

Modelbond Limited

Report and Financial Statements

Year Ended

31 December 2007

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Modelbond Limited

Annual report and financial statements for the year ended 31 December 2007

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Directors

D Kelly
D Urmson

Secretary and registered office

K Spedding, Fives Court, Hillsborough Barracks, Penistone Road, Sheffield S6 2GZ

Company number

2867439

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, KT17 1HS

Bankers

Barclays Bank plc, Business Services Team, Level 28, 1 Churchill Place, London, E14 5HP

Modelbond Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Principal activities, review of business and future developments

The company's principal activity is that of an intermediary holding company to a business engaged in the supply of permanent and temporary social workers to the public sector

The company is exempt from the requirement to prepare consolidated financial statements as it and its subsidiary, listed in note 5, are included in the consolidated financial statements prepared by the ultimate parent, Synarbor plc (formerly Public Recruitment Group plc)

The profit and loss account is set out on page 5 and shows the result for the year

An interim dividend of £nil (2006 £33.49) per share was paid during the year. The directors do not recommend the payment of a final dividend (2006 £nil per share)

Key performance indicators

In a period of challenging operating conditions the company's subsidiary turnover fell to £13.9m (2007 £16.1m). Encouragingly, high margins were still achieved, of 14.8% in 2007 compared to 14.2% in 2006, and conversion of net fee income remains high, at 41% (2006 45.3%). This is a reflection of the efficiencies created by the strategic moves taken within its group, and achieved despite the increased use of vendor managed services in the sector.

Financial instruments

The company's subsidiary holds financial instruments to finance its operations. Operations are financed by floating rate invoice discounting and overdraft facilities. In addition various financial instruments such as trade debtors and trade creditors arise directly from the subsidiary's operations. Neither the company, nor its subsidiary, enters into any hedging arrangements.

The company and its subsidiary utilise a centralised treasury service which monitors the liquidity and interest rate risk. The company and its subsidiary has access to the invoice discounting and overdraft facilities of its group. Cash flow is monitored on a regular basis and appropriate action is taken where additional funds are required.

The subsidiary is mainly exposed to credit risk from credit sales. An allowance for impairment is made where there is evidence of a likely reduction in the recoverability of the cash flows. Given the nature of its operations the subsidiary's credit risk is concentrated in public sector clients. It is company policy, to assess the credit risk of new customers before entering contracts. Neither the company, nor its subsidiary, enters into derivatives to manage credit risk.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were

D Kelly – appointed 25 April 2007

D Urmson – appointed 31 May 2007

D McLaney – resigned 25 April 2007

N Williams – resigned 31 May 2007

M Ellis – appointed 25 April 2007 – resigned 22 October 2007

Modelbond Limited

Report of the directors for the year ended 31 December 2007 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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

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

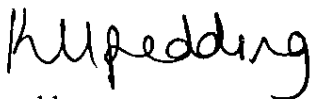
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

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.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



K Spedding
Secretary

Date 31 July 2008

To the shareholders of Modelbond Limited

We have audited the financial statements of Modelbond Limited for the year ended 31 December 2007, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' 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 and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Modelbond Limited

Report of the independent auditors (*Continued*)

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 company's affairs as at 31 December 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Epsom*

Date *1 August 2008*

Modelbond Limited**Profit and loss account for the year ended 31 December 2007**

	Note	2007 £	2006 £
Income from fixed asset investments	2	-	1,820,000
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	1,820,000
Taxation on profit on ordinary activities	3	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		-	1,820,000
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

Movements in shareholders' funds are shown in note 8

Modelbond Limited**Balance sheet at 31 December 2007**

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Fixed asset investments	5		549,914		549,914
Current assets					
Debtors	6	636		636	
Net current assets			636		636
Total assets less current liabilities			550,550		550,550
Capital and reserves					
Called up share capital	7		544		544
Profit and loss account	8		550,006		550,006
Shareholders' funds	8		550,550		550,550

The financial statements were approved by the Board and authorised for issue on 31 July 2008



D Urmson
Director

The notes on pages 7 to 10 form part of these financial statements

Modelbond Limited

Notes forming part of the financial statements for the year ended 31 December 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Consolidated financial statements

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Synarbor plc (formerly Public Recruitment Group plc) and the company is included in consolidated financial statements

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment

Equity Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Synarbor plc (formerly Public Recruitment Group plc) on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

2 Income from fixed asset investments

	2007 £	2006 £
Dividend received from subsidiary investment	-	1,820,000

Modelbond Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

3 Taxation on profit on ordinary activities

	2007 £	2006 £
<i>UK Corporation tax</i>		
Current tax on losses of the year	-	-

The tax assessed for the year is equal (2006 lower) to the standard rate of corporation tax in the UK
The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	-	1,820,000
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 30%)	-	546,000
Effect of Income not chargeable for tax purposes	-	(546,000)
Current tax charge for year	-	-

4 Dividends

	2007 £	2006 £
Ordinary shares		
Interim paid of £nil (2006 £33.49) per share	-	1,820,000

5 Fixed asset investments

	Group undertakings £
<i>Cost</i>	
At 1 January 2007 and 31 December 2007	549,914
<i>Subsidiary undertakings</i>	

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Proportion of voting rights and ordinary share capital held	Nature of business
Action First Recruitment Consultants plc	100%	Recruitment consultants

Modelbond Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****6 Debtors**

	2007 £	2006 £
Amounts owed by group undertakings	94	94
Other debtors	542	542
	<u>636</u>	<u>636</u>

7 Share capital

	2007 £	2006 £
<i>Authorised Share capital</i>		
100,000 Ordinary shares of £0.01 each	1,000	1,000

	2007 £	2006 £
<i>Allotted, called up and fully paid Share capital</i>		
54,350 Ordinary shares of £0.01 each	544	544

8 Summary of reserve movements and reconciliation of shareholders' funds

	Share capital £	Profit and loss account £	Shareholders' funds £
At 1 January 2007 and 31 December 2007	544	550,006	550,550

9 Contingent liabilities

The company has provided security against the bank borrowings of other group companies. At the 31 December 2007 the liabilities covering this security totalled £18,293,429 (2006 £29,639,725)

Modelbond Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

10 Ultimate parent company and parent undertaking of larger group

At 31 December 2007 the company's ultimate parent company was Synarbor plc (formerly Public Recruitment Group plc), which is the parent of both the smallest and largest groups in which the results of the company are consolidated

Copies of the consolidated financial statements of Synarbor plc are available from Companies House