

TAG EUROPE LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 December 2009**

Registered Number : 2299109

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TAG EUROPE LIMITED

COMPANY INFORMATION

Directors

R M Jameson
S Parish
M J Stroud
M Hearn
M Harrison

Secretary

R M Jameson

Company number

2299109

Registered office

29 Clerkenwell Road
London
EC1M 5TA

Auditors

BDO LLP
Chartered Accountants
Registered Auditors
Emerald House
East Street
Epsom
Surrey
KT17 1HS

TAG EUROPE LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year from 1 January 2009 to 31 December 2009

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice

Principal Activities, Review of the Business and Future Developments

The principal activity of the company continued to be that of pre-press services and electronic image manipulation. The company changed its financial year end to 31 December 2008 last year resulting into a financial period of 11 months compared to 12 months for the financial year ending 31 December 2009

The company's key financial and other performance indicators are summarised below comparing 2009 with the corresponding period in 2008 on a 12 months period (unaudited)

	Dec 2009 £000	Dec 2008 £000	Variance %
Turnover	55,082	54,892	0
Gross profit	26,472	26,680	-1
Profit before tax	7,239	7,514	-4

Due to new business wins, very high client retention and continued growth in the UK from international clients turnover remained stable. However, with the economic downturn clients have cut their marketing spends resulting into margin decreases and a slight decrease in the overall profit of the company. Our strategy continues to be to prioritise growth and profitability. We expect the profitability to continue for the foreseeable future and expect the company to deliver growth in future years.

Principal risks and uncertainties

- **Competitive risks**

The principal risks and uncertainties facing the company are the threats of a global economic downturn which could in turn put pressure on the company's ability to achieve its objectives. Like many businesses the key risk is client retention and in order to mitigate the risk the company continues to strive to maintain high levels of services and customer satisfaction.

- **Financial instrument risks**

The company has established a risk and financial management framework whose primary objectives are to protect the group from events that may hinder the achievement of the group's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

- **Use of derivatives**

The company is part of a group that operates a central treasury function which is primarily responsible for managing cash balances and foreign currency risks. The group does not trade in financial instruments. Forward exchange contracts and similar instruments will continue to be used on a selective basis to hedge against currency exposure.

- **Exposure to liquidity, cash flow and credit risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. We aim to mitigate liquidity risk by managing cash generation by our operations applying cash collection targets. We also manage liquidity risk via revolving credit facilities within the group.

DIRECTORS' REPORT

Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance the day-to-day operations. We manage cash flow risk by careful negotiation of terms with clients and suppliers.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Our policies are aimed at minimising such losses and require that deferred terms are only granted to clients who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company depends on the skills and commitment of its employees in order to achieve its objectives. Company staff at every level are encouraged to make their fullest possible contribution to the company's success.

The company's selection, training, development and promotion policies ensure equal opportunities for all employees regardless of gender, marital status, race, age or disability. All decisions are based on merit.

The company operates a framework for employee information and consultation which complies with the requirements of Information and Consultation of Employees Regulations 2004. During the year the company placed enormous importance on the contributions of its employees and aims to keep them informed of developments in the company by way of regular meetings, newsletters and publications.

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives, and its exposure to credit, cash flow and liquidity risk are described above.

The company has considerable financial resources together with long-term clients and supplier relationships and rolling contracts. As a consequence, the directors believe that the company is well placed to manage its business risk successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Directors

The directors who held office during the year were as follows:

R M Jameson
S Parish
M J Stroud
M Hearn
M Harrison

Statement of Disclosure to Auditor

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.

TAG EUROPE LIMITED

DIRECTORS' REPORT

Auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of BDO LLP as auditors of the company

Registered office

29 Clerkenwell Road
London
EC1M 5TA

Date 17 June 2010

On behalf of the board

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line.

Richard Jameson
Director

STATEMENT OF 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 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 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 proper 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TAG EUROPE LIMITED

We have audited the financial statements of Tag Europe Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet 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 set out on page 5, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These 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.

Opinion on the financial statements:

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

Opinion on other matter 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.

