

TAG RESPONSE LIMITED

Annual report
for the year ended 31 December 2012

Registered number 2656579

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Tag Response Limited

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Tag Response Limited

COMPANY INFORMATION

DIRECTORS

S C C Nunn
S D Trood
P D Zillig

COMPANY SECRETARY

W G Duncan

INDEPENDENT AUDITORS

BDO LLP
Chartered Accountants and Registered Auditors
Cedar House
105 Carrow Road
Norwich NR1 1HP

BANKERS

Deutsche Bank AG
99 Bishopsgate
London EC2M 3XD

REGISTERED OFFICE

29 Clerkenwell Road
London EC1M 5TA

Tag Response Limited

DIRECTORS' REPORT

for the year ended 31 December 2012

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2012

RESULTS AND DIVIDENDS

The turnover of the company for the year was £7,190,382 (2011 £7,229,996) The profit for the year after taxation amounted to £1,412,915 (2011 £1,154,330) The directors do not recommend the payment of a dividend (2011 £nil)

The company had net current assets at the year end of £6,384,054 (2011 £4,922,769) and net assets of £6,422,883 (2011 £5,009,968)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the provision of pre-media production and creative services

The company's key financial performance indicators during the year were as follows

	2012 £000s	2011 £000s	Change %
Turnover	7,190	7,230	-0.6
Gross profit	2,106	2,259	-6.8
Profit before tax	1,607	1,746	-8.0

2012 was another strong year for the company following the retention of all major clients. The reduction in gross profit and profit before tax is primarily caused by higher staff and premises costs. Despite tough trading conditions the directors believe the company will retain its key customers in 2013 and benefit from continued focus on profitable trading activity.

The directors consider that analysis of non-financial key performance indicators is not necessary for an understanding of the performance of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The company assesses risk at board level and through other operational boards which meet on a regular basis. The principal risks and uncertainties facing the company are set out below:

- **Competition**

The company operates in a competitive environment and all contracts and processes are subject to regular analysis with the aim of customer retention or gain and economic optimisation.

- **Employees**

The hard work, expertise and commitment of its employees are essential to the commercial success of the company and a high priority is placed on the effectiveness of employment practices and human resource development initiatives.

- **Information technology risks**

Information technology is an integral part of the company's service capability and its business performance depends heavily on the functioning and performance of its applications and infrastructure. Active risk management processes are in place to minimise downtime. The directors continuously monitor data security compliance and risk.

Tag Response Limited

DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- Financial risk

The company may be impacted by customer credit risk and effects arising from contract breach. Credit risk management follows normal best practice and includes varying levels of credit assessments according to customer size and active credit performance management through key performance indicators such as days' sales outstanding. Contract risk is managed by formal contract approval processes, active operational management and, to the extent possible, important risks are insured. The directors are not aware of any other pending significant financial risks.

DIRECTORS

The directors who held office during the year and up until the date of approval of the financial statements unless otherwise indicated were as follows:

C J Davey	(appointed 19 November 2012, resigned 31 May 2013)
R M Jameson	(resigned 31 December 2012)
S C C Nunn	(appointed 31 May 2013)
S Parish	(resigned 31 December 2012)
S D Trood	(appointed 19 November 2012)
P D Zillig	(appointed 31 May 2013)

DIRECTORS' LIABILITIES

The directors have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year.

DISCLOSURE OF INFORMATION TO THE AUDITORS

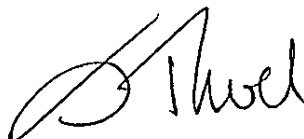
Each of the persons who is a director at the date of approval of this report confirms that,

- 1 so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- 2 the director has taken all steps that one ought to have taken as a director in order to make oneself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

BDO LLP have expressed their willingness to continue in office and are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

On behalf of the board



S D Trood
Director

7 February 2014

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 prepared 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 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,
- 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.

Tag Response Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAG RESPONSE LIMITED

We have audited the financial statements of Tag Response Limited for the year ended 31 December 2012 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, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2012 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.

