

Registered number: 03670901

Macdonald & Company Group Limited

**Directors' report and financial statements
For the year ended 31 March 2006**



Macdonald & Company Group Limited

Company information

Directors

P H Moore
R J G Macdonald
J H J Lewis
O C Wright (resigned 11/04/05)
C I Heayberd (appointed 03/01/06)

Secretary

C I Heayberd

Company number

03670901

Registered office

40a Dover Street
Mayfair
London
W1S 4NW

Auditors

Reeves & Neylan
Chartered Accountants & Registered Auditor
Colechurch House
One London Bridge Walk
London
SE1 1SX

Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors
Kennet House
80 Kings Road
Reading
Berkshire RG1 3BL

Bankers

Royal Bank of Scotland
62/63 Threadneedle Street
London
EC2R 8LA

Macdonald & Company Group Limited

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Macdonald & Company Group Limited

Directors' report

For the year ended 31 March 2006

The directors present their report and the financial statements for the year ended 31 March 2006.

Statement of 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 period. 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;
- 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information (s. 234ZA (2)).

Principal activities and review of business

The company's principal activity during the year was that of a holding company.

The core business of the investments held, is the provision of recruitment staff services to the commercial property and real estate markets in the UK and around the world. The investments trade as Macdonald & Company through two principal subsidiaries, Macdonald & Company Property Limited and Macdonald and Company Freelance Limited.

The subsidiaries have seen a continued increase in revenue and profit over the past year as the businesses have maintained their record of consistent growth and the Directors consider the returns from the investments in the undertakings to be satisfactory.

Results and dividends

The profit for the year, after taxation, amounted to £1,051,856 (2005 - £471,305) .

A dividend of £1,044,778 has been paid during the year.

Macdonald & Company Group Limited

Directors' report

For the year ended 31 March 2006

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	'A' Ordinary shares of 1p each		'B' Ordinary shares of 1p each	
	<u>31/3/06</u>	<u>1/4/05</u>	<u>31/3/06</u>	<u>1/4/05</u>
P H Moore	-	219	-	46,066
R J G Macdonald	-	-	-	36,750
J H J Lewis	-	3,974	-	-
O C Wright (resigned 11/04/05)	-	-	-	7,593
C I Heayberd (appointed 03/01/06)	-	-	-	-

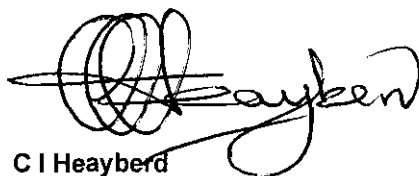
Additional information re directors

For the details of the directors' shareholdings in the ultimate controlling company please refer to the accounts of Prime People Plc.

Auditors

The auditors, Reeves & Neylan and Horwarth Clark Whitehill LLP will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 6 June 2006 and signed on its behalf.



C I Heayberd
Secretary

Macdonald & Company Group Limited

Independent auditors' report to the shareholders of Macdonald & Company Group Limited

We have audited the financial statements of Macdonald & Company Group Limited for the year ended 31 March 2006 set out on pages 4 to 10. 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

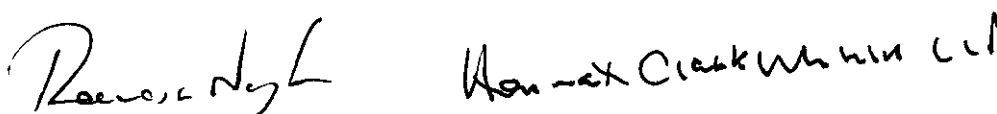
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the directors' report is consistent with the financial statements.



Reeves & Neylan and Horwath Clark Whitehill LLP

Chartered Accountants & Registered Auditors

London and Reading

6 June 2006

Macdonald & Company Group Limited

**Profit and loss account
For the year ended 31 March 2006**

	Note	2006 £	2005 £
Administrative expenses		-	(1,895)
Other operating income	2	-	2,500
Operating profit	3	-	605
Income from investments in group undertakings		1,051,172	470,700
Interest receivable		845	-
Profit on ordinary activities before taxation		1,052,017	471,305
Tax on profit on ordinary activities	5	(161)	-
Profit on ordinary activities after taxation		1,051,856	471,305
Dividends - On equity shares	6	(1,044,778)	(471,172)
Retained profit for the financial year	12	7,078	133

All amounts relate to continuing operations.

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

Macdonald & Company Group Limited

**Balance sheet
As at 31 March 2006**

	Note	£	2006 £	£	2005 £
Fixed assets					
Investments	7		235		235
Current assets					
Debtors	8	1,205,934		474,535	
Cash at bank		2,272		2,290	
		<u>1,208,206</u>		<u>476,825</u>	
Creditors: amounts falling due within one year	9	(967,972)		(337,719)	
Net current assets			<u>240,234</u>		<u>139,106</u>
Total assets less current liabilities			<u><u>240,469</u></u>		<u><u>139,341</u></u>
Capital and reserves					
Called up share capital	11		1,237		1,181
Share premium account	12		231,109		137,115
Profit and loss account	12		8,123		1,045
Shareholders' funds - all equity	13		<u><u>240,469</u></u>		<u><u>139,341</u></u>

The financial statements were approved by the board on 6 June 2006 and signed on its behalf.



R J G Macdonald
Director

The notes on pages 6 to 10 form part of these financial statements.

Macdonald & Company Group Limited

Notes to the financial statements For the year ended 31 March 2006

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

1.3 Consolidation

The company has taken advantage of the exemption from producing consolidated accounts on the basis that it is a wholly owned subsidiary of a company that produces group accounts.