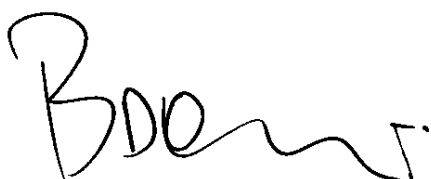
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TAG EUROPE LIMITED

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 required us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or
- the company financial statements are not in agreement with the accounting records, 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



Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditors
Emerald House
East Street
Epsom, Surrey
KT17 1HS
United Kingdom

Date 17 June 2010

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

TAG EUROPE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2009**

		For the year ended 31 December 2009 £	Restated For the period 1 February 2008 to 31 December 2008 £
	Notes		
Turnover	2	55,082,065	51,381,358
Cost of sales		(28,610,214)	(26,032,869)
Gross profit		26,471,851	25,348,489
Administrative expenses		(19,927,563)	(18,741,190)
Other operating income		1,001,709	1,397,528
Operating profit	3	7,545,997	8,004,827
Interest receivable and similar income	6	—	247
Interest payable and similar charges	7	(306,881)	(202,914)
Profit on ordinary activities before taxation		7,239,116	7,802,160
Tax on profit on ordinary activities	8	(2,190,722)	(2,317,848)
Profit for the year	17	<u>5,048,394</u>	<u>5,484,312</u>

All results derive from continuing operations

There were no recognised gains and losses other than those included in the profit and loss account

The notes on pages 10 to 19 form part of the financial statements

TAG EUROPE LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2009****Registered Number : 2299109**

	Notes	31 December 2009 £	31 December 2008 £
Fixed Assets			
Tangible assets	9	4,523,456	4,226,549
Investments	10	21,334	20,000
		<u>4,544,790</u>	<u>4,246,549</u>
Current Assets			
Investments	11	195	1,000
Stocks and work in progress	12	631,649	221,238
Debtors	13	42,407,988	39,440,633
Cash at bank and in hand		1,121,537	244,552
		<u>44,161,369</u>	<u>39,907,423</u>
Creditors amounts falling due within one year	14	<u>(31,574,507)</u>	<u>(31,720,863)</u>
Net Current Assets		<u>12,586,862</u>	<u>8,186,560</u>
Total Assets less Current Liabilities		<u>17,131,652</u>	<u>12,433,109</u>
Creditors amounts falling due after more than one year	15	<u>(490,577)</u>	<u>(840,428)</u>
Net Assets		<u><u>16,641,075</u></u>	<u><u>11,592,681</u></u>
Capital and Reserves			
Called up share capital	16	9,600	9,600
Other reserves	17	900	900
Profit and loss account	17	16,630,575	11,582,181
Shareholders' Funds	18	<u><u>16,641,075</u></u>	<u><u>11,592,681</u></u>

The financial statements were approved by the board of directors and authorised for issue on the date shown below and were signed on its behalf by



Richard Jameson - director

Date 17 June 2010

The notes on pages 10 to 19 form part of the financial statements

TAG EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

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

The directors have decided to change the presentation of costs shown as distribution costs in the prior year financial statements. These costs are now included in administrative expenses on the face of the Profit & Loss Accounts to reflect the actual business structure of the company

Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirements to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

Revenue recognition

Revenue is recognised to the extent that the group obtains the rights to consideration in exchange for its services. Revenue is measured at the fair value of consideration received, excluding discounts and VAT. The following criteria must also be met before revenue is recognised

Rendering of services

Revenue is recognised when services are provided

Interest income

Income is recognised as interest accrues using the effective interest method

Investments

Fixed asset investments are stated at cost less provision for any diminution in value. Current asset investments are stated at the lower of cost and net realisable value

Tangible fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows

Leasehold improvements	-	straight line over 15 years
Fixtures & fittings	-	straight line over 7 years
Plant & machinery	-	straight line over 3 to 5 years
Motor vehicles	-	straight line over 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable

Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value

TAG EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES (Continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are converted into sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into sterling using the rate of exchange ruling at the balance sheet date. Gains or losses on foreign currency transactions are included in the profit and loss account.

Operating leases

Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Finance lease and hire purchase agreements

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rate of charge on the net obligation outstanding in each period.

Pension costs

The pension costs charged against profit represent the contributions payable by the group to defined contribution schemes for the year. Scheme assets are held separately from those of the group in independently administered funds.

2. TURNOVER

	31 December 2009 £	31 December 2008 £
United Kingdom	44,481,072	39,167,631
Europe	9,373,013	11,166,671
Rest of the world	1,227,980	1,047,056
	<u>55,082,065</u>	<u>51,381,358</u>

TAG EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009**

3. OPERATING PROFIT

	31 December 2009	31 December 2008
	£	£
Operating profit is stated after charging/(crediting)		
Depreciation of tangible assets	1,302,320	1,148,154
Loss on foreign exchange transactions	316,600	443,655
Profit on disposal of tangible assets	(8,822)	(6,550)
Operating lease rentals	728,253	618,836
Auditors remuneration (see note 4)	22,000	22,000
	<u> </u>	<u> </u>

