

Prime Estates Limited and subsidiary companies

Report and Financial Statements

Year Ended

31 December 2011

Company Number 1823607

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Prime Estates Limited and subsidiary companies

Report and financial statements for the year ended 31 December 2011

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President

Mr H J H Bandet

Directors

Ms R E L Bandet
Mrs I A M F Boyer
Mr I Kirkpatrick (Chairman)
Mr T E Milliken
Mr J B Boyer (as alternate to Mrs I A M F Boyer)

Secretary and registered office

N J Alexander, 64 Wilbury Way, Hitchin, Hertfordshire, SG4 0TP

Company number

1823607 (England and Wales)

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Prime Estates Limited and subsidiary companies

Report of the directors for the year ended 31 December 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Results and dividends

The consolidated profit and loss account is set out on page 6 and shows the group's profit before taxation for the year

The directors declared and paid dividends as shown on note 9 to the accounts. No further dividends are recommended by the directors for the year.

Principal activities, trading review and future developments

The principal activity of the group is that of property investment. Both the level of business and the year end financial position are satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Directors

The directors of the company during the year were

Ms R E L Bandet
Mrs I A M F Boyer
Mr I Kirkpatrick (Chairman)
Mr T E Milliken
Mr J B Boyer (as alternate to Mrs I A M F Boyer)

Charitable and political contributions

During the year the group made charitable contributions of £Nil (2010 - £150). There were no political contributions.

Review of business and future developments

The consolidated profit and loss account is set out on page 6 and shows that the group's rental income has decreased by £853,857 to £3,236,111 from £4,089,968 in the prior year. This is principally the net effect on rental income of voids and disposals, offset by new leases and rent reviews.

Vacant premises at the year end represented an Estimated Rental Value (ERV) of £188,766 per annum or 12.2% of total annualised rent roll, down from a vacant premises ERV of £604,961 (13.7%) the prior year.

Book losses on the disposal of fixed assets were £1,492,139 (2010 – profit £1,014,895) principally represented by book losses of £1,767,292 recognised on disposals from the group's UK property portfolio offset by disposals from the group's investment in the Brinson Partnership Fund. However, profits of £1,972,902 (2010 - £6,579) were achieved on disposals of US property investments.

The net book value of tangible fixed assets decreased by £20,625,213 or 55.6% to £16,437,310 following disposals of £18,680,000 and revaluation adjustments. Once disposals during the year are taken into account the portfolio shows a 10.6% like-for-like decrease from the prior year.

Cash at bank decreased by £3,041,643 to £3,581,984 (refer to notes 26 and 27), following repayment of institutional borrowings from property disposals and payment of dividends during the year. Institutional borrowings were fully hedged for the year.

The Board reviews the group's cash flow on a regular basis and ensures appropriate facilities are available to be drawn upon as necessary.

Prime Estates Limited and subsidiary companies

Report of the directors for the year ended 31 December 2011 (*continued*)

Principal risks and uncertainties

The principal risks faced by the business are the risks represented by potential tenant defaults and property voids. These risks and the general state of the commercial property market have flow-on consequences for the valuation of the group's portfolio. The group has limited exposure in exchange rates on foreign investments of £2,098,042.

The Board is unaware of any significant deterioration in the state of the group's tenants or in voids in the group's property portfolio, and expects the profitability of the portfolio to continue at approximately present levels.

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Prime Estates Limited and subsidiary companies

Report of the directors for the year ended 31 December 2011 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The Company has, by elective resolution, resolved to dispense with the need to hold annual general meetings and to reappoint auditors annually. Accordingly BDO LLP, who have expressed their willingness to do so will continue in office as auditors to the company.

By order of the Board



Mr N J Alexander

Secretary

23 August 2012

Prime Estates Limited and subsidiary companies

Independent auditor's report

TO THE MEMBERS OF PRIME ESTATES LIMITED AND SUBSIDIARY COMPANIES

We have audited the financial statements of Prime Estates Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss accounts, the consolidated statement of total recognised gains and losses, the consolidated reconciliation of movements in shareholders' funds, the consolidated note of historical cost profits and losses, the consolidated and company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and company's affairs as at 31 December 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

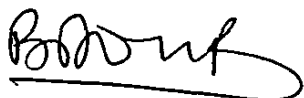
Prime Estates Limited and subsidiary companies

