

Primeco Limited
Abbreviated Annual Report
Year Ended 30 November 2011

Company Registration Number 05104042



Primeco Limited

Abbreviated Accounts

Year Ended 30 November 2011

Contents	Page
The Directors' Report	1
Independent Auditor'S Report to the Company	3
Independent Auditor'S Report to the Shareholders	4
Abbreviated Profit and Loss Account	7
Abbreviated Balance Sheet	8
Cash Flow Statement	9
Notes to the Abbreviated Accounts	10

Primeco Limited

The Directors' Report

Year Ended 30 November 2011

The directors present their report and the financial statements of the company for the year ended 30 November 2011

Principal Activities and Business Review

The principal activity of the company during the year was that of property investment

The key financial performance measure for the company is profit before tax and in 2011 this was £17,715 compared to a loss of £563,860 in 2010

The company has reverted to operating as purely a property investment company, as a result of the cessation of trading each site as a Post Office for the last 2 years. In addition, the company extended one site during the year which has already been leased on a long term contract and will generate significant additional revenues in future years

The short term strategy continues to be to find suitable tenants for each property in order to service the existing bank loan. As at April 2012 nearly half of the properties have a tenant and as more tenants are found this will ensure the company has a higher level of working capital to service the bank loan and pay management expenses

Based on figures to date for the 2012 financial year, the directors believe that the financial performance of the company is constantly improving and the company is better able to withstand any increase in interest rates

In the next five years the directors intend for the company to purchase the freehold interest in each property which they hope will increase the market value of the properties. Once the freehold interest has been acquired (which is 2015 at the earliest) the company will be in a better position to sell its properties in order to reduce the bank loan

Results and Dividends

The profit for the year amounted to £17,715. The directors have not recommended a dividend

Financial Risk Management Objectives and Policies

The principal risk that the company faces is the recall of the loan facility and bank overdraft totalling £9.6 million with no replacement loan facility or bank overdraft having been negotiated. The loan is currently interest only and therefore the ability to generate cash and service the interest is the primary concern. The directors intend to continue finding suitable tenants in order to generate sufficient income to service the bank loan and overdraft and also to provide further assurance to the bank when renegotiating company debts

Directors

The directors who served the company during the year were as follows

Mr A C Baldock
Mr D Nugent

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 that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting 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 affairs of the company and of the profit or loss of the company for that year

In preparing those financial statements, the directors are required to

Primeco Limited

The Directors' Report *(continued)*

Year Ended 30 November 2011

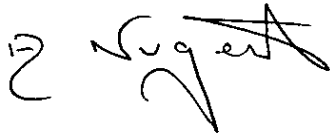
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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.

In so far as the directors are aware

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

Signed by order of the directors



Mrs A Nugent
Company Secretary

Approved on 1/8/2012

Primeco Limited

Independent Auditor's Report to Primeco Limited

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes, together with the financial statements of Primeco Limited for the year ended 30 November 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other Information

On *6 August 2012* we reported, as auditor of the company, to the shareholders on the financial statements prepared under Section 396 of the Companies Act 2006 for the year ended 30 November 2011, and the full text of the company audit report is reproduced on pages 4 to 6 of these financial statements.



RICHARD HUSSEY (Senior Statutory Auditor)
For and on behalf of
FRANCIS CLARK LLP
Chartered Accountants & Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

6 August 2012

Primeco Limited

Independent Auditor's Report to the Shareholders of Primeco Limited

Year Ended 30 November 2011

We have audited the financial statements of Primeco Limited for the year ended 30 November 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 2, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Primeco Limited

Independent Auditor's Report to the Shareholders of Primeco Limited *(continued)*

Year Ended 30 November 2011

Basis for qualified opinion on financial statements

Freehold land and buildings owned by the company for investment purposes are included in the financial statements at historical cost. This is not in accordance with the Statement of Standard Accounting Practice (SSAP) 19, which requires investment properties to be included at open market value at the balance sheet date. We are unable to quantify the financial effect of this departure, which understates the value of investment properties and revaluation reserves in the balance sheet.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the financial statements

- give a true and fair view of the state of the company's affairs as at 30 November 2011 and of its profit 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

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is qualified in respect of the matter described in the Basis for Qualified Opinion paragraph, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern and, in particular the company's dependence on the continued support of the bank.