4. AUDITORS' REMUNERATION

The remuneration of the auditors is further analysed as follows

	31 December 2009	31 December 2008
	£	£
Audit of the financial statements	<u>22,000</u>	<u>22,000</u>

5. STAFF COSTS

(a) Staff costs

	31 December 2009	31 December 2008
	£	£
Wages and salaries	21,782,133	18,305,990
Social security costs	2,424,218	2,012,308
Other pension costs	117,659	152,192
	<u>24,324,010</u>	<u>20,470,490</u>

The average monthly number of employees during the year was made up as follows

	31 December 2009	31 December 2008
	No	No
Production	495	328
Admin	94	194
	<u>589</u>	<u>522</u>

TAG EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009**

5. STAFF COSTS (continued)**(b) Directors' emoluments**

	31 December 2009	31 December 2008
	£	£
Aggregate emoluments in respect of qualifying services	331,416	326,250
Benefits in kind	29,783	36,249
Company pension contributions to money purchase schemes	13,500	12,725
	<u>374,699</u>	<u>385,224</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (31 January 2008: 2)

In respect of the highest paid director

	31 December 2009	31 December 2008
	£	£
Aggregate emoluments in respect of qualifying services	150,000	137,500
Benefits in kind	11,465	10,380
	<u>161,465</u>	<u>147,880</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	31 December 2009	31 December 2008
	£	£
Other interest	<u>—</u>	<u>247</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2009	31 December 2008
	£	£
On bank loans and overdrafts	163,811	123,625
Hire purchase interest	45,615	56,478
Other interest	97,455	22,811
	<u>306,881</u>	<u>202,914</u>

TAG EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

8. TAX

	31 December 2009 £	31 December 2008 £
Current tax		
UK corporation tax at current rates	2,053,548	2,398,087
Prior year adjustment	–	221,699
Total current tax	<u>2,053,548</u>	<u>2,619,786</u>
Deferred tax		
Origination and reversal of timing differences	137,174	(301,938)
Tax on profit on ordinary activities	<u>2,190,722</u>	<u>2,317,848</u>
Reconciliation of tax charge per accounts to standard rate of tax		
Profit on ordinary activities before tax	7,239,116	7,802,160
Profit on ordinary activities multiplied by the standard rate of UK Corporation Tax, being 28% (31 December 2008 28%)	2,026,952	2,184,605
Non deductible expenses	166,251	244,086
Depreciation in excess of capital allowances	24,250	53,610
Other tax adjustments	(163,905)	14,657
Group relief	–	(98,871)
Prior year adjustment	–	221,699
Current tax charge for the year	<u>2,053,548</u>	<u>2,619,786</u>
Deferred tax		
Deferred tax is included in the balance sheet as follows		
Included in debtors (note 13)	<u>164,764</u>	<u>301,938</u>
Accelerated capital allowances	143,489	234,038
Other timing differences	21,275	67,900
Deferred tax asset	<u>164,764</u>	<u>301,938</u>
At 1 January 2009		301,938
Deferred tax debit in Profit and Loss Account		<u>(137,174)</u>
At 31 December 2009		<u>164,764</u>

TAG EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009****9. TANGIBLE FIXED ASSETS**

The movement in tangible fixed assets of the group are summarised below

	Leasehold improvements £	Plant & machinery £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2009	1,763,051	7,067,500	1,476,944	336,457	10,643,952
Additions	281,876	1,191,709	114,052	14,595	1,602,232
Disposal	—	—	—	(62,141)	(62,141)
At 31 December 2009	<u>2,044,927</u>	<u>8,259,209</u>	<u>1,590,996</u>	<u>288,911</u>	<u>12,184,043</u>
Depreciation					
At 1 January 2009	700,017	4,614,012	906,857	196,517	6,417,403
Charge for the year	181,640	924,317	142,971	53,392	1,302,320
Disposals	—	—	—	(59,136)	(59,136)
At 31 December 2009	<u>881,657</u>	<u>5,538,329</u>	<u>1,049,828</u>	<u>190,773</u>	<u>7,660,587</u>
Net Book Value					
At 31 December 2009	1,163,270	2,720,880	541,168	98,138	4,523,456
At 31 December 2008	<u>1,063,034</u>	<u>2,453,488</u>	<u>570,087</u>	<u>139,940</u>	<u>4,226,549</u>

The net book value of group fixed assets includes an amount of £782,605 (31 December 2008 £987,965) in respect of assets held under finance lease or similar hire purchase agreements. The depreciation charge for the year on these assets amounted to £325,113 (31 December 2008 £242,964).