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



*Solomon Benaim, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

30 August 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Prime Estates Limited and subsidiary companies

Consolidated profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Gross rental income	2	3,236,111	4,089,968
Property expenses		(641,362)	(289,596)
Net rental income		2,594,749	3,800,372
Profit on disposal of trading property		773,196	-
Profit on non-returnable deposit for trading property		-	246,870
Lease surrender premiums		-	292,825
Profit from US property investments		1,972,902	6,579
Administrative expenses		(1,441,225)	(1,206,768)
Other operating income	3	181,395	263,891
Stock provision		-	(40,000)
Group operating profit		4,081,017	3,363,769
Share of operating (loss)/profit of associated undertakings		(5,500)	2,043
Provision on revaluation of fixed assets		(839,175)	(1,691,564)
Provision on impairment of fixed asset investments		(352,116)	-
(Loss)/profit on disposal of fixed assets - group		(1,492,139)	1,014,895
Profit on maturing of endowment policies		233,040	-
Profit on ordinary activities before interest		1,625,127	2,689,143
Interest receivable	4	8,797	48,733
Interest payable and similar charges	5	(642,462)	(778,061)
Profit on ordinary activities before taxation	6	991,462	1,959,815
Taxation on profit from ordinary activities	8	(1,384,934)	(846,934)
(Loss)/profit on ordinary activities after taxation		(393,472)	1,112,881
Minority interest		(67,297)	(3,282)
(Loss)/profit for the financial year		(460,769)	1,109,599

All amounts relate to continuing activities

The notes on pages 12 to 25 form part of these financial statements

Prime Estates Limited and subsidiary companies

Statement of total recognised gains and losses, reconciliation of movements in shareholders' funds and note of historical cost profits and losses for the year ended 31 December 2011

	Note	2011 £	2010 £
Statement of total recognised gains and losses			
(Loss)/profit for the financial year		(460,769)	1,109,599
Unrealised deficit on revaluation of properties	18	(1,116,700)	(1,882,140)
Exchange translation differences	18	19,103	27,308
		<u> </u>	<u> </u>
Total recognised losses in the year		<u>(1,558,366)</u>	<u>(745,233)</u>
Reconciliation of movements in shareholders' funds			
Loss for the year		(1,558,366)	(745,233)
Dividends		(19,277,952)	(366,100)
Opening shareholders' funds			
- At beginning of year		<u>42,312,217</u>	<u>43,423,550</u>
		<u> </u>	<u> </u>
Closing shareholders' funds		<u>21,475,899</u>	<u>42,312,217</u>
Note of historical cost profits and losses			
Profit on ordinary activities before taxation		991,462	1,959,815
Realisation of property valuation gains of prior years		<u>13,226,772</u>	<u>634,782</u>
		<u> </u>	<u> </u>
Historical cost profit on ordinary activities before taxation		<u>14,218,234</u>	<u>2,594,597</u>
		<u> </u>	<u> </u>
Historical cost (loss)/profit on ordinary activities after taxation, minority interest and dividends		<u>(6,511,949)</u>	<u>1,378,281</u>

The notes on pages 12 to 25 form part of these financial statements

Prime Estates Limited and subsidiary companies

Consolidated balance sheet at 31 December 2011

<i>Company number 1823607</i>	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	10		16,437,310		37,062,523
Investments in joint ventures					
Share of gross assets		26,063		27,555	
Share of gross liabilities		(7,000)		(2,992)	
		19,063		24,563	
Other investments		2,098,042		3,481,087	
Fixed asset investments	11		2,117,105		3,505,650
			18,554,415		40,568,173
Debtors					
Amounts falling due after more than one year	13		-		133,215
Current assets					
Stocks	12	-		1,555,000	
Debtors due within one year	14	1,080,672		1,756,046	
Cash at bank and in hand		3,581,984		6,623,627	
		4,662,656		9,934,673	
Creditors amounts falling due within one year	15	(1,701,409)		(6,602,941)	
Net current assets			2,961,247		3,331,732
Total assets less current liabilities			21,515,662		44,033,120
Creditors: amounts falling due after more than one year	16		(10,000)		(1,672,500)
Net assets			21,505,662		42,360,620

The notes on pages 12 to 25 form part of these financial statements

Prime Estates Limited and subsidiary companies

Consolidated balance sheet at 31 December 2011 (*continued*)