Tag Response Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAG RESPONSE LIMITED (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 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

BDO LLP

Nicholas Buxton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditors
Norwich

Date 10 February 2014

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

Tag Response Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2012

	Note	2012 £	2011 £
TURNOVER	2	7,190,382	7,229,996
Cost of sales		(5,084,044)	(4,970,819)
GROSS PROFIT		2,106,338	2,259,177
Administrative expenses		(500,090)	(509,673)
OPERATING PROFIT	3	1,606,248	1,749,504
Interest receivable and similar income		6,333	-
Interest payable and similar charges	6	(5,429)	(3,112)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,607,152	1,746,392
Tax on profit on ordinary activities	7	(194,237)	(592,062)
PROFIT FOR THE FINANCIAL YEAR	14	1,412,915	1,154,330

All results derive from continuing operations

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

There were no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

BALANCE SHEET
 as at 31 December 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	8	38,829	87,199
CURRENT ASSETS			
Stock	9	2,000	2,000
Debtors	10	10,535,063	6,976,739
Cash at bank and in hand		76,903	284,680
		10,613,966	7,263,419
CREDITORS amounts falling due within one year	11	(4,229,912)	(2,340,650)
NET CURRENT ASSETS		6,384,054	4,922,769
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		6,422,883	5,009,968
CAPITAL AND RESERVES			
Called up share capital	12	1,500,001	1,500,001
Share premium account	13	1,266,334	1,266,334
Profit and loss account	13	3,656,548	2,243,633
TOTAL SHAREHOLDERS' FUNDS	14	6,422,883	5,009,968

The financial statements on pages 7 to 15 were approved and authorised for issue by the board and were signed on its behalf on 7 February 2014 by



S D Trood
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

The company has taken advantage of the exemption available under FRS 1 'Cash flow statements – revised 1996' not to prepare a cash flow statement on the basis that the cash flows of the company are included within the consolidated financial statements of its ultimate parent company, Deutsche Post AG, whose financial statements are publicly available (see note 17).

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its services. Revenue is measured at the fair value of consideration received, excluding discounts and VAT. Revenue from the provision of services is recognised once delivery of those services is complete.

Tangible fixed assets and depreciation

Fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful economic life, which is reviewed annually. The rates are:

Plant and machinery	-	2-5 years
Fixtures and fittings	-	2-5 years

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

Stocks

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

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that have occurred at the balance sheet date result in an obligation to pay more tax in the future or a right to pay less tax in the future. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on an undiscounted basis.

Tag Response Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012 (continued)

1 ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the balance sheet exchange rate.

All exchange differences are taken to the profit and loss account.

Pension costs

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

2 TURNOVER

	2012 £	2011 £
United Kingdom	7,080,736	7,195,408
Europe	81,307	18,188
Rest of the world	28,339	16,400
	<u>7,190,382</u>	<u>7,229,996</u>

3 OPERATING PROFIT

This is stated after charging

	2012 £	2011 £
Depreciation - owned tangible fixed assets	58,329	44,736
Auditors' remuneration - audit services	6,000	6,000
Foreign exchange losses/(gains)	5,697	(1,929)
	<u></u>	<u></u>

The auditors received no remuneration for non-audit services (2011: £nil).

4 DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments from the company in respect of services to the company in the current or prior year but did receive emoluments from other group companies in respect of services to companies within the group. It is not practical to allocate the time spent and related cost to this particular company.

Tag Response Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012 (continued)

5 STAFF COSTS

	2012 £	2011 £
Wages and salaries	1,981,225	1,914,436
Social security costs	219,370	217,570
Pension costs	803	2,313
	<u>2,201,398</u>	<u>2,134,319</u>

The average monthly number of persons (including directors) employed by the company during the year was

	2012 Number	2011 Number
Production	<u>46</u>	<u>45</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Other interest payable	<u>5,429</u>	<u>3,112</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in year

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax on the profit for the year	395,200	205,259
Adjustments in respect of prior years	(205,259)	365,328
Total current tax	<u>189,941</u>	<u>570,587</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	4,296	21,475
Total deferred tax	<u>4,296</u>	<u>21,475</u>
Total tax charge for year	<u>194,237</u>	<u>592,062</u>

Tag Response Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012 (continued)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The difference between the total current tax above and the amount calculated by applying the standard rate of UK corporation tax of 24.5% (2011: 26.5%) to the profit before tax is as follows