The financial statements do not include the adjustments that would result if the company were to be unable to continue as a going concern.

Opinion on Other Matters Prescribed by the Companies Act 2006

Notwithstanding the matter described in the Basis for Qualified Opinion paragraph, 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.

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 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 of the information and explanations we require for our audit

Primeco Limited

Independent Auditor's Report to the Shareholders of Primeco Limited *(continued)*

Year Ended 30 November 2011



RICHARD HUSSEY (Senior Statutory Auditor)

For and on behalf of

FRANCIS CLARK LLP

Chartered Accountants & Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

6 August 2012

Primeco Limited

Abbreviated Profit and Loss Account

Year Ended 30 November 2011

	Note	2011 £	2010 £
Turnover			
Continuing operations		468,552	290,713
Discontinued operations		—	1,896,067
		<u>468,552</u>	<u>2,186,780</u>
Cost of sales		(50,486)	(2,130,869)
Administrative expenses		<u>244,961</u>	<u>804,579</u>
Operating Profit/(Loss)	2		
Continuing operations		185,014	301,214
Discontinued operations		(5,196)	(1,039,381)
		<u>179,818</u>	<u>(738,167)</u>
Profit on disposal of fixed assets		—	342,764
		<u>179,818</u>	<u>(395,403)</u>
Interest receivable		29	113
Interest payable and similar charges	5	(162,132)	(168,570)
Profit/(Loss) on Ordinary Activities Before Taxation		<u>17,715</u>	<u>(563,860)</u>
Tax on profit/(loss) on ordinary activities		—	—
Profit/(Loss) for the Financial Year		<u>17,715</u>	<u>(563,860)</u>

The company has no recognised gains or losses other than the results for the year as set out above

As explained in Note 1 a (i) the company has reclassified certain of its operating income in the prior year to turnover

The notes on pages 10 to 15 form part of these abbreviated accounts

Primeco Limited

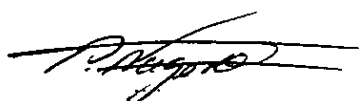
Abbreviated Balance Sheet

30 November 2011

	Note	2011 £	2010 £
Fixed Assets			
Tangible assets	6	<u>7,928,545</u>	<u>7,705,347</u>
Current Assets			
Debtors	7	16,404	56,038
Cash at bank and in hand		<u>15,213</u>	<u>104</u>
		31,617	56,142
Creditors' Amounts falling due within one year	8	<u>10,506,449</u>	<u>10,325,491</u>
Net Current Liabilities		<u>(10,474,832)</u>	<u>(10,269,349)</u>
Total Assets Less Current Liabilities		<u>(2,546,287)</u>	<u>(2,564,002)</u>
Capital and Reserves			
Called-up equity share capital	9	1	1
Profit and loss account	10	(2,546,288)	(2,564,003)
Deficit	11	<u>(2,546,287)</u>	<u>(2,564,002)</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 1 August 2012, and are signed on their behalf by



Mr D Nugent

Company Registration Number 05104042

The notes on pages 10 to 15 form part of these abbreviated accounts

Primeco Limited

Cash Flow Statement

Year Ended 30 November 2011

	Note	2011 £	2010 £
Net Cash Inflow/(Outflow) from Operating Activities	12	319,149	(330,568)
Returns on Investments and Servicing of Finance	12	(162,103)	(168,457)
Capital Expenditure and Financial Investment	12	(237,408)	848,593
Cash (Outflow)/Inflow Before Financing		<u>(80,362)</u>	<u>349,568</u>
Financing	12	–	(703,992)
Decrease in Cash	12	<u>(80,362)</u>	<u>(354,424)</u>

Primeco Limited

Notes to the Abbreviated Accounts

Year Ended 30 November 2011

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention

(i) Change in activity

The company has reverted to operating as purely a property investment company. As a result of this change, rental income, shown as 'Other operating income' in the prior year has been reclassified to 'Turnover' to be consistent with the current year.