<i>Company number 1823607</i>	Note	2011 £	2011 £	2010 £	2010 £
Capital and reserves					
Called up share capital	17		3,500		3,500
Merger reserve	18		578,038		578,038
Revaluation reserve	18		10,955,415		25,298,887
Profit and loss account	18		9,938,946		16,431,792
			21,475,899		42,312,217
Minority interest	19		29,763		48,403
Shareholders' funds			21,505,662		42,360,620

The financial statements were approved by the Board of Directors and authorised for issue on 23 August 2012


Mr I Kirkpatrick
Director


Mr T E Milliken
Director

The notes on pages 12 to 25 form part of these financial statements

Prime Estates Limited and subsidiary companies

Company balance sheet at 31 December 2011

Company number 1823607	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	10		9,212,999		13,064,999
Investments	11		2,729,786		2,881,534
			<u>11,942,785</u>		<u>15,946,533</u>
Current assets					
Debtors		3,928,401		8,087,136	
Cash at bank and in hand		2,784,184		5,538,133	
		<u>6,712,585</u>		<u>13,625,269</u>	
Creditors: amounts falling due within one year	15	(4,478,233)		(5,290,981)	
Net current assets			<u>2,234,352</u>		<u>8,334,288</u>
Net assets			<u>14,177,137</u>		<u>24,280,821</u>
Capital and reserves					
Called up share capital	17		3,500		3,500
Revaluation reserve	18		897,544		1,259,226
Profit and loss account	18		13,276,093		23,018,095
			<u>14,177,137</u>		<u>24,280,821</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 August 2012


Mr I Kirkpatrick
Director


Mr T E Milliken
Director

The notes on pages 12 to 25 form part of these financial statements

Prime Estates Limited and subsidiary companies

Consolidated cash flow statement for the year ended 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	25		5,220,161		2,934,445
Dividends from joint ventures and associated undertakings			-		359,434
Returns on investment and servicing of finance					
Interest received		8,797		48,733	
Interest paid		(642,462)		(778,061)	
Distributions from unlisted investments		34,278		123,531	
			(599,387)		(605,797)
Taxation					
Corporation tax paid			(1,623,718)		(413,710)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(16,875)		(9,884)	
Receipts from sales of tangible fixed assets		17,187,861		3,076,641	
Payments to acquire investments		(303,643)		-	
Receipt from disposal of investment		1,454,814		170,539	
Repayment of loan notes		266,430		129,774	
			18,588,587		3,367,070
Equity dividends paid			(19,277,952)		(366,100)
Net cash inflow/(outflow) before financing			2,307,691		5,275,342
Financing					
Repayment of loans			(5,282,500)		(600,000)
Minority interest			(85,937)		-
(Decrease)/increase in cash	26,27		(3,060,746)		4,675,342

The notes on pages 12 to 25 form part of these financial statements

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and are in accordance with applicable accounting standards. The financial statements are in compliance with the Companies Act 2006 except that, as explained below, the investment properties are not depreciated.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Prime Estates Limited and all its subsidiaries made up to 31 December 2011.

On 8 November 2001, a group reorganisation took place whereby Prime Estates Limited acquired shares in five companies by way of a share for share exchange with the existing shareholders of those companies. In this reorganisation, the share capital of Prime Estates Limited was subdivided from £1 shares into £0.01 shares. The share capital was then increased by £2,000 and shares were allotted in exchange for shares in the subsidiary companies acquired.

The intention of the reorganisation was to maintain the relative rights of the shareholders in the five subsidiary companies. The directors therefore consider that this reorganisation should be accounted for in accordance with the provisions of merger accounting.

In the consolidated financial statements, merged subsidiary undertakings are treated as if they had always been a member of the group. The results of these subsidiaries are included for the whole period in the year they join the group. Any difference between the nominal value of the shares acquired by the company and those issued by the company to acquire them is taken into reserves.

Joint ventures

An entity is treated as a joint venture where the group holds a long term interest and shares control under a contractual agreement.

In the group accounts, interests in joint ventures are accounted for using the gross equity method of accounting. The consolidated profit and loss account indicates the group's share of the joint venture's turnover and includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings based on audited financial statements.

In the consolidated balance sheet, the group's share of the identifiable gross assets (including any unamortised premium paid on acquisition) and its share of the gross liabilities attributable to its joint ventures are shown separately.