1.4 Investments

Fixed asset investments are carried at cost less any provision for impairment.

2. Other operating income

	2006 £	2005 £
Fees received	-	2,500

3. Operating profit

The operating profit is stated after charging:

	2006 £	2005 £
Auditors' remuneration	-	1,505
Auditors' remuneration - non-audit	-	200

The auditors' remuneration is borne by the ultimate parent company.

During the year, no director received any emoluments (2005 - £nil).

4. Staff costs

The average monthly number of employees, including directors, during the year was as follows:

	2006	2005
Directors	3	3

5. Taxation

	2006 £	2005 £
UK corporation tax charge on profits of the year	161	-

Macdonald & Company Group Limited

Notes to the financial statements For the year ended 31 March 2006

5. Taxation (continued)

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (19%). The differences are explained below:

	2006 £	2005 £
Profit on ordinary activities before tax	1,052,017	471,305
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2005 - 19%)	199,883	89,548
Effects of:		
Dividend income receivable from direct subsidiary	(199,722)	(89,548)
Current tax charge for year (see note above)	161	-

There were no factors that may affect future tax charges.

6. Dividends

	2006 £	2005 £
On equity shares		
Total dividends paid	1,044,778	471,172

7. Fixed asset investments

	Shares in group under- takings £	Total £
Cost		
At 1 April 2005 and 31 March 2006	235	235

Macdonald & Company Group Limited

Notes to the financial statements For the year ended 31 March 2006

7. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company, and all are incorporated in the United Kingdom:

Macdonald & Company Property Limited	100% subsidiary Recruitment Agency
Macdonald & Company Overseas Limited	100% subsidiary Dormant
Macdonald and Company Freelance Limited	100% sub-subsidiary Recruitment Agency
Propertejobs.com Limited	100% sub-subsidiary Dormant

The aggregate of the share capital and reserves as at 31 March 2006 and of the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Macdonald & Company Property Limited	1,002,975	110,991
Macdonald & Company Overseas Limited	(8,949)	-
Macdonald and Company Freelance Limited	327,768	222,956
Propertejobs.com Limited	1	-
	<u>1,205,934</u>	<u>474,535</u>

8. Debtors

	2006 £	2005 £
Amounts owed by group undertakings	1,205,934	474,530
Other debtors	-	5
	<u>1,205,934</u>	<u>474,535</u>

9. Creditors: Amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	947,969	333,969
Corporation tax	161	-
Other creditors	19,842	-
Accruals and deferred income	-	3,750
	<u>967,972</u>	<u>337,719</u>

During the year, a fixed and floating charge was made in favour of Barclays Bank plc in respect of indebtedness of Prime People plc and its subsidiary companies, of which the company and its subsidiaries form a part.

Macdonald & Company Group Limited

Notes to the financial statements For the year ended 31 March 2006

10. Financial instruments

The company's financial instruments, excluding short term debtors and creditors are comprised of cash.

The directors consider the fair value not to be materially different to the carrying value for financial instruments. During the year under review, the company did not enter into derivative transactions and has not undertaken trading in any financial instruments.

11. Share capital

	2006 £	2005 £
Authorised		
26,730 'A' Ordinary shares of 1p each	267	267
105,970 'B' Ordinary shares of 1p each	1,060	1,060
	<hr/>	<hr/>
	1,327	1,327
	<hr/>	<hr/>
Allotted, called up and fully paid		
20,060 'A' Ordinary shares of 1p each	201	145
103,583 'B' Ordinary shares of 1p each	1,036	1,036
	<hr/>	<hr/>
	1,237	1,181
	<hr/>	<hr/>

During the year, 5,600 options were exercised for new 'A' Ordinary shares of 1p each for proceeds amounting to £94,050.

'A' Ordinary shares of 1p each and 'B' Ordinary shares of 1p each rank pari passu in all respects.

12. Reserves

Share premium account	£
At 1 April 2005	137,115
Premium on shares issued during the year	93,994
	<hr/>
At 31 March 2006	231,109
	<hr/>
Profit and loss account	£
At 1 April 2005	1,045
Profit retained for the year	7,078
	<hr/>
At 31 March 2006	8,123
	<hr/>

Macdonald & Company Group Limited

Notes to the financial statements For the year ended 31 March 2006

13. Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Profit for the year	1,051,856	471,305
Dividends	(1,044,778)	(471,172)
	<hr/> 7,078	<hr/> 133
Shares issued during the year	56	10
Share premium on shares issued (net of expenses)	93,994	13,490
	<hr/> 101,128	<hr/> 13,633
Opening shareholders' funds	139,341	125,708
Closing shareholders' funds	<hr/> <u>240,469</u>	<hr/> <u>139,341</u>

14. Related party transactions

Prime People Plc controls 100% of the issued share capital of Macdonald & Company Group Limited, Macdonald & Company Property Limited is a 100% subsidiary of Macdonald & Company Group Limited, and Macdonald and Company Freelance Limited is a 100% subsidiary of Macdonald & Company Property Limited.

As the company became a member of the Prime People Plc group in January 2006 it has taken advantage of the exemption provided by FRS 8 not to disclose year end intercompany balances.

15. Ultimate parent undertaking and Controlling party

The ultimate parent company is Prime People Plc, a company incorporated in England and Wales, which is the parent of both the smallest and largest groups of which the company is a member.

Prime People Plc is controlled by its directors, as they are the majority shareholders collectively holding over 50% of the share capital.

Copies of the consolidated financial statements of Prime People Plc are available from Companies House.