(ii) Going concern

At the balance sheet date the company has net current liabilities of £10,474,832 (2010 £10,269,349). This is partly due to the bank loan all being shown within creditors falling due within one year, as disclosed in note 10.

There is a material uncertainty that is significant to the financial statements over the next 12 months, relating to the company's ability to continue trading should the bank loan and overdraft facility be withdrawn.

Although the bank has given no indication that they intend to withdraw the bank loan and overdraft facility they have not formally committed their support for a further 12 months.

As explained in more detail in the Business Review, since the change in activity the company now has tenancy agreements in place which are sufficient to service the bank loan interest and other incidental debts as they fall due. On this basis the directors believe that the bank support is likely to continue although there can be no certainty at this point.

As explained in the directors' report ultimately the directors' intention is to sell the freehold properties in order to repay the bank loan and overdraft facility.

On the basis that the directors consider that they have sufficient resources to service the bank loan interest and other incidental debts as they fall due the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

(b) Turnover

In respect of rental income, turnover represents the fair value of the service provided under contracts with the tenants to the extent that there is a right to the consideration. Where tenants pay rent in advance, the amount is recorded as deferred income.

(c) Fixed assets

All fixed assets are initially recorded at cost.

(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	0% straight line
Freehold Property	-	0% straight line
Fixtures & Fittings	-	25% reducing balance
Motor Vehicles	-	25% reducing balance

Primeco Limited

Notes to the Abbreviated Accounts

Year Ended 30 November 2011

1. Accounting Policies *(continued)*

(e) Investment properties

In accordance with Statement of Standard Accounting Practice (SSAP) 19, no provision has been made for depreciation. This application of SSAP 19 is a departure from the specific requirement of the Companies Act 2006 to depreciate all assets. In the directors' opinion, the property is held primarily for its investment potential and so its current value is of more significance than any measure of consumption. Therefore to depreciate the properties would not show a true and fair view.

If this departure from the Act had not been made the profit for the year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified and the amount which might otherwise have been shown cannot be separately identified or quantified.

The directors have not fully complied with the requirements of SSAP 19 regarding investment properties, in that the investment properties have not been included in the financial statements at open market value.

A full valuation of the properties is currently being undertaken but that valuation was not complete by the date of approval of the financial statements. In the absence of this information and given the change in use of the premises since the previous year the directors feel unable to assess reliably a valuation of the properties. Investment properties are therefore shown at historic cost.

(f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2 Operating Profit/(Loss)

Operating profit/(loss) is stated after charging

	2011 £	2010 £
Depreciation of owned fixed assets	14,210	189,052
Auditor's remuneration		
- audit fees	8,750	8,550
Operating lease costs		
- Other	<u>1,688</u>	<u>16,139</u>

Primeco Limited

Notes to the Abbreviated Accounts

Year Ended 30 November 2011

3. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of production staff	–	140
Number of administrative staff	5	6
	<u>5</u>	<u>146</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	152,878	1,722,240
Social security costs	6,505	6,601
Other pension costs	3,091	3,091
	<u>162,474</u>	<u>1,731,932</u>

4. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	<u>61,600</u>	<u>63,000</u>

5. Interest Payable and Similar Charges

	2011 £	2010 £
Interest payable on bank borrowing	13,834	8,961
Other similar charges payable	148,298	159,609
	<u>162,132</u>	<u>168,570</u>

Primeco Limited

Notes to the Abbreviated Accounts

Year Ended 30 November 2011

6 Tangible Fixed Assets

	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 December 2010	8,718,617	74,694	43,641	8,836,952
Additions	236,114	1,294	–	237,408
At 30 November 2011	8,954,731	75,988	43,641	9,074,360
Depreciation				
At 1 December 2010	1,068,807	26,924	35,874	1,131,605
Charge for the year	–	12,268	1,942	14,210
At 30 November 2011	1,068,807	39,192	37,816	1,145,815
Net Book Value				
At 30 November 2011	7,885,924	36,796	5,825	7,928,545
At 30 November 2010	7,649,810	47,770	7,767	7,705,347