Associated companies

The group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the group's share of retained profits and reserves is added to the cost of the investment in the consolidated balance sheet. Where there is a deficiency in net assets the group's share thereof is shown as a provision for net liabilities of associated undertakings.

Gross rental income

This includes rents pertaining to the period under review, excluding Value Added Tax.

Rent increases arising from rent reviews due during a period are taken into account only to the extent that such reviews have been agreed with the tenants at the accounting date.

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies (*continued*)

Valuation of properties

Completed properties held for long term retention are valued at the balance sheet date at open market value. Surpluses and deficits arising from revaluations are treated in accordance with Statement of Standard Accounting Practice No. 19.

Depreciation

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of freehold properties or leasehold properties with more than twenty years to expiry. This is a departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated. Such properties are not held for consumption but investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one among many factors reflected in the annual valuation of properties and accordingly, the amount of depreciation which might otherwise have been charged cannot be identified or quantified separately. The directors consider that this policy results in the accounts giving a true and fair view.

Depreciation is calculated to write off the cost of other tangible fixed assets over their expected useful lives at the following rates:

Plant and equipment - 10% to 35% on written down value

Stocks

Stocks are stated at the lower of cost and net realisable value.

Gains and losses on disposal of fixed assets

The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount, whether carried at historical cost (less any provisions made) or at a valuation.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Profit and loss accounts of group undertakings which are prepared in foreign currencies are translated into sterling at the closing rate of exchange.

Related party transaction

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 and not disclosed transactions undertaken with companies that are part of the group and are 100% owned, as consolidated financial statements are publicly available.

Taxation

The charge for taxation is based on the profit for the year and taken into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

On disposal of an investment property the element of tax relating to profit in the year is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of Total Recognised Gains and Losses.

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

1 Accounting policies (*continued*)

Taxation continued

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met

Deferred tax balances are not discounted

Investments

Fixed asset investments are shown at cost less amount written off. Provisions are made for permanent reductions in value. Provisions for temporary fluctuations in value are not made. Income from investments is recognised on an annual basis.

2 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

3 Other operating income

	2011 £	2010 £
Management fees receivable	9,766	9,675
Insurance commission	20,855	28,385
Other income	150,774	225,831
	181,395	263,891

4 Interest receivable

	2011 £	2010 £
Other interest	8,797	48,733
	8,797	48,733

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

5 Interest payable

	2011 £	2010 £
Bank interest	642,444	776,807
Other interest	18	1,254
	<u>642,462</u>	<u>778,061</u>

6 Profit on ordinary activities before taxation

	2011 £	2010 £
This is arrived at after charging		
Auditors remuneration - audit services	53,000	53,000
Depreciation	6,213	7,664
	<u>59,213</u>	<u>60,664</u>

7 Employees and directors

	2011 £	2010 £
Staff costs (including executive directors) consist of		
Wages and salaries	462,384	464,572
Staff incentive and redundancy costs	134,000	-
Social security costs	75,387	57,676
Pension costs	30,813	29,487
	<u>702,584</u>	<u>551,735</u>

The average number of employees during the year was 6 (2010 - 6)

	2011 £	2010 £
Directors' remuneration consists of		
Directors' emoluments	289,511	289,352
Pension contributions	16,171	16,171
	<u>305,682</u>	<u>305,523</u>

Emoluments of the highest paid director amounted to £215,052 (2010 - £214,893)

Pension contributions for the highest paid director amounted to £16,171 (2010 - £16,171)

Retirement benefits were accruing to one director during the year (2010 - 1)

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

8 Taxation on profit from ordinary activities

	2011 £	2010 £
<i>Current tax</i>		
UK corporation tax on profits of the year	633,938	895,917
Adjustment in respect of previous years	(22,097)	(48,983)
US taxation	773,093	-
	<u>1,384,934</u>	<u>846,934</u>
Taxation on profit on ordinary activities		