10. FIXED ASSET INVESTMENTS

	31 December 2009 £	31 December 2008 £
Costs and net book value:		
Other trade investments - unlisted	<u>21,334</u>	<u>20,000</u>

TAG EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009****11. CURRENT ASSET INVESTMENTS**

Investments comprise short term investment in shares in companies which are dealt on a recognised stock exchange. The market value of these investments as at 31 December 2009 was £195 (31 December 2008 £1,080)

12. STOCK AND WORK IN PROGRESS

	31 December 2009 £	31 December 2008 £
Consumer products	509,869	121,780
Work in progress	121,780	99,458
	<u>631,649</u>	<u>221,238</u>

13. DEBTORS

	31 December 2009 £	31 December 2008 £
Trade debtors	11,478,249	14,074,781
Amounts owed by group undertakings	26,067,618	21,878,774
Deferred tax asset	164,764	301,938
Other debtors	2,574,586	1,625,725
Prepayments and accrued income	2,122,771	1,558,721
	<u>42,407,988</u>	<u>39,440,633</u>

14. CREDITORS: Amounts falling due within one year

	31 December 2009 £	31 December 2008 £
Bank loans and overdrafts	3,277,709	1,649,460
Trade creditors	6,257,526	3,985,049
Net obligations under hire purchase contracts	472,000	573,736
Amounts owed to group undertakings	10,793,808	12,388,126
Corporation tax	4,682,849	3,966,824
Other taxes and social security	1,615,006	1,382,678
Other creditors	4,127,276	3,951,426
Accruals and deferred income	348,333	3,823,564
	<u>31,574,507</u>	<u>31,720,863</u>

Included within other creditors are amounts due under a sales invoice discounting facility of £m1 (31 December 2008 £977,783) secured by a fixed charge over the trade debtors of the group. The undrawn facility at the year end amounted to £10,000,000 (31 December 2008 £8,859,553). The maximum facility is £10,000,000.

TAG EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

15. CREDITORS: Amounts falling due after more than one year

	31 December 2009 £	31 December 2008 £
Net obligations under hire purchase contracts	<u>490,577</u>	<u>840,428</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	31 December 2009 £	31 December 2008 £
Repayable within one year	472,000	573,736
Repayable between two and five years	<u>490,577</u>	<u>840,428</u>
	962,577	1,414,164
Included in liabilities falling due within one year	<u>(472,000)</u>	<u>(573,736)</u>
	<u>490,577</u>	<u>840,428</u>

Net obligations under finance leases and hire purchase contracts are secured over the assets to which they relate

16. SHARE CAPITAL

	31 December 2009 £	31 December 2008 £
<i>Allotted, called up and fully paid</i> 9,600 Ordinary shares of £1 each	<u>9,600</u>	<u>9,600</u>

17. STATEMENT OF MOVEMENT IN RESERVES

	Other Reserve £	Profit and loss Account £
Balances as at 1 January 2009	900	11,582,181
Profit for the year	—	<u>5,048,394</u>
Balance as at 31 December 2009	<u>900</u>	<u>16,630,575</u>

TAG EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009**

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2009 £	31 December 2008 £
Opening shareholders' funds	11,592,681	6,108,369
Profit for the year	5,048,394	5,484,312
Closing shareholders' funds	<u>16,641,075</u>	<u>11,592,681</u>

19. PENSION COMMITMENT

The company operates a defined contribution pension scheme for its employees. The scheme assets are held separately from those of the company in independently administered funds. The contribution payable during the year was £117,659 (31 December 2008: £152,192). The pension payable outstanding at the year end was £35,500 (31 December 2008: £81,500).

20. CONTINGENT LIABILITIES

At the balance sheet date the company had contingent liabilities in respect of unlimited bank guarantees in respect of other group companies. The amount covered by these guarantees at the year end is £23,619,107 (31 December 2008: £25,788,357).

21. FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases which expire as follows -

	Land and Buildings	
	31 December 2009 £	31 December 2008 £
Between two and five years	397,410	397,410
More than five years	992,956	703,960
	<u>1,390,366</u>	<u>1,101,370</u>

TAG EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with wholly owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

At the year end The Clerkenwell Partnership Limited owed £232,076 to the company (31 December 2008 £7,975) Rent charged to the company during the year was £19,943 (31 December 2008 £83,591)

VMM Limited owed a loan of £99,700 to the company (31 December 2008 £517,598) and charged £479,000 (31 December 2008 £439,083) Tag Europe owed £508,820 in rent to VMM Limited at the year end

S Parish, a director of the company, has a material interest in both companies

Tag Pac Limited has owed £894,420 to the company at the year end (31 December 2008 £463,168) The company is owed to 76% by Tag Worldwide Group Limited, the company's immediate parent company

23. ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is Tag Worldwide Group Limited, a company registered in England and Wales The ultimate controlling party is Tag EquityCo Limited, a company registered in the Cayman Islands

The largest and smallest group in which the results of the company are consolidated is that headed by Tag EquityCo Limited Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