	2012 £	2011 £
Profit on ordinary activities before taxation	1,607,152	1,746,392
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	393,752	462,674
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4,023	5,544
Accelerated capital allowances	(2,575)	(12,133)
Other timing adjustments	-	1
Group relief claimed	-	(250,827)
Adjustments in respect of prior years	(205,259)	365,328
Current tax charge for the year	189,941	570,587

Factors that may affect future tax charges

During the year, as a result of the changes in the UK corporation tax rate to 24% that was substantively enacted on 26 March 2012 and was effective from 1 April 2012, and to 23% that was substantively enacted on 3 July 2012 and will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured

On 17 July 2013 Finance Act 2013 was enacted which reduced the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. As these rate reductions were not substantively enacted at the balance sheet date they are not included in these financial statements

The directors are of the opinion that the financial effect of these future rate reductions will not be significant

The deferred tax asset included in the balance sheet is as follows

	2012 £	2011 £
Decelerated capital allowances	60,819	63,236
Other timing differences	8,242	10,121
Total deferred tax asset (note 10)	69,061	73,357
At 1 January	73,357	
Deferred tax charged in profit and loss account	(4,296)	
At 31 December	69,061	

Tag Response Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012 (continued)

8 TANGIBLE ASSETS

	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 January 2012	247,691	5,957	253,648
Additions	9,959	-	9,959
Reclassifications	(57,135)	57,135	-
Disposals	(132,603)	(49,436)	(182,039)
At 31 December 2012	67,912	13,656	81,568
Accumulated depreciation:			
At 1 January 2012	160,492	5,957	166,449
Charge for the year	55,607	2,722	58,329
Reclassifications	(51,100)	51,100	-
Disposals	(132,603)	(49,436)	(182,039)
At 31 December 2012	32,396	10,343	42,739
Net book value			
At 31 December 2012	35,516	3,313	38,829
At 31 December 2011	87,199	-	87,199

9 STOCKS

	2012	2011
	£	£
Raw materials and consumables	2,000	2,000

10 DEBTORS

	2012	2011
	£	£
Trade debtors	1,439,996	1,463,412
Amounts owed by group undertakings	8,567,608	4,984,372
Other debtors	-	92,450
Deferred tax asset (note 7)	69,061	73,357
Prepayments and accrued income	458,398	363,148
	10,535,063	6,976,739

Amounts owed by group undertakings are unsecured and repayable on demand. They include balances on a group in-house banking arrangement of £7,658,198 (2011: £nil) which attract interest at annual rates varying between 0.13% and 0.21% (2011: 0.22% and 0.27%). All other amounts owed by group undertakings are interest free.

Tag Response Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012 (continued)

11 CREDITORS amounts falling due within one year

	2012 £	2011 £
Trade creditors	247,194	250,355
Amounts owed to group undertakings	2,982,546	1,638,890
Corporation tax	395,200	205,259
Other taxes and social security costs	209,689	189,829
Other creditors	472	43,109
Accruals and deferred income	394,811	13,208
	<u>4,229,912</u>	<u>2,340,650</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand

12 CALLED UP SHARE CAPITAL

	2012 Number	2011 Number	Allotted and fully paid 2012 £	2011 £
Ordinary shares of £1 each	<u>1,500,001</u>	<u>1,500,001</u>	<u>1,500,001</u>	<u>1,500,001</u>

13 RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2012	1,266,334	2,243,633
Profit for the financial year (note 14)	-	1,412,915
At 31 December 2012	<u>1,266,334</u>	<u>3,656,548</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	1,412,915	1,154,330
Opening shareholders' funds	<u>5,009,968</u>	<u>3,855,638</u>
Closing shareholders' funds	<u>6,422,883</u>	<u>5,009,968</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

15. PENSION ARRANGEMENTS

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 £803 (2011: £2,313) and the pension payable outstanding at the year end was £nil (2011: £nil).

16. RELATED PARTIES

The company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other wholly-owned group undertakings.

17. PARENT UNDERTAKING AND CONTROLLING PARTY

Tag Worldwide Group Limited is the company's immediate parent undertaking and Deutsche Post AG, which is incorporated in Germany, is the ultimate parent undertaking and controlling party. Deutsche Post AG is the parent undertaking of the smallest and largest group of which the company is a member and for which consolidated financial statements are prepared. Copies of the group financial statements of Deutsche Post AG can be obtained from Deutsche Post World Net, Zentrale – Investor Relations, 53250 Bonn, Germany.