The tax assessed for the year differs from the standard rate of corporation tax in the UK The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>991,462</u>	<u>1,959,815</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	262,737	548,752
Effects of		
Expenses not deductible for tax purposes	647,159	567,171
Non-taxable income	-	(76,595)
Capital allowances and IBA's for year in excess of depreciation	(1,203)	(2,097)
Adjustments in respect of prior years	(22,097)	(48,983)
Overseas earnings tax adjustment	101,985	(17,893)
Loss/(profit) on disposal of fixed assets	418,340	(187,029)
Capital gains	24,736	121,532
Assessed loss brought forward	(87,670)	(57,924)
S161 TGCA adjustment re stock disposal	40,947	-
	<u>1,384,934</u>	<u>846,934</u>
Current tax charge for year		

9 Dividends

	2011 £	2010 £
The following dividends were paid in the period		
Interim dividend of £8 5096 per share (2010 - £0 346 per share)	2,978,360	121,100
2 nd interim dividend of £2 144 per share (2010 - £0 70 per share)	750,400	245,000
3 rd interim dividend of £3 98766 per share (2010 - £Nil per share)	1,395,680	-
4 th interim dividend of £31 60 per share (2010 - £Nil per share)	11,060,000	-
5 th interim dividend of £7 25 per share (2010 - £Nil per share)	2,537,500	-
6 th interim dividend of £1 588606 per share (2010 - £Nil per share)	556,012	-
	<u>19,277,952</u>	<u>366,100</u>

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

10 Tangible fixed assets

Group	Freehold property £	Leasehold property £	Plant and equipment £	Total £
Cost or valuation				
At 1 January 2011	31,560,000	5,456,000	142,586	37,158,586
Additions at cost	16,875	-	-	16,875
Disposals at valuation	(13,715,000)	(4,965,000)	-	(18,680,000)
Valuation adjustment	(1,923,875)	(32,000)	-	(1,955,875)
	<u>15,938,000</u>	<u>459,000</u>	<u>142,586</u>	<u>16,539,586</u>
At 31 December 2011	<u>15,938,000</u>	<u>459,000</u>	<u>142,586</u>	<u>16,539,586</u>
Representing				
Cost	-	-	142,586	142,586
Valuation	15,938,000	459,000	-	16,397,000
	<u>15,938,000</u>	<u>459,000</u>	<u>142,586</u>	<u>16,539,586</u>
Depreciation				
At 1 January 2011			96,063	96,063
Charge for the year			6,213	6,213
			<u>102,276</u>	<u>102,276</u>
At 31 December 2011			<u>102,276</u>	<u>102,276</u>
Net book value				
At 31 December 2011	<u>15,938,000</u>	<u>459,000</u>	<u>40,310</u>	<u>16,437,310</u>
At 31 December 2010	<u>31,560,000</u>	<u>5,456,000</u>	<u>46,523</u>	<u>37,062,523</u>

The group

An open market valuation was carried out on 31 December 2010 by the directors. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

The historical cost of the land and buildings was £8,687,157 (2010 - £17,335,356).

The amount of tax that would be payable if the company's revalued investment properties were sold at their open market value is £Nil (2010 - £125,484).

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

10 Tangible fixed assets (*continued*)

Company	2011 £	2010 £
<i>Freehold land and buildings at valuation</i>		
At 1 January 2011	13,064,999	14,363,999
Additions	-	9,704
Disposals	(2,882,000)	-
Revaluation deficit	(970,000)	(1,308,704)
At 31 December 2011	9,212,999	13,064,999

11 Fixed asset investments

Group	Investment in joint ventures £	Other investments £	Total £
Cost			
At 1 January 2011	-	3,504,272	3,504,272
Additions	-	303,643	303,643
Exchange movements	-	7,849	7,849
Disposals	-	(1,454,814)	(1,454,814)
Impairment provision	-	(352,116)	(352,116)
At 31 December 2011	-	2,008,834	2,008,834
Share of retained profits/(losses)			
At 1 January 2011	24,563	(23,185)	1,378
Exchange movements	-	(174)	(174)
Profit for the year	(5,500)	146,845	141,345
Distributions	-	(34,278)	(34,278)
At 31 December 2011	19,063	89,208	108,271
Net book value			
At 31 December 2011	19,063	2,098,042	2,117,105
At 31 December 2010	24,563	3,481,087	3,505,650

The investment in joint ventures at the year end represents a 49.99995% interest in Ampere Property LLP, registered in England and whose principal activity is property investment