7 Debtors

	2011 £	2010 £
Trade debtors	8,359	22,704
Other debtors	3,525	8,471
Prepayments and accrued income	4,520	24,863
	16,404	56,038

8 Creditors Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	9,636,692	9,541,221
Trade creditors	9,014	12,709
PAYE and social security	4,716	33,813
VAT	328	62,398
Other creditors	261,141	254,126
Directors current accounts	536,000	268,771
Accruals and deferred income	58,558	152,453
	10,506,449	10,325,491

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011 £	2010 £
Bank loans and overdrafts	9,636,692	9,541,221

Primeco Limited

Notes to the Abbreviated Accounts

Year Ended 30 November 2011

9. Share Capital

Allotted, called up and fully paid

	2011 No	£	2010 No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10. Profit and Loss Account

	2011 £	2010 £
Balance brought forward	(2,564,003)	(2,000,143)
Profit/(loss) for the financial year	<u>17,715</u>	<u>(563,860)</u>
Balance carried forward	<u>(2,546,288)</u>	<u>(2,564,003)</u>

11. Reconciliation of Movements in Shareholders' Funds

	2011 £	2010 £
Profit/(Loss) for the financial year	17,715	(563,860)
Opening shareholders' deficit	<u>(2,564,002)</u>	<u>(2,000,142)</u>
Closing shareholders' deficit	<u>(2,546,287)</u>	<u>(2,564,002)</u>

12. Notes to the Cash Flow Statement

Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	2011 £	2010 £
Operating profit/(loss)	179,818	(738,167)
Depreciation	14,210	189,052
Decrease in stocks	-	87,892
Decrease/(increase) in debtors	39,634	(35,781)
Increase in creditors	<u>85,487</u>	<u>166,436</u>
Net cash inflow/(outflow) from operating activities	<u>319,149</u>	<u>(330,568)</u>

Returns on Investments and Servicing of Finance

	2011 £	2010 £
Interest received	29	113
Interest paid	<u>(162,132)</u>	<u>(168,570)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(162,103)</u>	<u>(168,457)</u>

Primeco Limited

Notes to the Abbreviated Accounts

Year Ended 30 November 2011

12 Notes to the Cash Flow Statement *(continued)*

Capital Expenditure

	2011 £	2010 £
Payments to acquire tangible fixed assets	(237,408)	(46,282)
Receipts from sale of fixed assets	–	894,875
Net cash (outflow)/inflow from capital expenditure	<u>(237,408)</u>	<u>848,593</u>

Financing

	2011 £	2010 £
Repayment of bank loans	–	(703,992)
Net cash outflow from financing	<u>–</u>	<u>(703,992)</u>

Reconciliation of Net Cash Flow to Movement in Net Debt

	2011 £	2010 £
Decrease in cash in the period	(80,362)	(354,424)
Net cash outflow from bank loans	–	703,992
	<u>(80,362)</u>	<u>349,568</u>
Change in net debt	(80,362)	349,568
Net debt at 1 December 2010	(9,541,117)	(9,890,685)
Net debt at 30 November 2011	<u>(9,621,479)</u>	<u>(9,541,117)</u>

Analysis of Changes in Net Debt

	At 1 Dec 2010 £	Cash flows £	At 30 Nov 2011 £
Net cash			
Cash in hand and at bank	104	15,109	15,213
Overdrafts	(540,440)	(95,471)	(635,911)
	<u>(540,336)</u>	<u>(80,362)</u>	<u>(620,698)</u>
Debt			
Debt due within 1 year	(9,000,781)	–	(9,000,781)
Net debt	<u>(9,541,117)</u>	<u>(80,362)</u>	<u>(9,621,479)</u>