charity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

9. STAFF COSTS AND NUMBERS

Staff costs were made up as follows:	2007	2006
	£	£
Wages and salaries	307,444	232,051
Social security costs	32,662	25,949
Pension costs	20,781	20,000
Agency costs	69,159	67,000
	<u>430,046</u>	<u>345,000</u>

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

	2007	2006
Chief Executive	1	1
Marketing	1	1
Support	3	3
Regional	5	5
TOTAL	<u>10</u>	<u>10</u>

During the year one employee received emoluments totalling £60,986 (2005 one employee, £60,248).

10. TRUSTEE REMUNERATION & RELATED PARTY TRANSACTIONS

No trustees received remuneration during the year. Travel costs amounting to £430.60 and £176.50 respectively were paid to two trustees (2006 - £365).

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 charity Age Concern England up to a value of £30,000. (2006 - £30,000)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007 (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.

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 represents 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

	2007	2006
	<u>£8,000</u>	<u>£2,820</u>

14. ANALYSIS OF MOVEMENT OF FUNDS

	B/forward	Incoming Resources	Outgoing Resources	Transfer	Carried Forward
Restricted Funds					
PEF Contract	-	100,386	(90,068)	-	10,318
Esmee Fairbairn	<u>33,077</u>	<u>29,423</u>	<u>(32,219)</u>		<u>30,281</u>
	33,077	129,809	(122,287)		40,599
Unrestricted Funds					
Designated Fund	-	-	-	67,277	67,277
General fund	<u>192,476</u>	<u>502,032</u>	<u>(583,941)</u>	<u>(67,277)</u>	<u>43,290</u>
Total Funds	<u>225,553</u>	<u>631,841</u>	<u>(706,228)</u>	-	151,166

Restricted Funds

The Pensions Education Fund contract is a contract to promote pensions amongst the self employed over 50s. The funding received from the Department of Work & Pensions can only be used for this contract.

Esmee Fairbairn have made a donation to fund a Regional Development Manager in the North West.

Designated Funds

These are funds held in relation to the now discontinued loan fund. The Trustees have decided they should be used only to clear any costs associated with the "old" loan fund and to set up a "new" loan fund.



The Prince's Charities

PRIME is honoured to be a member of The Prince's Charities, a group of 17 not-for-profit organisations of which The Prince of Wales is President. 14 of the charities in the Group were founded personally by The Prince.

The organisations are active across a broad range of areas including opportunity and enterprise, education, health, the built environment, responsible business, the natural environment and the arts.

The charities reflect The Prince of Wales's long-term and innovative perspective and seek to address areas of previously unmet need.

Opportunity and Enterprise

PRIME	www.primeinitiative.org.uk
PRIME-Cymru	www.prime-cymru.co.uk
The Prince's Trust	www.princes-trust.org.uk
The Prince's Scottish Youth Business Trust	www.psybt.org.uk

Education

The Prince's Drawing School	www.princesdrawingschool.org
The Prince's School of Traditional Arts	www.princesschooltraditionalarts.org
The Prince's Teaching Institute	

Health

The Prince's Foundation for Integrated Health	www.fih.org.uk
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The Built Environment

The Prince's Foundation for the Built Environment	www.princes-foundation.org
The Prince's Regeneration Trust	www.princes-regeneration.org

Responsible Business and the Natural Environment

Business in the Community	www.bitc.org.uk
Scottish Business in the Community	www.sbcscot.com
The Prince of Wales's International Business Leaders Forum	www.iblf.org
The Prince of Wales's Business and the Environment Programme	www.cpi.cam.ac.uk/bep
In Kind Direct	www.inkinddirect.org

The Arts

Arts & Business	www.AandB.org.uk
The Prince of Wales's Arts & Kids Foundation	www.artsandkids.org.uk