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

11 Fixed asset investments (*continued*)

Group

Other investments comprise

- (i) Payments under endowment insurance policies which are charged to Sun Life Financial of Canada amounting to £Nil (2010 - £537,800)
- (ii) An investment of £1,763,040 (2010 - £1,914,788) in the Brinson Partnership Fund
- (iii) Investments of £335,002 (2010 - £1,028,499) in joint venture partnerships, real estate investments and other marketable investments in the United States of America

The investment in the Brinson Partnership Fund at 31 December 2010 includes \$4,674,449 out of \$4,952,402 committed to be invested by 31 December 2011

Joint ventures

The group had the following aggregate interests in joint ventures

	2011 £	2010 £
Share of assets		
Share of current assets	26,063	27,555
	<u>26,063</u>	<u>27,555</u>
Share of liabilities	(7,000)	(2,992)
	<u>19,063</u>	<u>24,563</u>

Company	Investment in subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 January 2011	966,746	1,914,788	2,881,534
Additions	-	27,937	27,937
Disposals	-	(179,685)	(179,685)
	<u>966,746</u>	<u>1,763,040</u>	<u>2,729,786</u>
At 31 December 2011	966,746	1,763,040	2,729,786
Net book value			
At 31 December 2011	966,746	1,763,040	2,729,786
At 31 December 2010	966,746	1,914,788	2,881,534

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

11 Fixed asset investments (*continued*)

Company

Details of principal subsidiary undertakings are set below

Registered in England and wholly owned either directly or indirectly

Prime Estates (Northumbria) Limited	Prime Estates (Houghton Regis) Limited
Wilbury Investments Limited	EP (Andover) Limited
Wilbury Estates Limited	EP (Hillgate) Limited
Prime Estates Services Limited	HIE (Hunting Gate) Limited
Erecta (Hitchin) Limited	Erecta (Hunting Gate) Limited
Hitchin Industrial Estates Limited	BFE (Wilbury Way) Limited
Bury Field Estates Limited	Prime Estates (East Anglia) Limited
EP Investments Limited	

Registered in the United States of America

Erecta Properties (North America) Inc (100% owned)

Wilbury West Investments LLC (97% owned)

The principal activity of all subsidiary undertakings is that of property investment, except Prime Estates (Houghton Regis) Limited which is engaged in property development

12 Stocks

	2011 £	2010 £
Group		
Stocks	-	1,555,000
	<u> </u>	<u> </u>

13 Debtors' amounts falling due after more than one year

	2011 £	2010 £
Group		
Loan notes	-	133,215
	<u> </u>	<u> </u>

On 31 December 2008 a group company disposed of its investment in US funds in exchange for loan notes repayable in four annual instalments of \$208,575. The loan notes bear an interest rate of 1.36%. The loan notes were repaid in full in December 2011.

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

14 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	442,167	699,420	246,667	254,688
Loan notes (see note 13)	-	133,215	-	-
Other debtors	133,484	335,898	38,151	-
Corporation tax	-	72,535	-	72,535
Prepayments and accrued income	505,021	514,978	6,614	19,626
Amounts owed by subsidiary undertakings	-	-	3,636,969	7,740,287
	<u>1,080,672</u>	<u>1,756,046</u>	<u>3,928,401</u>	<u>8,087,136</u>

All amounts shown under debtors fall due for payment within one year

15 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans and mortgage	-	3,620,000	-	-
Trade creditors	20,247	10,535	7,483	760
Corporation tax	281,745	593,064	8,856	402,638
Other taxes	173,553	269,115	50,552	147,617
Other creditors	88,891	271,494	43,199	51,938
Accruals and deferred income	1,136,973	1,838,733	242,015	318,128
Amounts due to subsidiary undertakings	-	-	4,126,128	4,369,900
	<u>1,701,409</u>	<u>6,602,941</u>	<u>4,478,233</u>	<u>5,290,981</u>

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

16 Creditors: amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Loans and mortgages				
Bank loans	10,000	1,672,500	-	-
	<u>10,000</u>	<u>1,672,500</u>	<u>-</u>	<u>-</u>

The borrowings are secured by fixed charges over freehold and leasehold property of the group and by floating charges over assets of certain group companies. Various group companies act as sureties for the subsidiary companies' borrowings.

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Amounts repayable between one and two years	10,000	1,662,500	-	-
Amounts repayable between two and five years	-	10,000	-	-
	<u>10,000</u>	<u>1,672,500</u>	<u>-</u>	<u>-</u>

17 Called-up share capital

	Issued and fully paid	
	2011 £	2010 £
350,000 Ordinary shares of £0.01 each	3,500	3,500

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

18 Reserves

Group	Revaluation Reserves £	Profit and loss account £	Merger reserve £	Total £
At 1 January 2011	25,298,887	16,431,792	578,038	42,308,717
Loss for the year	-	(460,769)	-	(460,769)
Dividends paid	-	(19,277,952)	-	(19,277,952)
Valuation deficit for the year	(1,116,700)	-	-	(1,116,700)
Reserve transfer	(13,226,772)	13,226,772	-	-
Exchange movement	-	19,103	-	19,103
At 31 December 2011	<u>10,955,415</u>	<u>9,938,946</u>	<u>578,038</u>	<u>21,472,399</u>

Company	Revaluation reserves £	Profit and loss account £	Total £
At 1 January 2011	1,259,226	23,018,095	24,277,321
Profit for the year	-	9,499,268	9,499,268
Dividends paid	-	(19,277,952)	(19,277,952)
Valuation deficit for the year	(325,000)	-	(325,000)
Reserve transfer	(36,682)	36,682	-
At 31 December 2011	<u>897,544</u>	<u>13,276,093</u>	<u>14,173,637</u>

Results for the financial year

The company has taken advantage of the exemption under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements

19 Minority interest

	2011 £	2010 £
Minority interest comprises		
Net assets of a subsidiary	<u>29,763</u>	<u>48,403</u>

20 Contingent liabilities

No such liabilities are known to the directors

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

21 Commitments under operating leases

As at 31 December 2011, the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Land and buildings 2010 £
Operating leases which expire		
Over five years	6,575	141,675

22 Post balance sheet events

No events have occurred since the balance sheet date which have any material effect on these financial statements

23 Capital commitments

There were no such commitments at 31 December 2011 (2010 - £Nil)

24 Related party transactions

- (i) The group rented properties on normal commercial terms at a cost of £85,906 (2010 - £85,906) to companies of which Mr H J H Bandet was a director and shareholder of their holding company
- (ii) Management and consultancy fees totalling £121,174 (2010 - £118,153) were charged by a company of which Mr H J H Bandet was a director and shareholder
- (iii) Management fees totalling £25,585 (2010 - £25,396) were paid to Ms R E L Bandet by a group company
- (iv) On 31 December 2008 certain assets of Wilbury West Investments LLC, a 97% owned subsidiary company, were sold at a value of \$834,300 in exchange for loan notes amounting to \$324,212 from a trust in which Mr H J H Bandet has an interest as a trustee, \$297,724 from a trust in which Ms R E L Bandet has an interest as a trustee and \$212,364 from Mr J B Boyer. The loan notes bear interest at 1 36% and were repayable in equal annual instalments in December 2009, 2010, 2011 and 2012. The remaining instalment for 2012 was paid off in December 2011.

Prime Estates Limited and subsidiary companies

Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

25 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	4,081,017	3,363,769
Depreciation charges	6,213	7,664
Share of fund income	(141,345)	(186,102)
Profit on maturing endowment policies	233,040	-
Exchange loss	(7,675)	(180,541)
Decrease in stock	1,555,000	40,000
Decrease/(increase) in debtors	464,124	(108,941)
Decrease in creditors	(970,213)	(1,404)
Net cash inflow from operating activities	5,220,161	2,934,445

26 Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
(Decrease)/increase in cash in the year	(3,060,746)	4,675,342
Repayment of loans	5,282,500	600,000
Change in net debt from cash flows	2,221,754	5,275,342
Exchange translation	19,103	27,308
Change in net debt	2,240,857	5,302,650
Net funds/(debt) at 1 January 2011	1,331,127	(3,971,523)
Net funds at 31 December 2011	3,571,984	1,331,127

27 Analysis of net debt

	At 1 January 2011 £	Cash flow £	Non cash items £	At 31 December 2011 £
Cash at bank and in hand	6,623,627	(3,060,746)	19,103	3,581,984
Debt due within one year	(3,620,000)	3,620,000	-	-
Debt due after more than one year	(1,672,500)	1,662,500	-	(10,000)
	1,331,127	2,221,754	19,103	3,571,984

Non cash items represent exchange gains on the translation of foreign currency cash balances